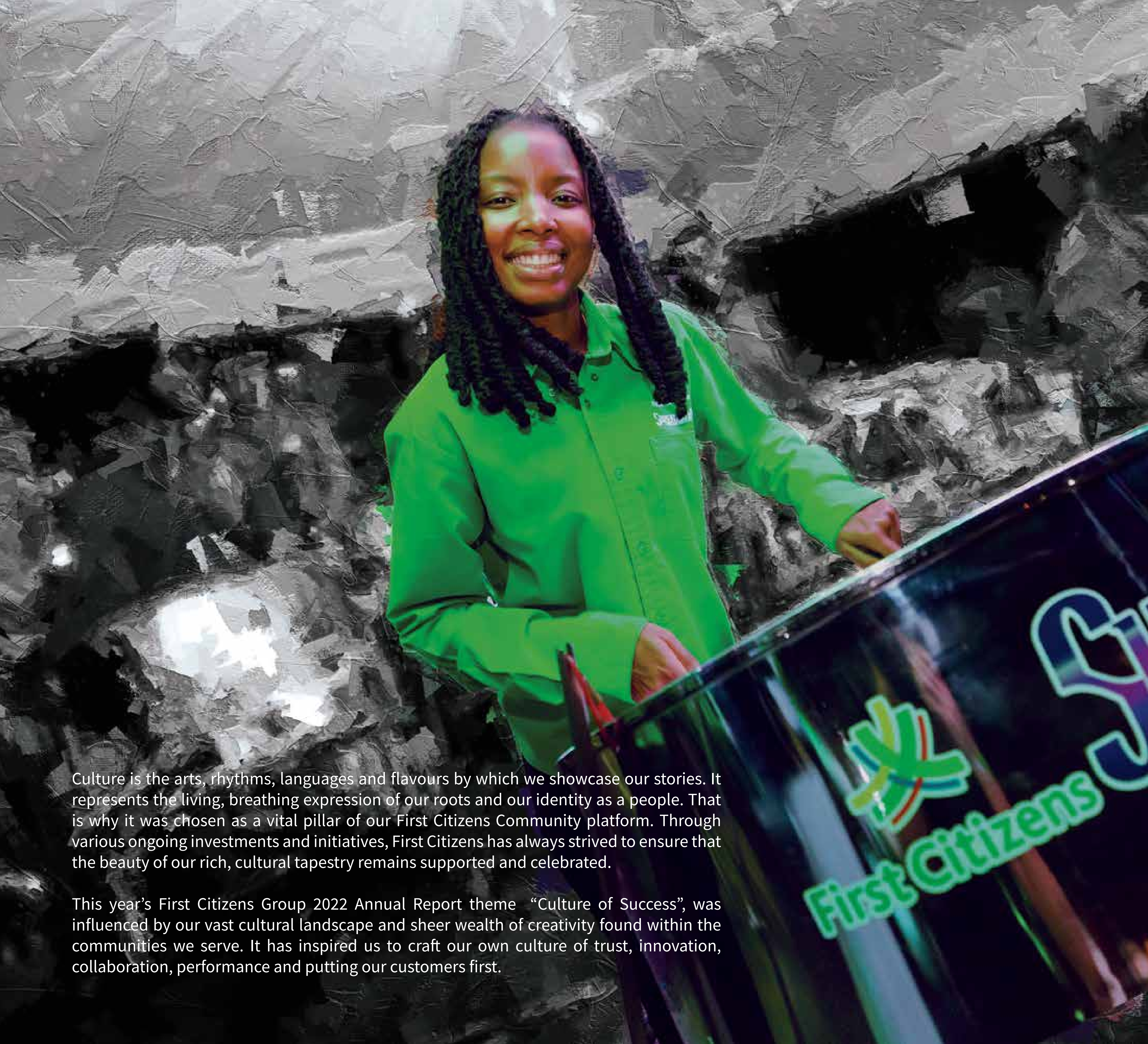
First Citizens

FIRST CITIZENS GROUP FINANCIAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

2022 ANNUAL REPORT



Culture is the arts, rhythms, languages and flavours by which we showcase our stories. It represents the living, breathing expression of our roots and our identity as a people. That is why it was chosen as a vital pillar of our First Citizens Community platform. Through various ongoing investments and initiatives, First Citizens has always strived to ensure that the beauty of our rich, cultural tapestry remains supported and celebrated.

This year's First Citizens Group 2022 Annual Report theme "Culture of Success", was influenced by our vast cultural landscape and sheer wealth of creativity found within the communities we serve. It has inspired us to craft our own culture of trust, innovation, collaboration, performance and putting our customers first.

VISION

To be our stakeholders' preferred financial partner through excellence, care and integrity.

MISSION

We build rewarding and sustainable relationships through a highly engaged team, versatile and secure technology, and innovative financial services.

CONTENTS

CORPORATE INFORMATION AND PROFILE OF SUBSIDIARIES

*FIRST CITIZENS GROUP FINANCIAL HOLDINGS LIMITED

Board of Directors

Anthony Isidore Smart – Chairman
Courtenay Williams – Deputy Chairman
Franka Costelloe
Ryan Proudfoot
Savitree Seepersad
Jayselle McFarlane
Troy Garcia
Idrees Omardeen
David Inglefield
Ingrid Melville
**Colin Wharfe

**This company was listed on the Trinidad and Tobago Stock Exchange on 15 October 2021*
***Colin Wharfe was appointed as a Director on 28 September 2022*

Group Corporate Secretary

Lindi Ballah-Tull
Acc Dir
Bachelor of Laws (LLB) Hons
Legal Education Certificate (LEC)

Registered Office

9 Queen's Park East,
Port of Spain, Trinidad, WI
Tel: (868) 624-3178
Fax: (868) 624-5981
firstcitizensgroup.com

Auditor

PricewaterhouseCoopers
11-13 Victoria Avenue,
Port of Spain, Trinidad, WI

FIRST CITIZENS BANK LIMITED

Board of Directors

Anthony Isidore Smart – Chairman
Courtenay Williams – Deputy Chairman
Franka Costelloe
Ryan Proudfoot
Savitree Seepersad
Jayselle McFarlane
Troy Garcia
Idrees Omardeen
David Inglefield
Ingrid Melville

Registered Office

9 Queen's Park East,
Port of Spain, Trinidad, WI
Tel: (868) 624-3178
Fax: (868) 624-5981
firstcitizensgroup.com

FIRST CITIZENS DEPOSITORY SERVICES LIMITED

Board of Directors

Courtenay Williams – Chairman
Jayselle McFarlane – Deputy Chairman
Troy Garcia
Idrees Omardeen
Jason Julien
*Neela Moonilal Kissoon

**Neela Moonilal Kissoon was appointed as a Director on 25 July 2022*
***Robin Lewis resigned as a Director on 25 July 2022*

Registered Office

4th and 5th Floors,
Albion Plaza,
22-24 Victoria Avenue
Port of Spain, Trinidad, WI
Tel: (868) 623-9091-7
(868) 625-8115-8
Fax: (868) 625-2349
(868) 624-8937
firstcitizensgroup.com

FIRST CITIZENS TRUSTEE SERVICES LIMITED

Board of Directors

Franka Costelloe – Chairman
Courtenay Williams
Ingrid Melville
David Inglefield
Sterling Frost ORTT
Idrees Omardeen

Registered Office

5th Floor East,
Albion Plaza,
22-24 Victoria Avenue
Port of Spain, Trinidad, WI
Tel: (868) 623-9091-7
(868) 625-8115-8
Fax: (868) 627-6426
firstcitizensgroup.com

FIRST CITIZENS INVESTMENT SERVICES LIMITED

Board of Directors

Anthony Isidore Smart – Chairman
Ryan Proudfoot
Troy Garcia
Idrees Omardeen
Jayselle McFarlane
David Inglefield
Karen Darbasie
Sterling Frost ORTT

Registered Office

17 Wainwright Street,
St Clair, Trinidad, WI
Tel: (868) 622-3247
Fax: (868) 627-5496
firstcitizensgroup.com

FIRST CITIZENS PORTFOLIO & INVESTMENT MANAGEMENT SERVICES LIMITED

Board of Directors
Anthony Isidore Smart – Chairman
Ryan Proudfoot
Karen Darbasie
Shiva Manraj
Idrees Omardeen

Registered Office
17 Wainwright Street,
St Clair, Trinidad, WI
Tel: (868) 622-3247
Fax: (868) 627-5496
firstcitizensgroup.com

FIRST CITIZENS BROKERAGE & ADVISORY SERVICES LIMITED

Board of Directors
Ryan Proudfoot – Chairman
Idrees Omardeen
Jason Julien
*Karen Darbasie

**Karen Darbasie was appointed as a Director on 18 July 2022*
***Robin Lewis resigned as a Director on 18 July 2022*

Registered Office
17 Wainwright Street,
St Clair, Trinidad, WI
Tel: (868) 622-3247
Fax: (868) 627-5496
firstcitizensgroup.com

FIRST CITIZENS BANK (BARBADOS) LIMITED

Board of Directors
Anthony Isidore Smart – Chairman
Sir Trevor Carmichael
Peter Williams
Ryan Proudfoot
Jon Martineau
David Inglefield
Franka Costelloe
Wayne Kirton
Gregory Hinkson
Karen Darbasie
Jason Julien

Registered Office
4th Floor, No. 2 Broad Street,
Bridgetown, Barbados, WI
Tel: (246) 431-2353
Fax: (246) 430-0221
firstcitizensgroup.com

FIRST CITIZENS FINANCIAL SERVICES (ST LUCIA) LIMITED

Board of Directors
Courtenay Williams – Chairman
Dunstan Duboulay
Karen Darbasie
Shiva Manraj
*Robin Lewis

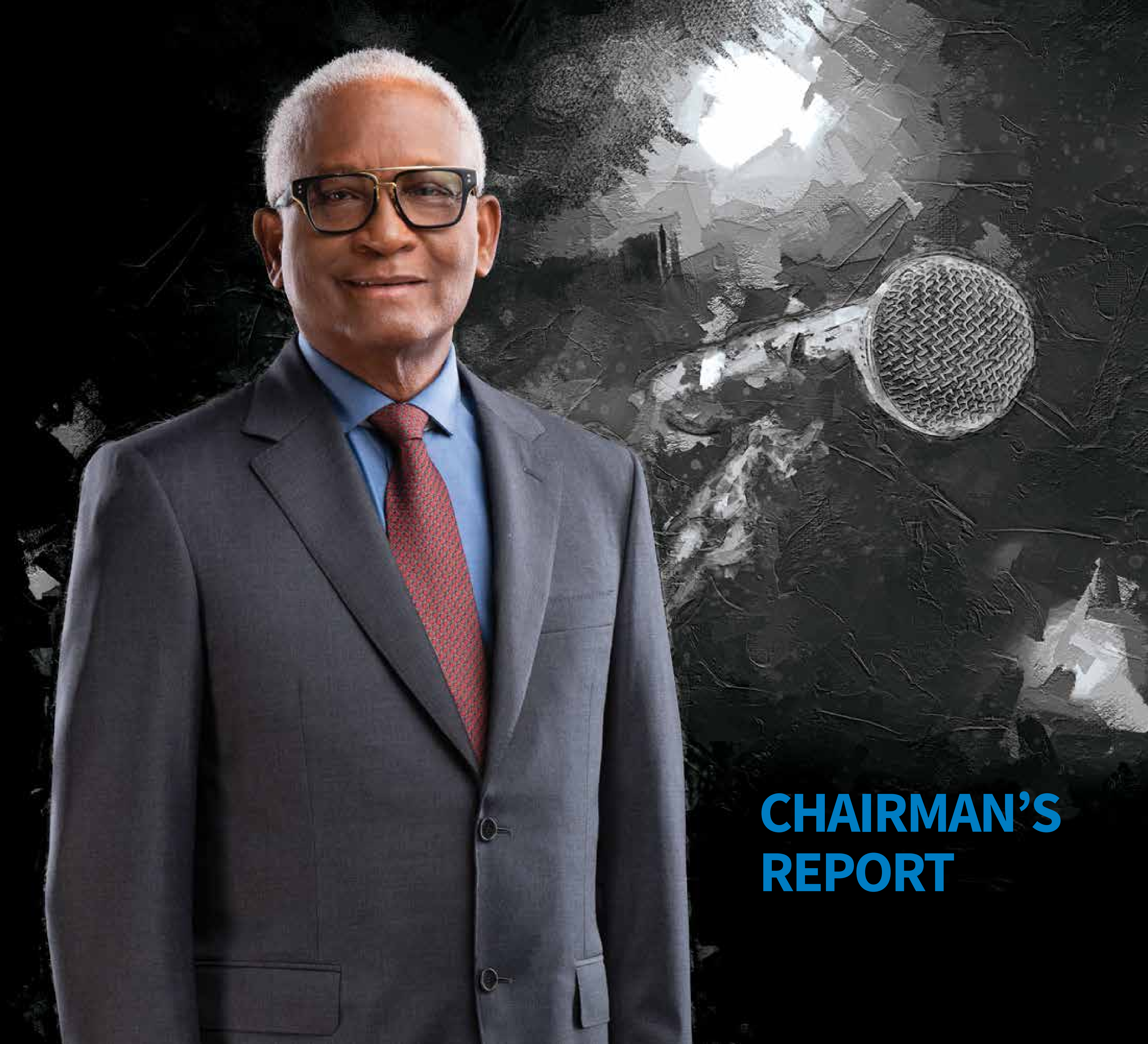
**Robin Lewis was appointed as a Director on 25 July 2022*

Registered Office
Noble House, 6 Brazil Street,
Castries, St Lucia, WI
Tel: (758) 452-5111-3
Fax: (758) 452-5114
firstcitizensgroup.com

FCCR – FIRST CITIZENS COSTA RICA SA

Board of Directors
Anthony Isidore Smart – President
Lindi Ballah-Tull
Ingrid Melville
Troy Garcia
Shiva Manraj
Franka Costelloe

Registered Office
Oficentro Eurocenter 1,
Barreal de Heredia, Costa Rica
Tel: (506) 223-95581
Fax: (506) 223-95860
firstcitizensgroup.com



CHAIRMAN'S REPORT

> "This growth continues the path of recovery to pre-COVID-19 levels"

GROUP PERFORMANCE

I am pleased to report that the First Citizens Group recorded Profit After Taxation (PAT) of $734 million for the year ended 30 September 2022, a 9.9% increase when compared to 2021. This growth continues the path of recovery to pre-COVID-19 levels, being 97.6% of the PAT which stood at $752 million for the year ended 30 September 2019. As at 30 September 2022, the Group's total assets stood at $45.4 billion, a decrease of 2.5% when compared to 30 September 2021. This decline was largely driven by a reduction in Investment Securities part of our strategy to reduce the Group's exposure to interest rate volatility in the face of rapidly rising interest rates in international financial markets. Within the context of a volatile securities market, we have focused efforts on growing loans to customers which increased by over $800 million or 4.4% to $18.9 billion during the financial year.

Our earnings per share increased to $2.91 for the year ended 30 September 2022. Accordingly, the Board has declared a dividend payment of $0.46 cents per ordinary share for the final quarter of the financial year. This dividend was paid on 29 December 2022 to all shareholders on record as at 14 December 2022. This payment will bring the total dividend payment for financial year 2022 to $1.60 per ordinary share compared to $1.46 for the financial year ended 2021. This represents a year-on-year increase of 9.6% in dividends to our valued shareholders.

These accomplishments were underpinned by Standard and Poor's affirmation of First Citizens Bank Limited's rating of BBB-/A-3 with a stable outlook in October 2022.

INTERNATIONAL OVERVIEW AND OUTLOOK

2022 has been a challenging year for the global economy, despite the widespread removal of pandemic-induced restrictions, the war in Eastern Europe having contributed significantly to macroeconomic turbulence. In its latest World Economic Outlook for October 2022, the International Monetary Fund (IMF) cut its world growth forecast for 2023 to 2.7% from 2.9% previously projected and retained its 2022 growth forecast at 3.2%, which represents a little over half of the 6% growth for 2021. The gloomier outlook for 2023 growth is a clear indicator that the macroeconomic challenges of 2022, in particular soaring food and commodity prices intensified by the war in Ukraine, weakened supply chains, and recessionary economic conditions induced by counter-inflationary monetary tightening are due to persist for the foreseeable future.

The combination of heavy fiscal stimulus during the worst of the pandemic and severe supply constraints in the US economy since 2021, combined with the volatile commodity price environment resulting from the Russia-Ukraine war in early 2022, generated inflationary conditions in the US not seen in the last forty years, with inflation recorded at 8.2% year-on-year in September 2022. In response, the Federal Reserve (Fed) has raised its policy interest rate, the Federal Funds (Fed Funds) rate by 375 bps between March and November 2022 in an attempt to bring inflation back to its target of 2%. Further rate hikes are anticipated in 2023 and the market expectation is for Fed Funds rate to peak at between 4.5%-4.75%. Thus far, however, inflation remains stubbornly high and the impact on growth has been noticeable, as a slowdown in the US economy is becoming overwhelmingly evident.

In October 2022, the IMF slashed its outlook for US real GDP growth to 1.6%, compared to the 3.7% growth it had projected in April, and forecasts only 1% growth for 2023. From a global perspective, the rapid rate hike cycle employed by the Fed has also contributed to a strong US dollar (USD), which has appreciated by 16.5% between the end of 2021 and the end of September 2022.

The region most economically destabilised by Russia's invasion of Ukraine in 2022 has been the European Union (EU). In particular, it has been devastated by an energy and cost-of-living crisis, with gas prices having risen by over 300% since 2021 and food prices also skyrocketing. The IMF's forecast for growth in the EU remains at 3.2% for 2022, though only 0.7% growth is anticipated for 2023, a full 1.8% lower than its previous forecast published in April 2022.

Outside of the EU, but within Europe, the United Kingdom (UK) has endured significant political and economic turmoil in 2022. Onto its third prime minister of 2022, the UK recorded 10% year-on-year inflation in September 2022 after a 9.9% increase in August, just short of a 40-year record. The latest forecasts suggest that interest rates will rise from its current level of 2.25% to 5% alongside a 2% contraction in GDP by the end of 2022. The IMF projects UK inflation to remain higher than almost all other advanced economies at 6.3% forecasted for the end of 2023.

Throughout 2021, the Chinese economy maintained its growth momentum with annual growth of 8.1%, though nearing the final months of the year this momentum began to slow. IMF forecasts as of October reflect the slowing of the Chinese economy as annual growth for 2022 has been slashed to 3.2%, down from the 4.6% forecasted in April. This updated forecast represents one of the lowest growth rates in more than 40 years for China.

REGIONAL

Having suffered immensely during the COVID-19 pandemic, the Caribbean economic recovery remains precarious as the region struggles to recover to 2019 levels. On the other hand, and despite the major turbulence currently afflicting global markets, the region's growth rate for 2021 was estimated at 5.1% while the IMF's latest projection is for 12.4% growth in 2022 and 7.3% in 2023.

The strong growth figures are pulled upwards by Guyana, whose emergence as an energy commodity performer has been unabated by the pandemic and subsequent global volatility. The IMF estimates economic growth of 23.7% for Guyana in 2021, revised upwards from 20.4%, and adjusted its forecast for 2022 upwards to 57.8%. Guyana's projected 2022 growth rate has it set to be the world's fastest-growing economy this year, as it was in 2020 (it stood at third in 2021). A tourism-led recovery in countries such as Barbados (10.5% projected in 2022, 5% in 2023), St Lucia (9.1% in 2022, 5.8% in 2023) and St Kitts and Nevis (9.8% in 2022, 4.8% in 2023) all aid in the relatively upbeat outlook.

BARBADOS ECONOMIC OVERVIEW AND OUTLOOK

The Central Bank of Barbados (CBB) noted that Q322 was the sixth consecutive quarter of growth for the Barbados economy, recording an expansion of 9.8%, bringing growth for the year thus far to 10.1%. Throughout Q322, growth was supported by the continued recovery of the tourism sector. Total stay-over tourist arrivals for Q322 came in at 94,582 compared to 44,353 for the same period in 2021. The recovery of tourism is still very sensitive and relies heavily on measures in place in the US and UK (which made up 74% of overall visitors in 2021) as well as the rising cost of travel. Domestically, Barbados has eased restrictions for travellers as well as removed social distancing protocols.

As of September 2022, the Current Account deficit was estimated to be 11.8% of GDP, down from 13.6% in September 2021. This decrease was due to the recovery of travel credits. Domestic exports also improved mainly due to food, beverages, and fuels. Deficits are expected to persist in coming years, however, international assistance and strong external reserves will support stability. The IMF forecasts the current account deficit to be 10.02% (2022), 8.73% (2023), and 7.35% (2024).

On 20 October 2022, Fitch Ratings assigned Barbados a Long-Term Foreign-Currency (FC) Issuer Default Rating (IDR) of 'B' with a Stable Rating Outlook. Fitch notes "the rating balances high GDP per capita and governance scores, a strengthened external liquidity position, and a more favourable debt repayment profile following the comprehensive 2018-2019 restructuring, vulnerability to external shocks due to its heavy reliance on tourism, high public debt levels and limited appetite for domestic debt from local commercial banks are also captured in the rating."

EASTERN CARIBBEAN OVERVIEW AND OUTLOOK

The ECCU economies were projected to gradually recover post-pandemic with expectations of a strong rebound in the tourism sector. According to the IMF, real GDP is estimated to grow by 7.5% in 2022 and 5.5% in 2023 respectively. The impact of the Ukraine-Russia war threatens growth, given its implications on food and energy prices and supply chains globally, which may subsequently affect disposable incomes and worsen fiscal and external positions. With most member states heavily reliant on imported goods, inflation in the region is expected to peak at 5.5% in 2022, in comparison to 1.5% in 2021. This will also offset progress in the construction industry, as the rising cost of raw materials will delay construction activities, which is a fundamental instrument for the recovery for many ECCU member states.

Government debt has increased sharply in the ECCU in the past year given the significantly large shock of the pandemic. ECCU gross general government debt is expected to reach 80.3% of GDP in 2022 and 77.1% in 2023. This impacts the resilience of member states, as a debt level significantly higher than the targeted ECCU debt ceiling (60% of GDP) tightens the fiscal space and limits fiscal flexibility to deal with future shocks to the economy.

Despite the uptick in debt, the IMF projects that once recovery is on a solid footing, most countries (Antigua & Barbuda, Dominica, Grenada, and St Vincent and the Grenadines) would resume the implementation of their fiscal consolidation plans to reach the ECCU regional debt target of 60% of GDP by 2035. The outlook for the ECCU is subject to significant downside risks, including new COVID-19 variants, vaccine hesitancy, reduction in Citizenship By Investment flows due to pressure exerted by the US and UK, and the ever present threats of natural disasters.

COSTA RICA ECONOMIC OVERVIEW AND OUTLOOK

Costa Rica managed to rebound from the COVID-19 pandemic relatively quickly, with an estimated 7.8% real GDP growth rate in 2021, and 3.8% growth projected by the IMF for 2022. Strong exports, which expanded by 15.9% in 2021 and 7.9% forecasted for 2022 – driven in particular by the performance of the tourism and business services sectors – as well as exports of tax-free products, have lent major support to the overall performance of the economy. In October 2022, the Banco Central de Costa Rica (BCCR) upgraded its forecast for Costa Rica's economic growth in 2022, to 4.3% from the 3.4% projected in July.

Costa Rica's fiscal position has improved since the pandemic, with a strong revenue outturn in 2021 buttressed by the government's commitment to a cap on expenditure, as well as the passage of a public employment reform package as part of its USD1.8 billion IMF Extended Fund Facility (EFF) programme. The primary fiscal deficit for 2021 was 0.3% of GDP, a significant improvement from the 3.4% primary deficit recorded in 2020 and well within the target of a 1.7% deficit under the IMF programme. The IMF projects 2.9% growth for Costa Rica in 2023, however the global macroeconomic climate may provide some headwinds to the outlook. Inflation is expected to register at 8.9% in 2022 and 6.4% in 2023. In response, the BCCR has been aggressive in its rate-hiking programme and is expected to raise rates into the 9.25% range by 2023, which may dampen consumer and investment demand.

CHAIRMAN'S REPORT

TRINIDAD AND TOBAGO ECONOMIC OVERVIEW AND OUTLOOK

Trinidad and Tobago's economy is expected to grow in 2022, following a recessionary period that preceded, which was exacerbated by the COVID-19 pandemic. Before April 2022, there were several restrictions in place to reduce the spread of COVID-19 – significantly impacting business activity. The impact of the Russia-Ukraine war on commodity prices, in particular those of oil, natural gas and petrochemicals, has strengthened the country's export prospects. Despite weak performance in Q12022, the economic situation has improved, as the external geopolitical developments as well as the start-up of several upstream projects by BPTT, Shell, EOG and Touchstone contribute to improved short-to-medium term energy output expectation. The IMF in its March 2022 Article IV Staff Report on Trinidad and Tobago, forecasted that real GDP will grow by 4% in 2022.

In keeping with the global inflationary trend that has been ongoing since mid-2021, Trinidad and Tobago's year-on-year inflation rate hit 4.9% in August 2022, according to the Central Statistical Office (CSO). These inflationary pressures are expected to persist in the short to medium-term, as inflation in advanced countries has remained stubbornly high despite major monetary tightening in advanced economies, and commodity prices remain elevated. The latest data from the CSO shows that the unemployment rate stood at 5.1% in March 2022, while labour force participation registered at 55.9% in Q12022, down from 56.3% in Q12021.

Trinidad and Tobago's fiscal outturn for FY2022 (1 October 2021 - 30 September 2022) was significantly more favourable than anticipated. Actual final revenues were reported as TTD54.21 billion, TTD2.57 billion higher than the revised estimate that was announced in September 2022 and TTD10.88 billion higher than the original revenue estimate announced in October 2021. On 26 September 2022, Trinidad and Tobago's Budget for FY2023 was delivered in Parliament by the Minister of Finance. For FY2023, expenditure is budgeted at TTD57.69 billion with revenue at TTD56.18 billion, for a deficit TTD1.51 billion (0.8%) of GDP.

The budget for FY2023 is underpinned by a WTI oil price assumption of USD92.50/bbl and a Henry Hub gas price assumption of USD6/mmbtu. Revisions were made to the energy taxation regime in order to incentivise further investment in exploration and production activity, as the country seeks to increase oil and gas output which has been weak in recent years.

Trinidad and Tobago's debt position has also improved significantly in recent months. According to the Minister of Finance, Government anticipates no significant increase in total government debt between December 2021 and December 2022. The country's adjusted general government debt outstanding is projected to fall to 70% of GDP, down from 81% in 2020. Due to the improved energy revenue intake for FY2022, a deposit of USD166 million was made to the Heritage and Stabilisation Fund (HSF) - the first deposit since 2013. However, due to the volatility in global bond and equity markets the Net Asset Value of the Fund stood at USD4.78 billion - down 12.5% relative to September 2021. During FY2022, no withdrawals were made from the HSF.

According to the Central Bank of Trinidad and Tobago (CBTT) Monetary Policy Report for May 2022, export earnings were estimated to have doubled in the final quarter of 2021, rising by 101% year-on-year to USD3.38 billion. At the end of September 2022, FX reserves stood at USD6.77 billion representing 8.5 months of import cover.

In contrast to the global trend of central banks raising rates throughout 2022 to combat significant inflationary pressure, the CBTT has maintained a highly accommodative stance. The repo rate has remained at 3.5% since March 2020, with the latest Monetary Policy Announcement on 30 September 2022 acknowledging the incipient signs of a domestic economic revival as evidenced by a sustained rise in business lending, a turnaround in consumer credit and rising mortgage lending activity.

The commercial banks' basic prime lending rate remained steady in September 2022 at 7.5%, unchanged since March 2020. Excess liquidity in the banking system, represented by commercial bank excess reserves stood at TTD5.11 billion at the end of September 2022. Business lending has been recovering since October 2021, and grew by 13.6% year-on-year in June 2022. Construction loans, which have been growing since Q32020, expanded by 25.7% over the same period, while loans to the manufacturing sector rose 2.9%.

On 21 July 2022, S&P Global Ratings revised the outlook on the Republic of Trinidad and Tobago to stable from negative. At the same time, S&P Global Ratings affirmed its 'BBB-/A-3' long- and short-term foreign and local currency sovereign credit ratings on the country. The stable outlook reflects the view that Trinidad and Tobago will benefit from significantly higher energy and petrochemical prices, which will more than offset lower-than-expected energy production. Windfall energy revenues are expected to increase incomes and portend stronger government intakes than previously anticipated, helping to limit the trend of rising government debt.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to congratulate all management and staff for their dedication and efforts this past year. I also wish to express my sincere gratitude to our customers, investors, shareholders, my fellow directors and all other stakeholders, for their invaluable contributions toward the continuing growth and success of the First Citizens Group. Your unwavering commitment ensures our success in the communities we serve.

Anthony Isidore Smart

Anthony Isidore Smart
Chairman

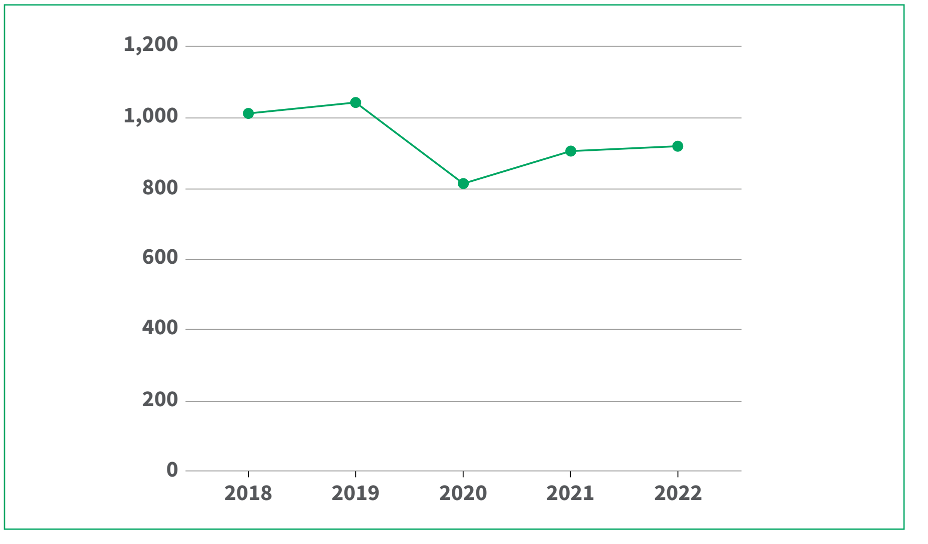
GROUP CHIEF EXECUTIVE OFFICER'S REPORT

"Together, our First Citizens family remains strong and steady in our achievements and successes"

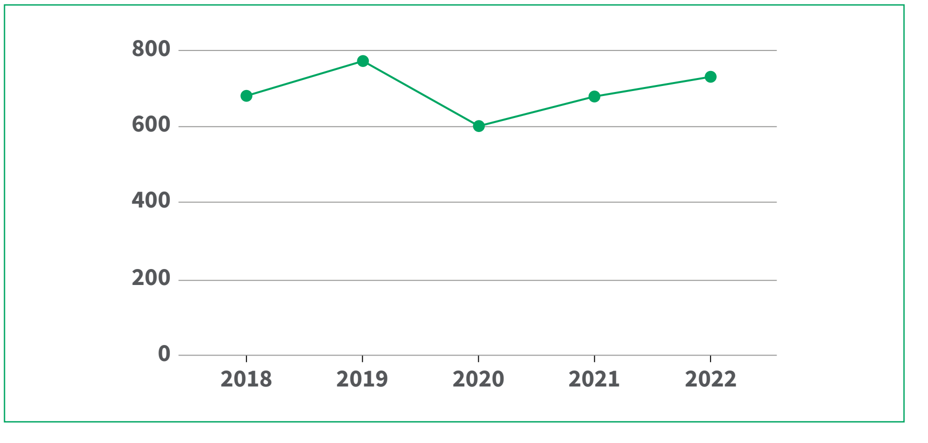
TO ALL OUR STAKEHOLDERS

I am incredibly proud to provide the following report on the First Citizens Group Financial Holdings Limited and its Subsidiaries (the Group). The last few years have been challenging in more ways than one, and as situations normalise and balance, we hope this period will soon be viewed as a bump in our journey. Even so, these times have certainly strengthened our resolve to not just overcome – but to be better. We have remained responsive to challenges, re-evaluated our strategies, deepened our deliberations, focused our efforts and built stronger teams. We have grown.

PBT ($TT million)



PAT ($TT million)



GROUP CHIEF EXECUTIVE OFFICER'S REPORT

Our financial results for 2021/2022 remained on course to return to our pre-Covid performance. As at 30 September 2022, Profit before Tax (PBT) was $922.7 million, a 2.3% increase from 2021. Profit after Tax amounted to $734 million, or approximately a 10% increase compared to prior period. The total dividend payout for the year of $1.60 per ordinary share is a 9.6% increase compared to fiscal 2020/2021.

Year ended 30 September	2022	2021	
	$'M	$'M	% change
Profit before taxation	923	902	2.3%
Profit after taxation	734	667	10.0%
Total assets	45,439	46,606	-2.5%
Loans to customers	18,887	18,083	4.4%
Investment securities	13,203	15,704	-15.9%
Customers' deposits	28,371	28,967	-2.1%
Total shareholders' equity	7,899	7,945	-0.6%

As a result of our considerable team efforts, we were able to grow our Loan portfolio by $804 million or 4.4% to $18.9 billion. The reduction in Investment Securities was largely driven from a conscious strategy to reduce the Group's exposure to interest rate volatility in the face of rapidly rising interest rates in international financial markets. Our subsidiaries also performed credibly this year. Significant contributions to PBT were achieved by First Citizens Investment Services (FCIS) Group ($185.8 million), First Citizens Trustee Services ($35.5 million), First Citizens Depository Services ($20.3 million) and First Citizens Bank Barbados ($17.6 million).

BUSINESS OPERATIONS

On the operational front, many of our strategies were tested and/or implemented this past year. We continue to recognise our people as a key contributor to organisational effectiveness, our Culture Transformation and Employee Experience strategy was carried out through a number of initiatives including our talent management framework and management associate programme. The changing operating environment continues to be a focus of our Digital Transformation process. Developments in applications and robotics have provided advantages in modernising legacy processes and tasks.

We also have many significant achievements this year – Implementation of an Internal Capital Adequacy Assessment Process (ICAAP); a website upgrade; online trading of shares on the Trinidad and Tobago Stock Exchange's electronic trading platform; and, of course, an Additional Public Offering, our third divestiture of shares. Not forgetting, affirmation by Standard and Poor's of First Citizens Bank Limited's rating of BBB-/A-3 with a stable outlook in October 2022.

The Groups' Corporate and Social Responsibility (CSR) presence was very active this year. Our participation often led the way in many cultural, gender and environmental initiatives in the countries and moreover the communities in which we serve. Particular mention this year for our newest chapter aptly named, *First Citizens Community*. This sustainability programme gives focus to building, serving and collaborating with partners across various communities. Driven by our First Citizens Foundation, we are confident that it will bring positive changes and provide meaningful impact on our widest stakeholder group – the communities we serve.

OUTLOOK

On the economic front, despite the downgraded global forecast by the International Monetary Fund (IMF), our regional and domestic economies are showing promising signs of recovery. The Group is primed and ready to work with our communities in identifying and developing opportunities that benefit all stakeholders. Our track record of "Firsts" is supported by sound corporate governance and risk management, strong leadership and competent teams.

ACKNOWLEDGEMENTS

I take this opportunity to express my gratitude to all our customers, employees, board of directors and other stakeholders. Your contributions and hard-work over this past year provided a positive impact towards our accomplishments and long-term goals. Together, our First Citizens family remains strong and steady in our achievements and successes. Our legacy and advances in the business sector continue to make me proud to be First Citizens.

With sincere appreciation, thank you!

Karen Darbasie
Group Chief Executive Officer

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

Management is responsible for the following:

- Preparing and fairly presenting the accompanying consolidated financial statements of First Citizens Group Financial Holdings Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 30 September 2022, the consolidated income statement, 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’s 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 the Financial Institution Act (FIA) 2008; 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.

Karen Darbasie
Group Chief Executive Officer
29 November 2022

Shiva Manraj
Group Chief Financial Officer
29 November 2022

TEN-YEAR SUMMARY OF SELECTED FINANCIAL DATA

TT$ Million

As at 30 September	2022	2021	2020	2019	2018	2017	2016	Restated 2015	2014	Restated 2013
Total Assets	45,439	46,606	47,445	43,382	42,045	38,958	38,850	37,538	34,858	36,086
Total Funding	36,563	37,466	38,780	35,159	34,264	31,212	31,371	27,872	27,727	28,157
Shareholders' Equity	7,899	7,945	7,421	7,152	6,622	6,752	6,679	6,326	6,241	5,965
Total Loans	18,887	18,083	19,040	18,624	16,015	14,435	13,332	13,831	11,154	11,517
Investments	13,203	15,705	16,464	15,876	15,128	15,690	12,967	12,294	10,442	10,305
Profit Before Taxation	923	902	832	1,063	1,010	876	817	791	773	745
Profit After Taxation	734	667	607	752	674	642	637	630	627	609
Non-Performing Loans /Total Loans (%)	3.68%	3.97%	3.36%	2.46%	3.33%	2.70%	3.89%	3.39%	4.54%	4.25%
Efficiency Ratio (%)	59.29%	59.43%	54.10%	54.81%	47.23%	53.16%	55.51%	55.80%	54.31%	53.99%
Capital/Asset (%)	17.4%	17.0%	15.6%	16.5%	15.7%	17.3%	17.2%	16.9%	17.9%	16.5%
ROAA	1.59%	1.42%	1.34%	1.76%	1.66%	1.65%	1.67%	1.74%	1.77%	1.74%
ROAE	9.27%	8.68%	8.33%	10.92%	10.08%	9.56%	9.80%	10.03%	10.27%	10.65%
Effective Tax Rate	20.48%	26.05%	27.04%	29.26%	33.27%	26.71%	22.03%	20.30%	18.94%	18.26%

DIRECTORS' REPORT

Statement of the Board of Directors of First Citizens Group Financial Holdings Limited in accordance with Section 37(1) (b) of the Financial Institutions Act, Chapter 79:09 of the Revised Laws of the Republic of Trinidad and Tobago

THE DIRECTORS PRESENT HEREWITH THE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022.

PRINCIPAL ACTIVITIES

The First Citizens Group – defined as First Citizens Group Financial Holdings Limited (the ("Company") and First Citizens Bank Limited and its subsidiaries conducts a broad range of banking and financial services activities including retail banking, corporate and commercial banking, investment banking, trusteeship and asset and wealth management. The Company is a publicly listed company and began trading on the Trinidad and Tobago Stock Exchange on 18 October 2021. First Citizens Holdings Limited, a company which is beneficially owned by the Government of the Republic of Trinidad and Tobago, holds 60.11% of the shares in the Company.

REGULATION

The Company is a Holding Company, licensed under the Financial Institutions Act, Chapter 79:09 of the Revised Laws of the Republic of Trinidad and Tobago and is regulated under the laws, regulations and guidelines of the Central Bank of Trinidad and Tobago, the Trinidad and Tobago Securities and Exchange Commission and other applicable rules, laws and regulations.

FUTURE DEVELOPMENTS

The First Citizens Group will continue to focus on its core range of services over the next financial year. We intend to strengthen our brand by enhancing the customer experience.

The Bank has undertaken a number of initiatives in keeping with the Principles and Recommendations of the Corporate Governance Code (CG) 2013 and the Guidelines issued by the Central Bank of Trinidad and Tobago and these are set in the Governance section of this report.

ACHIEVEMENTS

The Group's Total Assets stood at $45.4 billion as at 30 September 2022. Profit after Tax increased by 9.9% to $733.5 million in 2022 as compared to $667.3 million in the previous year. The Profit Before Tax amounted to $922.7 million, as compared to $902.0 million in 2021. Total Shareholders' Equity recorded was $7.9 billion.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that to the best of their knowledge and belief:

a) In the preparation of the Annual Financial Statements, the applicable International Financial Reporting Standards have been followed and there have been no material departures from these standards.
b) That the risk management systems and internal controls are adequate for managing the company's risk and are being properly applied.
c) The annual financial statements have been prepared on a going concern basis.

DIRECTORS' REPORT

DIRECTORS, SENIOR OFFICERS AND SUBSTANTIAL INTEREST

Below are the details of shareholdings of Directors and Senior Officers with an interest in the Company as at 30 September 2022, together with the shareholdings of their connected parties and our ten (10) largest shareholders.

Director/Senior Officer	Ordinary Shareholdings	Connected Parties
Troy Garcia	2,373	
Franka Costelloe	390	
Karen Darbasie	4,735	
Lindi Ballah-Tull	500	

THE TEN (10) LARGEST SHAREHOLDERS

Name	Ordinary Shares	Percentage
First Citizens Holdings Limited	151,077,325	60.11%
National Insurance Board of Trinidad and Tobago	20,285,431	8.07%
T&T Unit Trust Corporation / FUS82	7,496,231	2.98%
First Citizens Employee Share Ownership Plan	6,512,155	2.59%
Guardian Life of the Caribbean Limited	2,646,418	1.05%
Republic Bank Limited A/C 3243 01	2,208,936	0.88%
National Enterprises Limited	1,760,556	0.70%
RBTT Trust Limited – T964	1,651,925	0.66%
Trintrust Limited A/C 1088	1,531,403	0.61%
Republic Bank Limited – 1162	1,513,707	0.60%

ACKNOWLEDGEMENT

The Board of Directors take this opportunity to express their sincere appreciation for the excellent support and co-operation received from the Company and its subsidiaries and the continued enthusiasm, dedication and efforts of the employees of the First Citizens Group. We are also deeply grateful for the continued confidence and faith reposed in us by our stakeholders.

By order of the Board

Lindi Ballah-Tull
Corporate Secretary

Anthony Isidore Smart
Chairman

BOARD OF DIRECTORS

BOARD OF DIRECTORS

Standing (l to r):

Anthony Isidore Smart
(Chairman)

Courtenay Williams
(Deputy Chairman)

Savitree Seepersad

Idrees Omardeen

Ryan Proudfoot

David Inglefield

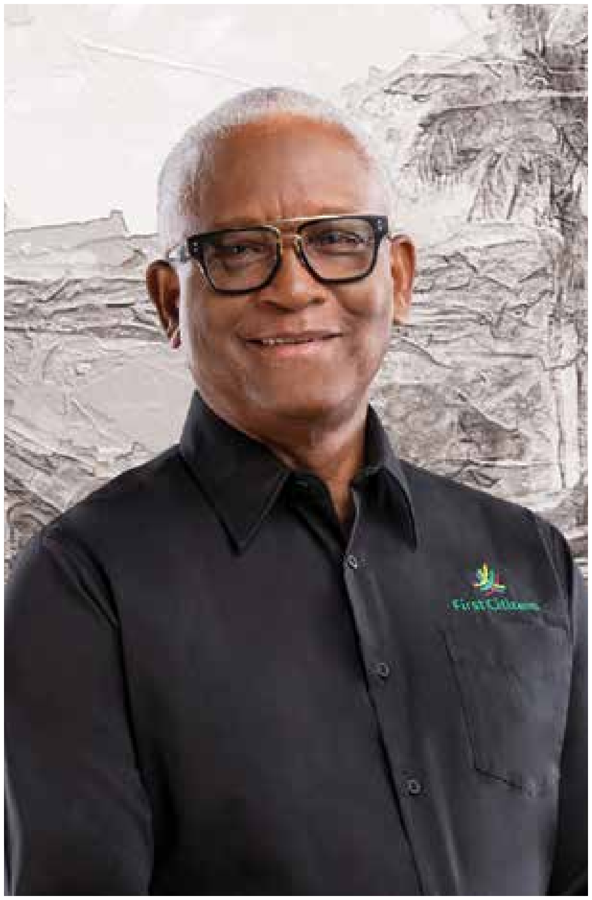
Troy Garcia

Jayselle McFarlane

Colin Wharfe

Franka Costelloe

Ingrid Melville



Mr Anthony Isidore Smart
Chairman

Mr Anthony Isidore Smart graduated from the University of Toronto, Canada with a Bachelor of Arts Degree (General), majoring in Economics. He is an Attorney-at-Law who has been in private practice for 50 years, 30 of which he led the law firm of Gittens, Smart and Company. He was an elected member of the House of Representatives of the Parliament of Trinidad and Tobago from December 1986 to November 1991.

At various times between January 1987 and February 1989, he was the Deputy Speaker of the House of Representatives, Minister in the Office of the Attorney General, Minister in the Office of the Prime Minister and Chief Whip of the House of Representatives. He was Attorney General of Trinidad and Tobago from March 1989 to November 1991. He also served as a member of the British Commonwealth Observer Team in 1992 for the first multi-party general election held in Kenya in 22 years.

Mr Smart was a tutor in Family Law at the Hugh Wooding Law School in the 1970s and was personally responsible for drafting the Code of Ethics for Ministers and Members of Parliament which was laid in the House of Representatives in 1998.

Mr Smart was appointed as Chairman of the Board of First Citizens Bank Limited on 17 June 2014 and subsequently, as Chairman of First Citizens Investment Services Limited, First Citizens Bank (Barbados) Limited, First Citizens Costa Rica SA, First Citizens Holdings Limited, First Citizens Portfolio and Investment Management Services Limited and First Citizens Group Financial Holdings Limited. He also served as Executive Chairman of First Citizens Bank Limited from 4 December 2014 to 7 April 2015.

Mr Smart served on the Board of the Child Welfare League of Trinidad and Tobago as a young attorney. He received the Arbor Award from the University of Toronto on 9 November 2004 for outstanding voluntary service to the University. At its 40th Anniversary Celebration in 2012, the Phase II Pan Groove Steel Orchestra gave Mr Smart an award for his service to the steelband.

Mr Smart was inducted into the Fatima College Hall of Achievement for Public Service in 2015 and received an award for Public Service from the St Margaret of Antioch Anglican Church, Belmont at its 125th Anniversary in 2016.

Mr Courtenay Williams
Deputy Chairman

Courtenay Williams is an Attorney-at-Law who has been in practice for 35 years, most of which have been spent at the private bar, specialising in banking, privatisation, commercial, intellectual property, project financing, capital market and debt restructuring transactions. Mr Williams graduated from The University of the West Indies with a Bachelor of Laws Degree (Honours). He also obtained a Legal Education Certificate from the Hugh Wooding Law School in 1987. Additionally, Mr Williams successfully completed the "Training of Trainers for the National Intellectual Property Training Centre of Trinidad and Tobago" programme, organised by the World Intellectual Property Organisation, in cooperation with the Intellectual Property Office of Trinidad and Tobago, the Office of the Attorney General and Ministry of Legal Affairs conducted between July 2019 to December 2021.

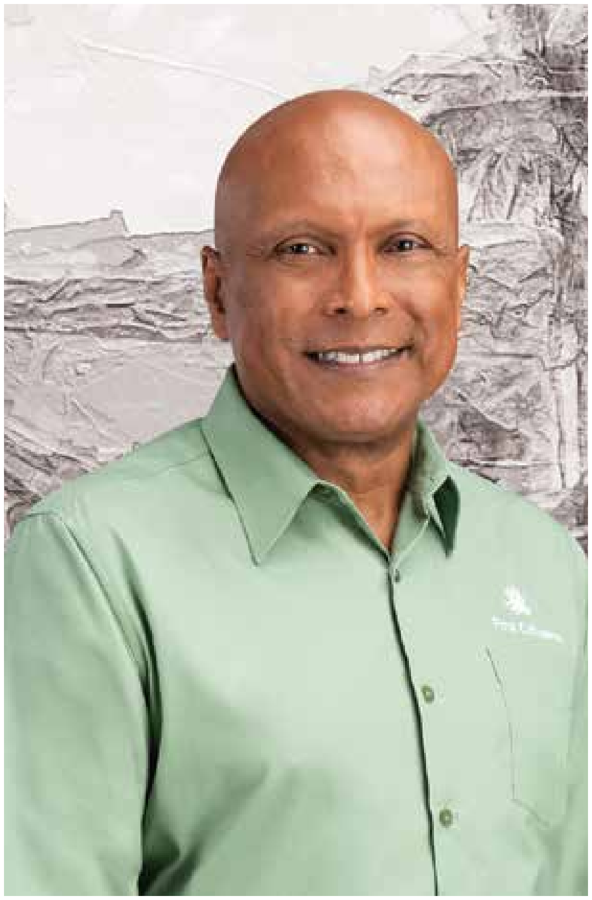
Mr Williams is an Associate Tutor at the Hugh Wooding Law School in the Law of Remedies and has previously tutored in areas such as Landlord and Tenant, Conveyancing and Registration of Title, Ethics Rights and Obligations of the Legal Profession and the Law of Succession.

He was appointed to the Board of First Citizens Bank Limited on 17 June 2014 and subsequently as Deputy Chairman of First Citizens Bank Limited, Chairman of the Boards of First Citizens Depository Services Limited and First Citizens Financial Services (St Lucia) Limited and a Director on the Boards of First Citizens Holdings Limited, First Citizens Trustee Services Limited and First Citizens Group Financial Holdings Limited.

Mr Williams, a certified mediator, is currently a Senior Ordinary Member of the Law Association of Trinidad and Tobago and is a former member of the Disciplinary Committee of the Law Association of Trinidad and Tobago. He is also a Commissioner of the Public Services Commission.

Mr Williams is a past President of the Art Society of Trinidad and Tobago, Deputy Chairman of the Trinidad and Tobago Film Company Limited and Chairman of the Legislative Committee of the American Chamber of Commerce of Trinidad and Tobago.

He currently sits on the Boards of the Bocas Lit Festival and Electrical Industries Group Limited, and is a Consultant with Lex Caribbean, Attorneys-at-Law and Notaries Public.



Mr Colin Wharfe

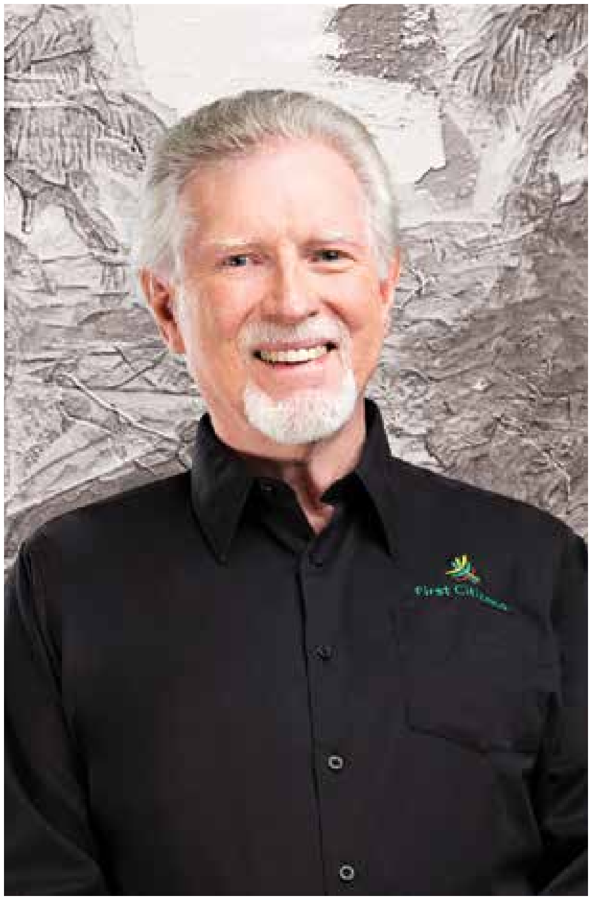
Colin Wharfe is a retired professional accountant; a Fellow of the Association of Chartered Certified Accountants, Fellow of the Chartered Institute of Management Accountants and a Certified Information Systems Auditor. He is the holder of a Bachelor of Laws degree from the University of London.

The majority of his career was spent at PricewaterhouseCoopers (PwC), where he was admitted to the firm's Partnership in 1997. He held various senior, client facing and functional roles at PwC, including Lead Assurance Partner, Lead Technical (Audit and Financial Reporting) Partner, Lead Human Capital Partner. He was also responsible for the firm's Energy Sector practice during the period of the sector's aggressive growth. His experience as Lead Engagement Partner and/or Relationship Partner included a wide variety of large audit and advisory engagements, including listed entities, financial services, manufacturing, as well as major multinational and public sector clients. His areas of expertise include Accounting and Financial Reporting, Governance and Compliance.

He was the firm's Territory Senior Partner, and served as a member of the Executive Leadership Team for the eight member firms in the Caribbean region. He retired in June 2016, after serving PwC for more than 30 years.

He sits on the Council of The University of the West Indies as well as on its Audit Committee. He is a Board Member and Audit Committee Chair of United Way Trinidad and Tobago. He is also a member of the Board, Group Audit and Group Digital and IT Committees of the Victoria Mutual Building Society in Jamaica.

Mr Wharfe was appointed to the Board of First Citizens Group Financial Holdings Limited as a Director on 28 September 2022.



Mr David Inglefield

Mr David G Inglefield's business career has spanned 49 years in Trinidad and Tobago, Suriname, Guyana, Barbados and the USA.

Beginning in 1969 at Trinity Advertising Limited, he became Managing Director in 1978 and in 1981 acquired and merged the business with Corbin Compton Caribbean. He was appointed CEO in 1982 where he remained until he resigned in 1993 and founded his own agency.

Recognised as one of the leaders in the Caribbean on Strategic Business and Brand Development, in October 2003, he brought his considerable knowledge and experience to the ANSA McAL Group as a Parent Board Director and member of the Group's Executive Committee. As Group Marketing Director, he played a decisive role in the acquisition of the Bryden's Business Group in Barbados and its successful integration into the Group's distribution business in Barbados.

During the period 2005 to 2015, Mr Inglefield served in various capacities within the ANSA McAL Group including the Group's Distribution Sector Head. In 2007, he was appointed President/CEO of ANSA McAL (Barbados) Limited. Returning to T&T in 2011, he took up the position of Sector Head Executive Chairman of Guardian Media Limited as well as Chairman of the four operating companies in the ANSA McAL Group's Services and Retail Sectors.

Mr Inglefield retired from the ANSA McAL Group in June 2015 and is now an active business consultant to major businesses in the state and private sector, including the 'heavy' manufacturing and petrochemical sectors.

He was appointed a Director of the Board of Trinidad Cement Limited (Cemex) and a member of the Board Audit and Governance Committees in 2016. Mr Inglefield was appointed Chairman of the TCL Group in October 2019.

He also serves as a Director on the Boards of First Citizens Bank Limited, First Citizens Trustee Services Limited, First Citizens Investment Services Limited, First Citizens Bank (Barbados) Limited and First Citizens Group Financial Holdings Limited.

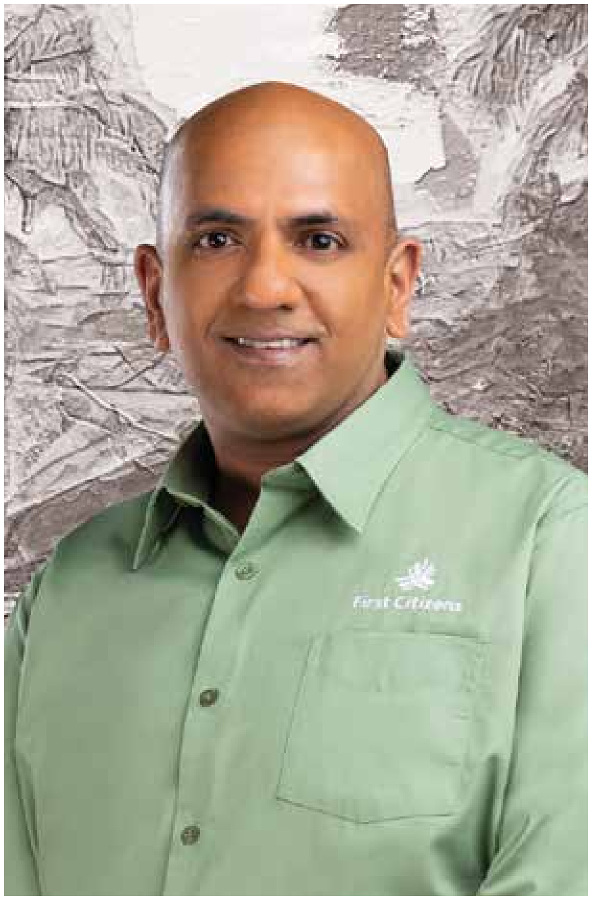
Ms Franka Costelloe

Franka Costelloe holds a BSc in Administrative and Commercial Studies from The University of Western Ontario, an MSc in Building and Construction Management from The University of the West Indies, and a Certificate in Corporate Governance from the Caribbean Corporate Governance Institute.

Ms Costelloe is a Director of Lifetime Roofing Limited, a full-service specialty manufacturer and contractor of roofing architectural and structural systems. During her tenure, she has served in various capacities in the company, including Human Resources, Accounting, Project Management, Sales and Marketing, contributing to a resilient organisation that can effectively weather the volatility of today's trading space.

She sits as the Chairperson of InvesTT and First Citizens Trustee Services Limited and is a Director on the Boards of First Citizens Bank Limited, First Citizens Bank (Barbados) Limited, First Citizens Costa Rica SA and First Citizens Group Financial Holdings Limited where she brings expertise in operational negotiations with both governmental and private institutions. Ms Costelloe also sits as a Director on the Boards of The Heroes Foundation, Angostura Holdings Limited, Angostura Limited and Trinidad Distillers Limited.

She served as a Director of the Trinidad and Tobago Manufacturers' Association for eight years, two of which she was the President. Ms Costelloe was instrumental in the creation of the TTMA Export Strategy, which was appended to the Nation Manufaturing Strategy by the Ministry of Trade and approved by Cabinet. She is an advocate for all things local, improvement of the ease of doing business and strong supporter of small and medium-sized businesses.



Mr Idrees Omardeen

Idrees Omardeen became a member of the Association of Chartered Certified Accountants (ACCA) in 2004, five years after which, his expertise in the field granted him Fellow Membership status within the Association. In 2021, Mr Omardeen received his practicing certificate from the Institute of Chartered Accountants of Trinidad and Tobago which allows him to practice as a Chartered Accountant. He is also a certified Anti-Money Laundering Specialist with ACAMS and, is an Accredited Director with the Chartered Governance Institute of Canada.

With a keen eye for management, Mr Omardeen operates the Omardeen School of Accountancy Limited, a family-owned business. At the school, Mr Omardeen lectures all levels of accounting—from entry level to professional level. He also works in his family's accounting practice and manages the property rentals as well as events and the family's auditorium. Mr Omardeen has recently started a new venture, or as he puts it— adventure, in agriculture and agri-processing and is a registered farmer, making some of the finest blends of coffee for export and local consumption.

Mr Omardeen was appointed as a Director of First Citizens Bank Limited on 17 June 2016 and subsequently as a Director on the Boards of First Citizens Investment Services Limited, First Citizens Depository Services Limited, First Citizens Brokerage and Advisory Services Limited, First Citizens Portfolio and Investment Management Services Limited, First Citizens Trustee Services Limited and First Citizens Group Financial Holdings Limited.

Ms Ingrid Melville

Ingrid Melville is an Attorney-at-Law who has been in practice for 27 years, leading the law firm Ingrid Melville & Company since 2012. She graduated from The University of the West Indies with a Bachelor of Laws Degree in 1993 and obtained a Legal Education Certificate from the Hugh Wooding Law School in 1995. Ms Melville is also the Managing Director of Caribbean People Centred Development Institute and SAFA Holdings (PTY) Ltd., Botswana.

A true pioneer of human rights issues, Ms Melville has done consultancy and presented at several key seminars in Botswana, South Africa, Zimbabwe and Egypt, on topics such as human dignity, volunteerism and HIV in the workplace.

Ms Melville has made many meaningful collaborations with respect to human rights and youth issues from early on in her life (being a member of the Tobago Youth Council from 1985 to 1990) and has been actively involved in youth development and human rights issues ever since.

Ms Melville was appointed as a Director on the Board of First Citizens Bank Limited on 16 February 2017 and subsequently as a Director of First Citizens Trustee Services Limited, First Citizens Costa Rica SA and First Citizens Group Financial Holdings Limited.

She also previously served as a Director of the Tobago Regional Health Authority.

Ms Jayselle McFarlane

Jayselle McFarlane is a member of the Association of Certified Chartered Accountants (ACCA), holds an MBA and has experience in various sectors such as financial services, construction, hospitality and manufacturing. Her career as a Consultant emanated from over 24 years of diverse experience; with her functioning in leading roles at various international/multinational companies. As a Chartered Accountant, she was able to hold the offices of Finance Analyst, Financial Controller and Corporate Secretary in these international/multinational companies.

She was appointed to the Board of First Citizens Bank Limited as a Director on 16 June 2016 and subsequently as Deputy Chairman on the Board of First Citizens Depository Services Limited and as a Director on the Boards of First Citizens Holdings Limited, First Citizens Investment Services Limited and First Citizens Group Financial Holdings Limited.

With effect from 12 April 2021, she became the Managing Director of the Trinidad and Tobago Housing Development Corporation.

Mr Ryan Proudfoot

Ryan Proudfoot holds a Bachelor of Arts Degree (with Honours) in Accounting from the University of Kent at Canterbury, UK and a Master of Business Administration in International Management from the University of Exeter, UK.

Mr Proudfoot is the majority shareholder of the Total Office Group, a group that helps Architects, Designers and Corporate Clients create great spaces throughout the English-speaking Caribbean. From Jamaica in the north to Guyana in the south and another fourteen countries in between, the Total Office Group serves a population of six and a half million people.

Prior to this, Mr Proudfoot had a highly successful career in banking, holding the positions of General Manager, BNB Finance & Trust Corporation and General Manager, BNB Treasury with Barbados National Bank Inc (renamed Republic Bank (Barbados) Limited; and a subsidiary of Republic Bank Limited). Mr Proudfoot joined BNB after serving as Business Head and Vice President, Citicorp Merchant Bank Limited (Barbados Branch) where he was responsible for the re-establishment of Citibank in Barbados.

Mr Proudfoot started his career at Citibank Trinidad as a Relationship Manager in Corporate Banking where he served for five years before moving to Barbados.

He was appointed to the Board of First Citizens Bank Limited on 3 July 2014 and subsequently as Chairman of the Board of First Citizens Brokerage and Advisory Services Limited and a Director on the Boards of First Citizens Investment Services Limited, First Citizens Bank (Barbados) Limited, First Citizens Portfolio and Investment Management Services Limited and First Citizens Group Financial Holdings Limited.

Mrs Savitree Seepersad

Savitree Seepersad is a Fellow of the Association of Certified Chartered Accountants (FCCA) and a member of the Institute of Chartered Accountants of Trinidad and Tobago (CA). She also holds a Master of Business Administration in Leadership, Entrepreneurship and Innovation, and is an Accredited Director with the Chartered Governance Institute of Canada.

Mrs Seepersad is currently a Deputy Permanent Secretary at the Ministry of Finance. Her Public Service career spans 38 years where she provided dedicated service in various positions in the Ministry of Finance. As Deputy Permanent Secretary, she is responsible for, inter alia coordinating all activities with respect to Trinidad and Tobago's tax transparency and exchange of information obligations to the Organisation for Economic Cooperation and Development (OECD).

She is also a member of the Board of Airports Authority of Trinidad and Tobago, a member of the National Anti-Money Laundering and Counter Financing of Terrorism Committee (NAMLC) and Co-Chair of the Human Resource Committee of the Caribbean Financial Action Task Force (CFATF). She serves on other Committees as a Ministry of Finance representative. Outside of her work commitment, she is a member of the Gender Advisory Board, Institute of Gender and Development Studies, UWI.

Mrs Seepersad was appointed to the Board of First Citizens Bank as a Director on 14 April 2016 and also sits on the Board of First Citizens Group Financial Holdings Limited.

Mr Troy Garcia

Troy Garcia holds a Bachelor's Degree in Business Administration from Stetson University, Florida, USA.

With over 26 years of experience and success in the fields of business and entrepreneurship, he is the Chief Executive Officer of Parts World Limited and Managing Director of High Performance Coatings and Honorary Consul General of Finland for Trinidad and Tobago.

Mr Garcia was appointed to the Board of First Citizens Bank Limited on 16 June 2016 and subsequently to the Boards of First Citizens Investment Services Limited, First Citizens Depository Services Limited, First Citizens Costa Rica SA and First Citizens Group Financial Holdings Limited.

EXECUTIVE MANAGEMENT TEAM

Karen Darbasie

GROUP CHIEF EXECUTIVE OFFICER

Ms Karen Darbasie is an accomplished Senior Executive with over three (3) decades of experience in the financial services and telecommunications industries with a forward thinking leadership style underscored by excellence and vision.

Prior to her appointment at First Citizens in April 2015 as Group Chief Executive Officer, Ms Darbasie held several senior positions at a global financial institution based in Trinidad and Tobago, including Managing Director of the Merchant Bank, Country Treasurer and Markets Head.

Her extensive academic background, coupled with her vast local and international qualifications, which include a Bachelor of Science (BSc) degree in Electrical Engineering with First Class Honours from The University of the West Indies, a Master of Business Administration (MBA) with distinction from the University of Warwick and a Master of Science (MSc) with distinction from the University of Essex is bolstered by an innate technical business acumen.

Ms Darbasie serves as a Director on several Subsidiary Boards within the First Citizens Group, the Bankers Association of Trinidad and Tobago and United Way Trinidad and Tobago. Her past directorships include the American Chamber of Commerce of Trinidad and Tobago (AMCHAM), the Energy Chamber of Trinidad and Tobago and St Lucia Electricity Services Limited (LUCILEC), as well as, Chairman of Trinidad Nitrogen Company Limited.

Sterling K Frost ORTT, DBA, MBA, FCG, Acc Dir

PROFESSOR OF PRACTICE - MANAGEMENT STUDIES
GROUP DEPUTY CHIEF EXECUTIVE OFFICER – OPERATIONS AND ADMINISTRATION

Dr Sterling Frost has four decades of Global Corporate career experience in North America, Latin America and the Caribbean region. He is an International Management Executive who has held senior positions in the financial services sector in a range of areas including: Retail and Commercial Banking, Operations Management, Public Affairs and Human Resource Management.

Before joining the First Citizens Group in 2016 as Deputy Chief Executive Officer – Operations and Administration, he served as Director of Human Resources at the Miami-based Citibank Latin America Head Office. His past directorships include: financial institutions across Trinidad and Tobago, Panama, Nicaragua and Honduras.

Dr Frost has a Master's Degree and a Doctorate in Business Administration from The University of the West Indies (The UWI). He is a Fellow of the Chartered Governance Institute of Canada and retains the designation of Chartered Secretary as well as, Accredited Director. Additionally, he is also a University of California, Berkeley certified Executive Coach, as well as a Prosci Certified Change Practitioner.

He currently serves on the Boards of several subsidiaries within and external to the First Citizens Group – Chairs the Board of Lydian Singers, the UWI Faculty of Social Sciences Advisory Board, the UWI Institute for Gender and Development Studies External Advisory Board, the UWI Development Endowment Fund Board, the Board of the Foundation for the Enhancement and Enrichment of Life (FEEL) and the First Citizens Foundation. He also serves as Deputy Chair of the Public Service Commission, Deputy Chair of the Statutory Authorities Service Commission, Assessor/Advisor to the Industrial Court of Trinidad and Tobago, Director of the St Lucia Electricity Services Limited and Director of Angostura Holdings Limited and its subsidiaries.

Jason Julien, CFA

GROUP DEPUTY CHIEF EXECUTIVE OFFICER – BUSINESS GENERATION

Mr Jason Julien is a Chartered Financial Analyst with over twenty (20) years of experience in the financial services industry. He is currently enrolled in the Stonier Graduate School of Banking and his career has covered corporate finance, investment banking and investment management.

Mr Julien was also honoured as one of the Distinguished Alumni of The UWI, St Augustine. He is a Past President of the CFA Society of Trinidad and Tobago and has served on the Boards of the Mutual Fund Association of Trinidad and Tobago, the Securities Dealers Association of Trinidad and Tobago, as the Vice-Chairman of the Capital Markets Development Committee of the Central Bank of Trinidad and Tobago and as Chairman of the Airports Authority of Trinidad and Tobago. He is currently a member of the Board of Directors of the Trinidad and Tobago Chamber of Industry and Commerce, as well as Term Finance Holdings Limited. Mr Julien is also a Director on the boards of several subsidiaries within the First Citizens Group.

GROUP OVERSIGHT COMMITTEE

From left to right:

Sasha Syne
Assistant General Manager – Corporate and Investment Banking

Kirlyn Archie-Lewis
General Manager – Group Human Resources

Brian Woo
General Manager – First Citizens Depository Services Limited

Larry Olton
General Manager – Operations (Ag)

Neela Moonilal-Kissoon
Head – Integration Operations

Shiva Manraj
Group Chief Financial Officer

From left to right:

Avril Edwards
General Manager – Digital and Electronic Services

Anthony St Clair
Chief Internal Auditor – Group Internal Audit

Sana Ragbir
General Manager – Retail and Commercial Banking

Richard Look Kin
Group Chief Risk Officer

Lindi Ballah-Tull
General Counsel (Group Corporate Secretary)

Robin Lewis
General Manager – First Citizens Investment Services

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The following discussion aims to offer Management's perspective on the Group's financial statements and its general operations for the year ended 30 September 2022.

The Group, defined as First Citizens Group Financial Holdings Limited (FCGFH) and its subsidiary, conducts a broad range of banking and financial services activities. The FCGFH is a subsidiary of First Citizens Holdings Limited ("Holdings"), a company owned by the Government of Trinidad and Tobago.

On 18 October 2021, First Citizens Group Financial Holdings Limited (FCGFH) replaced the Bank as the 'de facto' holding company and listed entity for the Group and the shareholders of the bank became the shareholders of FCGFH.

This analysis should be read in conjunction with the consolidated financial statements. The information is provided to assist readers in understanding the Group's financial performance during the specified period and significant trends that may impact the future performance of the Group.

The Group measures performance using a Balanced Scorecard concept, focusing on monitoring and measuring strategic objectives benchmarks to meet financial, customer, internal business processes and employee development.

The Balanced Scorecard

All amounts are stated in Trinidad & Tobago dollars unless otherwise stated.

Critical Accounting Policies

The accounting and reporting policies of the Group conform to International Financial Reporting Standards (IFRS). Developments related to these standards are actively monitored and disclosure is provided in accordance with global industry best practice.

SUMMARY OF OPERATIONS

At the end of the financial year ended 30 September 2022, First Citizens Group reported a profit after tax of $733.5 million. This profit represented $66.2 million or 9.9% increase over the $667.3 million earned in September 2021.

Profitability

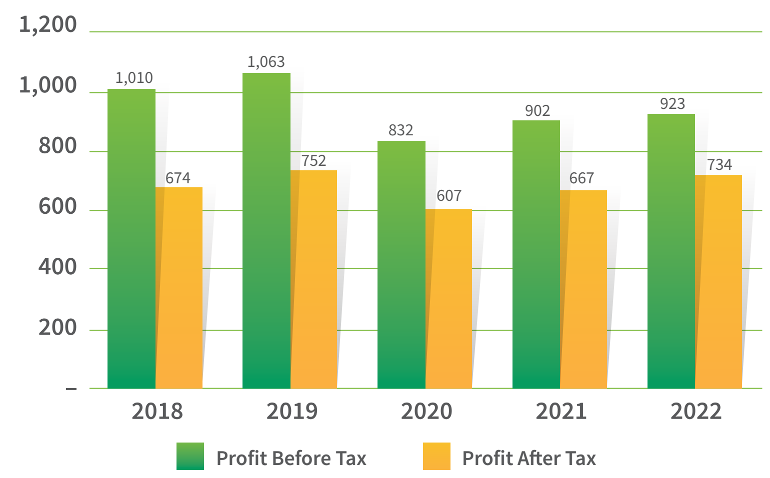


Figure 1 – Historical Profitability

Profit before tax amounted to $922.7 million, as compared to $902.0 million in 2021, an increase of $20.7 million or 2.3%.

Total net revenue was maintained at approximately $2.1 billion whereas operating or core profit increased by $14.9 million to $896.0 million (2021: $881.1 million).

Overall, total assets decreased by 2.5% to $45.4 billion in 2022. The Group's funding base also decreased from $37.5 billion to $36.6 billion. Due to interest rate volatility in the face of rapidly rising interest rates in international financial markets, in an effort to reduce the impact of reduction in the value of investments as interest rates increased, the Group strategically reduced its investment portfolio from $15.7 billion to $13.2 billion. The customers' net loans and advances increased by 4.4%, moving from $18.1 billion to $18.9 billion.

Net Interest Income

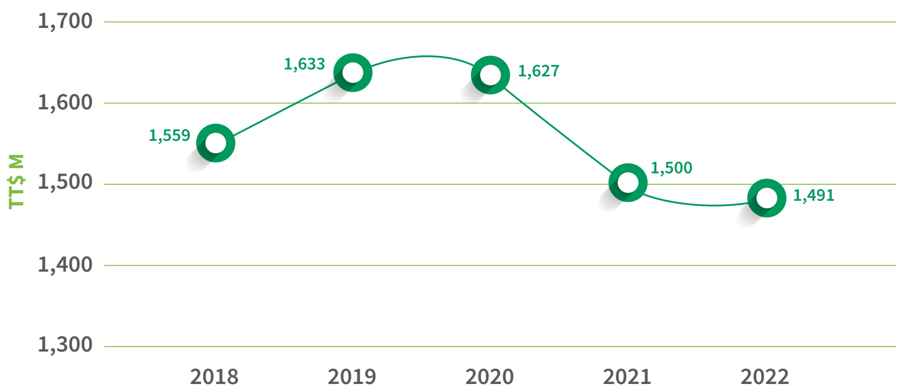
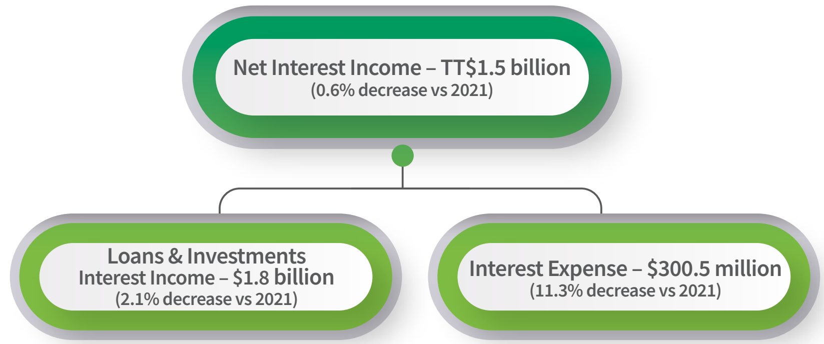


Figure 2 – Historical Net Interest Income

Net interest income continues to be the most significant contributor to the Group's net income, accounting for 69.7% (2021: 70%) of the Group's total income.



Major Contributors to the decrease in net interest income are:

- Investment portfolio average balance decrease by $0.8 billion
- Decreased investment income yields to 4.04% from 4.12% in 2021

Offset by:

- Reduction in deposit interest expense by $16.6 million due to cost of funding reduction to 0.17% in 2022 from 0.21% in 2021
- Other funding (repo) interest expenses decreased by $15.3 million as a result of a reduction in the cost of funding to 3.10% from 3.63% in 2021
- Bonds payable interest expenses decreased by $11.9 million as a result of a reduction in the average portfolio balance by $300.4 million
- Increased loan interest income of $5.7 million due to an increase in yield to 6.13% from 5.99% in 2021

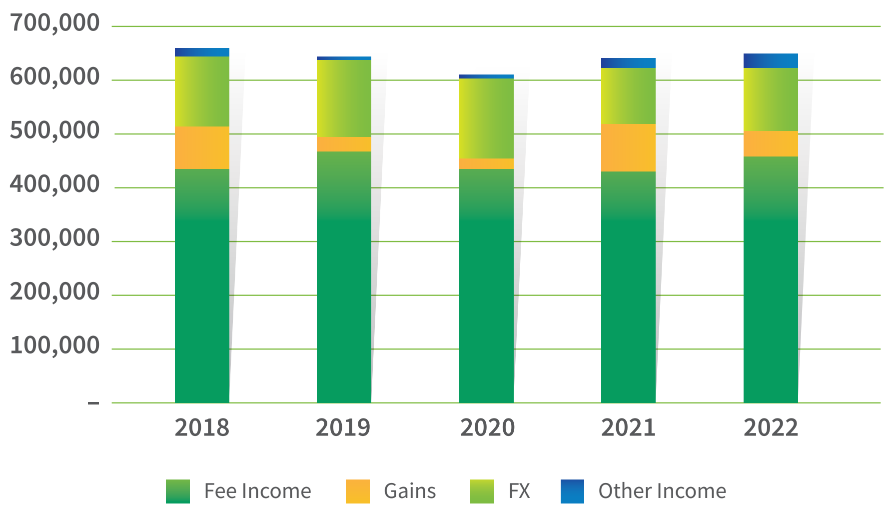
The table below sets forth a summary of changes in interest income and interest expense resulting from changes in volumes (average balances) and changes in rates:

	Year Ended 30 September 2021 vs 30 September 2022				Year Ended 30 September 2020 vs 30 September 2021			
	Changes in Volume	Changes in Rate	Changes in Rate/Volume	Total increase/ (decrease)	Changes in Volume	Changes in Rate	Changes in Rate/Volume	Total increase/ (decrease)
Interest Income Attributable to:								
Investment Securities	(69,359)	28,340	(2,873)	(43,892)	(4,075)	(78,503)	417	(82,161)
Loans to customers	(6,288)	12,100	(67)	5,745	(11,432)	(107,673)	979	(118,126)
Loan Notes	(9,847)	4,270	(2,847)	(8,424)	(9,351)	1,241	(496)	(8,606)
Total increase in interest income	(85,494)	44,710	(5,787)	(46,571)	(24,858)	(184,935)	900	(208,893)
Interest Expense Attributable to:								
Customers' Deposits	(587)	(16,167)	153	(16,601)	6,299	(51,884)	(2,953)	(48,538)
Other funding instruments	(3,030)	1,575	(56)	(1,511)	(2,853)	(24,538)	623	(26,768)
Due to other banks	(10,341)	2,325	(460)	(8,476)	(8,887)	3,056	(464)	(6,295)
Debt securities in issue	(14,150)	2,941	(301)	(11,510)	913	(1,253)	(8)	(348)
Total increase in interest expense	(28,108)	(9,326)	(664)	(38,098)	(4,528)	(74,619)	(2,802)	(81,949)
Increase/(decrease) in net interest income	(57,386)	54,036	(5,123)	(8,473)	(20,330)	(110,316)	3,702	(126,944)

Non-Interest Income

In the year 2022, non-interest income increased by 0.9% to $647.3 million, accounting for 30.3% of total revenues (2021: 30.0%). The major contributors to this increase were derived from increased contributions in the categories of foreign exchange income and fee income. These were partially offset by lower gains from disposals of investments.

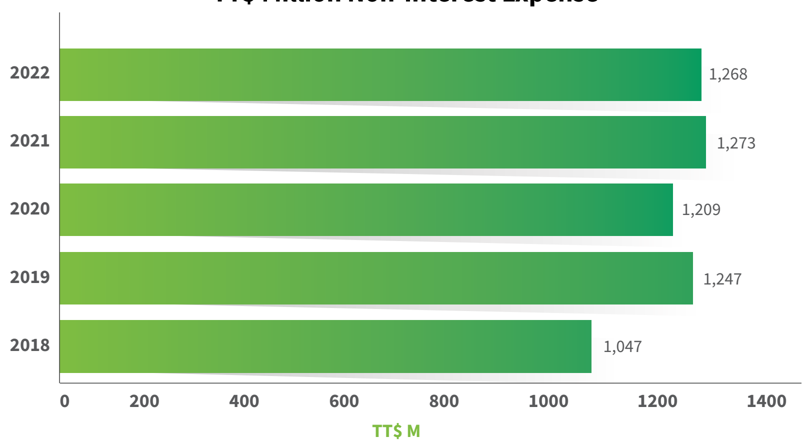
TT$ Million Non-Interest Income



Non-Interest Expense

Within this period, we experienced a slight decrease in non-interest expenses of $5.0 million or 0.4%, amounting to $1,267.9 million as at the end of September 2022. Administrative expenses recorded a decrease of $29.2 million which was due mainly to impairment losses on property of $39.2 million as a result of a reduction in the market value of our freehold properties recorded in 2021. This was offset by an increase in operating expenses of $23.8 million, due mainly to increases in credit card expenses.

TT$ Million Non-Interest Expense

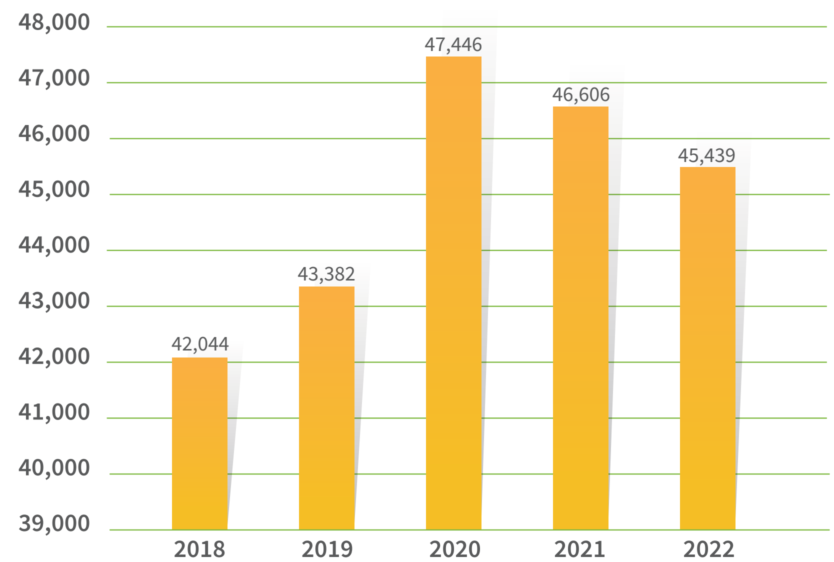


The Group's efficiency ratio, the ratio of non-interest expenses (excluding impairment provision) to total income, stood at 59.3% in 2022. The Group continues to renew its commitment towards improving the efficiency of utilisation of resources and controlling its expense levels, while delivering superior customer service.

Assets and Liabilities

Total Assets were $45.4 billion as at the end of September 2022. There was a decrease shown in investment, which was partly offset by an increase in loans to customers.

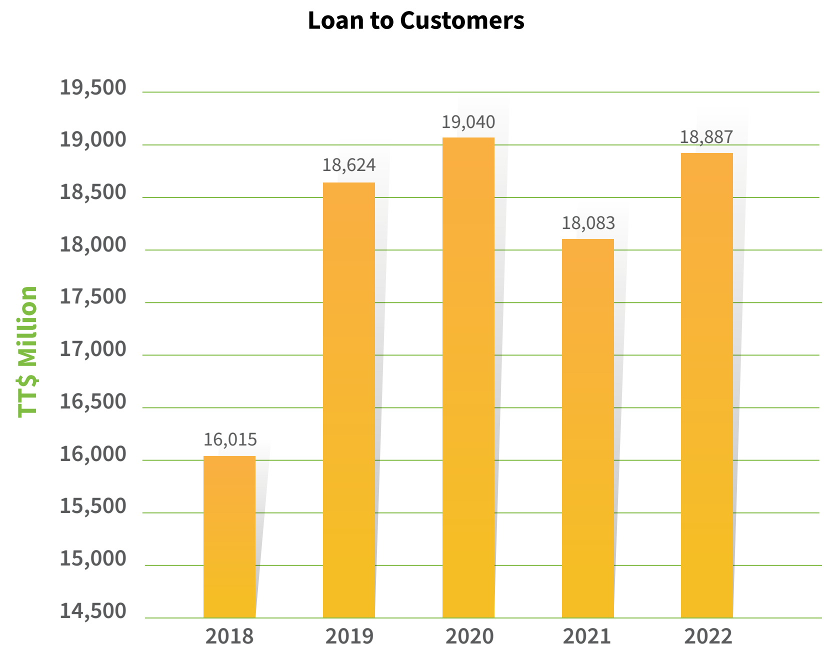
TT$ Million Asset Growth – Total Assets



Loans to Customers' Portfolio

As at 30 September 2022, the net loan portfolio increased by $0.8 billion to $18.9 billion. Loans increased within four (4) major sectors led by construction ($567.3 million), finance & insurance ($330.8 million), transport, storage and communication ($258.7 million) and distribution ($100.2 million). This was partly offset by decrease in other business ($365.5 million) and agriculture ($170.4 million).

As a Group, non-performing loans as a percentage of total gross loans stood at 3.68% at the close of 2022 compared to 3.97% in 2021. The credit risk department and business units continue to effectively manage our delinquency, asset quality and credit exposure by setting and ensuring compliance with our credit policies.



Loan Loss Allowance

The Group accounts for the credit risk associated with lending activities through its allowance for bad and doubtful debts. This allowance, as determined through the application of the Group's expected credit loss model, is an expense recognised in the income statement. Total allowance for the Group at the end of September 2022 amounted to $401.9 million, which represents 2.08% of total loans and 0.57 times coverage on the value of total non-performing loans. The decrease in the allowance is due to a rating change in the outlook for Trinidad and Tobago from negative to stable with a resultant improvement in the macroeconomic overlay for Trinidad and Tobago.

The Group continues to demonstrate a prudent risk management approach in the current economic conditions.

Investment Portfolio

Investments, fair valued through other comprehensive income, decreased by 23.7% during the year to $8.3 billion from $10.8 billion; and the investments in the amortised cost category increased to $4.92 billion from $4.85 billion, an increase of 1.45%. The reduction was the result of the management of interest rate risk in a rising-rate environment, along with conscientious efforts to reduce concentration risk.

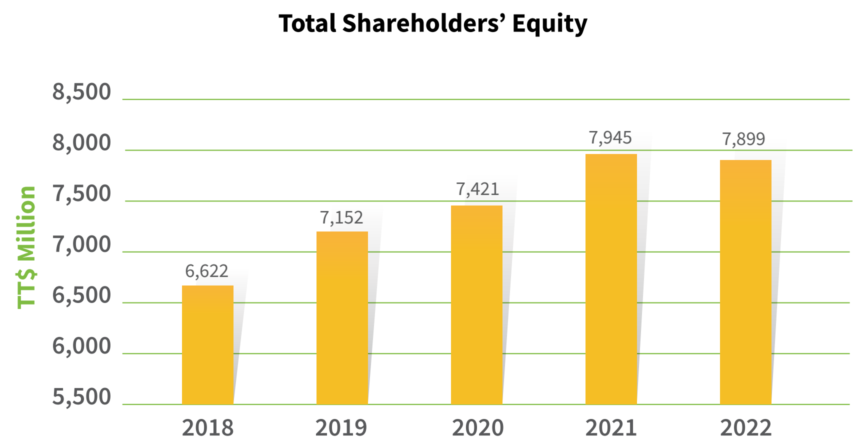
Provision for Taxation

The Group recorded a taxation charge for the year of $189.2 million compared to $234.7 million in 2021, representing an effective taxation rate of 20.5% (2021: 26.0%). This reduction was mainly due to an over provision of taxes in 2021 of $21.9 million.

Shareholders' Equity

Total shareholders' equity decreased by $46.1 million over the last financial year to $7.9 billion. The decrease in the Group's capital base was mainly due to a decrease in the other reserve, resulting from (a) losses on revaluation of investment securities of $288.1 million (b) the re-measurement of the defined benefit obligation ($41.5 million) partially offset by the net profit for the year of $733.5 million, net of the dividend of $391.0 million paid to shareholders.

The Group and its subsidiaries are subject to various capital requirements administered by banking regulators. Such regulators require that the Bank maintain minimum amounts and ratios of total and Tier 1 capital (as defined in the regulation) to risk adjusted assets (as defined). This standard corresponds with International Basel standards which requires a minimum capital adequacy ratio of 10%. This is a risk-based capital measure which recognises the inherent credit, operational and market risk. As at the year's end, the Group remained well capitalised with a capital adequacy ratio of 18.46% (2021: 18.02%).



RISK MANAGEMENT

The Group has recognised the need to place emphasis on creating a strong risk management culture in order to understand, manage and evaluate risks balanced with the rewards being earned. The Enterprise Risk function currently encompasses three main risk monitoring areas: Credit, Market and Operational Risk.

The Enterprise Risk Management framework integrates all aspects of risks across the Group and supports the various business units within the Group in the effective management of risks. It has been developed in accordance with:

- The Committee of Sponsoring Organisations of the Treadway Commission (COSO) – Enterprise Risk Management (ERM) Integrated Framework, as its core methodology for managing risk on an enterprise-wide basis;
- The requirements of the Basel Capital Accord as applied in the jurisdictions in which the Group operates; and
- Other local and international best practices in risk management.

The Group has enhanced the integration of the COSO ERM framework and the Balanced Scorecard methodology into its strategic planning process, thus strengthening the control framework within the Group's operations.

The Group recognises that training is an integral part of building a stronger risk culture. To this end, training in Anti-Money Laundering for the entire Group is done annually while training on Ethics in Banking and the preparation of risk assessments is done as required at this time.

An integral part of any control framework is monitoring and assessing its effectiveness over time. The First Citizens Board acknowledges and understands that it has ultimate responsibility for ensuring and providing oversight for the effectiveness of the overall risk management and control framework and policies for the First Citizens Group.

Credit Risk Management

The Credit Risk Management function is responsible for the development of credit policy as well as the fostering of a credit culture that is aligned to the Group's strategic objectives and its overall risk appetite. The team critically evaluates individual facilities on a regular basis to determine their quality and the extent of any reserve or write-off that may be needed.

The Group provides comprehensive training programmes, which enforce the need for prudence, detailed analysis and quality loan administration without diminishing creativity, flexibility and excellence in customer service.

Specific lending authorities are delegated based on the experience and training of personnel as well as the size of the portfolio. The lending process and the quality of the loan portfolio are reviewed via a credit-monitoring process utilising a Risk-Rating and Classification System which ensures that timely action is taken to avoid degradation of the portfolio.

Loans are immediately placed on a non-accrual basis if principal or interest is more than 90 days in arrears. This process can be initiated earlier if the loan is deemed uncollectable in accordance with the terms of the facility.

Market Risk Management

Market risk is the potential impact on earnings and capital due to unfavourable changes in market factors such as interest rates, foreign exchange rates, equity prices and liquidity.

The market risk philosophy of the Group is to ensure that no risk is taken unless it is fully understood and can be effectively managed. The policies governing market risk exposures are reviewed and recommended by the Market Risk Committee which is a subcommittee of the Asset/Liability Management Committee, with ultimate approval and responsibility for aggregate risk limits residing with the Board.

Asset/Liability Management

The Group has an active Asset/Liability Committee that comprises senior managers representing key departments within the Group. The committee is responsible for the management of the interest rate, liquidity and foreign exchange exposures, in the context of existing market trends. It seeks to optimise the Group's investments and funding strategies, stabilise net income and ensure integration with other risk management initiatives.

Interest Rate Risk Management

Interest rate risk is inherent in many client-related activities, primarily lending and deposit taking to both corporations and individuals. Interest rate risk arises from these client activities as a function of a number of factors. These include the timing of rate resetting and maturity between assets and liabilities, the change in the profile of those assets and liabilities whose values change in response to changes in market interest rates, changes in the shape of the yield curve and changes in the spread. The yield curve provides the foundation for computing the fair value of future cash flows. It is based on current market yields on applicable reference bonds that are traded in the marketplace. Market yields are converted to spot interest rates ('spot rates' or 'zero coupon rates') by eliminating the effect of coupon payments on the market yield.

The Group's objective in this area is to manage the sensitivity of its earnings and overall value to fluctuations in the yield curve. To achieve this goal, the Group sets limits in terms of amount, term, issuer and depositor as well as the following:

- Controlling the mix of fixed and variable interest rate assets
- Improving the ratio of earning assets to interest-bearing liabilities
- Managing the interest rate spread
- Managing the rate resetting tenors of its assets and liabilities

Models are used to calculate the potential change in income that would result from the instantaneous change in rates on a static portfolio at a point of time on both balance sheet assets and liabilities.

The Group's fixed income portfolio is also exposed to interest rate risk as the valuation of the assets in the portfolio varies with local and international interest rates. The Group uses Value at Risk (VaR) to monitor and manage the market risk of the investment portfolio. VaR is a statistically based estimate which quantifies the potential loss on the portfolio at a predetermined level of confidence and holding period. To supplement VaR, the Group also performs stress testing of the investment portfolio. The market risks arising from the investment portfolio are monitored by Group Market Risk and are reported to ALCO, Senior Management and the Board Enterprise Risk Management Committee.

The Group is committed to refining its market risk management tools to keep in line with international best practice.

Liquidity Risk Management

Proper liquidity management ensures that the Group meets potential cash needs at a reasonable price under various operating conditions. The Group achieves this through a strong and diversified funding base of core deposits, use of market sources and its short-term investment portfolio.

Daily monitoring by management of current and projected cash flows ensures that positions can be adjusted to maintain adequate levels of liquidity.

Operational Risk Management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. It includes legal, reputational and strategic risk.

To support the enhancement of operational risk management strategy, the Group has a Systems & Procedures Department, whose role is to ensure that systems are in place that will assist in maintaining the highest standards of operational efficiency. This function focuses on the development of flexible and responsive procedures and policies that reduce bureaucracy but provide a balance between the risk, internal control, and cost management philosophies of the Group.

Internal Capital Adequacy Process (ICAAP)

The ICAAP is a process which brings together the risk management framework and the financial disciplines of business planning and capital management.

It explains the risk management techniques employed by examining all risks faced by the Group, and includes an assessment of the capital that is considered adequate to mitigate the various risks to which the Group is exposed.

Operational responsibility for coordination of the ICAAP is done by the Enterprise Risk team. Presentations on the process are given to the Senior Management Enterprise Risk Committee and Board Enterprise Risk Management Committee.

Reporting and monitoring is undertaken through the Senior Management Enterprise Risk Committee and Board Enterprise Risk Management Committee to ensure ongoing senior management engagement and embedding of ICAAP as an integral part of the Group's processes. Evidence to support a thorough monitoring and review process is also provided through documented polices, standards and procedures.

As a process, the ICAAP may be summarised by the following:

- Knowledge of the risk environment
- Evidence and monitoring
- Calculation and reporting of the capital charge
- Review and update with recommended changes as required

Management of Internal Controls

Since 2005, the Group adopted Risk Based auditing. The Group Internal Audit department continues to play a key role in the ongoing functioning of Enterprise Risk Management by providing objective monitoring of its application and effectiveness. The activities of this department are guided by international standards set out by the Institute of Internal Auditors. The procedures of the department have been re-written in strict adherence to the Standards for the Professional Practice of Internal Auditing. In addition, the COSO and COBIT control frameworks have been inculcated into the audit process.

Frequent internal assessments ensure the quality of these processes; these are subject to an independent external quality assessment every five years. The last such assessment was completed and a report issued in September 2022. The Group's internal audit process continues to receive the highest rating accreditation of "Generally Conforms". This affirms the department's independence, objectivity and professional care in giving assurance on risk management practices, governance initiatives and compliance with policies, procedures, regulations and legislation. The Audit Committee continues to oversee the operations of the department, ensuring the highest quality of communications to management and action items are identified for areas of weakness identified.

Compliance Risk

Compliance risk is the risk of legal or regulatory sanctions, financial loss, or loss to reputation the Group may suffer as a result of its failure to comply with all applicable laws and regulations. This risk exposes the institution to fines, civil money penalties and payment of damages and can lead to diminished reputation, reduced franchise value, limited business opportunities and reduced expansion potential.

The Compliance function which is a subset of the Legal, Compliance and Governance Unit has the overall managerial responsibility to develop and maintain effective programmes to monitor compliance and recommend any necessary corrective action to meet the statutory and regulatory requirements in all jurisdictions in which the Group operates. The Units of the Bank and its subsidiaries prepare monthly, quarterly and annually regulatory compliance reports for the members of the Compliance Function. These are presented to the relevant subcommittees of the various Boards, and the Boards of the Bank and its subsidiaries, as part of the governance oversight and monitoring framework.

In addition, the Whistleblowing Programme, which allows staff members a confidential medium for reporting known or suspected policy breaches, including matters of compliance for investigation, continues to be in operation and provides a suitable avenue for matters to be escalated and addressed.

CONCLUSION

The First Citizens Group continued to perform strongly in 2022 with solid growth in profitability and customer loans. Despite the challenges of continued depressed economic activity, internationally, regionally and locally, the Group has reinforced its position as a strong financial institution. Coupled with sound management and corporate governance, the First Citizens Group remains well positioned to preserve its position as one of the most competitive financial institutions in the region.

GOVERNANCE HIGHLIGHTS

Corporate Legal Restructure – First Citizens Group

First Citizens Bank Limited ("the Bank") commenced a corporate legal restructure in 2021 to establish a new financial holding company for the First Citizens Group. Phase One of the corporate legal restructure was completed on 15 October 2021 with the Bank being delisted from and First Citizens Group Financial Holdings Limited ("FCGFH") being listed on the Trinidad and Tobago Stock Exchange to commence trading. FCGFH began trading on 18 October 2021.

Phase Two of the corporate legal restructure continued in October 2021 in which the Group sought approval for the transfer of shares and other undertakings from the Bank's subsidiaries to FCGFH, which would then make FCGFH, the new holding company for the First Citizens Group. In September 2022, the Central Bank provided its non-objection for FCGFH to acquire the shares of the local subsidiaries of the Bank and the process will continue.

FCGFH now has in place a fully functioning Board of Directors and an Audit, Risk and Compliance Committee. The main duties and responsibilities of the Audit, Risk & Compliance Committee ("ARC Committee") are:

Financial Reporting

Gain an understanding of the current areas of greatest financial risk and how these issues are being managed.

Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.

Oversee the periodic financial reporting process implemented by management and review the interim financial statements, annual financial statements and preliminary announcements prior to their release.

Review with management and the external auditors the results of the audit, including any difficulties encountered.

Review the annual financial statements, and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles.

Review other sections of the annual report and related regulatory filings before release and consider the accuracy and completeness of the information.

Review with management and the external auditors all matters required to be communicated to the committee under generally accepted auditing standards.

Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement.

Review interim financial reports with management and the external auditors, before filing with regulators, and consider whether they are complete and consistent with the information known to committee members.

Risk Management and Internal Control

Evaluate whether management is setting the appropriate "control culture" by communicating the importance of internal control and management of risk.

The Committee shall discuss the Company's policies with respect to risk assessment and risk management, including the risk of fraud. The Committee also shall discuss the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.

The Committee shall review with senior management the Company's overall anti-fraud programmes and controls.

Consider the effectiveness of the company's internal control over annual and interim financial reporting, including technology security and control.

Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

Internal Audit

Review with management and the Chief Internal Auditor the charter, plans, activities, staffing and organisational structure of the internal audit activity.

Review the proposed internal audit plan for the coming year and ensure that it addresses key areas of risk and that there is coordination with the external auditor. Approve the annual audit plan and any changes to the plan.

Review the significant reports prepared by Internal Audit together with management's responses and follow up to these reports.

Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement or dismissal of the internal Chief Internal Auditor.

Review the effectiveness of the internal audit activity, including compliance with the Institute of Internal Auditors' *Standards for the Professional Practice of Internal Auditing.*

On a regular basis, meet separately with the Chief Internal Auditor to discuss any matters that the Committee or Internal Audit believes should be discussed privately.

External Audit

Review the external auditors' proposed audit scope and approach for the current year in the light of the company's present circumstances and changes in regulatory and other requirements.

On a regular basis, meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.

Review policies for the provision of non-audit services by the external auditor and where applicable the framework for pre-approval of audit and non-audit services.

Ensure the company has appropriate policies regarding the hiring of audit firm personnel for senior positions after they have left the audit firm.

Risk and Compliance

Review and assessing the integrity and adequacy of the risk management function for the Company.
This includes:

Ensuring that suitable mechanisms are in place to identify the evolving nature of the risks faced by the

Company and proactively addressing same.

Requesting and receiving sufficient information from management to satisfy itself that the risk management framework is operating as intended.

Commissioning root cause analyses into significant policy breaches or control breakdowns associated with the risk management framework.

Review and assess the adequacy of the risk measurement methodologies.

Monitor the implementation of the Anti-Money Laundering/Counter Financing of Terrorism and Proliferation Financing Compliance Programme (AML/CFT/CPF) and the Sanctions Compliance Programme for risk and compliance management including the approval of the relevant programme, policies and procedures.

Review the effectiveness of the Company's system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) on any significant non-compliance and receiving and reviewing all necessary information to satisfy itself that the regulatory compliance framework is operating as intended.

Review the reports and findings of any examinations by regulatory agencies, including the Management Action Plans, Deficiency Management Reports and other reports associated with the findings.

Perform any other activities consistent with the Terms of Reference, relevant By-laws, and governing law, as the Committee or the Board deems necessary or appropriate or deal with any matters that the Board of Directors may refer to the Committee.

Reporting Responsibilities

Regularly report to the Board of directors about committee activities, issues, and related recommendations.

Provide an open avenue of communication between internal audit, the external auditors and the board of directors.

Review any other reports the company issues that relate to the Committee's responsibilities.

ARC Committee Members

Idrees Omardeen – Chairman
Ryan Proudfoot – Member
Jayselle McFarlane – Member
Savitree Seepersad – Member

As Phase Two of the corporate legal restructure is finalised alongside the overall streamlining of the governance functions, few of the oversight Committees which now reside with the Bank, as indicated below, would become Committees of FCGFH, leaving the Bank with oversight Committees specific to its lines of business:

- Board Enterprise Risk Management Committee
- Human Resources Committee; and
- Corporate Governance Committee
- Customer Centric Committee

FCGFH Additional Public Offering

On 28 June 2022, the Government of the Republic of Trinidad and Tobago (GORTT) through First Citizens Holdings Limited offered for sale 10,869,565 ordinary shares held in FCGFH. The offer period closed on 22 July 2022 and garnered astounding interest, with the offer being oversubscribed and FCGFH gaining over 5,000 new shareholders. FCGFH has resumed its title as one of the largest publicly listed companies in the equities market on the Trinidad and Tobago Stock Exchange.

Establishing a Framework of Effective Governance

The Boards and the sub-committees of FCGFH and its subsidiaries and affiliates are guided by their charters or terms of reference, which continue to be reviewed periodically in accordance with recommendations set out in the Revised Corporate Governance Guideline issued by Central Bank of Trinidad and Tobago in March 2021 and the Corporate Governance Code, 2013 and would include any additional recommendations and/or changes approved by the various sub-committees and boards as set out therein.

Some of the responsibilities of FCGFH's Board include, but are not limited to, the following:

- Approving FCGFH's vision and mission to guide and set the pace for its current operations and future development;
- Approving the core values to be adopted throughout the First Citizens Group;
- Reviewing and approving FCGFH's strategic goals;
- Providing strategic direction to FCGFH in conjunction with Executive Management by establishing broad policies and objectives;
- Reviewing and approving the business strategies and plans that underpin the corporate strategy.
- Through the Audit, Risk and Compliance Committee, maintain oversight on the quality and integrity of financial statements of the Group, including the effectiveness of the internal controls and ensure that audited financial statements are presented annually to shareholders.
- Through the Corporate Governance Committee, ensure that the Group is operating in accordance with the corporate governance principles and guidelines governed by law with the guidance of the Group Corporate Secretary.
- Review and approve the monitoring criteria presented by Executive Management to be used by the Board so as to maintain oversight of critical issues facing the Group.
- Declare dividends, as appropriate, and approve financial results for disclosure to the public, as necessary.

All of FCGFH's directors are independent, non-executive directors within the meaning of the Financial Institutions Act, Chapter 79:09 of the Revised Laws of the Republic of Trinidad and Tobago. Further, the position of Chairman and Group Chief Executive Officer are held by two different people. All directors and employees continue to strive towards the core values, principles and behaviours set out in the updated Code of Conduct, Ethics and Financial Affairs and have renewed their commitment to following the principles set out therein. Further, the Group continues to roll out, as part of its annual mandatory training for all employees, online modules on topics such as conflicts of interest, anti-bribery and corruption, whistleblowing, cybersecurity, confidentiality, anti-money laundering and anti-terrorist financing.

Avenues that allow for confidentially reporting on impropriety continue to be the Group's focus. Such channels include the Group's whistleblowing hotline and anonymous case management system. As part of the oversight mechanism, the Group's Audit Committees, as appropriate, receive quarterly reports on whistleblowing matters to ensure that these matters are handled in the appropriate manner and to detect any early warning signals of fraud or financial misappropriation.

Board and Committee papers are prepared beforehand by Management and are made available ahead of meetings to Directors and Committee members. Management continues to make themselves available to Directors to answer any questions or address any concerns during meetings and on an ongoing basis. Advice from Subject Matter Experts for example, Auditors, Attorneys, Engineers, etc. are made available to Directors should they be required to carry out their duties. The Office of the Group Corporate Secretary is the main office through which all Directors' interactions occur. Communication between the Office of the Group Corporate Secretary ('OGCS') and any Director is open and approachable and the members of the OGCS are accessible to provide guidance and support to the Directors necessary for achieving the Group's corporate governance objectives.

All Directors and employees take part in continued training and awareness, which reinforce the fact that the interests of all stakeholders must be fairly considered when carrying out their duties and responsibilities. The First Citizens Group continues to review its stakeholder policies, such as the Investor Relations Policy and Dividend Policy to ensure that they are not only relevant but represent the interest of all the Group's stakeholders.

Strengthening Board Composition and Performance

The Board continues to monitor, through the regular reporting of its independent, non-executive subcommittee Chair, the performance of its ARC Committee and through regular reporting the performance of the Bank and its subsidiary boards and committees.

FCGFH continues to utilise its Skills Matrix, in addition to the criteria for the selection of Directors and the Revised Fit and Proper Guideline issued by the Central Bank of Trinidad and Tobago, to assess the eligibility of candidates for election and re-election to FCGFH's Board and the other Boards of the First Citizens Group.

The Corporate Governance Committee, which currently resides as a sub-committee of the Bank, comprises all independent, non-executive directors, carries out the work of a Nominating Committee. Three (3) of its responsibilities include:

- To search for and assess candidates' eligibility for appointment to the Board of FCGFH and make representations to all shareholders, including the majority shareholder on those candidates based on the guidelines for the selection of directors and the Skills Matrix;
- To assess candidates' eligibility for appointment and re-appointment to the Boards of the Group and make representations to all shareholders, including the majority shareholder on those candidates based on the guidelines for the selection of directors and the Skills Matrix; and
- To search for and assess candidates' eligibility for appointment or re-appointment for FCGFH's subsidiaries and affiliates based on fit and proper criteria, including the Skills Matrix in use, for the approval of the Board.

FCGFH's Board comprises a diverse membership, which can be seen by the variability in age, gender, knowledge, skills and academic qualifications of each director. An updated Skills Matrix is attached at Appendix 4 hereto.

Conflicts of Interest

Conflicts of interest, whether actual or perceived, are managed based on a Board approved Conflicts of Interest Policy, which is based on appropriate legislative guidance, including the provisions of the Companies Act, Chapter 81:01 of the Revised Laws of the Republic of Trinidad and Tobago, internal policy positions, regulatory guidelines and best practice. A Conflicts of Interest Register is maintained and updated on a quarterly basis. At Board and other meetings, once an actual or perceived conflict arises, the said conflict is brought to the attention of the Chairman of the meeting. The Chairman, with the guidance of the Secretary to the meeting, reviews the facts surrounding the situation and decides whether a conflict is present. As a precaution, if a conflict can be perceived, the situation is treated as an actual conflict. In those circumstances, the Director or employee is required to leave the meeting and not be a part of any discussion or decision to which the conflict relates.

Board Performance

Following the last independent board evaluation exercise in 2019, training areas identified for focus were addressed. It is anticipated that the First Citizens Group will commence another independent board evaluation exercise in calendar 2023.

Induction and Training of Directors

Directors reviewed the updated Code of Conduct, Ethics and Financial Affairs as part of their annual affirmation to comply with the requirements and values of the Code. Further, they continue to sign an Oath of Secrecy/Confidentiality Undertaking every year, signifying their commitment to keeping confidential and material non-public information private. New directors sign a Confidentiality Undertaking upon their becoming a member of the Group and benefit from an orientation programme facilitated by the Corporate Secretary and key internal stakeholders, designed to familiarise directors with the applicable laws, business and governing policies of the Group.

The "Directors' Corner" is utilised at board meetings for ongoing training as directors in areas such as legal and regulatory matters, business, areas of interest, and specific risks applicable to the First Citizens Group.

The particulars of training attended over the last fiscal period were as follows:

1. Annual Oath of Secrecy Attestation and Confidentiality Training.
2. Foreign Account Tax Compliance Act (FATCA).
3. Cyber Risk and Cybersecurity.

As part of ongoing learning and development, in March 2022 the First Citizens Group offered to Directors the opportunity to participate in an advanced training course, a Directors' Education and Accreditation Programme (or DEAP), offered by the Chartered Governance Institute of Canada. The DEAP focused on three key areas: Governance, Financial Reporting and Analysis and Strategy and Risk Management and was delivered over the course of three days. Upon successful completion, each director would have the opportunity to be awarded the Accredited Director designation from the said Institute. The DEAP is being completed by Directors on a phased basis and should be concluded at the end of 2023.

Remuneration – Board and Employees

Notwithstanding the APO which concluded in August 2022, the Government of the Republic of Trinidad and Tobago continues to have an indirect majority holding in FCGFH via First Citizens Holdings Limited. Directors of the Group are remunerated in accordance with the State Enterprises Performance Monitoring Manual established by the GORTT. The remuneration of all directors is fixed and does not include share options, restricted stock options, variable pay or other similar benefits.

The Bank's Board has the responsibility to review and/or approve the compensation policy framework for the Bank. The Board of the Bank ensures that the remuneration of managerial and non-managerial employees is transparent, fair and reasonable. Material changes are monitored by the Human Resources Committee and reported to the Board.

The Human Resources Committee comprises all independent, non-executive directors and is ably assisted by expert reports, including independent compensation surveys, when assessing any proposal for remuneration presented by Management. All consultants used in connection with compensation surveys are independent to the Bank.

The role of the Human Resources Committee includes, but is not limited to, the following:

1. To approve and monitor the implementation of the Human Resources Strategic Plan in support of the organisation's strategic focus.
2. To consider and make recommendations to the Board, as appropriate with reference to:

   Compensation and Benefits
   - The Committee reviews and recommends to the Board the compensation philosophy to be adopted by the Group.
   - The Committee reviews and recommends to the Board, the cycle of total compensation recommended for managerial and non-managerial employees based on market research, positioning and affordability.

Risk Assessment

The Committee assesses the risks and provides its input to the Board Enterprise Risk Management or BERM Committee including:

- Employee attraction and retention;
- Employee engagement and performance;
- Succession planning and talent management; and
- Any other risks related to Human Capital that may arise from time to time.

Human Resources Committee Members

Franka Costelloe – Chairman
Savitree Seepersad – Member
David Inglefield – Member
Ingrid Melville – Member
Jon Martineau – Member

Reinforcing Loyalty and Independence

All directors of FCGFH are independent in accordance with Section 4.4 of the Central Bank of Trinidad and Tobago Corporate Governance Guideline. They are guided by good governance principles. These values underscore their fiduciary duty and related responsibilities to remain impartial and exercise sound judgement, while serving on the various boards. Directors' appointments and/or re-appointments are based on the criteria for the selection of Directors approved by the Corporate Governance Committee together with the fit and proper requirements issued by the Central Bank of Trinidad and Tobago.

Directors continue to provide quarterly updates on shareholdings, commitments and obligations external to those at the First Citizens Group, including information on appointments to other boards, not only for themselves but also for parties connected to them (refer to Appendix 2 for further details of the key information on Directors). Appendix 3 provides details of all FCGFH's and the Bank's Board and Committee meetings held for the fiscal year ended 30 September 2022, along with the attendance of each director or member.

Since FCGFH is a recently incorporated holding company, all of its directors would have been initially appointed for a period of one year or less. Directors remain eligible for re-election according to FCGFH's By-laws and are assessed constantly where independence is concerned. This is evidenced by completion of the Personal Questionnaire and Disclosure forms with the Central Bank of Trinidad and Tobago whenever there is a material change with a director. Any material interest in a transaction, conflict of interest or matter affecting the First Citizens Group, be it employee or board member, would be treated with in accordance with the Conflicts of Interest Policy.

Loans to Directors, Officers and Relatives of Directors

Credit exposures to Directors, Officers and Relatives of Directors continue to be at arm's length and monitored within the parameters of the Financial Institutions Act, Chapter 79:09 of the Revised Laws of the Republic of Trinidad and Tobago. Credit exposures to Directors, Officers and Relatives of Directors must be approved by the Board of Directors (with appropriate recusal occurring in cases of potential conflicts of interest) and must also be on terms similarly favourable to those offered to the public. These exposures are limited to 2% of the capital base of the Bank or two years' emoluments of the Director or Officer, whichever is the smaller sum.

Any exception to this limit is addressed in accordance with the provisions of the said Financial Institutions Act, Chapter 79:09.

Fostering Accountability

Communication of Information

FCGFH communicates all material and other information to its shareholders, regulators and other key stakeholders, including members of the public, in accordance with the Securities Act, Chapter 83:02 of the Revised Laws of the Republic of Trinidad and Tobago, the Rules of the Trinidad and Tobago Stock Exchange and its Investor Relations Policy. These disclosures occur by publication in the newspaper, on First Citizens' website or in an Annual Report.

As a Reporting Issuer and as a listed company (as at the 30 day of September 2021), FCGFH is required to communicate the following information on:

- Quarterly financial statements approved by the Board;
- Annual audited financial statements approved by the Board;
- Annual Report;
- Material changes in relation to its business, assets, ownership, or operations;
- Declaration and payment of dividends to shareholders;
- Shareholdings in FCGFH's shares by Directors, Senior Officers and their Connected Parties; and
- The top ten (10) shareholders of FCGFH's shares.

Risk Management and Controls

The BERM Committee was established to provide oversight of the responsibilities of the Group Chief Executive Officer, the Chief Risk Officer and Senior Management. These responsibilities include the identification and management of the risks identified in the Group's enterprise-wide risk management framework and the development of strategic risk initiatives to address changing conditions.
This Committee has overall responsibility for:

1. Overseeing senior management's implementation of an Enterprise Risk Management framework and development of a defined Risk Appetite, while ensuring alignment to the Group's risk profile contained within the strategic objectives for the Bank and its subsidiaries/affiliates.
2. Reviewing the Group's processes (including policies, procedures, guidelines, benchmarks, management committees and stress testing) with senior management, for the identification and management of the risks associated with the business of the Group.
3. Planning for anticipated changes in identified risks, in line with changes in the environment and changes in business strategies.
4. Receiving and reviewing reports from senior management regarding compliance with applicable risk related policies, procedures and tolerances and reviewing the Group's performance relative to it.
5. Reviewing and assessing the adequacy of the Group's liquidity and funding and the Group's capital (economic and regulatory and its allocation to the Group's businesses).
6. Reviewing and assessing the adequacy of the Group's AML/CFT/CPF framework with input from senior management and with the support of the internal and external audit reviews.
7. Receiving and reviewing reports on selected risk topics as Management or the Committee deems appropriate.
8. Reviewing and discussing with Management significant regulatory reports of the Group and remediation plans related to it, and
9. Reviewing and assessing the Group's Internal Capital Adequacy Assessment Processes (ICAAP) and monitoring the management action plans.

BERM Committee Members

Ryan Proudfoot – Chairman
David Inglefield – Member
Courtenay B Williams – Member

Accountability and Assurance

Audit Committees

FCGFH and other licensees under the Financial Institutions Act, Chapter 79:09 of the Revised Laws of the Republic of Trinidad and Tobago are required to establish Audit Committees. Broker dealers registered with the Trinidad and Tobago Securities and Exchange Commission are also required to establish audit committees, pursuant to Chapter 83:02 of the Revised Laws of the Republic of Trinidad and Tobago.

The Audit Committee is the principal agent of the Board of Directors for the following functions:

1. Internal Audit Function

- Reviewing and approving the annual internal audit plan;
- Overseeing the Group's internal audit function and reviewing the reports submitted by the Chief Internal Auditor;
- Monitoring and reviewing the effectiveness of the internal audit function;
- Authorising the Internal Auditor to carry out special investigations into any area of the organisation's operations which may be of interest and concern to the Committee;
- Ensuring that the Group's Internal Audit Department is aware of the important issues of the Group (including major areas of change and new ventures) and that these matters are incorporated into its work plans;
- Ensuring that internal audit function has full, free and unrestricted access to all of the company's activities, records, property and personnel necessary to fulfil its agreed objectives; and
- Receiving quarterly whistleblowing updates and having responsibility for ensuring that there are procedures in place for the confidential and anonymous submission of employee concerns regarding questionable accounting, audit and/or internal control issues.

2. Management of the Engagement of the External Auditor

- Supervising the relationship with the external auditor in collaboration with the Finance function, including the determination of the selection criteria for and making recommendations with respect to the appointment of an external auditor and evaluating the external auditor's performance;
- Reviewing and discussing with management and the external auditor the Group's critical accounting policies and the quality of accounting judgements and estimates made by management;
- Understanding the Group's system of internal controls and, on a periodic basis, reviewing with the assistance of internal and external auditors the adequacy of the system's framework;
- Reviewing the organisation's procedures in addressing compliance with the law and important corporate policies, including the company's Code of Conduct, Ethics and Financial Affairs and the AML/CFT/CPF compliance framework; and
- Reviewing and discussing the Group's annual audited financial statements with management and the external auditor and making recommendations to the Board to approve these statements.

Non-Audit Services by External Auditor

External auditors might be requested to perform special non-audit services (outside of the statutory annual audit) as deemed necessary by management to the extent that such services do not in any way affect the independence of the external auditors or limit the scope of their independent audit. Such services should only be considered after consultation with and recommendation from the Chief Internal Auditor and Chief Financial Officer regarding the impairment of the external auditor's independence.

In order to maintain the independence of the external auditors, specific policies exist to govern the conduct of non-audit work. The Audit Committee of the Bank's Board continues to review the extent of such non-audit services on an annual basis to ensure that the external auditor's independence is not impaired.

The fees for audit services paid to our auditors amounted to $6.63 million (2021/2022) inclusive of VAT. Fees incurred for non-audit work performed by the auditors amounted to $422,078.00 (2021/2022). A review of the non-audit services provided by the external auditor during the financial year was performed and the Audit Committee provided its assurance that the non-audit services would not impair the objectivity and independence of the external auditors.

Composition of Audit Committees

The First Citizens Group has established five (5) Audit Committees. Each Committee consists of at least three Members, of which the majority are independent directors and at least one Member is a financial expert. A financial expert is defined by the Financial Institutions Act, Chapter 79:09 of the Revised Laws of the Republic of Trinidad and Tobago as a person who has the required financial education and substantive experience as:

(a) a qualified accountant (i.e., a Member of the Institute of Chartered Accountants of Trinidad and Tobago or such other professional association approved by the Central Bank of Trinidad and Tobago from time to time);

(b) an auditor;

(c) a chief financial officer; or

(d) a comptroller, who otherwise has a sound understanding of generally accepted accounting principles, financial statements and how financial statements are prepared and audited.

Bank

Jayselle McFarlane – Chairman
Idrees Omardeen – Member
Ryan Proudfoot – Member

First Citizens Depository Services Limited

Idrees Omardeen – Chairman
Jayselle McFarlane – Member
Troy Garcia – Member

First Citizens Trustee Services Limited

Idrees Omardeen – Chairman
Ingrid Melville – Member
David Inglefield – Member

First Citizens Investment Services Limited

Jayselle McFarlane – Chairman
David Inglefield – Member
Karen Darbasie – Member

First Citizens Bank (Barbados) Limited

Gregory Hinkson – Chairman
Wayne Kirton – Member
David Inglefield – Member

Related Party Transactions

According to the Financial Institutions Act, Chapter 79:09 of the Revised Laws of the Republic of Trinidad and Tobago, a related group is considered to be any of the following:

(a) two or more companies with the same controlling shareholder or holding company;

(b) a company in which any of the companies referred to in paragraph (a) above has a significant shareholding;

(c) the direct and indirect subsidiaries of the companies referred to in paragraph (a);

(d) a company in which any of the companies referred to in paragraph (c) above has a significant shareholding; and

(e) the controlling shareholder or holding company referred to in paragraph (a) above.

Transactions with related parties are carried out at arm's length. Additionally, related party transactions and balances have been disclosed in the financial statements in accordance with International Financial Reporting Standards (IFRS) and approved policies and procedures.

The Audit Committee of the Bank is satisfied that the internal controls over the identification, evaluation, review, approval and reporting of related party transactions are effective. This confirmation is made to the Central Bank of Trinidad and Tobago on an annual basis and also forms part of the disclosures contained in the Directors' Report.

Board Tenders Committee
The primary function of the Board Tenders Committee is to assist the Board of Directors of the Bank in fulfilling its tendering and procurement responsibilities. The Board Tenders Committee is responsible for the governance across the Group with respect to the review and approval of the Company's requirements associated with policies, procedures and processes in the execution of strategic procurement strategies.

This Committee monitors the major risks identified by management as it relates to tendering and procurement to ensure that they are within the Group's Procurement Framework, with appropriate action being taken where necessary to achieve conformity therewith. It also ensures that suitable mechanisms are in place to identify the evolving nature of the risks faced relative to tendering and procurement and to proactively address same.

Board Tenders Committee Members
Courtenay B Williams – Chairman
Troy Garcia – Member
Ingrid Melville – Member

Board Credit Committee
Credit risk is a major risk faced by all lending institutions. It is therefore extremely important that the Bank ensures that its credit policies are relevant and are applied consistently by the Group.

Some of the responsibilities of the Board Credit Committee include:

1. Approving credit facilities in line with those authorities delegated by the Board as documented under the Group's Credit Policy and Lending Authority Limits;
2. Reviewing the quality of the loan portfolio and strategies being implemented to manage the Group's exposure to credit risk;
3. Reviewing and approving limits for managing credit exposures for the Group. These include country, industry, sovereign, borrower, risk rating and classification;
4. Reviewing and approving models used by credit risk including those for determining risk ratings and loan/investment impairment provisioning;
5. Reviewing and recommending for approval changes to the Group's Credit Policies which ensure adequacy of scope and coverage as well as appropriate rigour and continuing relevance to the changes in the environment. Such recommendations will be subject to the review, recommendation and/or approval of the Board; and
6. Reviewing/monitoring compliance with, and adherence to, credit risk metrics and regulatory requirements and guidelines, including specifically those relating to credit exposures, concentration limits, measurement, monitoring and control of impaired assets.

Board Credit Committee Members
Ryan Proudfoot – Chairman
Troy Garcia – Member
David Inglefield – Member

Strengthening Relationships with Shareholders

Shareholders rights and engagement
The Group's Investor Relations Policy states, inter alia, that the Group is committed to the creation and maintenance of a climate of open communication, founded upon the principles of timeliness, transparency and accuracy in the disclosure of material information between itself, its shareholders and key stakeholders.

The Annual Meeting of Shareholders creates an opportunity for shareholders to engage the Board and management on the Group's business activities and financial performance. Documents pertaining to Annual Meetings are sent to all shareholders within statutory timelines. This year, a Special Meeting of the Shareholders of FCGFH was held virtually on 28 September 2022, which provided an opportunity for new shareholders who would have purchased shares in the APO to attend and participate to elect/re-elect Directors and to appoint auditors.

During Annual Meetings of Shareholders, external auditors are called upon to present the Independent Auditor's Report. Following the presentation of the said report, and before the resolution to receive the audited financials are read, shareholders are provided with the opportunity to direct questions to the external auditor and management.

When directors are to be elected, shareholders holding 5% or greater of the ordinary shares of FCGFH are permitted to nominate candidates for membership prior to the said meeting. These candidates, along with their curriculum vitae, are provided to shareholders in advance and presented at an Annual Meeting or a Special Meeting convened for the purpose for consideration.

Shareholders are also required to appoint the external auditor/audit firm at an Annual or Special Meeting.

Customer Centricity
The Customer Centric Committee continues to have oversight of the customer experience initiatives, including the rollout of the Group's refreshed website, digital signage and queue management, inbound call management, and revisions with respect to the on-boarding of customers and account opening.

Customer Centric Committee Members
David Inglefield – Chairman
Jayselle McFarlane – Member
Troy Garcia – Member

Recommendations under the Corporate Governance Code, 2013
A list of the recommendations contained in the Trinidad and Tobago Corporate Governance Code 2013, the details on which recommendations have been fully or partially applied, and the appropriate recommendations are shown on the following page, in tabular form, in Appendix 1.

APPENDIX 1

PRINCIPLE 1 – ESTABLISH A FRAMEWORK FOR EFFECTIVE GOVERNANCE

Every company should be headed by an effective Board, which is collectively responsible for the long-term success of the company.

TTGC Recommendations		Applied	Explanation/Comments
1.1	The Board should establish and make publicly available a clear outline of its roles and responsibilities, including any formal delegations to Management.	√	See 'Establishing a Framework of Effective Governance' and Strengthening Board Composition and Performance' sections.
1.2	The Chairman of the Board should be a non-executive Director and preferably an independent Director. Where the Chairman of the Board is not an independent non-executive Director, the Board should appoint a lead independent Director.	√	See 'Establishing a Framework of Effective Governance' section.
1.3	The Board should demonstrate ethical leadership, which includes commitment to high ethical standards and responsible decision-making.	√	See 'Establishing a Framework of Effective Governance' section.
1.4	The Board should ensure that it is supplied with information in a timely manner, in a form and of a quality appropriate to enable it to discharge its duties effectively.	√	See 'Establishing a Framework of Effective Governance' section.
1.5	The Board should take into account the legitimate interests and expectations of all stakeholders. There should be active co-operation between corporations and stakeholders in creating wealth, employment and the sustainability of financially sound enterprises.	√	See 'Establishing a Framework of Effective Governance' and 'Fostering Accountability' sections.

APPENDIX 1

PRINCIPLE 2 – STRENGTHEN THE COMPOSITION AND PERFORMANCE OF BOARD AND COMMITTEES

There should be a balance of independence and diversity of skills, knowledge, experience, perspectives and gender among Directors so that the Board works effectively.

	TTGC Recommendations	Applied	Explanation/Comments
2.1	The Board should appoint a sufficient number of independent Directors capable of exercising unbiased judgement, particularly in tasks where there is a potential for conflicts of interest.	√	See 'Establishing a Framework of Effective Governance' and 'Reinforcing Loyalty and Independence' sections.
2.2	Directors should be selected and appointed through rigorous and formal processes designed to give the Board a balance of independence and diversity of skills, knowledge, experience, perspectives and gender among Directors so that the Board works effectively.	√	See 'Strengthening Board Composition and Performance' and 'The Board Profile' sections.
2.3	A Committee with a majority of independent non-executive Directors should lead the Board's nomination process and make recommendations to the Board.	√	The Directors are appointed at an Annual Meeting. Recommendations will be carried out by the Corporate Governance Committee (consisting of solely non-executive Directors) to all shareholders, including the majority shareholder.
2.4	All Directors should receive induction training upon joining the Board and should regularly update and refresh their skills and knowledge.	√	See 'Induction and Training of Directors' section.
2.5	The Board should undertake a rigorous, transparent and formal annual evaluation of its own performance and that of its committees and of the individual Directors.	√	See 'Board Performance' section.
2.6	The Board should ensure that the remuneration of Directors and Senior Management is transparent, fair and reasonable.	√	See 'Remuneration' section.

APPENDIX 1

PRINCIPLE 3 – REINFORCE LOYALTY AND INDEPENDENCE

All Directors should act honestly and in good faith, in the best interest of the company, ahead of other interests.

TTGC Recommendations		Applied	Explanation/Comments
3.1	The Board should undertake an assessment of its independence on an annual basis and disclose in the annual report each non-executive Director it considers to be independent.	√	See 'Board Performance' section.
3.2	All Directors should be candidates for re-election, at intervals of no more than three years, subject to continued satisfactory performance.	√	See 'Board Composition, Membership and Appointment' section.
3.3	Members of the Board and Senior Management should disclose to the Board whether they, directly or indirectly or on behalf of third parties, have a material interest in any transaction or matter directly affecting the company.	√	See 'Reinforcing Loyalty and Independence' section.
3.4	Directors should demonstrate the capacity to commit the time needed to be fully effective in their roles.	√	See 'Reinforcing Loyalty and Independence' section.

APPENDIX 1

PRINCIPLE 4 – FOSTER ACCOUNTABILITY

The Board should present an accurate, timely, balanced and understandable assessment of the company's performance, position and prospects.

TTGC Recommendations		Applied	Explanation/Comments
4.1	Board should promote accurate, timely and balanced disclosure of all material matters concerning the company.	√	See 'Establishing a Framework of Effective Governance' section.
4.2	The Directors should state in the annual report their responsibility towards the integrity of the financial reports. This includes a statement from Directors that these reports comply with applicable financial reporting standards and present a true and fair view of the financial affairs of the company.	√	See 'Fostering Accountability' and 'Directors Report' sections.
4.3	The Board should, on an annual basis, report to shareholders and stakeholders on the external auditor's involvement in non-audit work and fees paid to auditors. This disclosure should differentiate between fees for audit work and fees for non-audit work.	√	See 'Fostering Accountability' section.
4.4	The Board should, on an annual basis, verify that the company has appropriate processes that identify and manage potential and relevant risks.	√	See 'Fostering Accountability' section.
4.5	Each company should establish an Audit Committee of the Board with responsibilities that include, but are not limited to: a. Recommending the appointment of external auditors; b. Assessing the suitability and independence of external auditors; c. Following up on recommendations made by internal and external auditors; d. Overseeing all aspects of the company-audit firm relationship; e. Monitoring and reviewing the effectiveness of the internal audit function; f. Promoting integrity in financial reporting.	√	See 'Fostering Accountability' section.
4.6	Boards should report annually to shareholders on how the company is implementing the Corporate Governance Principles and explain any significant departure from recommendations supporting each Principle.	√	See this section – Appendix 1.

APPENDIX 1

PRINCIPLE 5 – STRENGTHEN RELATIONSHIPS WITH SHAREHOLDERS

The Board should promote constructive relationships with all shareholders that facilitate the exercise of their ownership rights and encourage their engagement with the company.

TTGC Recommendations		Applied	Explanation/Comments
5.1	The Board should facilitate the exercise of ownership rights by all shareholder groups, including shareholders' minority or foreign shareholders and institutional investors.	√	See 'Strengthening Relationships with Shareholders' section.
5.2	The Board should ensure that all shareholders have the opportunity to engage with the company and participate effectively in annual and special meetings.	√	See 'Strengthening Relationships with Shareholders' section.
5.3	During the annual and special meetings, the Board should facilitate questioning of external auditors and Senior Management by shareholders, as moderated by the Chairman.	√	See 'Strengthening Relationships with Shareholders' section.

APPENDIX 2
KEY INFORMATION ON DIRECTORS

NAME OF DIRECTOR	DATE OF LAST APPOINTMENT AS DIRECTOR	PRESENT DIRECTORSHIP OR CHAIRMANSHIP	DIRECTORSHIP OR CHAIRMANSHIP HELD OVER THE PRECEDING THREE YEARS	OTHER PRINCIPAL COMMITMENT	DUE FOR REAPPOINTMENT – SPECIAL MEETING 2022
Anthony Isidore Smart	14 March 2019	First Citizens Group Financial Holdings Limited – Chairman First Citizens Holdings Limited– Chairman First Citizens Bank Limited – Chairman First Citizens Investment Services Limited – Chairman First Citizens Bank (Barbados) Limited – Chairman FCCR First Citizens Costa Rica SA – Chairman First Citizens Portfolio & Investment Management Services Limited – Chairman Koot Real Estate Limited – Director Eight Moka Fairways Development Limited – Director A&W Isidore Smart Investments Limited – Director	First Citizens Holdings Limited – Chairman First Citizens Bank Limited – Chairman First Citizens Investment Services Limited – Chairman First Citizens Bank (Barbados) Limited – Chairman FCCR First Citizens Costa Rica SA– Chairman Koot Real Estate Limited – Director Eight Moka Fairways Development Limited – Chairman	Gittens, Smart & Company Attorneys-at-Law – Consultant	Yes

APPENDIX 2
KEY INFORMATION ON DIRECTORS

NAME OF DIRECTOR	DATE OF LAST APPOINTMENT AS DIRECTOR	PRESENT DIRECTORSHIP OR CHAIRMANSHIP	DIRECTORSHIP OR CHAIRMANSHIP HELD OVER THE PRECEDING THREE YEARS	OTHER PRINCIPAL COMMITMENT	DUE FOR REAPPOINTMENT – SPECIAL MEETING 2022
Courtenay B Williams	14 March 2019	First Citizens Group Financial Holdings Limited – Chairman First Citizens Holdings Limited – Director First Citizens Bank Limited – Director First Citizens Depository Services Limited – Chairman First Citizens Trustee Services Limited – Director First Citizens Financial Services (St Lucia) Limited – Chairman Art Society of Trinidad & Tobago – Member Trincity College Limited – Director Bocas Lit Fest – Director Electrical Industries Limited – Director 3 Champs Elysees Limited – Chairman Public Service Commission – Commissioner	First Citizens Holdings Limited – Director First Citizens Bank Limited – Director First Citizens Depository Services Limited – Chairman First Citizens Trustee Services Limited – Director First Citizens Financial Services (St Lucia) Limited – Chairman Art Society of Trinidad & Tobago – Member Trincity College Limited – Director Bocas Lit Fest – Director	Colonial Life Insurance Company (Trinidad) Limited – Corporate Secretary Lex Caribbean Attorneys-at-Law – Consultant Hugh Wooding Law School – Associate Tutor	Yes

APPENDIX 2
KEY INFORMATION ON DIRECTORS

NAME OF DIRECTOR	DATE OF LAST APPOINTMENT AS DIRECTOR	PRESENT DIRECTORSHIP OR CHAIRMANSHIP	DIRECTORSHIP OR CHAIRMANSHIP HELD OVER THE PRECEDING THREE YEARS	OTHER PRINCIPAL COMMITMENT	DUE FOR REAPPOINTMENT – SPECIAL MEETING 2022
Ryan Proudfoot	10 June 2020	First Citizens Group Financial Holdings Limited – Director First Citizens Bank Limited – Director First Citizens Investment Services Limited – Director First Citizens Brokerage & Advisory Services Limited – Chairman First Citizens Bank (Barbados) Limited – Director First Citizens Portfolio & Investment Management Services Limited – Director Total Office (2006) Limited – Director Total Office Limited – Director Total Office (Caribbean) Limited – Director Total Office (St Lucia) Limited – Director Total Office (Guyana) Inc – Director CStone Builders Direct Limited – Director AFAB Construction Limited – Director AFAB Interiors Limited – Director	First Citizens Bank Limited – Director First Citizens Investment Services Limited – Director First Citizens Brokerage & Advisory Services Limited – Chairman First Citizens Investment Services (Barbados) Limited – Chairman First Citizens Bank (Barbados) Limited – Director Total Office (2006) Limited – Director Total Office Limited – Director Total Office (Caribbean) Limited – Director Total Office (St Lucia) Limited – Director Parex Resources (Trinidad) Limited – Director Trinidad and Tobago Chamber of Industry & Commerce – Vice Chairman FM Committee	Total Office Limited – Managing Director	No

APPENDIX 2
KEY INFORMATION ON DIRECTORS

NAME OF DIRECTOR	DATE OF LAST APPOINTMENT AS DIRECTOR	PRESENT DIRECTORSHIP OR CHAIRMANSHIP	DIRECTORSHIP OR CHAIRMANSHIP HELD OVER THE PRECEDING THREE YEARS	OTHER PRINCIPAL COMMITMENT	DUE FOR REAPPOINTMENT – SPECIAL MEETING 2022
Franka Costelloe	10 June 2020	First Citizens Group Financial Holdings Limited – Director First Citizens Bank Limited – Director First Citizens Trustee Services Limited – Chairman First Citizens Bank (Barbados) Limited – Director FCCR First Citizens Costa Rica SA - Director Lifetime Roofing Limited – Director Pet Life Veterinary Hospital Limited – Director Pet Life North Limited – Director InvesTT Limited - Director Angostura Holdings Limited – Director Angostura Limited - Director Trinidad Distillers Limited - Director	First Citizens Bank Limited – Director First Citizens Trustee Services Limited – Chairman First Citizens Investment Services (Barbados) Limited – Director First Citizens Bank (Barbados) Limited – Director Trinidad & Tobago Manufacturers' Association – President Industrial Estates Tenants Association – Member	Lifetime Roofing Limited – Director	No
Savitree Seepersad	14 March 2019	First Citizens Group Financial Holdings Limited – Director First Citizens Bank Limited – Director National Marine and Maintenance Services Company Limited – Director Airports Authority of Trinidad and Tobago – Director Education Facilities Company Limited - Chairperson	First Citizens Bank Limited – Director Seized Assets Advisory Committee – Chairman	Ministry of Finance – Deputy Permanent Secretary Caribbean Financial Action Task Force – Co-Chair, Human Resources	Yes

APPENDIX 2
KEY INFORMATION ON DIRECTORS

NAME OF DIRECTOR	DATE OF LAST APPOINTMENT AS DIRECTOR	PRESENT DIRECTORSHIP OR CHAIRMANSHIP	DIRECTORSHIP OR CHAIRMANSHIP HELD OVER THE PRECEDING THREE YEARS	OTHER PRINCIPAL COMMITMENT	DUE FOR REAPPOINTMENT – SPECIAL MEETING 2022
Idrees Omardeen	14 March 2019	First Citizens Group Financial Holdings Limited – Director First Citizens Bank Limited – Director First Citizens Depository Services Limited – Director First Citizens Investment Services Limited – Director First Citizens Brokerage & Advisory Services Limited – Director First Citizens Trustee Services Limited - Director First Citizens Portfolio & Investment Management Services Limited – Director Omardeen School of Accountancy Limited – Director Omardeen Properties Limited – Director Omardeen Professional Bookstore Limited – Director	First Citizens Bank Limited – Director First Citizens Depository Services Limited – Director First Citizens Investment Services Limited – Director First Citizens Brokerage & Advisory Services Limited – Director Omardeen School of Accountancy Limited – Director	Omardeen School of Accountancy Limited – Managing Director	Yes
Jayselle McFarlane	14 March 2019	First Citizens Group Financial Holdings Limited – Director First Citizens Holdings Limited – Director First Citizens Bank Limited – Director First Citizens Depository Services Limited – Deputy Chairman First Citizens Investment Services Limited – Director South West Regional Health Authority – Deputy Chairman/ Director Clico Trust Corporation Limited – Deputy Chairman Trinidad and Tobago Housing Development Corporation – Managing Director	First Citizens Holdings Limited – Director First Citizens Bank Limited – Director First Citizens Depository Services Limited – Deputy Chairman First Citizens Investment Services Limited – Director South West Regional Health Authority – Director Clico Trust Corporation Limited – Deputy Chairman	McFarlane Robertson & Associates - Consultant	Yes

APPENDIX 2
KEY INFORMATION ON DIRECTORS

NAME OF DIRECTOR	DATE OF LAST APPOINTMENT AS DIRECTOR	PRESENT DIRECTORSHIP OR CHAIRMANSHIP	DIRECTORSHIP OR CHAIRMANSHIP HELD OVER THE PRECEDING THREE YEARS	OTHER PRINCIPAL COMMITMENT	DUE FOR REAPPOINTMENT – SPECIAL MEETING 2022
Troy Garcia	14 March 2019	First Citizens Group Financial Holdings Limited – Director First Citizens Bank Limited – Director First Citizens Investment Services Limited – Director First Citizens Depository Services Limited – Director FCCR First Citizens Costa Rica SA – Director Parts World Limited – Director High Performance Coatings Limited – Director	First Citizens Bank Limited – Director First Citizens Investment Services Limited – Director First Citizens Depository Services Limited – Director Parts World Limited – Director High Performance Coatings Limited – Director United Bearings and Equipment Agencies – Director	Parts World Limited – Chief Executive Officer High Performance Coatings Limited – Managing Director	Yes
David Inglefield	10 June 2020	First Citizens Group Financial Holdings Limited – Director First Citizens Bank Limited – Director First Citizens Trustee Services Limited – Director First Citizens Investment Services Limited – Director First Citizens Bank (Barbados) Limited – Director De Novo Energy Limited – Consultant Trinidad Cement Limited – Chairman Oriole Holdings Limited – Director Sygnet DGT Limited – Director	First Citizens Bank Limited – Director First Citizens Trustee Services Limited – Director First Citizens Investment Services Limited – Director First Citizens Investment Services (Barbados) Limited – Director First Citizens Bank (Barbados) Limited – Director Inglefield, Ogilvy & Mather – Chairman Trinidad Cement Limited – Director	Inglefield, Ogilvy & Mather – Chief Executive Officer Prince of Wales Trust in the United Kingdom Youth Business of T&T – Member Proman Trinidad and Tobago – Consultant	No

APPENDIX 2
KEY INFORMATION ON DIRECTORS

NAME OF DIRECTOR	DATE OF LAST APPOINTMENT AS DIRECTOR	PRESENT DIRECTORSHIP OR CHAIRMANSHIP	DIRECTORSHIP OR CHAIRMANSHIP HELD OVER THE PRECEDING THREE YEARS	OTHER PRINCIPAL COMMITMENT	DUE FOR REAPPOINTMENT – SPECIAL MEETING 2022
Ingrid Melville	10 June 2020	First Citizens Group Financial Holdings Limited – Director First Citizens Bank Limited – Director First Citizens Trustee Services Limited – Director FCCR First Citizens Costa Rica SA – Director Caribbean People Centered Development Institute – Managing Director	First Citizens Bank Limited – Director First Citizens Trustee Services Limited – Director FCCR First Citizens Costa Rica SA – Director Tobago Regional Health Authority – Chairman	Ingrid Melville & Company Attorneys-at-Law – Private Practitioner	No
Colin Wharfe	28 September 2022	First Citizens Group Financial Holdings Limited – Director The Victoria Mutual Building Society, Jamaica – Director United Way of Trinidad & Tobago – Director The University of the West Indies – Council Member and Audit Committee Member	The Victoria Mutual Building Society, Jamaica – Director United Way of Trinidad & Tobago – Director The University of the West Indies – Council Member and Audit Committee Member		No

APPENDIX 3 (i)

DIRECTORS' ATTENDANCE AT FIRST CITIZENS GROUP FINANCIAL HOLDINGS LIMITED BOARD AND COMMITTEE MEETINGS

1 October 2021 to 30 September 2022

NAME OF DIRECTOR/ NO. OF MEETINGS HELD	FCGFH BOARD	ARC COMMITTEE
	8	**3**
Anthony Smart	6	-
Courtenay B Williams	7	-
Ryan Proudfoot	8	3
Franka Costelloe	8	-
Jayselle McFarlane	8	3
Idrees Omardeen	8	3
Troy Garcia	8	-
Savitree Seepersad	7	3
David Inglefield	8	-
Ingrid Melville	8	-
Colin Wharfe	- (appointed to Board on 28 September 2022)	-

APPENDIX 3 (ii)

DIRECTORS' ATTENDANCE AT FIRST CITIZENS BANK LIMITED BOARD AND COMMITTEE MEETINGS

1 October 2021 to 30 September 2022

NAME OF DIRECTOR/ NO. OF MEETINGS HELD	BANK BOARD *(INCLUDING SPECIAL MEETINGS)*	BANK AUDIT *(INCLUDING JOINT AUDIT)*	CREDIT	BOARD ENTERPRISE RISK MANAGEMENT	HUMAN RESOURCES	CORPORATE GOVERNANCE	BOARD TENDERS	CUSTOMER CENTRIC
	16	**5**	**11**	**7**	**7**	**3**	**5**	**3**
Anthony Smart	15	-	-	-	-	-	-	-
Courtenay B Williams	13	-	-	5	-	3	5	-
Ryan Proudfoot	15	4	7	7	-	-	-	-
Franka Costelloe	16	-	-	-	7	3	-	-
Jayselle McFarlane	12	5	-	-	-	-	-	3
Idrees Omardeen	15	5	-	-	-	-	-	-
Troy Garcia	14	1 (joint)	9	-	-	-	5	3
Savitree Seepersad	15	-	-	-	5	-	-	-
David Inglefield	14	0 (joint)	11	7	7	-	-	3
Ingrid Melville	15	1 (joint)	-	-	7	3	4	-

APPENDIX 4
SKILLS MATRIX FOR DIRECTORS OF FIRST CITIZENS GROUP FINANCIAL HOLDINGS LIMITED

DIRECTORS	Anthony I Smart	Courtenay B Williams	Franka Costelloe	Ryan Proudfoot	Troy Garcia	Idrees Omardeen	David Inglefield	Savitree Seepersad	Jayselle McFarlane	Ingrid Melville	Colin Wharfe
Finance & Accounting	MS	MS	MS	MS	MS	VS	MS	VS	VS	MS	VS
Real Estate/ Commercial Business	VS	VS	VS	MS	VS	VS	MS	MS	VS	VS	MS
Governance/ Compliance	MS	VS	VS	MS	MS	MS	VS	MS	VS	VS	VS
Strategic Expertise	MS	MS	MS	MS	MS	VS	VS	MS	MS	VS	VS
Board Experience	VS	VS	VS	VS	MS	MS	VS	MS	VS	VS	VS
Banking/Finance	MS	VS	MS	VS	MS	MS	MS	MS	MS	MS	VS
Legal	VS	VS	MS	MS	MS	MS	MS	MS	MS	VS	MS
Information Technology/ Cybersecurity	NS	NS	MS	MS	NS	MS	MS	MS	NS	MS	MS
Risk Management	MS	MS	MS	MS	MS	MS	MS	MS	MS	MS	VS
Human Resources	MS	MS	VS	NS	MS	MS	VS	MS	VS	MS	MS
Industrial Relations	MS	MS	MS	NS	MS	MS	VS	MS	MS	MS	MS
Securities Analysis	NS	NS	NS	MS	NS	MS	NS	NS	NS	NS	MS
Communications/ Public Relations/ Marketing	MS	MS	MS	NS	VS	MS	VS	MS	NS	MS	MS

Very Skilled (VS) = Expert/Competent – having acquired the mastery of a particular skill; able to do this skill extremely well.

Moderately Skilled (MS) = Familiar/Fair/Average – having basic or every day working knowledge of a particular skill.

No Skill (NS) = Unfamiliar/Inadequate Skill – lacking the ability or know-how to perform a skill well. Little or nothing is known about this skill.

APPENDIX 4
SKILLS MATRIX FOR DIRECTORS OF FIRST CITIZENS GROUP FINANCIAL HOLDINGS LIMITED

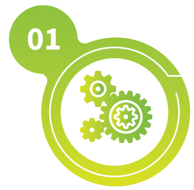
DIRECTORS	Anthony I Smart	Courtenay B Williams	Franka Costelloe	Ryan Proudfoot	Troy Garcia	Idrees Omardeen	David Inglefield	Savitree Seepersad	Jayselle McFarlane	Ingrid Melville	Colin Wharfe
Other Skills		Mediation, AML/ Compliance						AML/ Compliance			
Age Band (years)	65 and above	55-64	35-44	45-54	45-54	45-54	65 and above	55-64	45-54	45-54	65 and above
Education/ Professional Background	Bachelor of Arts (General), majoring in Economics Attorney-at-Law	Attorney-at-Law Certified Mediator Bachelor of Laws Degree Legal Education Certificate	BSc Administrative & Commercial Studies MSc Building & Construction Management Certificate in Corporate Governance	Bachelor of Arts (Hons) in Accounting Master of Business Administration in International Management	Bachelor's Degree in Business Administration	ACCA (Fellow) Institute of Chartered Accountants of Trinidad & Tobago (Member) Certified Anti-Money Laundering Specialist Chartered Accountant	A leader in Strategic Business and Brand Development Expert in Communications, Media and Public Relations Considerable board and executive management experience both within and outside Trinidad & Tobago	ACCA (Fellow) Institute of Chartered Accountants of Trinidad & Tobago (Member) Masters of Business Administration Certificate in Change Management	ACCA (Member) Master of Business Administration	Attorney-at-Law Bachelor of Laws Degree Legal Education Certificate	Professional Accountant ACCA (Fellow) Certified Information Systems Auditor Bachelor of Laws Degree

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Our Environmental, Social and Governance (ESG) Position

First Citizens has long embedded in its identity responsible banking, social development and environmental consciousness. As such, at our core we were always aligned with the global shift towards ESG investing. Our ESG positioning has coalesced into the conceptual framework illustrated below. First Citizens does not isolate any of these six policy areas under a single dimension of ESG, as each of these six areas seeks to encapsulate Environmental, Social and Governance perspectives on its own; yet are all interconnected through our core values.

First Citizens Group Financial Holdings
ESG POLICY FRAMEWORK & OVERSIGHT



Internal Operations

The Group has undertaken a number of initiatives to strengthen the company's internal systems and procedures that ensure optimal decision making; compliance with regulations and law; transparency and accountability to stakeholders; independence from political interference; and avoidance of conflicts of interests. These are overviewed in the Governance section of this report. The Group has also started incorporating sustainable design features in its workspaces. We continue to embed ESG measures in our Corporate Strategy and Performance Management System as well as, pursue more sustainable design considerations in our facilities and infrastructure. Moreover our roadmap includes the development of an environmental and social risk management system (ESMS) which, for the Group, is the set of policies, mechanisms, tools and procedures to identify, categorise, assess and monitor in a timely manner the financial, legal or reputational risks caused by adverse environmental and social impacts generated by lending/financing activities, in order to minimise the likelihood of assuming the costs transferred by these risks.

Culture

The Group has gone beyond compliance with external requirements by aligning our internal systems and procedures to socially responsible competencies. Here our core values (Excellence, People, Integrity, and Customer) are embedded in our Performance Management and Staff Recognition systems. This, we believe, is a more sustainable approach to social responsibility.

Employees

A culture of sustainability starts from within. Our culture drives our internal policies and procedures that are continuously being reviewed to ensure inclusion, fairness and regard for employee safety and wellbeing. With Employee Experience as a central theme of our Corporate Strategy, we have carved out frameworks for Employee Wellness and Experience and we continue to develop policies and measures around these strategies. We hold firm to the principle that how you treat your employees will reflect on how they treat customers and also impresses upon the wider society.

04

Supply Chain & Partnerships

The Group will also align its sustainability policy to reinforcing ethical standards and human rights; and encouraging sustainability in the wider ecosystem in which we do business. Moreover we will seek out opportunities to improve our supply chain and procurement due diligence and contractual provisions to ensure our suppliers are in alignment with our standards for basic human rights and ethics.

05

Community

Many of our legacy and ongoing Corporate Social Responsibility (CSR) initiatives have culminated in the institutionalisation of our five CSR Pillars (Youth Development and Education, Sport, Gender, Culture and Environment) and registration of our non-profit organisation - 'The First Citizens Foundation' in 2019. More recently (2022) we have activated our social investment programme, 'Community' that sets out criteria for NGOs to partner with First Citizens. These criteria include alignment to globally recognised investment standards; the United Nation's Sustainable Development Goals; and most importantly our CSR Pillars. The "Community" section of this report addresses the details of our "Community" programme.

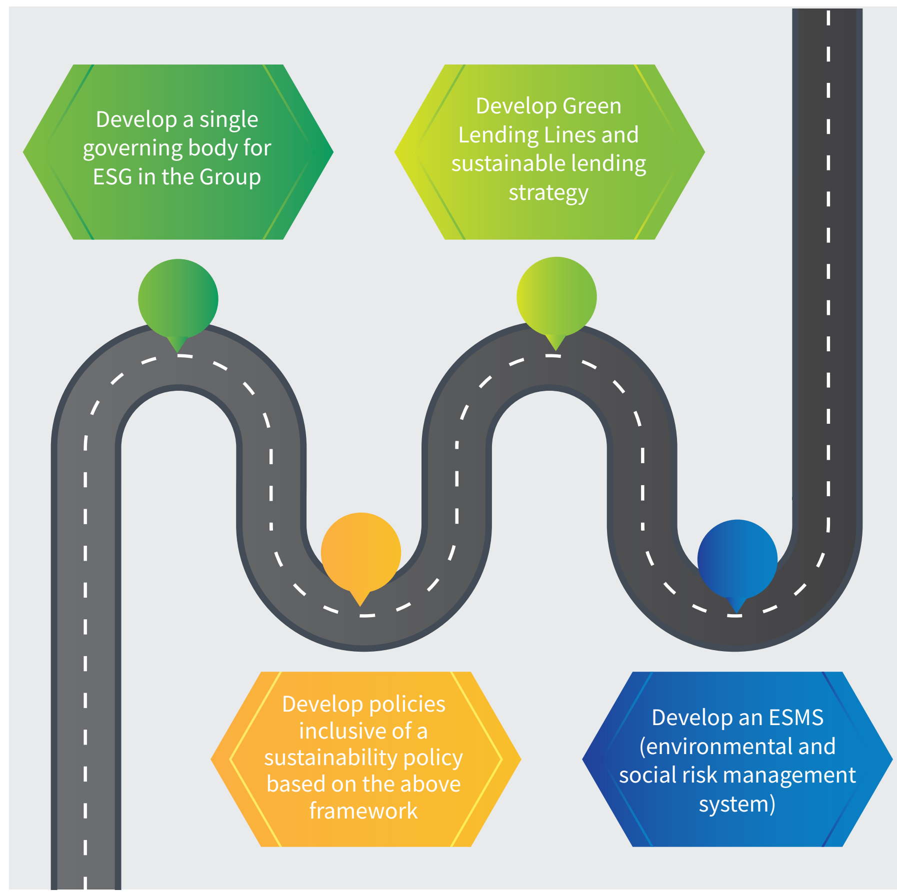
06

Customers and Sustainable Offerings

Our Corporate Banking space has already embraced sustainable financing concepts and have started to explore "Green Banking" policies. This includes developing a sustainable finance roadmap that lays the foundation for Green and Blue lending and prepares First Citizens for any upcoming trends and/or international requirements.

Roadmap Ahead

First Citizens already has the building blocks for strong ESG positioning and commits to balancing our ESG positioning with realities of the industry in which we operate, and with our fiscal responsibility towards our shareholders, customers and the financial system in which we play a major role. As such, the roadmap ahead will be realistic and tailored to our unique identity and culture; nonetheless, the below summarises the current scope of our ESG roadmap.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The First Citizens Foundation

In June 2019, the First Citizens Foundation was registered as a Non-Profit Organisation and since then, the Foundation has been supporting the First Citizens Group in its continued commitment to transformative social change by providing a robust framework for good governance, transparency and advancing programmes under our five CSR Pillars:

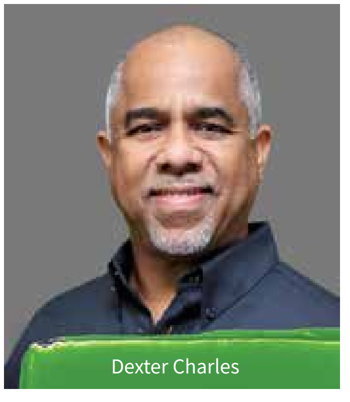
• Sport
• Youth Development and Education
• Gender
• Culture
• Environment

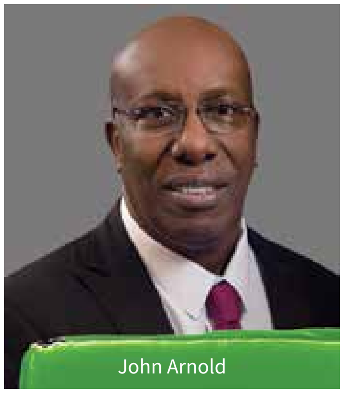
Under the astute chairmanship of Dr Sterling Frost ORTT the Foundation's Board of Directors provides oversight of CSR performance to ensure sound impact on the triple bottom line of people, profit and planet as a means to ensure long-term stakeholder value.

BOARD MEMBERS:

INTERNAL

EXTERNAL





Culture Committee

The way we live has long been admired by other peoples - our mix of speech, music, dance, art, cuisine and customs, forming a rich melting pot that others find unique and infectious. This colourful tapestry is what defines and differentiates us, as innately Caribbean.

As a champion of culture, the First Citizens Culture Committee serves as both guardian of this home-grown heritage and promoter of our people's cultural outputs. Their work highlights both emerging and established Caribbean talents and traditions, supporting several beneficiaries across a range of spheres. These include:

Theatre
We've long saluted celebrated playwrights and iconic characters whose love for the stage honour and represent the beauty and vitality of Caribbean life. Investments like the Derek Walcott Theatre Festival in St Lucia and children's theatre camps in Trinidad, secure a promising future for theatrical performances.

Dance
From the graceful glide of the Castillian to the energetic steps of the Tobago Jig, our history has been choreographed in every move. Throughout the years, the work of scores of dance academies has been made possible with our support, including the publication of the Coco Book of Dance which captures the legacy of the Contemporary Choreographers' Collective (COCO).

Music
Varied and infectious, our music has come to define us, yet unite us. Our legacy of supporting signature musical events like the TUCO Junior Calypso Monarch and the National Action Cultural Committee's Emancipation Calypso Contest, has helped produce new generations of local artistes, while contributions to Barbados' Carols by Candlelight and The Lydians proudly supported by First Citizens, ensure that the curtains remain wide open for the songs of the Caribbean to waft right through. We continue to be committed to investing in projects that will take our musical talents to greater heights, through new innovations and technology.

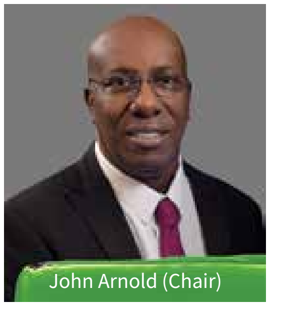
Indigenous Instruments
The account of our people's ingenuity will forever be etched in history, for our creation of instruments like the Tamboo Bamboo and Steelpan. Through our investment, traditional sounds like the rhythms of the First Citizens Dragon Boys Tassa Band and the sweet sounds of the First Citizens Supernovas Steel Orchestra, continue to cement their place in the musical landscape.

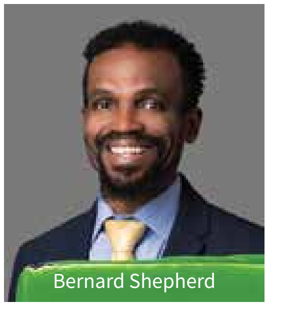
Heritage Preservation
Our longest standing sponsorship across the Group remains the Ms Tobago Heritage Personality Pageant, rooted in our belief that we have a duty to preserve the cultural heritage of our people. This premise is echoed by our support for the First Citizens Original Jab Jab, the Divali Nagar Festival and our premier cultural investment in 2022, the gifting of the First Citizens Charlotte Street building at #81 Charlotte Street, Port of Spain, for use by the Trinidad and Tobago Carnival Museum (TTCM), as the epicentre for all things Carnival.

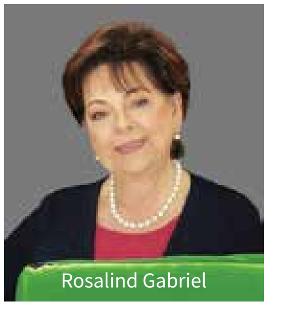
Art
With pride, the First Citizens art catalogue has been built piece by piece, keeping a commitment originally made by our constituent banks, to always be an institution that supports local artists. Year-round, several of our pieces can be viewed throughout branches and offices which offer a fitting space through which the talents of the people of Trinidad and Tobago can be permanently showcased and a banking experience that is all the more enjoyable, in the presence of local art. Our signature piece, the Rhythm of Our People by Tobagonian Martin Superville, drapes the façade of our flagship location at #9 Queen's Park East, Port of Spain.

COMMITTEE MEMBERS:

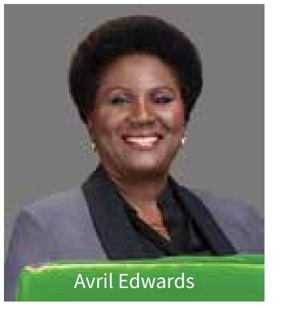
EXTERNAL







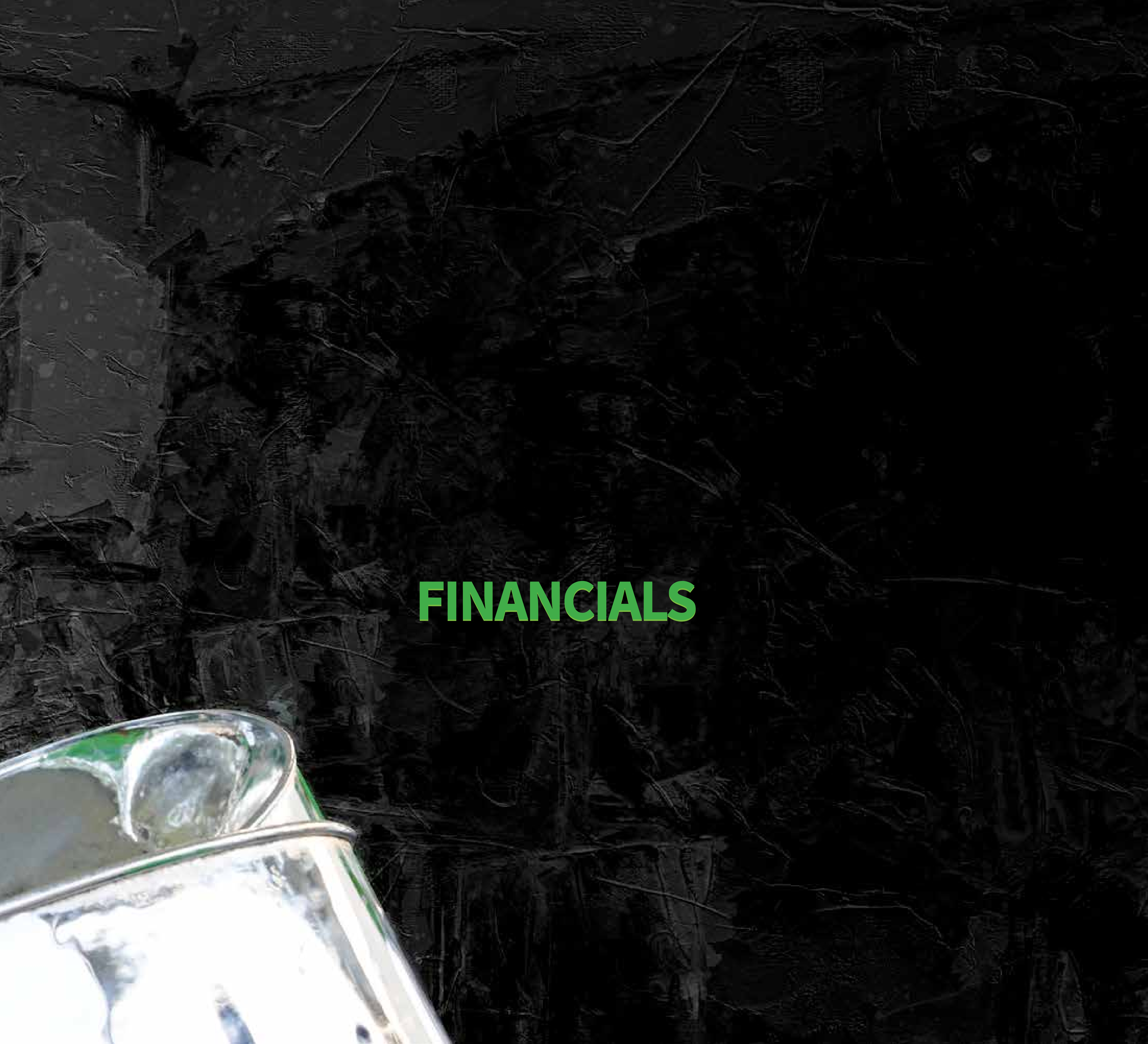
INTERNAL




Junior Parade
First Citizens
CARNIVAL MUSEUM


THE ART IN
BANKING II

FINANCIALS



pwc

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of First Citizens Group Financial Holdings Limited

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of First Citizens Group Financial Holdings Limited (the Company) and its subsidiary (together 'the Group') as at 30 September 2022, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 30 September 2022;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

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

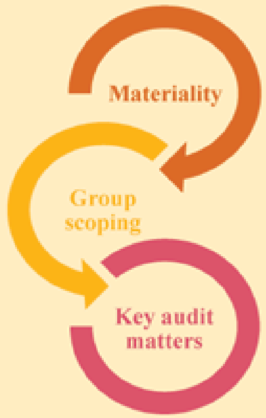
Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PricewaterhouseCoopers, PO Box 550, 11-13 Victoria Avenue, Port of Spain, 100902, Trinidad, West Indies
T: (868) 299 0700, F: (868) 623 6025, www.pwc.com/tt

Our audit approach

Overview



- *Overall group materiality: TT$46.1 million, which represents 5% of profit before taxation.*

- The group audit included full scope audits of two significant components domiciled in Trinidad and Tobago. The group audit also included specified procedures for the Barbadian subsidiary performed by another PwC Network Firm.
- The group audit covered 90% of profit before taxation and 91% of total assets.

- IFRS 9 'Financial Instruments' - Incorporation of Forward-Looking Information into the Expected Credit Loss Model for Loans to Customers and Investment Securities.

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Our assessment of the components of the Group focused primarily on the Group's legal entities. Based on the individual financial significance and our risk assessment, the following components were subject to full scope audits for group audit purposes:

- First Citizens Bank Limited
- First Citizens Investment Services Limited

In addition, we required specified procedures be performed on First Citizens Bank (Barbados) Limited (FCBBL) in relation to the expected credit loss for FCBBL's loan portfolio.

In establishing the overall group audit strategy and plan, we determined the type of work needed to be performed at the components by the Group engagement team and by component auditors. Where the work was performed by component auditors, we determined the level of involvement needed by the Group engagement team in the audit work. Our group scoping provided coverage of approximately 90% of profit before taxation and 91% of total assets of the Group. We performed consolidated risk assessment analytical procedures over the remaining components.

INDEPENDENT AUDITOR'S REPORT *(CONTINUED)*

Our audit approach (continued)

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	TT$46.1 million
How we determined it	5% of profit before taxation
Rationale for the materiality benchmark applied	*We chose profit before taxation as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is within a range of acceptable benchmark thresholds.*

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above TT$2.3 million, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Our audit approach (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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.

Key audit matter	How our audit addressed the key audit matter
IFRS 9 'Financial Instruments' - Incorporation of Forward-Looking Information into the Expected Credit Loss Model for Loans to Customers and Investment Securities *Refer to notes 3.a.(vi), 8(a), 9 and 10 to the consolidated financial statements for disclosures of related accounting policies and balances.* In assessing impairment on financial assets, IFRS 9 prescribes a forward-looking expected credit loss (ECL) impairment model which takes into account reasonable and supportable forward-looking information. As at 30 September 2022, the Group's loans to customers totalled TT$19.3 billion. The Group's investment securities measured at amortised cost and debt securities included in fair value through other comprehensive income (FVOCI) totalled TT$12.7 billion. In aggregate, the above exposures represent 70% of total assets. The associated provision for impairment, which incorporates forward-looking information calculated under the ECL impairment model, amounted to TT$401.9 million for loans to customers and TT$43.4 million for investment securities measured at amortised cost and debt securities included in FVOCI. To incorporate forward-looking information into the model, the Group performed historical analyses and identified the key economic variables which impacted credit risk and expected credit losses for each portfolio. These variables are determined differently for loans to customers and investment securities.	Our approach to addressing the matter, with the assistance of our credit modelling experts, involved the following procedures, amongst others: - Updated our understanding of management's ECL model, including whether there were any changes to source data and assumptions. - Compared the consistency of the macroeconomic indicators with those used in the comparative period. For loans to customers, we: - Assessed the reasonableness of the Group's methodology for determining economic scenarios and the probability weightings applied. - Evaluated the reasonableness of inputs into the downside scenarios, by agreeing the forward-looking economic information, in particular unemployment rate, real GDP growth, inflation and country specific factors to external sources published or pronounced by reputable third parties. - Recalculated management's ECL based on the scorecard model, including the weighted adjusted factor. - Sensitised the probability weightings used in the ECL calculation.

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
IFRS 9 'Financial Instruments' - Incorporation of Forward-Looking Information into the Expected Credit Loss Model for Loans to Customers and Investment Securities (continued) For loans to customers, a scorecard model was developed, using macroeconomic factors and weightings which are based on management's judgement and experience. The main factors were unemployment rate, real GDP growth, inflation and a country specific factor. Management assessed unemployment to have the most significant impact on the retail portfolio, whilst real GDP growth was determined to have the highest impact and weighting on the corporate/commercial loan portfolio. Outlooks were determined for each of these variables to derive a weighted adjustment factor that was applied to the loan portfolios to reflect this forward-looking information. For each country in which the Group has investment securities, management performed a scenario analysis to determine the impact of future economic conditions on the Probability of Default. After testing of the multiple economic indicators, a main macroeconomic variable (MEV) was determined, which was statistically linked to the credit risk of that sovereign. To increase the robustness of the model, management adopted a bivariate model to determine two MEVs for key sovereigns. Credit ratings were forecast for the next three years using these macroeconomic scenarios. The weightings applied to the forecasted ratings were 60% for year 1 and 20% each for years 2 and 3. We focused on this area due to the number of significant assumptions made by management regarding possible future economic scenarios, which would impact the determination of the impairment provisions as a whole using the ECL impairment models.	For investment securities, we: - Obtained a listing of the macroeconomic indicators used to derive the main MEV utilised in management's regression analysis for the four sovereign countries with the most significant ECL on investments: • Agreed a sample of historical MEVs used in the scenarios to external source information where available. • Recalculated a correlation coefficient between the historical MEVs and the sovereign credit risk rating. • Analysed the relationship between the selected MEVs and the rating indicators to select the top indicators for the purpose of building multiple scenarios. • Sensitised the macroeconomic factors for sovereigns with significant investment concentration. The results of our procedures indicated that the judgement and assumptions used by management in determining forward-looking information were not unreasonable.

INDEPENDENT AUDITOR'S REPORT *(CONTINUED)*

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will 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 when it becomes available 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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 judgement and maintain professional scepticism 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.

INDEPENDENT AUDITOR'S REPORT *(CONTINUED)*

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- 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.
- 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 those charged with governance 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 those charged with governance 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.

From the matters communicated with those charged with governance, 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 on the audit resulting in this independent auditor's report is Sean Ramirez.

PricewaterhouseCoopers

Port of Spain
Trinidad, West Indies
30 November 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Expressed in Trinidad and Tobago dollars)

	Notes	As at 30 September 2022 $'000	2021 $'000
Assets			
Cash and due from other banks	6	6,375,452	6,439,683
Statutory deposits with Central Banks	7	5,152,452	4,587,140
Investment securities			
– Fair value through other comprehensive income	8(a)	8,261,168	10,828,972
– Fair value through profit or loss	8(b)	20,141	23,720
– Amortised cost	9	4,921,739	4,851,796
Loans and receivables less allowances for losses:			
– Loans to customers	10	18,886,554	18,083,422
– Loan notes	11	–	73,700
Other assets	12	409,713	468,633
Investments accounted for using equity method	13	244,114	231,062
Tax recoverable		120,456	79,814
Property and equipment	14	694,494	570,242
Defined benefit asset	21	91,814	141,133
Intangible assets	15	261,087	226,292
Total assets		45,439,184	46,605,609
Liabilities			
Customers' deposits	16	28,371,083	28,967,442
Other funding instruments	17	3,936,352	3,961,867
Due to other banks	18	1,304,140	1,564,617
Creditors and accrued expenses	19	558,416	634,304
Lease liabilities	20	184,457	83,097
Taxation payable		16,505	59,763
Bonds payable	22	2,951,169	2,971,971
Deferred income tax liability	23	159,755	359,141
Notes due to parent company	24	58,000	58,000
Total liabilities		37,539,877	38,660,202

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

	Notes	As at 30 September 2022 $'000	2021 $'000
Shareholder's equity			
Share capital	25	458,557	458,557
Statutory reserves	26	1,241,412	1,241,412
Retained earnings		5,266,954	4,924,472
Other reserves	27	932,384	1,320,966
Total shareholders' equity		7,899,307	7,945,407
Total equity and liabilities		45,439,184	46,605,609

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

On 29 November 2022, the Board of Directors of First Citizens Group Financial Holdings Limited authorised these consolidated financial statements for issue.

Anthony Isidore Smart Director

Director

CONSOLIDATED INCOME STATEMENT

(Expressed in Trinidad and Tobago dollars)

	Notes	2022 $'000	2021 $'000
		Year ended 30 September	
Interest income calculated using the effective interest method	28	1,791,785	1,838,356
Interest expense	29	(300,506)	(338,604)
Net interest income		1,491,279	1,499,752
Fees and commissions	30	461,817	431,040
Gains from disposal of FVOCI investment securities		43,451	86,867
Other income	31	142,064	123,836
Total net revenue		2,138,611	2,141,495
Credit impairment writeback/(losses) on loans	10	17,252	(408)
Credit impairment writeback on investment securities	32	8,015	12,962
Administrative expenses	33	(749,619)	(778,810)
Other operating expenses	34	(518,259)	(494,093)
Operating profit		896,000	881,146
Share of profit in joint ventures	13(a)	3,773	3,063
Share of profit in associates	13(b)	22,947	17,806
Profit before taxation		922,720	902,015
Taxation	35	(189,212)	(234,733)
Profit after taxation		733,508	667,282
Earnings per share			
Basic		$2.91	$2.64
Weighted average number of shares			
Basic		251,353,562	251,353,562

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Expressed in Trinidad and Tobago dollars)

	Year ended 30 September	
	2022 $'000	2021 $'000
Profit for the year	733,508	667,282
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Re-measurement of net defined benefit obligation	(41,519)	172,990
Net (losses)/gains on investments in equity instruments designated at fair value through other comprehensive income	(22,507)	45,546
Revaluation of property and equipment	407	(25,927)
	(63,619)	192,609
Items that may be reclassified to profit or loss		
Exchange difference on translation	(5,496)	(9,713)
Net (losses)/gains on financial debt instruments measured at fair value through other comprehensive income	(276,016)	124,295
Gains arising on disposal of debt instruments reclassified to profit or loss	(43,451)	(86,867)
	(324,963)	27,715
Total other comprehensive (loss)/income for the year	(388,582)	220,324
Total comprehensive income for the year	344,926	887,606

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Expressed in Trinidad and Tobago dollars)

	Share capital $'000	Statutory reserves $'000	Other reserves $'000	Retained earnings $'000	Total shareholders' equity $'000
Balance as at 1 October 2021	458,557	1,241,412	1,320,966	4,924,472	7,945,407
Profit for the year	–	–	–	733,508	733,508
Other comprehensive income for the year	–	–	(388,582)	–	(388,582)
Total comprehensive income for the year	–	–	(388,582)	733,508	344,926
Transactions with owners					
Dividends	–	–	–	(391,026)	(391,026)
Balance at 30 September 2022	458,557	1,241,412	932,384	5,266,954	7,899,307
Balance as at 1 October 2020	458,557	1,241,412	1,110,629	4,610,815	7,421,413
Profit for the year	–	–	–	667,282	667,282
Other comprehensive income for the year	–	–	220,324	–	220,324
Total comprehensive income for the year	–	–	220,324	667,282	887,606
Transfer to retained earnings	–	–	(9,987)	9,987	–
Transactions with owners					
Dividends	–	–	–	(363,612)	(363,612)
Balance at 30 September 2021	458,557	1,241,412	1,320,966	4,924,472	7,945,407

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

CONSOLIDATED STATEMENT OF CASH FLOWS
(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 30 September 2022 $'000	2021 $'000
Profit before taxation		922,719	902,015
Adjustments to reconcile profit to net cash provided by operating activities:			
Share of profit in associates		(22,947)	(17,806)
Share of profit in joint ventures		(3,773)	(3,063)
Depreciation	14	95,000	80,490
Interest income		(1,791,785)	(1,838,356)
Interest expense		300,506	338,604
Gain on disposal of property and equipment		(159)	(8,816)
Gain on sale of investment securities		(43,451)	(86,867)
Amortisation of investment securities		8,806	(20,003)
Amortisation of bond issue cost		2,303	1,850
Amortisation of intangible asset	15	23,180	27,277
Net movement in impairment allowance on other financial assets		3,309	(9,940)
Net pension expense	21	39,569	61,978
Impairment on property		–	39,019
Net movement in allowance for loan loss		(38,620)	(17,287)
Cash inflows from operating activities before changes in operating assets and liabilities		(505,343)	(550,905)
Net change in loans to customers		(764,512)	974,337
Net change in customers' deposits		(596,360)	50,208
Net change in other funding instruments		(25,515)	(263,998)
Interest paid on lease liabilities		(8,603)	(6,995)
Net change in other assets		48,127	(56,198)
Net change in statutory deposits with Central Bank		(565,313)	333,289
Dividends received		779	65
Net change in creditors and accrued expenses		(67,099)	(22,060)
Pension contributions paid	21	(54,125)	(58,236)
Interest received		1,802,578	1,900,549
Interest paid		(309,295)	(353,005)
Purchase of investment securities			
– Fair value through other comprehensive income	8(a)	(7,173,697)	(9,183,363)
– Amortised cost	9	(332,297)	(485,113)
– Fair value through profit or loss	8(b)	(359)	(400)

CONSOLIDATED STATEMENT OF CASH FLOWS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 30 September 2022 $'000	2021 $'000
Proceeds from sale of investment securities			
– Fair value through other comprehensive income	8(a)	9,287,647	9,996,673
– Fair value through profit or loss	8(b)	3,494	–
Proceeds from maturity/redemption of amortised cost investment securities	9	283,475	674,351
Taxes paid		(308,099)	(205,716)
Net cash inflows used in operating activities		715,483	2,743,483
Cash flows from investing activities			
Repayment on loan notes receivable		73,700	73,700
Purchase of short-term investments		(445,034)	(1,040,170)
Proceeds from disposals of short-term investments		1,010,470	1,237,241
Proceeds from disposal of property and equipment		1,229	35,405
Purchase of intangible assets	15	(57,975)	(31,825)
Disposal of investment in joint venture		–	921
Purchase of investment in associate		–	(22,500)
Purchase of property and equipment	14	(80,643)	(50,110)
Net cash inflow from investing activities		501,747	202,662
Cash flows from financing activities			
Issue of bond payable	22	53,370	158,063
Repayment of bond payable	22	(74,172)	(811,286)
Repayment of lease liabilities	20	(34,211)	(34,949)
Ordinary dividend paid		(388,103)	(360,690)
Preference dividend paid		(2,922)	(2,922)
Net cash (outflows) from financing activities		(446,038)	(1,051,784)
Net increase in cash and cash equivalents		771,192	1,894,361
Cash and cash equivalents at beginning of period		3,864,595	1,957,698
Effect of exchange rate changes		(9,510)	12,536
Cash and cash equivalents at end of period	6	4,626,277	3,864,595

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Trinidad and Tobago dollars)

1 General information

First Citizens Group Financial Holdings Limited (FCGFH) and its subsidiary (together the Group or First Citizens Group) provide retail, commercial and corporate banking as well as investment banking services. The Group operates primarily in Trinidad and Tobago and the Eastern Caribbean region.

FCGFH is a subsidiary of First Citizens Holdings Limited (Holdings), a company owned by the Government of the Republic of Trinidad and Tobago (GORTT). First Citizens Holdings Limited is the majority shareholder of FCGFH, with shareholding interest of 60.1%. Its registered office is located at 9 Queen's Park East, Port of Spain.

On 18 October 2021, FCGFH became the parent company of First Citizens Bank Limited (the Bank) and replaced the Bank as the listed entity whose shares are publicly traded on the Trinidad & Tobago Stock Exchange. Shares held in the Bank were replaced with shares in FCGFH in the same ratio as previously held at the time of the change.

The Group currently comprises the following entities:

Entity	Nature of operations	Country of Incorporation	Ownership Interest
First Citizens Bank Limited	Banking, including the provision of mortgages for residential and commercial properties	Trinidad & Tobago	100%
First Citizens Depository Services Limited	The Company acts as custodian to third parties and provides paying agent services.	Trinidad & Tobago	100%
First Citizens Bank (Barbados) Limited	Banking, including the provision of mortgages for residential and commercial properties	Barbados	100%
First Citizens Costa Rica SA	Service-related transactions	Costa Rica	100%
First Citizens Financial Services (St. Lucia) Limited	Selected banking and financial service operations	St. Lucia	100%
First Citizens Investment Services Limited and its subsidiaries	Investment & asset management services and repo business	Trinidad & Tobago	100%
First Citizens Trustee Services Limited	Provision of trustee, administration and paying agent services	Trinidad & Tobago	100%

The Group also has investments in the following entities:

Infolink Services Limited	Provision of automated banking reciprocity services	Trinidad & Tobago	25%
St. Lucia Electricity Services Limited	Provision of electrical power to consumers	St. Lucia	19.11%
Term Finance (Holdings) Limited	Provision of short-term loans to individuals and small-medium size businesses	Trinidad & Tobago	19.99%

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These consolidated financial statements were prepared using business combinations under common control, as a new holding company was created to the existing group. There is no change in the substance of the reporting entity. Given that there is no difference between a controlling owner and the parent company, the consolidated financial statements of FCGFHL reflects the accounting of the previous parent, the Bank. The consolidated financial statements of FCGFHL reflects the pre-combination book values because no substantive economic change has occurred. Comparatives have been presented as if the combination had taken place at the beginning of the comparative period presented.

a. *Basis of preparation*

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretation Committee (IFRS IC) applicable to companies reporting under IFRS. These financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). The consolidated financial statements are prepared under the historical cost convention as modified by the revaluation of freehold premises, fair value through other comprehensive income financial assets, financial assets classified at fair value through profit or loss and the defined benefit pension plan assets measured at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(i) *Standards, amendments and interpretations which are effective and have been adopted by the Group in the accounting period.*

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform-Phase 2 (Effective 1 January 2021). The amendments in *Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)* introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

  Management assessed the impact of the amendment and has determined that there is no material impact on the Group.

- Amendments to IFRS 16- *Covid-19-Related Rent Concessions beyond 30 June 2021 (Effective 1 April 2021)*. The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

(ii) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group.*

The following standards, amendments and interpretations to existing standards are not yet effective and have not been early adopted by the Group:

- Amendments to IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use *(Effective 1 January 2022)*. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling 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 cost of producing those items, in profit or loss.

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

a. *Basis of preparation (continued)*

(ii) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)*

- Amendments to IAS 37 – Onerous Contracts-Cost of fulfilling a contract (Effective 1 January 2022). The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

- Amendment to IFRS 3 – Reference to the Conceptual Framework *(Effective 1 January 2022)*. The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current (Effective 1 January 2024). The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

- Amendments IAS1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies (Effective 1 January 2023). The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

- Amendment to IAS 8 – *Definition of Accounting Estimates (Effective 1 January 2023)*. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction *(Effective 1 January 2023)*. The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

- Annual improvement to IFRS 9 (effective 1 January 2022)– The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

- Annual improvement to IFRS 16 (effective 1 January 2022)– The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

The Group is in the process of assessing the impact of the new and revised standards not yet effective on the consolidated financial statements and does not anticipate any material impact.

2 Summary of significant accounting policies (continued)

b. *Consolidation*

(i) *Principles of consolidation*

The consolidated financial statements include the accounts of First Citizens Group Financial Holdings Limited and First Citizens Bank and its subsidiaries as outlined in Note 1. The financial statements of the consolidated subsidiaries used to prepare the consolidated financial statements were prepared as of the Bank's reporting date. The consolidation principles are unchanged as against the previous years.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) *Investment in subsidiaries*

Subsidiaries are all entities, (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

(iii) *Business combinations and goodwill*

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration in relation to financial instruments to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in either profit or loss or other comprehensive income in accordance with IFRS 9 *Financial Instruments*. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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

b. *Consolidation (continued)*

(iv) *Transactions and non-controlling interests*

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(v) *Investment in joint ventures*

The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equal or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

(vi) *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. Investments in associates are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/ (loss) of associates' in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have changed where necessary to ensure consistency with the policies adopted by the Group.

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

c. *Foreign currency translation*

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Trinidad and Tobago dollars, which is the Group's presentation currency. The exchange rate between the TT dollar and the US dollar as at the date of these statements was TT$6.6926 = US$1.00 (2021: TT$6.6926 = US$1.00), which represent the Group's mid-rate. The exchange rate between the TT dollar and the Barbados dollar as at the date of these statements was TT$3.4102 = BB$1 (2021: TT$3.4102 = BB$1.00), which represent the Group's mid-rate.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss and other changes in carrying amount are recognised in other comprehensive income. Translation differences on non-monetary items such as equities classified as fair value through other comprehensive income financial assets are included in other comprehensive income.

(iii) Group companies

The results and financial position of all the Group's entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each income statement are translated at average cover exchange rates for the financial year, and

(c) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

d. *Derivative financial instruments*

Derivative financial instruments including swaps are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Fair values are obtained from quoted market prices, discounted cash flow models and options pricing models as appropriate. All derivatives are carried as assets when their fair value is positive and as labilities when negative.

2 Summary of significant accounting policies (continued)

e. *Financial assets and financial liabilities*

(i) *Financial assets*

The Group classifies its financial assets based on the following business models:

- Hold to collect
- Hold to collect and sell or
- Fair value through profit or loss

Based on these factors, the Group classifies its assets into one of the following three measurement categories:

Hold to Collect - Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVPL are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 3.a.v. Interest income from these financial assets is included in “Interest income” using the effective interest rate method.

For purchased or originated credit-impaired (‘POCI’) financial assets – assets that are credit-impaired (see definition on note 3 a vi) at initial recognition – the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows. When the Group revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Statutory Deposits with Central Banks, Cash and due from other Banks are measured at amortised cost.

Hold to Collect & Sell - Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument’s amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit and loss and recognised in “Net Investment Income”. The interest income from these financial assets is included in interest income using the effective interest rate method.

Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

2 Summary of significant accounting policies (continued)

e. *Financial assets and financial liabilities (continued)*

(i) *Financial assets (continued)*

(a) Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds.

Classification and subsequent measurement of debt instruments depend on:

(i) the Group's business model for managing the asset; and

(ii) the cash flow characteristics of the asset.

Group's business model

The business model reflects how the Group manages the financial assets in order to generate cash flows. An assessment is made at a portfolio level and includes an analysis of factors such as:

- The stated objective and policies of the portfolio and the operation of those in practice. More specifically whether the Group's objective is solely to collect the contractual cash flows from the assets or to collect both the contractual cash flows and cash flows arising from the sale of the assets.
- Past experience on how the cash flows for these assets were collected.
- Determination of performance targets for the portfolio, how evaluated and reported to key management personnel.
- Managements' identification of and response to various risks, which includes but not limited to, liquidity risk, market risk, credit risk, interest rate risk.
- The level of historical sales and forecasted liquidity requirements.

Solely payments of principal and interest (SPPI)

Where the business model is to hold assets to collect contractual cash flows or hold to collect contractual cash flows and sell, the Group assesses whether flows represent solely payment of principal and interest (SPPI test). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

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

e. *Financial assets and financial liabilities (continued)*

(i) *Financial assets (continued)*

(b) *Equity instruments*

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include shareholdings with Visa and Caricris.

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. These financial assets are presented within investment securities held to collect and sell. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Gain and losses on equity investments classified as FVPL are included in the consolidated income statement.

(c) *Impairment*

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.
- Note 3.a.v provides more detail of how the expected credit loss allowance is measured.

(d) *Modification of loans*

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay. (note 3.a.iv)
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

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

e. *Financial assets and financial liabilities (continued)*

(i) *Financial assets (continued)*

(d) *Modification of loans (continued)*

If the terms are substantially different, the Group derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the borrower being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The impact of modifications of financial assets on the expected credit loss calculation is discussed in note 3.a.xv.

(e) *Derecognition other than on a modification*

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

The Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Group:

(i) Has no obligation to make payments unless it collects equivalent amounts from the assets;

(ii) Is prohibited from selling or pledging the assets; and

(iii) Has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Group retains a subordinated residual interest.

(f) *Write-off*

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Group's effort to dispose of repossessed collateral is such that there is no reasonable expectation of recovering in full.

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

e. *Financial assets and financial liabilities (continued)*

(ii) *Financial liabilities*

(a) *Classification and subsequent measurement*

Financial liabilities are classified as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held at fair value through profit or loss (e.g. short positions in the trading booking) and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss;
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Group recognises any expense incurred on the financial liability; and
- Financial guarantee contracts and loan commitments (see note 2.f).

(b) *Derecognition*

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

f. *Financial guarantee contracts and loan commitments*

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

2 Summary of significant accounting policies (continued)

f. *Financial guarantee contracts and loan commitments (continued)*

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance (calculated as described in note 3.a.iii; and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

Loan commitments provided by the Group are measured as the amount of the loss allowance (calculated as described in note 3.a.1.a). The Group has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

g. *Impairment of non-financial assets*

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Nonfinancial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

h. *Offsetting financial instruments*

Financial assets and liabilities are offset, and the net amount reported in the consolidated statement of financial position where there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

i. *Sale and repurchase agreements and lending of securities*

Securities sold subject to sale and repurchase agreements (repos) are retained on the consolidated statement of financial position as investment securities and the counterparty liability is included in other funding instruments.

Securities purchased under agreements to resell (reverse repos) are recorded as loans to other banks or customers as appropriate.

The difference between sale and repurchase price is treated as interest and accrued over the life of the repo agreement using the effective interest method.

2 Summary of significant accounting policies (continued)

j. *Lease transactions*

For all new contracts entered into, the Group assesses whether a contract is, or contains a lease. A lease is defined as "a contract that conveys the right of-use an asset for a period of time in exchange for consideration". To assess whether a contract conveys the right-of-use of an asset, the Group assesses whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all the economic benefits from use of the assets through the period of use
- the Group has the right to direct the use of the asset throughout the period of use. The Group has this right when it has the rights to direct "how and for what purpose" the asset is used.

(i) *The Group as the lessee*

The Group recognises leases as a right-of-use asset and a lease liability at the date at which the leased asset is available for use by the Group. The right of use is initially measured at the cost, which comprises the initial amount of the lease liability, any initial direct cost incurred, an estimate of any cost to dismantle and remove the asset or to restore the asset and less any lease incentive received.

The Group depreciates the right-of-use assets on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. The Group also assess the right-of-use asset for impairment when such indicators exist.

The Group measures the lease liability at the present value of the lease payments not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Group's incremental borrowing rate, which is the Repo rate. Lease liabilities include the net present value of the following lease payments:-

- fixed payments, including in-substance fixed payments, less any lease incentive
- variable lease payments that are based on an index or a rate, initially measured using the index or rate at the commencement date
- amount expected to be payable by the group under residual value guarantees
- the exercise price under a purchase option, if the group is reasonably certain to exercise that option
- lease payments in an optional renewal period if the group is reasonably certain to exercise
- penalties for early termination of a lease, if the lease term reflects the group exercising this option

The lease liabilities will be remeasured when there is a change in future lease payments from a change in rate or index or if the Group changes its assessments of whether it will exercise an extension or termination option.

Payments associated with short-term leases and all low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a term of twelve (12) months or less. Low-value assets comprise IT equipment and small items of office furniture.

2 Summary of significant accounting policies (continued)

j. *Lease transactions (continued)*

(ii) *The Group as the lessor*

When assets are held subject to a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return on the remaining balance of the asset for each period.

k. *Property and equipment*

Freehold premises are shown at fair value based on assessments performed by management or by independent valuators every three years, less subsequent depreciation for buildings. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Increases in the carrying amount arising on revaluation of freehold premises are credited to fair value reserves in shareholders' equity. Decreases that affect previous increases of the same assets are charged against fair value reserves directly in equity; all other decreases are charged to the consolidated income statement. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

All other property and equipment are stated at historical cost less depreciation.

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or 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 income statement during the financial period in which they are incurred.

Depreciation and amortisation are computed on all assets except land.

The provision for depreciation and amortisation is computed using the straight line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:-

Buildings	50 years
Equipment and furniture	4 – 5 years
Computer equipment and motor vehicles	3 – 5 years
Leasehold improvements	Amortised over the life of the lease

The assets' residual and useful lives are reviewed and adjusted if appropriate at each reporting date. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount is the higher of the assets fair value less cost to dispose and value in use. Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are recognised within the consolidated income statement. When revalued assets are sold, the amounts included in fair value reserves are transferred to retained earnings.

2 Summary of significant accounting policies (continued)

l. *Income tax*

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the foreseeable future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

m. *Employee benefits*

(i) *Pension plans*

The Group operates a defined benefit plan, which is a pension plan that defines an amount of pension benefits that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation. This pension plan is funded by payments from employees and by the Group, taking account of the recommendations of independent qualified actuaries.

The net asset/liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is calculated based on cash

2 Summary of significant accounting policies (continued)

m. *Employee benefits (continued)*

(i) *Pension plans (continued)*

outflows allocated to current or prior periods using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The First Citizens Bank (Barbados) Limited (FCBB) operates a defined contribution plan. A defined contribution plan is a pension plan under which FCBB pays fixed contributions into a separate entity. FCBB has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Bank pays contributions to a privately administered pension plan and has no further payment obligations once the contributions have been paid. The contributions are recognised as employee expense when they are due.

(ii) *Profit sharing and bonus plans*

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(iii) Employee share ownership plan

The Group established a cash-settled shared based remuneration plan for its employees. A liability is recognised for the fair value of the cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in the fair value recognised in the income statement. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability.

n. *Cash and cash equivalents*

For purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash balances on hand, deposits with other banks and short-term highly liquid investments with maturities of three months or less when purchased net of balances "due to other banks".

Cash and cash equivalents comprise cash on hand and demand deposits, together with short-term, highly liquid investments that are readily convertible to a known amount of cash, and that are subject to an insignificant risk of changes in value. An investment normally meets the definition of a cash equivalent when it has a maturity of three months or less from the date of acquisition. Equity investments are normally excluded, unless they are in substance a cash equivalent (e.g. preferred shares acquired within three months of their specified redemption date). Bank overdrafts which are repayable on demand and which form an integral part of an entity's cash management are also included as a component of cash and cash equivalents.

o. *Interest income and expense*

Interest income and interest expense are recognised in the consolidated income statement for all interest bearing- instruments on an accrual basis using the effective interest method based on the initial carrying amount. Interest income includes coupons earned on fixed income investments, loans and accrued discount and premium on treasury bills and other discounted instruments.

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

o. *Interest income and expense (continued)*

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or the amortised cost of a financial liability. The calculation does not consider expected credit losses and include transaction costs, premium, discounts and all fees paid or received that are integral to the effective interest rate, such as origination fees.

For financial assets that are credit impaired (stage 3), interest income is calculated by applying the effective interest rate (EIR) to the carrying value net of the expected credit loss provision. For financial assets classified as Purchased or Originated Credit Impaired (POCI), the Group calculates credit-adjusted effective interest rate, which is calculated based on the amortised cost of these financial assets instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

p. *Fee and commission income*

Fee and commission income is recognised on a single principle based five-step model to be applied to all contracts with customers. The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a service to a customer.

The information about the nature, the type of services and the timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms and related revenue recognition policies is as follows:

(i) *Retail and corporate banking services*

The Group provides banking services to retail and corporate customers, including account management, provision of overdraft facilities, foreign currency transactions, credit card and maintenance fees.

Fees for ongoing account management are charged to the customer's account on a monthly basis. The Group sets the rates separately for retail and corporate banking customers in each jurisdiction.

Transaction-based fees for interchange, foreign currency transactions and overdrafts are charged to the customer's account when the transaction takes place. However, the bonus (loyalty) points attached to the credit card transactions are issued quarterly to cardholders.

Servicing fees are charged on a monthly basis and are based on fixed rates, as per the Group's "Rates and Charges".

Revenue from account service and servicing fees is recognised over time as the services are provided. Revenue related to transactions is recognised at the point in time when the transaction takes place.

2 Summary of significant accounting policies (continued)

p. *Fee and commission income (continued)*

(ii) *Treasury and investment banking*

The Group's investment banking segment provides various finance-related services, including loan administration and agency services, administration of a loan syndication, execution of client transactions with exchanges and securities underwriting.

Fees for ongoing services are charged annually at the end of the calendar year to the customer's account. However, if a customer terminates the contract before the expiration date, then on termination it is charged the fee for the services performed to date.

Transaction-based fees for administration of a loan syndication, execution of transactions, and securities underwriting are charged when the transaction takes place.

Revenue from administrative agency services is recognised over time as the services are provided. The amounts are collected upfront and is recognised as deferred income.

(iii) *Trustee and asset management*

The Group provides asset management services. Fees for asset management services are calculated based on a fixed percentage of the value of assets managed and deducted from the customer's account balance on a monthly basis. In addition, the Group charges a non-refundable up-front fee when opening an account.

Revenue from asset management services is recognised over time as the services are provided. Non-refundable up-front fees give rise to material rights for future services and are recognised as revenue over the period for which a customer is expected to continue receiving asset management services.

(iv) *Brokerage & Advisory Services*

Brokerage & advisory fees are generally recognised at a point in time upon full completion of the scope of works to the contract, however, for Initial Public Offerings and services of that nature the performance obligation may be specific to the stage of completion of the services performance obligation. In addition, some contracts may require variation to the performance obligation based on the client specifications. These contracts would qualify for revenue recognition over time.

q. *Dividend income*

Dividends are recognised in the consolidated income statement when the entity's right to receive payment is established.

r. *Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequently, borrowings are stated at amortised cost and any difference between proceeds net of transactions costs and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

2 Summary of significant accounting policies (continued)

s. *Acceptances*

Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers. Acceptances are accounted for as off-balance sheet transactions and are disclosed as contingent liabilities and commitments.

t. *Dividend distribution*

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Bank's Board of Directors. Dividends for the year, which are declared after the year end, are disclosed in the subsequent events note when applicable.

u. *Preference shares*

Preference shares are non-redeemable and are classified as equity.

v. *Provisions*

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of the obligation as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

w. *Intangible assets*

Intangible assets comprise separately identifiable items arising from business combinations, computer software licenses and other intangible assets. Intangible assets are recognised at cost. The cost of an intangible asset acquired in a business combination is its fair value at the date of acquisition. Intangible assets with a definite useful life are amortised using the straight-line method over the period that the benefits from these assets are expected to be consumed, generally not exceeding 20 years.

(i) *Goodwill*

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

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

w. *Intangible assets (continued)*

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(ii) *Computer software*

Costs associated with maintaining computer software programmes are recognised as an expense when incurred. However, expenditure that enhances or extends the benefits of computer software programmes beyond their original specifications and lives is recognised as a capital improvement and added to the original cost of the software. Computer software development costs are recognised as assets when the following criteria are met:-

- It is technically feasible to complete the software and use it
- Management intends to complete the software and use it
- There is an ability to use the software
- Availability of adequate technical, financial and other resources to complete the development and to use it
- The expenditure attributable to the software during its development can be reliably measured.

The software development costs are amortised using the straight-line method over their useful lives but not exceeding a period of three years.

(iii) *Other Intangible assets*

Other intangible assets are initially recognised when they are separable or arise from contractual or other legal rights, the cost can be measured reliably and in the case of intangible assets not acquired in a business combination, where it is probable that future economic benefits attributes to the assets with flow from their use. The value of intangible assets which are acquired in a business combination is generally determined using income approach methodologies such as the discounted cash flow method.

Other intangible assets are stated at cost less amortisation and provisions for impairment, if any, plus reversals of impairment, if any. They are amortised over their useful lives in a manner that reflects the pattern to which they contribute to future cash flow.

x. *Fiduciary activities*

The Group acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these consolidated financial statements, as they are not assets of the Group (Note 3.d).

y. *Earnings per share*

Earnings per share is calculated by dividing the profit attributable to the equity holders, by the weighted average number of ordinary shares in issue during the year.

2 Summary of significant accounting policies (continued)

z. *Segment reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

3 Financial risk management

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. As part of its mandate, the Board establishes written principles for overall risk management, as well as ensuring that policies are in place covering specific areas of risk. The most significant types of risk are credit risk, liquidity risk, market risk and non-financial risks. Market risk includes currency risk, interest rate risk and other price risks including commodity and equity risk.

The Group utilises the three lines of defense concept to manage risk. The first line encompasses the units which design and implement controls to mitigate the risks which they face, the second line are control functions such as risk management and finance who monitor the first line against these standards/ controls. The third line is the Group's internal audit function which provides additional assurance and independent review or risk management and the control environment.

To assist the Board of Directors in fulfilling its duties, two Board Sub-Committees are in place to monitor and report to the Board of Directors on the overall risks within the Group – the Board Enterprise Risk Management (BERM) Committee and the Board Credit Committee (BCC); and two Senior Management Committees – the Senior Management Enterprise Risk Management Committee (SMERMC) and the Asset Liability Committee (ALCO).

The Group Enterprise Risk Management unit, headed by the Group Chief Risk Officer (GCRO), reports to both Sub-Committees through the Senior Management Enterprise Risk Management Committee. This unit is responsible for the identification, analysis, measurement, monitoring and control of credit, market and operational risks for the Group through the Group Credit Risk Management Unit (GCRM), Group Market Risk Unit (GMR), Group Operational Risk and Controls Unit (GORC). Group Enterprise Risk Management also facilitates the monitoring of the Group's risk profile in relation to its risk appetite and the impact of developments in the aforementioned risk areas on strategy and how strategy should be adjusted in light of these developments.

3 Financial risk management (continued)

Risk management framework (continued)

The Asset Liability Committee's role is to manage and monitor the policies and procedures that address the financial risks associated with changing interest rates, foreign exchange rates and any factors that can affect the Group's liquidity. The ALCO seeks to limit risk to acceptable levels by monitoring and anticipating possible pricing differences between assets and liabilities across the Group via the Group Treasury and International Trade Centre. The Group Treasury and International Trade Centre's primary role and responsibility is to actively manage the Group's liquidity. The ALCO is also supported in some specific areas of activity by the Market Risk Committee.

The Group Internal Audit department is responsible for the independent review of risk management and the control environment and reports its findings and recommendations to the Board's Audit Committee.

a. *Credit risk*

Credit risk is the risk of incurring a financial loss, should any of the Group's customers, clients or market counterparties fail to fulfil their contractual obligations to the Group. Credit risk arises mainly from interbank, commercial and consumer loans and advances, and loan commitments arising from such lending activities, but can also arise from credit enhancements provided, such as financial guarantees, letters of credit, endorsements and acceptances.

The Group is also exposed to other credit risks arising from investments in debt securities and other exposures arising from its trading activities ('trading exposures') including non-equity trading portfolio assets and derivatives as well as settlement balances with market counterparties and reverse repurchase agreements.

Credit risk is the single largest risk for the Group's business; management therefore carefully manages its exposure to credit risk.

(i) *Credit risk management*

In its management of credit risks, the Group has established an organisational structure which supports the lending philosophy of the Group. This structure comprises the Board of Directors, the Board Credit Committee, Senior Management Enterprise Risk Management Committee, the Group Chief Risk Officer, the Group Credit Risk Management unit and the Internal Audit department. The Board of Directors maintains general oversight to ensure that policies and procedures are consistent with the strategic direction and credit philosophy of the Group and that they serve to bring the required level of protection over assets that are exposed to credit risks. To facilitate day to day decision making and timely implementation of decisions, the Board has delegated authority for specific areas to specific committees and/or officers with an appropriate reporting system to the Board. The BCC focuses primarily on credit risk appetite and in so doing sanctions amendments to credit policies, delegation of lending authority to senior management and credit requests exceeding the authority of management. The SMERMC together with the GCRO monitors the effectiveness of credit policies and procedures and may direct changes to strategies to improve the effectiveness of policies. The major focus of GCRM is to formulate credit policies, monitor compliance with them and on a continuous basis to assess their relevance to the changing business environment. Most of these policies are established and communicated through the Group's documented Credit Policy manuals. These documents set out in detail the policies governing the lending function and provides a comprehensive framework for prudent risk management of the credit function.

3 Financial risk management (continued)

a. *Credit risk (continued)*

(i) *Credit risk management (continued)*

Loans and advances (including loan commitments and guarantees)

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9 (note 3.a.v).

(ii) *Credit risk grading*

The Group uses internal credit risk grading or ratings which reflect its assessment of the risk profile or PD of counterparties. The Group utilises two (2) rating models for loans and one (1) for investment securities. Retail borrowers are assessed using the Internal Grading (IG) Code model while Corporate and Commercial borrowers are assessed using the Borrower Risk Rating (BRR) model.

Retail/consumer loans

The IG code model is a qualitative assessment of key borrower information collected at the time of application such as debt servicing ability, credit history and quality of collateral. External data such as credit bureau scoring information is also used where available. Finally, expert judgement may also be applied where there are other relevant factors which may not be captured as part of the pre-defined data inputs into the model. Once the analysis is completed, the borrower is assigned an IG Code which would equate to an assessment of the PD ranging from extremely low risk (IG 98) to Very High Risk (IG 65).

Corporate/commercial loans

The BRR model is a quantitative assessment of the business risk profile and financial risk profile of the borrower. There are two subcategories of the BRR model: one which is used to assess Financial Institutions and another which is used for all other types of Corporate/Commercial Borrowers. The business risk profile involves an assessment of the country risk, industry stage, competitive position and management expertise of the borrower.

The financial risk profile involves calculating key financial ratios over the past three years and assigning risk scores based on the financial strength or weakness which the ratios represent. The model allows for discretionary adjustments to be made to the baseline rating using expert judgement by the business unit and GCRM. Once the analysis is completed, the borrower is assigned a credit rating which would equate to an assessment of the PD ranging from extremely low risk (BRR 1) to Very High Risk (BRR 6).

Investment securities

For sovereign and corporate investment securities, the ratings published by Standards and Poor's Rating Agency (S&P), where available, are used. For sovereigns with no S&P rating, the Group's Research and Analytics Unit uses a model based on the S&P methodology to generate a rating. For corporate investment securities with no S&P rating, a rating is assigned using the BRR model.

S&P published ratings are continuously monitored and updated. The PD's associated with each rating are determined based on realised default over the prior 12 months, as published by the rating agency. The ratings generated by the BRR model are also updated annually.

3 Financial risk management (continued)

a. *Credit risk (continued)*

(ii) *Credit risk grading (continued)*

The Table below provides a comparative view of the rating models used by the Group:

	S&P Rating	Research & Analytics Risk Rating (Investment Securities)	FC Borrower Risk Rating (Corporate)	FC IG Code	Interpretation
Investment Grade	AAA, AA+	A+	1	98	Extremely Low Risk
	AA, AA-	A			
	A+, A	A-	2	95	Very Low Risk
	BBB+, BBB, BBB-	B+	3	90	Low Risk
Speculative Grade	BB+, BB, BB-	B	4	85	Moderate Risk
	B+, B, B-	B-	5	80	High Risk
	CCC+, CCC, CCC-, CC+, CC, CC-, C+, C, C-	C	6		Very High Risk
	D	D	7	65	In Default

(iii) *Expected credit loss measurement*

IFRS 9 outlines a three stage model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1 and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk (‘SICR’) since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to Stage 3. Please refer to note 3.a.iv for a description of how the Group defines credit-impaired and default.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses within the next twelve (12) months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Please refer to note 3.a.v for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward- looking information. Note 3.a. (vi) details how the Group has incorporated this in its ECL model.
- Purchased or originated credit-impaired (POCI) financial assets are those assets that are credit- impaired on initial recognition. The ECL is always measured on a lifetime basis and is deemed “built-in” to the fair value on origination. A credit impaired effective interest rate is used to amortize these instruments to their maturity. Changes to the life-time expected credit losses are adjusted in the amortised prices.

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

(iii) *Expected credit loss measurement (continued)*

Further explanation is also provided of how the Group determines appropriate groupings when ECL is measured on a collective basis (refer to note 3.a.vii).

The following diagram summarises the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
(Initial recognition)	**(Significant increase in credit risk)**	**(Credit - impaired assets)**
12 month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

Significant increase in credit risk (SICR)

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following criteria have been met:

Loans – First Citizens Bank Trinidad and Tobago

Criteria	*Retail Loans (includes Credit Cards)*	*Commercial/Corporate Loans*
Relative Measure	n/a	Initial BRR of 3 or higher – Downgraded such that the BRR is 4 or lower Initial BRR of 4 or lower – Three notches downgrade of the BRR
Absolute Measure	31 days past due/Classified Special Mention	31 days past due/Classified Special Mention

Loans – First Citizens Bank Barbados

Criteria	*Retail (includes Credit Cards)*	*Commercial/Corporate Loans*
Absolute Measure	31 days past due/Classified Special Mention	31 days past due/Classified Special Mention

3 Financial risk management (continued)

a. *Credit risk (continued)*

(iii) *Expected credit loss measurement (continued)*

Significant increase in credit risk (SICR) (continued)

Investment securities

Criteria	*Investment Grade Portfolio*	*Single "B" Speculative Grade Portfolio*
Absolute Measure	PD - 15% or higher	PD - 25% or higher
AND	AND	AND
Relative Measure	One notch downgrade (investment securities rating scale)	One notch downgrade (investment securities rating scale)
OR	OR	OR
Special Consideration	Eurobonds with Trigger 3 Breaches	Eurobonds with Trigger 3 Breaches

In addition to the above, due to the unprecedented economic impact of COVID 19 lockdown measures, the SICR criteria have been temporarily expanded to include a borrower level assessment based on the following:

a) Where the borrower is assessed as being directly linked or indirectly linked to the travel industry.

b) Where the borrower is assessed as providing a discretionary product or service, the purchase of which can be deferred or cancelled.

c) Where the borrower is assessed as having a business which is very people intensive and therefore risks associated with a pandemic are amplified.

d) Where the borrower is assessed as having more than 50% of its operating costs classed as fixed and therefore scaling capacity up or down in response to changes in demand is difficult.

e) Where the borrower is assessed to be under severe liquidity strain with little or no access to alternative sources of liquidity.

f) Where a facility is restructured for purposes other than retention of the account (due to competitiveness of the market) and there is one or a combination of a non-market driven reduction in interest rate, deferral of payments, an extension of the existing term by more than 12 months and a moratorium on payments/capitalisation of interest in excess of 12 months (note 3.a.iv)

The Group has not used the low credit risk exemption for any financial instruments in both the years ended 30 September 2021 and 2022.

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

(iii) *Expected credit loss measurement (continued)*

Significant increase in credit risk (SICR) (continued)

With respect to the cure for SICR, the Group considers a significant decrease in credit risk has occurred when the following happens:

Loans

Retail Loans (includes Credit Cards)	*Commercial/Corporate Loans*
Payments received for six months consecutively	Payments received for six periods consecutively
Loan classification upgrade to Pass	Loan classification upgrade to Pass
	BRR reverts to the rating just prior to the SICR

Investment securities

Criteria	*Investment Grade Portfolio*	*Single "B" Speculative Grade Portfolio*
Absolute Measure	PD - 12.5% or lower	PD - 25% or lower
AND	AND	AND
Relative Measure	Credit rating reverts to level just prior to the SICR	One notch upgrade (investment securities rating scale)
OR	OR	OR
Special Consideration	No credit stop loss breaches	No credit stop loss breaches

(iv) *Definition of default and credit-impaired assets*

The Group defines a financial instrument as in default or credit impaired when it meets one or more of the following criteria:

Quantitative criteria

The borrower is more than ninety (90) days past due on its contractual payments.

The Group executes a modification to terms and conditions of the original loan agreement that they would not normally consider and where the change in the present value of the cash flows of the new proposed loan facility versus the original loan facility exceeds 10%.

Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower formally files for bankruptcy or there is a commencement of foreclosure proceedings.

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

(iv) *Definition of default and credit-impaired assets (continued)*

- The obligation is classified Doubtful or worse as per the Group's classification process.
- Restructure proceedings or an indication of the intention to restructure is initiated by the issuer (investments only).

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD), throughout the Group's expected loss calculations.

A loan instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a period of six consecutive payments.

An investment instrument is considered to no longer be in default (i.e. to have cured) when it has been restructured. An exception exists for credit impaired facilities at origination.

Purchase Originated Credit-Impaired (POCI)

POCI financial assets are those for which one or more events that have a detrimental impact on the estimated future cash flows have already occurred. Indicators include:

- Borrower or issuer is experiencing significant financial difficulty;
- A breach of contract, such as a default or past due event;
- The granting of an uncustomary concession(s) by the lender(s) as a result of the borrower's financial difficulty;
- A high likelihood of bankruptcy or other financial reorganisation by the borrower;
- The loss of an active market for that financial asset because of financial difficulties; or
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

(v) *Measuring ECL - Explanation of inputs, assumptions and estimation techniques*

The Expected Credit Loss (ECL) is measured on either a twelve (12) month (12M) or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- PD represents the likelihood of a borrower defaulting on its financial obligation (as defined in note 3.a.iv), either over the next twelve (12) months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

- EAD is based on the amounts the Group expects to be owed at the time of default, over the next twelve (12) months (12M EAD) or over the remaining lifetime (Lifetime EAD). The EAD is calculated as the outstanding balance of the loan.

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

(v) *Measuring ECL - Explanation of inputs, assumptions and estimation techniques (continued)*

- LGD is expressed as the percentage of loss expected to be incurred if the default occurs over the remaining expected lifetime of the loan. It is made up of two main elements; the recoverable value of the collateral (where available) and management's expectation of the extent of loss on a defaulted exposure based on the Group's own past recovery performance and can vary based on product type or seniority of claim. The recoverable value of collateral is calculated by first adjusting for the cost of disposal of the collateral and the expected time to sell the collateral, and then discounting by the effective interest rate of the facility to get the present value.

PDs

The lifetime and twelve (12) month PDs are determined differently for loans and investment securities. Loans' PDs are derived from the historical experience of the Group, calculated using a vintage analysis methodology. The investment securities' PDs for sovereign and corporate instruments are taken from the Standard & Poors' (S&P) Annual Sovereign Default and Rating Transition Study and the Annual Global Corporate Default and Transition Study, respectively.

EAD

For amortising products and bullet repayment loans, EAD is based on the contractual repayments owed by the borrower over the remaining life of the loan. This will also be adjusted for any expected overpayments made by a borrower. Early repayment assumptions are also incorporated into the calculation.

For revolving products, the EAD is calculated by taking the current drawn balance and adding a credit conversion factor (CCF) which adjusts for the expected drawdown of the remaining unutilised limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on an analysis of the product's usage over the prior two (2) year period. (Note 3.a.vi)

LGD

LGDs for loans are determined based on historical recovery rates, the recoverable value of collateral and vary by product type and are influenced by the collection strategies of the specialist units managing the process (Note 3.a.vi). For sovereign investment securities, LGDs are obtained from Moody's Investor Services' Data Report on Sovereign Global Default and Recovery Rates (1983-2019). Corporate investment securities LGDs are based on the standard terms for North American corporate entities CDS contracts, taken from Moody's Analytics' CDS-implied EDF™ Credit Measures and Fair-value Spreads.

Management also made the following key assumptions in its assessment:-

Credit cards

The average lifetime of credit card facilities was calculated as seven (7) years for 2022, (2021:7 years) for FCTT and thirteen (13) years for FCBB 2022, (2021:13 years). In determining the tenor of these facilities, an average of the accounts in existence at the reporting date, together with the accounts closed over the last ten years was used to calculate the average life.

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

(v) *Measuring ECL - Explanation of inputs, assumptions and estimation techniques (continued)*

Overdrafts

In order to determine the lifetime of the consumer overdraft facilities, an average of the effective life of a consumer overdraft facility i.e. the time between an overdraft being opened and then closed was calculated for a historical period of eight (8) years. This calculation resulted in the identification of six (6) years & seven (7) years for personal and staff overdrafts respectively (2021: 6 years & 7 years). For commercial and corporate overdraft facilities, the lifetime is taken as one (1) year, as they undergo a robust annual review process.

Recovery rates

Recovery rates used on loans represents the Group's actual historical experience since inception of recovery on charged-off accounts by product type. These accounts have no attached collateral, however a robust system is in place for tracking collections on these loans. In the instance of loans that are booked in jurisdictions outside of Trinidad & Tobago and Barbados, sufficient recovery information was not available, due to a lack of defaulted loans, therefore recovery rates based on Trinidad and Tobago data was applied.

Credit conversion factors (CCF)

Credit conversion factors were calculated in order to project what portion of the undrawn element of revolving facilities (Credits Cards and Overdrafts), could reasonably expect to be drawn. The credit conversion factors were calculated using the quarterly exposure for overdrafts and monthly exposure for credit cards over a two (2) year period. An average of the difference between the current balance and the starting balance as a percentage of the total approved credit limit, was calculated and used as a proxy to project the portion of the undrawn balance that would be drawn, for both loans and credit cards for the various quarters and months respectively. The highest calculated average was used as the CCF.

(vi) *Forward-looking information incorporated in the ECL models*

The calculation of ECL incorporates forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

Loan portfolio

For this portfolio, a scorecard model was developed, with the macro-economic factors and the weights attached to them, being chosen based on management's judgment and experience. Weights were assigned to distinguish those factors which would have a higher impact when compared to others. Management notes that different weightings were applied to the retail loan portfolio and the corporate/commercial loan portfolio, since in its view, the impact of the chosen macro-economic factors differs significantly for these two portfolios.

For each jurisdiction, four macro-economic factors were used. Unemployment rate, real GDP growth and inflation were used in all jurisdictions, with the remaining factor being country specific. LNG Prices, Tourist Arrivals and FDI were used as the country specific indicator for Trinidad & Tobago, Barbados, and Costa Rica and Latin America (LATAM) respectively. In management's assessment of the retail loan portfolio, unemployment was adjudged to have a direct impact on recoverability and was assigned the highest weighting. Similarly, for the corporate/commercial loan portfolio real GDP growth was adjudged to have the highest impact and weighting. In management's view, inflation would also have an impact on loan defaults and while not as significant as some of the other factors, it was also included in the assessment.

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

(vi) *Forward-looking information incorporated in the ECL models (continued)*

Outlooks were provided for each of these variables to derive a weighted adjustment factor that was then applied to the loan portfolios to reflect this forward-looking information.

The tables below show the macroeconomic factors selected and attendant weights:

RETAIL LOAN PORTFOLIO

Trinidad and Tobago	*Barbados*	***Weight***
Unemployment rate	Unemployment rate	0.7
Real GDP Growth	Real GDP Growth	0.1
Inflation	Inflation	0.05
LNG Prices	*Tourist Arrivals*	0.15
Total		*1*

CORPORATE COMMERCIAL LOAN PORTFOLIO

Trinidad and Tobago	*Barbados*	*Costa Rica and LATAM*	***Weight***
Unemployment rate	Unemployment rate	Unemployment rate	0.1
Real GDP Growth	Real GDP Growth	Real GDP Growth	0.7
Inflation	Inflation	Inflation	0.05
LNG Prices	*Tourist Arrivals*	*FDI*	0.15
Total			*1*

The weightings assigned to each economic scenario as at 30 September 2022 were as follows:-

	Base	**Upside**	**Downside**
Loans	80%	10%	10%

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

(vi) *Forward-looking information incorporated in the ECL models (continued)*

The weightings assigned to each economic scenario as at 30 September 2021 were as follows:-

	Base	Upside	Downside
Loans	80%	10%	10%

The Group also made the following key assumptions in its assessment:-

Determination of macroeconomic scenarios and probabilities

For each country in which the Group has investment securities, management performs scenario analysis to determine the impact of future economic conditions on the PD in these countries. After testing multiple economic indicators, a main macro-economic variable (MEV) is determined, which is statistically linked to the credit risk of that sovereign. To increase the robustness of the model, management adopted a bivariate model to determine two MEVs for key sovereigns. The statistical relationship is determined through regression analysis and an analysis of various measures of significance. The sign of the coefficients is also an important factor in determining the use of the two MEVs. Correlation analysis is then conducted between the two MEVs and key sovereign credit risk metrics, to determine which are most significant. Three selected sovereign credit risk metrics were identified as sovereign credit rating drivers to quantify the impact of the MEVs on each credit risk driver. To establish scenarios, the MEVs are 'shocked', such that the official forecast for each year moves up and down by a multiple of the historical standard deviation to establish a best- and worse-case. The new values derived are run through a regression model to quantify the relationship between the credit rating and the scenarios. Data used in the update of the model as at 30 September 2022 incorporated the current global economic conditions, as such the forward-looking scenarios factored in the economic shock following the pandemic.

Credit ratings were forecasted for the next three years using these macro-economic scenarios. The weightings applied to the forecasted ratings were 60% for year 1, 20% each for year 2 and 3. These weightings were determined based on management's judgment and experience.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Management judgment has also been applied in this process. Forecasts of these economic variables (the "base economic scenario") are provided by the Economics Research Unit on a periodic basis and provide the best estimate view of the economy over the next three years. After three years, to project the economic variables out for the full remaining lifetime of each instrument, a mean reversion approach has been used. The impact of these economic variables on the PD, EAD and LGD has been determined by performing regression analysis to understand the impact changes in these variables have had historically on default rates and LGD.

Economic assumptions

The most significant period-end assumptions used for the ECL estimate as at 30 September 2022 are set out below. The scenarios "base"," best" and "worst" were used for the investment portfolios.

3 Financial risk management (continued)

a. *Credit risk (continued)*

(vi) *Forward-looking information incorporated in the ECL models (continued)*

The most significant assumptions affecting the ECL allowance are as follows:

Retail portfolios

(i) Unemployment rate, given its impact on secured and unsecured borrowers' ability to meet their contractual repayments.

Corporate/Commercial portfolios

(i) GDP, given the significant impact on company financial performance and collateral valuations;

Sensitivity analysis

Set out below are the changes to the loans ECL as at 30 September 2022 that would result from reasonably possible changes in these parameters from the actual assumptions used by management (for example, the impact on ECL of increasing the estimated unemployment rate by 1% in each of the base, best and worst case scenarios):

	September 2022		September 2021	
Unemployment Rates	PDs		PDs	
	-1%	1%	-1%	1%
	"000	"000	"000	"000
	(18,698)	28,403	(20,039)	20,039
GDP	LGDs		LGDs	
	-5%	5%	-5%	5%
	"000	"000	"000	"000
	(9,476)	10,230	(3,432)	3,432

(vii) *Grouping of instruments for losses measured on a collective basis*

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

In performing this grouping, the characteristic of the risk profile was taken into consideration. The grouping was done only for the credit card portfolio. The appropriateness of grouping of instruments is monitored and reviewed on a periodic basis by the Group Credit Risk Management unit.

3 Financial risk management (continued)

a. *Credit risk (continued)*

(viii) *Risk limit control and mitigation policy*

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single borrower, groups of borrowers, industry and country segments. The Group monitors its concentration of credit exposure so that no single borrower default will have a material impact on the Group. These limits are implemented and monitored by the Group Credit Risk Management unit through the Group Credit Policy manual. In instances where it is strategically beneficial and adequately documented, the Group would seek approval on an exception basis for variation to the approved limits from the Board of Directors.

(a) *Single borrower and borrower group exposure limits*

Limits established by regulatory authorities have been incorporated into the credit policies where concentration is restricted by limiting credit amounts to a percentage of the capital base. This is supported by a stringent reporting requirement and is further enhanced by policies requiring periodic review of all commercial credit relationships.

(b) *Industry exposure limits*

These limits have been established based on a ranking of the riskiness of various industries. The ranking is guided by a model developed by the Group for this purpose. The model utilises a scale incorporating scores of 1 to 6 with 1 being the least risky. Exposure limits as a percentage of the total credit portfolio have been established to the various industry exposure categories based on the risk ranking.

(c) *Country exposure limits*

Exposure limits have been established for selected countries which are considered to be within the Group's target market. Three (3) risk categories have been developed and the selected countries have been assigned to these categories based either on ratings issued by acceptable credit rating agencies or the Group's own internal assessment of the strategic direction of the Group. Maximum cross border exposure has been limited to a pre-determined portion of total assets and this amount is allocated to the various risk categories with a larger share being allocated to the more highly rated categories.

(d) *Collateral*

The Group employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds advanced. The Group has internal policies on the acceptability of specific classes of collateral for credit risk mitigation.

The Group requires a valuation of the collateral obtained as part of the loan origination process. This assessment is reviewed periodically
The principal collateral types for loans and advances are:

- Mortgages over residential properties;
- Charges over cash and cash convertible instruments.
- Charges over business assets such as premises, inventory and accounts receivable; and
- Charges over financial instruments such as debt securities and equities.

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

(viii) *Risk limit control and mitigation policy (continued)*

(d) *Collateral (continued)*

Longer-term lending to corporate/commercial entities is generally secured; revolving individual credit facilities are generally unsecured.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Investment securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

The Group's policies regarding obtaining collateral have not changed significantly during the period. The impact of Covid-19 on property collateral was deemed as short term. However, a discount of 20% was applied to collateral values dated prior to 2020 in order to estimate the impact on recoverability due to Covid-19.

(e) *Liquidity support agreement*

The terms of the Liquidity Support Agreement (LSA) under which First Citizens Bank Limited (the Bank) acquired Caribbean Money Market Brokers Limited (CMMB), now First Citizens Investment Services Limited (FCIS), outlined certain financial assurances given by the Government of Republic of Trinidad and Tobago (GORTT) to the Bank, that provided for the indemnification of the Bank against various claims, losses or liabilities if incurred by FCIS within a stipulated period of time after the date of acquisition in relation to obligations existing or default on assets owned by FCIS at the date of the acquisition.

The LSA dated 15 May 2009 and made between the GORTT, the Central Bank of Trinidad and Tobago (CBTT) and the Bank provided that all reasonable claims by the Bank in respect of such losses were expected to be settled, once the Bank had made all reasonable efforts to recover or resist such claims, losses or liabilities. The Bank committed to reimburse FCIS for any losses incurred by FCIS against which the Bank has been indemnified.

Losses which are covered under the LSA include losses in respect of balances due from CL Financial and its affiliates accruing from the date that FCIS (formerly CMMB) was acquired by the Bank to the greater of the maturity date of the obligation or 6 years from the date of completion of the share transfer of CMMB to the Bank.

The Ministry of Finance continues to recognise its commitment under the LSA by way of granting consecutive extensions since 2015, with the latest being an extension to 28 February 2023. Additionally, the Ministry of Finance has made good and settled in full subsequent claims made for losses and expenses incurred resulting from obligations commensurate with the LSA.

As at the date of this statement of financial position, the amount of the Promissory Notes due was USD $110.0M (2021: US $106.97M) and the Commercial Paper was TT $267.1M (2021: TT $258.5M).

(f) *Credit-related commitments*

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions – are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

(viii) *Risk limit control and mitigation policy (continued)*

(g) *Impairment and provisioning policies*

The Group's impairment provision policy is covered in detail in Note 2 e.i.c.

(ix) *Maximum exposure to credit risk before collateral held or other credit enhancement*

	Gross maximum exposure 2022 $'000	Gross maximum exposure 2021 $'000
Credit risk exposures relating to financial assets carried on the Group's consolidated statement of financial position are as follows:		
Cash and bank balances	6,375,452	6,439,683
Statutory deposit with Central Bank	5,152,452	4,587,140
Investment instruments		
– Fair value through other comprehensive income	7,752,416	10,299,204
– Amortised cost	4,959,757	4,882,363
Loans to customers	19,288,478	18,523,967
Loan notes	–	73,700
Other assets	357,589	413,820
Credit commitments	635,350	561,569
Financial guarantees	158,631	205,340
	44,680,125	45,986,786

The above table represents a worst-case scenario of credit risk exposure to the Group without taking account of any collateral held or other credit enhancements attached.

3 Financial risk management (continued)

a. *Credit risk (continued)*

(x) *Loans to customers and other financial assets*

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

	Retail 30 September 2022			
	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Installment loans	1,540,279	335,690	154,711	2,030,680
Demand loans	387,603	49,925	78,355	515,883
Overdrafts	38,393	442	5,056	43,891
Credit card	578,720	10,264	47,234	636,218
Mortgages	2,350,988	467,532	269,090	3,087,610
Gross loans	4,895,983	863,853	554,446	6,314,282
Loss allowance	(18,614)	(15,911)	(263,865)	(298,390)
Carrying balance	4,877,369	847,942	290,581	6,015,892

	Commercial & Corporate 30 September 2022			
	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Type of facility				
Demand loan	7,886,607	3,973,255	716,314	12,576,176
Overdraft	276,065	76,032	45,923	398,020
Gross loans	8,162,672	4,049,287	762,237	12,974,196
Loss allowance	(5,346)	(8,267)	(89,921)	(103,534)
Carrying balance	8,157,326	4,041,020	672,316	12,870,662

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

(x) *Loans to customers and other financial assets (continued)*

	Investments 30 September 2022				
	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Purchased or originated credit impaired $'000	Total $'000
Credit rating					
Investment grade	9,437,084	–	–	–	9,437,084
Standard monitoring	2,475,302	58,634	–	–	2,533,936
Special monitoring	–	–	–	741,151	741,151
Gross loans	11,912,386	58,634	–	741,151	12,712,171
Loss allowance	(37,241)	(5,260)	–	–	(42,501)
Carrying balance	11,875,145	53,374	–	–	12,669,670

	Retail 30 September 2021			
	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Installment loans	1,529,768	496,549	147,249	2,173,566
Demand loans	317,195	52,032	84,750	453,977
Overdrafts	21,714	998	9,203	31,915
Credit card	539,625	12,768	44,708	597,101
Mortgages	2,191,790	567,294	269,388	3,028,472
Gross loans	4,600,092	1,129,641	555,298	6,285,031
Loss allowance	(20,777)	(22,899)	(270,468)	(314,144)
Carrying balance	4,579,315	1,106,742	284,830	5,970,887

3 Financial risk management (continued)

a. *Credit risk (continued)*

(x) *Loans to customers and other financial assets (continued)*

	Commercial & Corporate 30 September 2021			
	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Type of facility				
Demand loan	6,644,522	4,277,316	834,625	11,756,463
Overdraft	246,650	221,541	14,282	482,473
Gross loans	6,891,172	4,498,857	848,907	12,238,936
Loss allowance	(6,042)	(7,643)	(112,716)	(126,401)
Carrying balance	6,885,130	4,491,214	736,191	12,112,535

	Investments 30 September 2021				
	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Purchased or originated credit impaired $'000	Total $'000
Credit rating					
Investment grade	11,546,171	15,020	–	–	11,561,191
Standard monitoring	2,701,209	193,958	–	–	2,895,167
Special monitoring	–	–	12,477	712,827	725,304
Default	–	–	–	–	–
Gross loans	14,247,380	208,978	12,477	712,827	15,181,662
Loss allowance	(21,970)	(11,267)	(5,954)	–	(39,191)
Carrying balance	14,225,410	197,711	6,523	712,827	15,142,471

The ECL on the financial guarantees are nil, as all guarantees executed are secured by cash. The newly committed assets assessments are based on the clients' risk profile, PDs, LGD and collateral position. There was no exposure, as a result they were classified under stage 1 with no ECL (Note 3.c.iii).

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

(x) *Loans to customers and other financial assets (continued)*

Retail

	30 September 2022				30 September 2021		
IG	**Gross balance $'000**	**ECL allowance $'000**	**Carrying balance $'000**	**IG**	**Gross balance $'000**	**ECL allowance $'000**	**Carrying balance $'000**
65	314,164	(91,220)	222,944	65	330,171	(100,652)	229,519
80	231,400	(11,131)	220,269	80	169,730	(8719)	161,011
85	2,169,889	(120,115)	2,049,774	85	2,485,027	(128,434)	2,356,593
90	2,291,148	(16,869)	2,274,279	90	2,051,199	(16,667)	2,034,532
95	629,165	(1,200)	627,965	95	619,761	(1,278)	618,483
98	2,338	(3)	2,335	98	459	–	459
Credit Cards	636,218	(53,820)	582,398	Credit cards	601,066	(50,402)	550,664
DDA	39,960	(4,032)	35,928	DDA	27,618	(7,992)	19,626
Gross loans	6,314,282	(298,390)	6,015,892	**Gross loans**	6,285,031	(314,144)	5,970,887

Commercial & Corporate
30 September 2022

BRR	**1 $'000**	**2 $'000**	**3 $'000**	**4 $'000**	**5 $'000**	**6 $'000**	**7 $'000**	**Total $'000**
Gross loans	286	–	3,487,499	3,092,869	1,592,348	3,556,363	410,209	12,139,574
Loss allowance	–	–	(973)	(2,658)	(5,269)	(7,808)	(57,144)	(73,852)
Carrying balance	286	–	3,486,526	3,090,211	1,587,079	3,548,555	353,065	12,065,722
IG-ratings	**60 $'000**	**65 $'000**	**80 $'000**	**85 $'000**	**90 $'000**	**95 $'000**	**98 $'000**	**Total $'000**
Gross loans	–	83,339	43,494	342,822	328,739	35,681	547	834,622
Loss allowance	–	(25,238)	(1,288)	(2,249)	(905)	(2)	–	(29,682)
Carrying balance	–	58,101	42,206	340,573	327,834	35,679	547	804,940
Total carrying balance	286	58,101	3,528,732	3,430,784	1,914,913	3,584,235	353,612	12,870,662

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

(x) *Loans to customers and other financial assets (continued)*

				Commercial & Corporate 30 September 2021				
BRR	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Gross loans	380	37,184	3,434,948	2,323,049	1,566,472	3,865,472	136,298	11,363,803
Loss allowance	–	–	(2,233)	(3,182)	(2,967)	(8,992)	(68,907)	(86,281)
Carrying balance	380	37,184	3,432,715	2,319,867	1,563,505	3,856,480	67,391	11,277,522
IG-ratings	**60**	**65**	**80**	**85**	**90**	**95**	**98**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Gross loans	–	88,948	63,653	389,343	292,252	40,482	455	875,133
Loss allowance	–	(29,443)	(2,436)	(4,307)	(3,932)	(2)	–	(40,120)
Carrying balance	–	59,505	61,217	385,036	288,320	40,480	455	835,013
Total carrying balance	380	96,689	3,493,932	2,704,903	1,851,825	3,896,960	67,846	12,112,535

(xi) *Credit-impaired assets collateral held*

The Group closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Group will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below:

Credit impaired assets

30 September 2022	**Gross exposure $'000**	**Impairment allowance $'000**	**Carrying amount $'000**	**Fair value of collateral held $'000**
Individual (retail customers)				
Instalment loans	154,711	(126,620)	28,091	59,798
Demand loans	78,355	(32,417)	45,938	73,753
Overdrafts	113,620	(15,455)	98,165	164,588
Credit cards	3,378	(3,348)	30	117
Mortgages	204,382	(86.025)	118,357	164,617
Sub-total	554,446	(263,865)	290,581	462,873

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

(xi) *Credit-impaired assets collateral held (continued)*

30 September 2022	Gross exposure $'000	Impairment allowance $'000	Carrying amount $'000	Fair value of collateral held $'000
Corporate & Commercial				
Demand loans	716,314	(86,790)	629,524	1,716,540
Overdrafts	45,923	(3,131)	42,792	108,745
Sub-total	762,237	(89,921)	672,316	1,825,285
Total loans to customers	1,316,683	(353,786)	962,897	2,288,159

Credit impaired assets

30 September 2021	Gross exposure $'000	Impairment allowance $'000	Carrying amount $'000	Fair value of collateral held $'000
Individual (retail customers)				
Instalment loans	147,249	(118,740)	28,509	52,304
Demand loans	84,750	(30,935)	53,815	80,142
Overdrafts	9,203	(9,132)	71	285
Credit cards	44,708	(44,660)	48	--
Mortgages	269,388	(67,001)	202,387	288,535
Sub-total	555,298	(270,468)	284,830	421,266
Corporate & Commercial				
Other loans	834,625	(111,384)	723,241	1,672,146
Mortgages	14,282	(1,332)	12,950	45,515
Sub-total	848,907	(112,716)	736,191	1,717,661
Total loans to customers	1,404,205	(383,184)	1,021,021	2,138,927

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

(xi) *Credit-impaired assets collateral held (continued)*

The following table shows the distribution of Loan to Value ratios (LTV) for the Group's Retail mortgage credit-impaired portfolio:-

Mortgage Portfolio – LTV distribution	Credit-impaired (Gross carrying amount) September 2022 $'000	Credit-impaired (Gross carrying amount) September 2021 $'000
Lower than 50%	29,324	20,253
50 to 60%	7,340	7,944
60 to 70%	11,090	6,287
70 to 80%	18,019	12,895
80 to 90%	12,827	14,517
90 to 100%	16,576	20,634
greater than 100%	173,917	186,858
Total	269,093	269,388

(xii) *Loss allowance*

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent step up (or step down) between 12 month and lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from periodic refreshing of inputs to models; currently ten years of data for PDs are being used (2020: ten years were used), and management's intention is to maintain this ten year rolling average for the PDs.
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets that were written off during the period (3.a.xiii).
- The Government of Barbados bonds were recognised as at 1 October 2018 as Purchased or Originated Credit Impaired (POCI). These bonds originated at a deep discount that reflects incurred credit losses. An effective interest rate based in the expected cash flows net of expected credit losses is used. This is known as at Credit Adjusted Effective Interest Rate (CAEIR).
- The total amount of undiscounted expected credit losses at initial recognition for Originated credit-impaired financial assets recognised during the period was $17.4M (2021: $24.1M).

3 Financial risk management (continued)

a. *Credit risk (continued)*

(xii) *Loss allowance (continued)*

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

Retail	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Loss allowance as at 1 October 2021	20,777	22,899	270,468	314,144
Movement with P&L impact				
Transfer from stage 1 to stage 2	(980)	3,175	–	2,195
Transfer from stage 1 to stage 3	(220)	–	9,181	8,961
Transfer from stage 2 to stage 1	382	(2,168)	–	(1,786)
Transfer from stage 2 to stage 3	–	(1,783)	23,176	21,393
Transfer from stage 3 to stage 1	4	–	(299)	(295)
Transfer from stage 3 to stage 2	–	13	(329)	(316)
New financial assets originated	4,138	2,644	7,606	14,388
Change in PDs/LGDs/EADs	(419)	(570)	(6,684)	(7,673)
Repayments	(3,125)	(4,679)	(9,439)	(17,243)
Unwind of discounts	(1,943)	(3,621)	(9,999)	(15,563)
FX and other movements	–	1	–	1
Total net P&L charge during the period	(2,163)	(6,988)	13,213	4,062
Other movement with no P&L impact				
Write-offs	–	–	(19,816)	(19,816)
Loss allowance as at 30 September 2022	18,614	15,911	263,865	298,390

3 Financial risk management (continued)

a. *Credit risk (continued)*

(xii) *Loss allowance (continued)*

Commercial & Corporate	**Stage 1 12-month ECL $'000**	**Stage 2 Lifetime ECL $'000**	**Stage 3 Lifetime ECL $'000**	**Total $'000**
Loss allowance as at 1 October 2021	6,042	7,643	112,716	126,401
Movement with P&L impact				
Transfer from stage 1 to stage 2	(809)	4,432	–	3,623
Transfer from stage 1 to stage 3	123	(629)	39,151	38,645
Transfer from stage 2 to stage 1	181	(1,788)	–	(1,607)
Transfer from stage 2 to stage 3	–	–	18,426	18,426
Transfer from stage 3 to stage 1	215	–	(67,644)	(67,429)
Transfer from stage 3 to stage 2	–	7	(10)	(3)
New financial assets originated	1,778	2,481	221	4,480
Change in PDs/LGDs/EADs	–	–	–	–
Repayments	(954)	(3,877)	(5,657)	(10,488)
Unwind of discounts	(1,230)	(2)	(7,282)	(8,514)
FX and other movements	–	–	–	–
Total net P&L charge during the period	(696)	624	(22,795)	(22,867)
Other movement with no P&L impact				
Write-offs	–	–	–	–
Loss allowance as at 30 September 2022	5,346	8,267	89,921	103,534

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

(xii) *Loss allowance (continued)*

Investments	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Loss allowance as at 1 October 2021	21,976	11,267	5,954	39,197
Movement with P&L impact				
Transfer from stage 2 to stage 1	8	(8)	–	–
Transfer from stage 3 to stage 1	5,954	–	(5,954)	–
Transfer from stage 3 to stage 2	–	–	–	–
New financial assets originated	483	575	–	1,058
Change in PDs/LGDs/EADs/Collateral App	12,085	(2,461)	–	9,624
Repayments	(3,249)	(4,113)	–	(7,362)
FX and other movements	206	–	–	206
Total net P&L charge during the period	15,487	(6,007)	(5,954)	3,526
Other movement with no P&L impact				
Financial assets derecognised during the period	–	–	–	–
Write Off	(222)	–	–	(222)
Loss allowance as at 30 September 2022	37,241	5,260	–	42,501

3 Financial risk management (continued)

a. *Credit risk (continued)*

(xii) *Loss allowance (continued)*

Retail	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Loss allowance as at 1 October 2020	24,816	18,893	225,708	269,417
Movement with P&L impact				
Transfer from stage 1 to stage 2	(2,947)	10,171	–	7,224
Transfer from stage 1 to stage 3	(355)	–	20,625	20,270
Transfer from stage 2 to stage 1	984	(5,601)	–	(4,617)
Transfer from stage 2 to stage 3	–	(3,121)	41,722	38,601
Transfer from stage 3 to stage 1	58	–	(4,957)	(4,899)
Transfer from stage 3 to stage 2	–	541	(6,877)	(6,336)
New financial assets originated	6,130	6,585	14,967	27,682
Change in PDs/LGDs/EADs	(1,460)	(1,214)	457	(2,217)
Repayments	(5,490)	(2,062)	(20,020)	(27,572)
Unwind of discounts	(944)	(1,379)	(978)	(3,301)
FX and other movements	(15)	86	(179)	(108)
Total net P&L charge during the period	(4,039)	4006	44,760	44,727
Other movement with no P&L impact				
Write-offs	–	–	–	–
Loss allowance as at 30 September 2021	20,777	22,899	270,468	314,144

3 Financial risk management (continued)

a. *Credit risk (continued)*

(xii) *Loss allowance (continued)*

Commercial & Corporate	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Loss allowance as at 1 October 2020	6,165	35,656	146,594	188,415
Movement with P&L impact				
Transfer from stage 1 to stage 2	(217)	1,751	–	1,534
Transfer from stage 1 to stage 3	(3)	–	589	586
Transfer from stage 2 to stage 1	302	(606)	–	(304)
Transfer from stage 2 to stage 3	–	(96)	7,613	7,517
Transfer from stage 3 to stage 1	–	–	–	–
Transfer from stage 3 to stage 2	–	–	(853)	(853)
New financial assets originated	1,090	369	65,757	67,216
Change in PDs/LGDs/EADs	81	(3,600)	–	(3,519)
Repayments	(1,063)	(27,028)	(110,360)	(138,451)
Unwind of discounts	(311)	1,213	3,435	4,337
FX and other movements	(2)	(16)	(59)	(77)
Total net P&L charge during the period	(123)	(28,013)	(33,878)	(62,014)
Other movement with no P&L impact				
Write-offs	–	–	–	–
Loss allowance as at 30 September 2021	6,042	7,643	112,716	126,401

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

(xii) *Loss allowance (continued)*

Investments	**Stage 1 12-month ECL $'000**	**Stage 2 Lifetime ECL $'000**	**Stage 3 Lifetime ECL $'000**	**Total $'000**
Loss allowance as at 1 October 2020	27,002	16,166	5,964	49,132
Movement with P&L impact				
Transfer from stage 1 to stage 2	(448)	448	–	–
Transfer from stage 1 to stage 3	–	(1,699)	1,699	–
Transfer from stage 2 to stage 1	–	–	–	–
Transfer from stage 2 to stage 3	–	–	–	–
Transfer from stage 3 to stage 1	–	–	–	–
Transfer from stage 3 to stage 2	–	–	–	–
New financial assets originated	1,557	8	–	1,565
Change in PDs/LGDs/EADs/Collateral App	(2,638)	43	–	(2,595)
Repayments	(1,444)	–	–	(1,444)
FX and other movements	(64)	(32)	(10)	(106)
Total net P&L charge during the period	(3,037)	(1,232)	1,689	(2,580)
Other movement with no P&L impact				
Financial assets derecognised during the period	–	–	(1,699)	(1,699)
Transfer to OCI	(1,989)	(3,667)	–	(5,656)
Loss allowance as at 30 September 2021	21,976	11,267	5,954	39,197

Significant changes in the gross carrying amount of financial assets that contributed to changes in the loss allowance were as follows:

- Repayments offset by new loans facilities originated during the period resulted in a net increase of the gross carrying amount of the relative books by 9.2%, with a corresponding $8.8M decrease in loss allowance measured. In 2021, it resulted in a net increase of the gross carrying amount of the relative books by 9.2%, with a corresponding $0.1 M increase in loss allowance measured.
- The write-off of loans and investments with a total gross carrying amount of $19.8M resulted in the reduction of the Stage 3 loss allowance by the same amount (2021: $24.5M).
- There were no derecognition of financial assets for 2022, as a result there were no corresponding impact to the Stage 3 allowance. In 2021, the decognition was $6.9M, with a corresponding Stage 3 allowance of $1.7 M.

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

(xii) *Loss allowance (continued)*

The following table further explains changes in the gross carrying amount of the loan portfolio to help explain their significance to the changes in the loss allowance for the same portfolio as discussed above:

Retail

	30 September 2022			
	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross carrying amount as at 1 October 2021	4,600,092	1,129,641	555,298	6,285,031
Tranfers:				
Transfer from stage 1 to stage 2	(150,807)	128,033	–	(22,774)
Transfer from stage 1 to stage 3	(26,932)	–	20,219	(6,713)
Transfer from stage 2 to stage 1	102,334	(119,568)	–	(17,234)
Transfer from stage 2 to stage 3	–	(64,897)	53,397	(11,500)
Transfer from stage 3 to stage 1	1,518	–	(1,764)	(246)
Transfer from stage 3 to stage 2	–	3,124	(3,413)	(289)
New financial assets originated	1,282,041	45,793	10,973	1,338,807
Repayments	(912,263)	(258,273)	(60,448)	(1,230,984)
Change in PDs/LGDs/EADs	–	–	–	–
Write-off	–	–	(19,816)	(19,816)
FX and other movements	–	–	–	–
Gross carrying amount as at 30 September 2022	4,895,983	863,853	554,446	6,314,282

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

(xiii) *Gross carrying amount*

Commercial & Corporate

	30 September 2022			
	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross carrying amount as at 1 October 2021	6,891,172	4,498,857	848,907	12,238,936
Tranfers:				
Transfer from stage 1 to stage 2	(804,772)	628,768	–	(176,004)
Transfer from stage 1 to stage 3	(118,165)	–	43,708	(74,457)
Transfer from stage 2 to stage 1	695,658	(701,500)	–	(5,842)
Transfer from stage 2 to stage 3	–	(79,965)	87,485	7,520
Transfer from stage 3 to stage 1	63,800	–	(69,917)	(6,117)
Transfer from stage 3 to stage 2	–	1,526	(2,153)	(627)
New financial assets originated	3,914,742	850,836	77,209	4,842,787
Repayments	(2,479,763)	(1,149,235)	(223,002)	(3,852,000)
Change in PDs/LGDs/EADs	–	–	–	–
Unwind of discounts	–	–	–	–
FX and other movements	–	–	–	–
Gross carrying amount as at 30 September 2022	8,162,672	4,049,287	762,237	12,974,196

3 Financial risk management (continued)

a. *Credit risk (continued)*

(xiii) *Gross carrying amount (continued)*

Investments	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Purchased or originated credit impaired $'000	Total $'000
Gross carrying Balance as at 1 October 2021	14,247,380	208,978	12,477	712,827	15,181,662
Tranfers:					
Transfer from stage 1 to stage 2	–	–	–	–	–
Transfer from stage 1 to stage 3	–	–	–	–	–
Transfer from stage 2 to stage 1	2,494	(2,494)	–	–	–
Transfer from stage 3 to stage 1	12,477	–	(12,477)	–	–
Transfer from POCI to stage 1	–	–	–	–	–
New financial assets originated	7,450,852	43,121	–	22,957	7,516,930
Change in PDs/LGDs/EADs	–	–	–	592	592
Repayments	(9,334,732)	(182,062)	–	(12,637)	(9,529,431)
Unwind of discounts	(336,692)	(8,909)	–	17,412	(328,189)
FX and other movements	(129,393)	–	–	–	(129,393)
Gross carrying Balance as at 30 September 2022	11,912,386	58,634	–	741,151	12,712,171

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

(xiii) *Gross carrying amount (continued)*

Retail	**30 September 2021**			
	Stage 1 12-month ECL $'000	**Stage 2 Lifetime ECL $'000**	**Stage 3 Lifetime ECL $'000**	**Total $'000**
Gross carrying amount as at 1 October 2020	5,112,981	778,634	468,250	6,359,865
Tranfers:				
Transfer from stage 1 to stage 2	(779,475)	702,472	–	(77,003)
Transfer from stage 1 to stage 3	(63,549)	–	53,689	(9,860)
Transfer from stage 2 to stage 1	190,531	(230,556)	–	(40,025)
Transfer from stage 2 to stage 3	–	(147,742)	129,934	(17,808)
Transfer from stage 3 to stage 1	16,647	–	(20,070)	(3,423)
Transfer from stage 3 to stage 2	–	16,535	(18,677)	(2,142)
New financial assets originated	999,402	147,314	11,279	1,157,995
Repayments	(438,188)	(98,337)	(43,822)	(580,347)
Change in PDs/LGDs/EADs	–	–	–	–
Unwind of discounts	(435,478)	(38,332)	(24,750)	(498,560)
FX and other movements	(2,779)	(347)	(535)	(3,661)
Gross carrying amount as at 30 September 2021	4,600,092	1,129,641	555,298	6,285,031

3 Financial risk management (continued)

a. *Credit risk (continued)*

(xiii) *Gross carrying amount (continued)*

Commercial & Corporate

	30 September 2021			
	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross carrying amount as at 1 October 2020	8,319,031	4,186,539	632,869	13,138,439
Tranfers:				
Transfer from stage 1 to stage 2	(2,085,794)	1,989,128	–	(96,666)
Transfer from stage 1 to stage 3	(11,857)	–	11,092	(765)
Transfer from stage 2 to stage 1	637,736	(705,325)	–	(67,589)
Transfer from stage 2 to stage 3	–	(272,625)	271,099	(1,526)
Transfer from stage 3 to stage 1	34,887	–	(36,829)	(1,942)
Transfer from stage 3 to stage 2	–	8,565	(8,529)	36
New financial assets originated	2,589,635	494,886	299,440	3,383,961
Repayments	(2,200,161)	(1,063,747)	(281,491)	(3,545,399)
Change in PDs/LGDs/EADs	–	–	–	–
Unwind of discounts	(391,176)	(136,556)	(38,548)	(566,280)
FX and other movements	(1,129)	(2,008)	(196)	(3,333)
Gross carrying amount as at 30 September 2021	6,891,172	4,498,857	848,907	12,238,936

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

(xiii) *Gross carrying amount (continued)*

Investments	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Purchased or originated credit impaired $'000	Total $'000
Gross carrying Balance as at 1 October 2020	15,367,685	99,276	12,523	672,962	16,152,446
Tranfers:					
Transfer from stage 1 to stage 2	(160,824)	160,824	–	–	–
Transfer from stage 1 to stage 3	–	–	–	–	–
Transfer from stage 2 to stage 1	–	–	–	–	–
Transfer from stage 2 to stage 3	–	(6,929)	6,929	–	–
Transfer from POCI to stage 1	5,328	–	–	(5,328)	–
New financial assets originated	9,532,276	2,484	–	–	9,534,760
Change in PDs/LGDs/EADs	(395)	–	–	21,668	21,273
Repayments	(10,535,472)	(43,297)	(38)	(911)	(10,579,718)
Unwind of discounts	25,014	(4,541)	–	24,099	44,572
FX and other movements	13,768	1,161	(8)	337	15,258
Financial assets derecognised	–	–	(6,929)	–	(6,929)
Gross carrying Balance as at 30 September 2021	14,247,380	208,978	12,477	712,827	15,181,662

(xiv) *Write-off policy*

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Group's effort to dispose of repossessed collateral is such that there is no reasonable expectation of recovering in full.

The Group may write-off financial assets that are still subject to enforcement activity. There were no such assets written off during the year ended 30 September 2022 (2021: $247.5M) The Group still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

3 Financial risk management (continued)

a. *Credit risk (continued)*

(xv) *Modification & replacements of financial assets*

The Group sometimes modifies the contractual terms and conditions of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery (note 2.e.c.i) (note 3.a.iv).

The Group assesses if there is a subsequent significant increase in credit risk in relation to such assets through the Classified Credit Management Review process.

(xvi) *Concentration of risks of financial assets with credit risk exposure*

The following table breaks down the Group's main credit exposure as categorised by counterparty industry sectors:

	2022 Gross maximum exposure $'000	2021 Gross maximum exposure $'000
Cash and due from other banks	6,375,452	6,439,683
Statutory deposits	5,152,452	4,587,140
Consumer	3,772,228	3,855,691
Agriculture	35,426	50,194
Petroleum	957,922	1,149,857
Manufacturing	626,560	589,969
Construction	1,933,752	1,321,005
Distribution	952,694	829,572
Hotels and guest houses	1,245,074	1,305,690
Transport, storage and communications	1,150,713	749,305
Finance, insurance and real estate	5,660,885	4,887,844
Other business services	2,353,986	2,902,963
Personal services	19,509	21,140
Real estate mortgages	3,155,140	3,319,034
Government related	10,136,762	12,796,970
Credit commitments	635,350	561,569
Financial guarantee	158,631	205,340
Other assets	357,589	413,820
Total	44,680,125	45,986,786

3 **Financial risk management (continued)**

b. *Market risk*

The Group takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factors. Market risks arise from open positions in interest rate, currency, commodity and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates, commodity prices and equity prices. The Group separates exposure to market risk into either trading or non-trading portfolios.

The market risks arising from trading and non-trading activities are measured separately by the Group Market Risk Unit who submit reports to the SMERMC on a regular basis and also reports via the Group Enterprise Risk Management Unit to the Board Enterprise Risk Management Committee to enable Board oversight of market risk issues. Additionally, on a monthly basis, the Group's Pricing Committee reviews and approves the yield curves used to value all investment securities and reports on this into the Group ALCO. This Committee also provides to the Group ALCO, technical information that may be relevant to current and developing market conditions from time to time.

Trading portfolios include those portfolios arising from market-making transactions where the Group acts as a principal with clients or with the market. Trading portfolios are those positions entered into primarily to take advantage of market movements to generate capital gains.

Non-trading portfolios primarily arise from the interest rate management of the Group's retail and commercial banking assets and liabilities. Non-trading portfolios consist of interest rate, foreign exchange and equity risks arising from the Group's fair value through other comprehensive income portfolio of financial assets.

(i) *Currency risk*

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. It is the policy of the Group not to engage in speculative foreign exchange activities, since its primary focus is to supply foreign currency to customers at a profit, with the US dollar dominating trading. However, as supply usually lags behind customer demand, the Group may find itself in an overbought or oversold position.

The Group's strategy of managing this risk is to buy low and sell high; establish relationships with corporate foreign exchange earners; limit foreign exchange exposure; avoid speculation with an aim to keep a balanced position; and match foreign currency denominated assets with foreign currency denominated liabilities. The Group does not currently engage in any hedging activities to mitigate currency risk.

Foreign currency exposure for financial assets, financial liabilities and off-balance sheet items expressed in TT$.

3 Financial risk management (continued)

b. *Market risk (continued)*

(i) *Currency risk (continued)*

	TT$ $'000	US$ $'000	Other $'000	Total $'000
As at 30 September 2022				
Financial assets				
Cash and due from other banks	574,209	4,796,914	1,004,329	6,375,452
Statutory deposits with central banks	5,021,213	4,779	126,460	5,152,452
Investment securities				
– FVOCI	5,202,133	2,491,130	567,905	8,261,168
– Amortised cost	2,232,051	1,091,408	1,598,280	4,921,739
– Fair value through profit or loss	19,506	162	473	20,141
Loans to customers	11,237,820	6,094,616	1,554,118	18,886,554
Other assets	224,253	93,647	39,689	357,589
Investments accounted for using equity methods	43,123	200,991	–	244,114
Total financial assets	24,554,308	14,773,647	4,891,254	44,219,209
Financial liabilities				
Customers' deposits	20,456,612	5,044,437	2,870,034	28,371,083
Other funding instruments	1,359,147	1,204,892	1,372,313	3,936,352
Due to other banks	200,741	1,091,979	11,420	1,304,140
Lease liabilities	168,265	–	16,192	184,457
Bonds payable	1,590,755	1,223,153	137,261	2,951,169
Note due to parent company	58,000	–	–	58,000
Creditors and accrued expenses	387,388	57,955	113,073	558,416
Total financial liabilities	24,220,908	8,622,416	4,520,293	37,363,617
Net on balance sheet position	333,400	6,151,231	370,961	6,855,592
Off balance sheet items	158,104	44,869	2,367	205,340
Credit commitments	242,621	119,687	253,494	615,802

3 Financial risk management (continued)

b. *Market risk (continued)*

(i) *Currency risk (continued)*

Foreign currency exposure for financial assets, financial liabilities and off balance sheet items (continued):

	TT$ $'000	US$ $'000	Other $'000	Total $'000
As at 30 September 2021				
Financial assets				
Cash and due from other banks	1,017,522	4,339,853	1,082,308	6,439,683
Statutory deposits with central banks	4,459,873	5,488	121,779	4,587,140
Investment securities				
– FVOCI	6,952,117	3,365,154	511,701	10,828,972
– Amortised cost	2,298,475	966,304	1,587,017	4,851,796
– Fair value through profit or loss	23,082	210	428	23,720
Loans to customers	10,924,532	5,649,828	1,509,062	18,083,422
Loan notes	73,700	–	–	73,700
Other assets	277,664	104,035	32,122	413,821
Investments accounted for using equity methods	39,349	191,713	–	231,062
Total financial assets	26,066,314	14,622,585	4,844,417	45,533,316
Financial liabilities				
Customers' deposits	20,601,616	5,571,858	2,793,968	28,967,442
Other funding instruments	1,316,334	1,213,918	1,431,615	3,961,867
Due to other banks	200,742	1,327,404	36,471	1,564,617
Lease liabilities	62,984	–	20,113	83,097
Bonds payable	1,590,755	1,223,153	158,063	2,971,971
Note due to parent company	58,000	–	–	58,000
Creditors and accrued expenses	496,761	47,939	89,604	634,304
Total financial liabilities	24,327,192	9,384,272	4,529,834	38,241,298
Net on balance sheet position	1,739,122	5,238,313	314,583	7,292,018
Off balance sheet items	175,440	72,381	2,452	250,274
Credit commitments	105,801	143,233	207,180	456,214

3 **Financial risk management (continued)**

b. *Market risk (continued)*

(i) *Currency risk (continued)*

Included in the "Other" category are assets and liabilities held in UK pound sterling, Canadian dollars, Euros, Barbados, Eastern Caribbean Dollars and Yen. A 1% increase or decrease in any of these currencies would not significantly impact the Group's profit.

If the TT$ appreciates by 25 basis points against the US$, the profit would increase by $16.3M (2021: increase by $13.9M). The average change for the last three (3) years was nil (2021: 1 basis point). There were no changes for 2022 (2021: 30 basis).

(ii) *Interest rate risk*

Interest rate risk management focuses on potential changes in net interest income resulting from changes in interest rates, product spreads and mismatches in the re-pricing between interest rate sensitive assets and liabilities.

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and future cash flows. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of the changes in market interest rates. Cashflow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of the changes in market interest rate.

The Group's objective in the management of its interest rate risk is to reduce the sensitivity of its earnings and overall portfolio value to fluctuations in the interest rate. The strategy employed to achieve this involves the active pricing of deposit and loan products, increasing market share of loans and funding, diversifying portfolios, changing the mix of products in accordance with market trends and reducing funding mismatch through long-term instruments.

3 **Financial risk management (continued)**

b. *Market risk (continued)*

(ii) *Interest rate risk (continued)*

The table below summarises the Group's exposure to interest rate risk. The assets and liabilities are categorised by the earlier of the repricing date and the maturity date.

As at 30 September 2022	Up to 1 month $'000	1 to 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Total $'000
Financial assets							
Cash and due from other banks	4,527,716	309,997	465,111	–	–	1,072,628	6,375,452
Statutory deposits with central banks	4,779	–	–	–	–	5,147,673	5,152,452
Investment securities							
– FVOCI	855	494,512	2,426,121	1,917,403	2,908,956	513,321	8,261,168
– Amortised cost	66,452	140,011	1,290,764	1,430,594	1,993,918	--	4,921,739
– Fair value through profit or loss	19,505	–	–	–	–	636	20,141
Loan to customers	3,995,865	2,460,974	4,214,116	3,862,637	4,359,572	(6,610)	18,886,554
Investments accounted for using equity methods	–	–	–	–	–	244,114	244,114
Other assets	–	–	–	–	–	357,589	357,589
Total financial assets	8,615,172	3,405,494	8,396,112	7,210,634	9,262,446	7,329,351	44,219,209
Financial liabilities							
Customers' deposits	24,229,817	543,315	1,731,830	402,449	22,446	1,441,226	28,371,083
Other funding instruments	586,107	651,831	1,759,078	939,336	–	–	3,936,352
Due to other banks	6,461	–	201,034	1,085,225	–	11,420	1,304,140
Bonds payable	630,000	–	83,891	2,237,278	–	–	2,951,169
Note due to parent company	–	–	–	–	–	58,000	58,000
Creditors and accrued expenses	–	–	–	–	–	558,416	558,416
Total financial liabilities	25,452,385	1,195,146	3,775,833	4,664,288	22,446	2,069,062	37,179,160
Interest sensitivity gap	(16,837,213)	2,210,348	4,620,279	2,546,346	9,240,000		

3 **Financial risk management (continued)**

b. *Market risk (continued)*

(ii) *Interest rate risk (continued)*

As at 30 September 2021	Up to 1 month $'000	1 to 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Total $'000
Financial assets							
Cash and due from other banks	5,283,693	134,579	9,411	–	–	1,012,000	6,439,683
Statutory deposits with central banks	5,488	–	–	–	–	4,581,652	4,587,140
Investment securities							
– FVOCI	374,448	124,815	2,867,583	3,537,035	3,834,873	90,218	10,828,972
– Amortised cost	8,343	71,699	1,056,857	1,447,608	2,267,289	–	4,851,796
– Fair value through profit or loss	23,113	–	–	–	–	607	23,720
Loan to customers	2,465,319	915,123	3,096,212	7,392,791	4,213,977	–	18,083,422
Loan notes	–	–	73,700	–	–	–	73,700
Investments accounted for using equity methods	–	–	–	–	–	231,062	231,062
Other assets	1,153	–	–	–	–	412,668	413,821
Total financial assets	8,161,557	1,246,216	7,103,763	12,377,434	10,316,139	6,328,207	45,533,316
Financial liabilities							
Customers' deposits	24,367,344	798,785	1,965,253	410,839	153	1,425,068	28,967,442
Other funding instruments	447,508	514,383	2,145,013	854,963	–	–	3,961,867
Due to other banks	15,241	–	710,662	803,112	–	35,602	1,564,617
Bonds payable	–	–	74,172	2,897,799	–	–	2,971,971
Note due to parent company	–	–	–	–	–	58,000	58,000
Creditors and accrued expenses	4,226	–	–	–	–	630,078	634,304
Total financial liabilities	24,834,319	1,313,168	4,895,100	4,966,713	153	2,148,748	38,158,201
Interest sensitivity gap	(16,672,762)	(66,952)	2,208,663	7,410,721	10,315,986		

Interest rate risk management focuses on the potential changes in net interest income resulting from changes in interest rates, product spreads and mismatch in the re-pricing between interest rate sensitive assets and liabilities.

A 100 basis point increase in interest rates will cause a decrease in profit of $36.2M (2021: decrease of $11.3M) and a decrease in reserves of $295.3M (2021: $494.9M).

3 Financial risk management (continued)

b. *Market risk (continued)*

(Iii) *Other price risk*

Other price risk arises due to the possibility that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is affected by changing prices of equity instruments mainly classified as fair value through other comprehensive income securities with fair value movements recognised in shareholders' equity. These investments are held for strategic reasons and risk is managed via exposure limits. As at 30 September 2022, the Group had the following equity positions within the jurisdiction of Jamaica.

Equities instruments recognised in OCI	Originating currency JMD $'000	Functional currency TTD $'000
As at 30 September 2022		
Equity instruments	9,813,140	438,647
FX	–	(7,850)
MTM Movement	(17,251)	(757)
	9,795,889	430,040
As at 30 September 2021		
Equity instruments	5,203,838	246,142
Additions	3,029,200	137,079
FX	–	(15,204)
MTM Movement	1,580,102	70,630
	9,813,140	438,647

Price sensitivity

These securities are listed in Jamaica; if prices for equity securities listed in Jamaica move by 15% (2021: 15%) respectively with all other variables including tax being held constant, the effects on the other comprehensive income would have been plus/(minus) TT$64.5M in 2022 and plus/minus TT$65.8M in 2021.

3 Financial risk management (continued)

c. *Liquidity risk*

Liquidity risk is the risk that the Group will be unable to generate or obtain sufficient cash or its equivalent in a timely and cost-effective manner to meet its commitments when they fall due under normal and stress circumstances and arises from fluctuations in cash flows. The Group is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits and other funding instruments, loan draw downs, guarantees and from margin and other calls on cash settled derivatives. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty.

Liquidity risk management process

The Group's liquidity management process is carried out by the Treasury and International Trade Centre and monitored by the Group's Asset and Liability Committee. The Group's liquidity management framework is designed to ensure that there are adequate reserves of cash and other liquid securities to satisfy current and prospective commitments arising from either on-balance sheet or off-balance sheet liabilities. The Group relies on a broad range of funding sources and applies prudent limits to avoid undue concentration. Current and projected cash flows are monitored, together with diversification of funding and contingency planning, and ensuring that funding disturbances are minimised. The Group manages liquidity risk using both expected and contractual cash flows, by preserving a large and diversified base of core deposits from retail and commercial customers, by maintaining ongoing access to wholesale funding and by maintaining a liquid pool of marketable securities dedicated to mitigating liquidity risk as a contingency measure. Fallback mechanisms include access to the local interbank and institutional markets and stand-by lines of credit with external parties and the ability to close out or liquidate market positions.

Compliance with liquidity policies and risk limits is tracked by Group Market Risk and reported into the Senior Management Enterprise Risk Management Committee and via the Group Enterprise Risk Management Unit to the Board Enterprise Risk Management Committee.

3 Financial risk management (continued)

c. *Liquidity risk (continued)*

(i) *Financial assets and liabilities*

The table below analyses financial assets and liabilities of the Group into relevant maturity groupings based on the remaining period at the year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

As at 30 September 2022	Up to 1 month $'000	1 to 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Financial liabilities						
Customers' deposits	25,811,101	802,495	1,980,093	446,401	169	29,040,259
Other funding instruments	791,438	653,583	1,789,675	1,005,773	–	4,240,469
Bonds payable	649,118	11,206	132,530	2,305,866	–	3,098,720
Due to other Banks	19,665	–	226,858	1,108,829	–	1,355,352
Lease liabilities	3,757	6,419	27,957	125,934	21,972	186,039
Creditors and accrued expenses	558,416	–	–	–	–	558,416
Notes due to parent company	58,000	–	–	–	–	58,000
Total financial liabilities	27,891,495	1,473,703	4,157,113	4,992,803	22,141	38,537,255
Financial assets						
Cash and due from other banks	5,574,928	312,758	463,790	–	–	6,351,476
Statutory deposits with central banks	131,240	–	–	–	5,021,213	5,152,453
Investment securities						
– Fair value through OCI	443,413	36,091	2,340,138	2,233,652	3,696,817	8,750,111
– Amortised cost	89,359	201,671	431,149	3,117,867	2,740,463	6,580,509
– Fair value through profit and loss	19,505	–	–	–	–	19,505
Loans to customers	3,746,448	2,290,282	4,402,027	5,243,241	3,802,921	19,484,919
Other assets	357,589	–	–	–	–	357,589
Total financial assets	10,362,482	2,840,802	7,637,104	10,594,760	15,261,414	46,696,562
Net liquidity position	(17,529,013)	1,367,099	3,479,991	5,601,957	15,239,273	8,159,307

3 **Financial risk management (continued)**

c. *Liquidity risk (continued)*

(i) *Financial assets and liabilities (continued)*

As at 30 September 2021	Up to 1 month $'000	1 to 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Financial liabilities						
Customers' deposits	25,817,449	811,202	1,978,273	421,993	153	29,029,070
Other funding instruments	602,227	516,173	2,181,286	929,034	–	4,228,720
Bonds payable	19,114	70,365	153,454	3,041,306	–	3,284,239
Due to other Banks	52,461	–	744,525	844,776	–	1,641,762
Lease liabilities	2,147	4,275	19,394	51,257	14,236	91,309
Creditors and accrued expenses	462,261	–	–	–	–	462,261
Notes due to parent company	58,000	–	–	–	–	58,000
Total financial liabilities	27,013,659	1,402,015	5,076,932	5,288,366	14,389	38,795,361
Financial assets						
Cash and due from other banks	6,292,560	133,920	13,399	–	–	6,439,879
Statutory deposits with central banks	127,267	–	–	–	4,459,873	4,587,140
Investment securities						
– FVOCI	398,437	114,094	3,142,466	3,989,033	4,458,483	12,102,513
– Amortised cost	19,596	103,552	259,817	3,211,859	2,948,317	6,543,141
– Fair value through profit and loss	23,113	–	502	–	–	23,615
Loans to customers	2,190,130	1,064,110	3,735,109	10,126,955	4,544,959	21,661,263
Loan notes	–	–	80,050	–	–	80,050
Other assets	413,821	–	–	–	–	413,821
Total financial assets	9,464,924	1,415,676	7,231,343	17,327,847	16,411,632	51,851,422
Net liquidity position	(17,548,735)	13,661	2,154,411	12,039,481	16,397,243	13,056,061

3 Financial risk management (continued)

c. *Liquidity risk (continued)*

(ii) *Assets held for managing liquidity risk*

The Group holds a diversified portfolio of cash and high-quality highly-liquid securities to support payment obligations and contingent funding in a stressed market environment. The Group's assets held for managing liquidity risk comprise:

- Cash and balances with central banks;
- Certificates of deposit;
- Government bonds and other securities that are readily acceptable in repurchase agreements with central banks; and
- Secondary sources of liquidity in the form of highly liquid instruments in the Group's investment portfolios.

(iii) *Off-Balance sheet items*

The table below analyses the contingent liabilities and commitments of the Group into relevant maturity groupings based on the remaining period at the year end to the contractual maturity date.

As at 30 September 2022	Up to 1 month $'000	1 to 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Credit commitments	381,856	–	253,494	–	–	635,350
Acceptances	–	13,514	14,593	–	–	28,107
Guarantees	45,298	3,483	22,679	35,024	3,831	110,315
Letters of credit	–	4,627	14,455	1,126	–	20,208
Capital commitments	–	–	122,266	–	–	122,266
Total	427,154	21,624	427,487	36,150	3,831	916,246

As at 30 September 2021	Up to 1 month $'000	1 to 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Credit commitments	362,308	–	199,261	–	–	561,569
Acceptances	5,501	25,317	2,367	–	–	33,185
Guarantees	131,250	875	11,899	2,372	–	146,396
Letters of credit	473	3,125	20,532	1,628	–	25,758
Capital commitments	–	–	149,924	–	–	149,924
Total	499,532	29,317	383,983	4,000	–	916,832

3 **Financial risk management (continued)**

d. *Fiduciary activities*

The Group provides custody, trustee and investment management services to third parties which involve the Group making allocation and purchase and sale decisions in relation to a wide range of financial instruments. Those assets that are held in a fiduciary capacity are not included in these consolidated financial statements. The assets under administration at 30 September 2022 totalled $35.0B (2021 - $35.7B).

e. *Capital management*

The Group's objectives when managing capital, which is a broader concept than the equity on the face of the statement of financial position, are:-

- To comply with the capital requirement set by the regulators in the differing jurisdictions in which the Group operates;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits for other stakeholders;
- To ensure that the Group can remain solvent during periods of adverse earnings or economic decline; and
- To ensure that the Group is adequately capitalised to cushion depositors and other creditors against losses.

Capital adequacy and the use of regulatory capital are monitored monthly by the Group ALCO, employing techniques based on the guidelines developed by the Basel Committee on Banking Regulations and Supervisory practices, as implemented by the Central Banks of Trinidad and Tobago and Barbados for supervisory purposes. The required information is filed with the Central Bank of Trinidad & Tobago on a monthly basis and by the Central Bank of Barbados quarterly.

The Financial Institution (Capital Adequacy) Regulations 2020 was promulgated effective 14 May 2020, being the Basel II/III framework. These Regulations require each financial institution to:

- Maintain a ratio of regulatory capital to risk adjusted assets (Credit, Operational and Market) of not less than the minimum standard of 10%.
- Maintain a ratio of Tier 1 capital to risk adjusted assets (Credit, Operational and Market) of not less than the minimum standard of 6%.
- Maintain a ratio of common equity Tier 1 capital to risk adjusted assets (Credit, Operational and Market) of not less than the minimum standard of 4.5%.

The Central Bank of Barbados requires each financial institution to:

- Maintain a ratio of qualifying capital to risk-weighted assets of not less than the minimum standard of 8%, of which the core capital shall be at least 4%.

The Group's regulatory capital is comprised of:

- Tier 1 Capital - ordinary share capital, statutory reserve fund, capital reserve, general reserve and retained earnings.
- Tier 2 Capital – preference shares, qualifying subordinated loan capital and impairment allowances.

3 **Financial risk management (continued)**

f. *Capital management (continued)*

	2022 $'000	2021 $'000
Tier 1 Capital		
Share capital	354,957	354,957
Statutory reserve	1,241,412	1,241,412
Capital reserve	203,880	245,399
General reserve	48,438	63,622
Retained earnings	5,248,630	4,924,472
Less: Intangible assets	(261,087)	(226,292)
Total Tier 1	6,836,230	6,603,570
Tier 2 Capital		
Preference shares	103,600	103,600
Eligible reserve provision	48,137	57,362
Total Tier 2 Capital	151,737	160,962
Total Capital	6,987,967	6,764,532
Ratios		
Risk adjusted assets (credit, operational & market)	37,853,343	37,547,416
Qualifying capital to risk adjusted assets	18.46%	18.02%
Tier 1 capital to risk adjusted assets	18.06%	17.59%

As at 30 September 2022, the Group and its qualifying subsidiary were in compliance with these requirements.

3 Financial risk management (continued)

g. *Fair value of financial assets and liabilities*

(i) *Financial instruments not measured at fair value*

The following table summarises the carrying amounts and fair values of those financial assets and liabilities presented on the Group's consolidated statement of financial position at an amount other than their fair value.

	Carrying value		Fair value	
	2022	2021	2022	2021
Financial assets	$'000	$'000	$'000	$'000
Cash and due from other banks	6,375,452	6,439,683	6,375,452	6,439,683
Statutory deposits with Central Banks	5,152,452	4,587,140	5,152,452	4,587,140
Financial instruments				
– Loans to customers	18,886,554	18,083,422	18,631,971	18,875,757
– Investment securities- amortised cost	4,921,739	4,851,796	4,985,576	4,942,117
– Loan notes	–	73,700	–	79,843
Other assets	357,589	413,821	357,589	413,821
Financial liabilities				
Customers' deposits	28,371,083	28,967,442	28,409,795	29,046,824
Other funding instruments	3,936,352	3,961,867	4,144,504	4,041,941
Bonds payable	2,951,169	2,971,971	2,341,464	2,423,380
Notes due to parent company	58,000	58,000	58,000	58,000
Due to other Banks	1,304,140	1,564,617	1,500,814	1,818,622
Creditors and accrued expenses	558,416	634,304	558,416	634,304

The fair values of the Group's financial instruments are determined in accordance with International Financial Reporting Standards (IFRS 9). See Note 3 and 4 for further details of the fair value measurements (note 3.g).

Financial instruments where carrying value is equal to fair value

Due to their liquidity and short-term maturity, the carrying values of certain financial instruments approximate their fair values. Financial instruments where carrying value is approximately equal to fair value include cash and due from other banks, statutory deposits with Central Banks and creditors and accrued expenses.

Loans to customers less allowance for loan losses

Loans to customers are net of specific and other provisions for impairment, which reflects the additional credit risk. The estimated fair value of these loans represents the discounted amount of future cash flows based on prevailing market rates.

3 **Financial risk management (continued)**

g. *Fair value of financial assets and liabilities (continued)*

(i) *Financial instruments not measured at fair value (continued)*

Investment securities – amortised cost

Fair value for amortised cost assets is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is estimated using a discounted cash flow valuation methodology where all cash-flows of the instruments are discounted at an appropriate yield plus a credit spread where applicable. The fair value of the amortised cost portfolio is computed for disclosure purposes only. See note 3.g.ii for Fair Value Hierarchy.

Loan notes

The fair value of these notes is calculated using discounted cash flow analyses of comparable government borrowing rates for the terms indicated.

Customer deposits

Due to their liquidity and short-term maturity, the carrying values of some customer deposits approximate their fair value. The fair value of the other customer deposits is computed using discounted cash flow analyses at current market interest rates.

Bonds payable

The fair value of bonds payable is calculated using discounted cash flow analyses assuming the 'yield-to-call' method of valuation, when call options are in the money. When they are not in the money, the yield to maturity method of valuation is used. These bonds carry fixed interest rates and have been discounted using the prevailing market rate of similar instruments.

Note due to parent company

This note is payable on demand (no maturity stated). The fair value of this note approximates its carrying value.

(ii) *Fair value hierarchy*

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to these valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created instruments whose fair value is determined based on the following fair value hierarchy:-

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes debt instruments.
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

3 Financial risk management (continued)

g. *Fair value of financial assets and liabilities (continued)*

(ii) *Fair value hierarchy (continued)*

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

The following table shows an analysis of financial instruments measured at fair value by level of the fair value hierarchy:

As at 30 September 2022 **Financial assets**	**Level 1** **$'000**	**Level 2** **$'000**	**Level 3** **$'000**	**Total** **$'000**
Fair value through profit or loss				
– Debt securities	–	16,495	–	16,495
– Equity securities	636	3,010	–	3,646
	636	19,505	–	20,141
Fair value through other comprehensive income				
– Debt securities	703,031	7,044,901	–	7,747,932
– Equity securities	496,383	2,858	13,995	513,236
	1,199,414	7,047,759	13,995	8,261,168
Total financial assets	1,200,050	7,067,264	13,995	8,281,309

As at 30 September 2021 **Financial assets**	**Level 1** **$'000**	**Level 2** **$'000**	**Level 3** **$'000**	**Total** **$'000**
Fair value through profit or loss				
– Debt securities	–	16,607	–	16,607
– Equity securities	607	6,506	–	7,113
	607	23,113	–	23,720
Fair value through other comprehensive income				
– Debt securities	429,789	9,452,433	408,452	10,290,674
– Equity securities	521,832	3,037	13,429	538,298
	951,621	9,455,470	421,881	10,828,972
Total financial assets	952,228	9,478,583	421,881	10,852,692

3 **Financial risk management (continued)**

g. *Fair value of financial assets and liabilities (continued)*

(ii) *Fair value hierarchy (continued)*

There were no transfers between Level 1 and Level 2 during the year. Reconciliation of Level 3 items are as follows:-

September 2022	Debt Securities $'000	Equity $'000	Total $'000
Opening balance	408,452	13,429	421,881
Fair value through OCI	–	631	631
Exchange	–	(65)	(65)
Settlement	(408,452)	–	(408,452)
Closing balance	–	13,995	13,995

September 2021	Debt Securities $'000	Equity $'000	Total $'000
Opening balance	104,342	14,284	118,626
Fair value through OCI	(1,475)	(1,225)	(2,700)
Exchange	–	(21)	(21)
Purchased	384,830	391	385,221
Settlement	(82,608)	–	(82,608)
Expected credit losses	3,712	–	3,712
Accrued interest	(266)	–	(266)
Amortisation	(83)	–	(83)
Closing balance	408,452	13,429	421,881

4 Critical accounting estimates and judgements

The Group makes estimates and assumptions about the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below:

a. *Fair value of financial assets –fair value through other comprehensive income*

The Group uses the discounted cash flow method to determine the fair value of the financial assets not traded in active markets. The discounted cash flow method discounts the cash-flows of the financial assets at an appropriate yield plus a credit spread where applicable. The carrying value of financial assets measured at fair value through other comprehensive income financial assets would decrease by $295.3M if the discount rate used in the discounted cash flow analysis is increased by 100 basis points from management's estimates (2021: $449.9M).

The Group's credit spread methodology utilises gradient tenors and currency specific spreads. The appropriate credit spread for the agency or corporate fixed income security is determined using a cubic spline interpolation of the appropriate currency and credit rating category in the credit spread matrix based on the remaining tenor of the facility. This singular credit spread is then added to the discount spot rates to value the facility using the discounted cashflow method.

The models used to determine fair values are validated, and periodically reviewed by experienced personnel at Group Market Risk.

b. *Measurement of the expected credit loss allowance*

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 3.a.v, which also sets out key sensitivities of the ECL to changes in these elements. In the current Covid19 environment, additional factors were taken into consideration (note 3.a.iii, 3.a.iv, 3.a.vi).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL;
- Determination of macroeconomics drivers and forecasting macroeconomic scenarios;
- Recovery rates on unsecured exposures
- Drawdown of approved facilities

Loss given default

The Loss Given Default rate on corporate senior unsecured bonds is estimated to be 60% based on the International Swaps and Derivatives Association standard Credit Default Swap contract specification for North American corporate issuers. The Loss Given Default rate on sovereign senior unsecured bonds is estimated to be 46% based on the average Loss Given Default rate on Sovereign bonds during the period 1983 to 2019 as reported by Moody's Investors Service (note 3.a.vi).

4 Critical accounting estimates and judgements (continued)

c. *Income taxes*

Management judgment is required in determining provisions for income taxes and there are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. When appropriate, particularly where the ultimate tax determination is uncertain, management also obtains opinions or advice from leading tax advisors and regularly reassesses its strategy in relation to such exposures.

The Group is subject to income tax in various jurisdictions. Tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Substantive enactment is considered to be achieved when further steps in the enactment process will not change the outcome of a proposed change in tax law. Management considers the legislative process applicable in each jurisdiction in which it operates in determining at what point a proposed change in tax law will be considered substantively enacted by identifying the point after which further steps in the enactment process will not affect the outcome of the proposed change.

d. *Retirement benefits*

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations.

The assumptions used in determining the net cost (income) for pensions include the discount rate, salary and pension increases. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds, and where no deep corporate market exists, the Government bonds are used, that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. In determining the salary increases, the Group considered long-term salary inflation, age, merit and promotion (note 21.j for sensitivity).

e. *Fair valuation of properties*

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making the judgement, the Group considers information from a variety of sources including:

(i) Current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

(ii) Recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(iii) Discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

(iv) The Group engaged external, independent and qualified valuators to determine the fair value of the Group's land and buildings. The valuations were performed in August 2021. The Group's policy is to obtain independent valuations for freehold land and buildings at least every three years. (note 14(a) ii).

4 Critical accounting estimates and judgements (continued)

e. *Fair valuation of properties (continued)*

The valuations are based on current market conditions and thus may change in the future (note 14 (a) ii). The impact of Covid 19 on the Group's properties is being treated as a short term event, which is not measurable at this point in time due to the high level of uncertainty in the real estate market. However, in accordance with the Group's policy, an external valuation was performed in August 2021 and was indicative of the market's outlook.

f. *Estimated impairment of goodwill*

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 2 b (iii). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. If the discounted rate used in the value-in-use calculation was increased by 100 basis points from management's estimates, the value in use calculation will still exceed the fair value less cost to sell calculation, and there would be no impairment of goodwill.

5 Segment analysis

For management purposes, the Group is organized into five business segments based on products and services as follows:-

- **Retail banking**: includes loans and mortgages, deposit, foreign exchange transactions, credit and debit cards and card merchant acquiring business with retail and commercial customers.
- **Corporate banking**: loans and credit facilities and deposits and current accounts for corporate and institutional customers.
- **Treasury management and investment banking**: Liquidity management and investment banking services including corporate finance, and specialised financial trading.
- **Asset management**: Investment products and services to institutional investors and intermediaries.
- **Group function**: Finance, legal, and other centralised functions.

Other Group operations comprise fund management, institutional finance and providing computer services, none of which constitutes a separately reportable segment and business activities from head office.

As the Group's segment operations are all financial with a majority of revenues deriving from interest and the Group Chief Executive Officer relies primarily on net interest revenue to assess the performance of the segment, the total interest income and expense for all reportable segments is presented on a net basis.

There were no changes in the reportable segments during the year.

Transactions between the business segments are carried out at arm's length. The revenue from external parties reported to the Group Chief Executive Officer is measured in a manner consistent with that in the consolidated income statement. The segmental information is reported gross and therefore consolidation adjustments have not been eliminated.

Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in inter-segment net interest income. Interest charged for these funds is based on the Group's average cost of funding. There are no other material items of income or expense between the business segments.

5 Segment analysis (continued)

Internal charges and transfer pricing adjustments have been reflected in the performance of each business. Revenue-sharing agreements are used to allocate external customer revenues to a business segment on a reasonable basis.

The Group's management reporting is based on a measure of operating profit comprising net interest income, loan impairment charges, net fee and commission income, other income and non-interest expenses.

The information provided about each segment is based on the internal reports about segment profit or loss, assets and other information, which are regularly reviewed by the Executive Management.

Segment assets and liabilities comprise operating assets and liabilities, being the majority of the consolidated statement of financial position.

a. *Segment results of operations*

The segment information provided to the Executive Management for the reportable segments for the year ended 30 September 2022 is as follows:-

Year ended 30 September 2022	Retail banking $'000	Corporate banking $'000	Treasury & investment banking $'000	Trustee & asset management $'000	Group functions $'000	Total $'000
Net interest income	606,962	617,970	260,656	5,719	747	1,492,054
Inter-segment net interest income	101,592	(72,775)	(28,817)	–	–	–
Net fee and commission income	223,820	26,979	118,985	98,357	4,382	472,523
Net foreign exchange gains	30,362	998	85,939	(1)	846	118,144
Other income	1,510	37,985	191,580	2,673	404,679	638,427
Total net revenue	964,246	611,157	628,343	106,748	410,654	2,721,148
Impairment write back/(charges)	4,039	10,562	10,690	(24)	–	25,267
Depreciation and amortisation expense	(69,939)	(498)	(8,548)	(6,020)	(33,174)	(118,179)
Administrative expenses	(244,672)	(24,670)	(136,140)	(29,526)	(207,134)	(642,142)
Other operating expenses	(344,189)	(15,858)	(86,865)	(15,346)	(58,835)	(521,093)
Total non-interest expenses	(654,761)	(30,464)	(220,863)	(50,916)	(299,143)	(1,256,147)
Profit before taxation	309,485	580,693	407,480	55,832	111,511	1,465,001
Income tax expense	(870)	87	(169,424)	(19,275)	–	(189,482)
Profit for the year	308,615	580,780	238,056	36,557	111,511	1,275,519
As at 30 September 2022						
Total assets	10,234,259	11,961,823	23,796,593	632,791	7,174,440	53,799,906
Total liabilities	20,800,443	4,338,942	13,718,062	133,212	61,603	39,052,262
Property & equipment	319,655	543	218,264	32,056	123,976	694,494
Intangibles	22,417	–	8,085	2,754	227,831	261,087

5 Segment analysis (continued)

a. *Segment results of operations (continued)*

Year ended 30 September 2021	Retail banking $'000	Corporate banking $'000	Treasury & investment banking $'000	Trustee & asset management $'000	Group functions $'000	Total $'000
Net interest income	602,895	646,388	245,387	5,837	795	1,501,302
Inter-segment net interest income	100,174	(89,092)	(11,082)	–	–	–
Net fee and commission income	185,959	36,523	117,658	96,701	5,251	442,092
Net foreign exchange gains	34,364	1,070	69,160	(320)	726	105,000
Other income	562	51,030	182,155	2,182	16	235,945
Total net revenue	923,954	645,919	603,278	104,400	6,788	2,284,339
Impairment (charges)/write back	(53,960)	35,828	30,729	(49)	–	12,548
Depreciation and amortisation expense	(76,220)	(634)	(23,631)	(3,283)	(32,440)	(136,208)
Administrative expenses	(251,485)	(23,906)	(157,804)	(26,961)	(189,558)	(649,714)
Other operating expenses	(307,568)	(19,861)	(113,305)	(14,319)	(42,066)	(497,119)
Total non-interest expenses	(689,233)	(8,573)	(264,011)	(44,612)	(264,064)	(1,270,493)
Profit / (loss) before taxation	234,721	637,346	339,267	59,788	(257,276)	1,013,846
Income tax expense	(246)	(373)	(216,706)	(19,330)	–	(236,655)
Profit / (loss)for the year	234,475	636,973	122,561	40,458	(257,276)	777,191
As at 30 September 2021						
Total assets	10,059,472	12,962,991	24,516,932	734,074	734,596	49,008,065
Total liabilities	20,395,491	4,800,365	14,783,901	230,222	54,701	40,264,680
Property & equipment	219,445	1,135	219,337	24,266	106,059	570,242
Intangibles	26,780	–	8,790	4,901	185,821	226,292

5 **Segment analysis (continued)**

b. *Reconciliation of segment results of operations to consolidated results of operations*

Year ended 30 September 2022	Total management reporting $'000	Adjustments and eliminations $'000	Total consolidated $'000
Net interest income	1,492,054	(775)	1,491,279
Non-interest income	1,229,094	(581,762)	647,332
Impairment losses	25,267	–	25,267
Non-interest expenses	(1,281,414)	13,536	(1,267,878)
Operating profit	1,465,001	(569,001)	896,000
Share of profit of associates and joint ventures accounted for by the equity method	–	26,720	26,720
Income tax expense	(189,482)	270	(189,212)
Profit for the year	1,275,519	(542,011)	733,508
As at 30 September 2022			
Total assets	53,799,906	(8,360,722)	45,439,184
Total liabilities	39,052,262	(1,512,385)	37,539,877

5 Segment analysis (continued)

b. *Reconciliation of segment results of operations to consolidated results of operations (continued)*

Year ended 30 September 2021	Total management reporting $'000	Adjustments and eliminations $'000	Total consolidated $'000
Net interest income	1,501,302	(1,550)	1,499,752
Non-interest income	783,037	(141,295)	641,742
Impairment losses	12,548	6	12,554
Non-interest expenses	(1,283,041)	10,139	(1,272,902)
Operating profit	1,013,846	(132,700)	881,146
Share of profit of associates and joint ventures accounted for by the equity method	–	20,869	20,869
Income tax expense	(236,655)	1,922	(234,733)
Profit for the year	777,191	(109,909)	667,282
As at 30 September 2021			
Total assets	49,008,065	(2,402,456)	46,605,609
Total liabilities	40,264,680	(1,604,478)	36,660,202

6 Cash and due from other banks

	2022 $'000	2021 $'000
Cash and bank balances	3,909,526	4,391,042
Short-term investments	2,465,926	2,048,641
	6,375,452	6,439,683
Short-term investments:		
– 3 months from the date of acquisition	2,020,891	1,038,170
– Maturity over 3 months	445,035	1,010,471
	2,465,926	2,048,641

The average effective interest rate on short-term bank deposits was 1.7% (2021: 1.7%); these deposits have an average maturity of 90 days (2021: 90 days).

Cash and cash equivalents include the following for the purposes of the consolidated statement of cash flow:

	2022 $'000	2021 $'000
Cash and bank balances	3,909,526	4,391,042
Short-term investments – maturity within 3 months	2,020,891	1,038,170
Due to other banks	(1,304,140)	(1,564,617)
	4,626,277	3,864,595

7 Statutory deposits with Central Bank

Under the provisions of Financial Institutions Act 2008 (Trinidad and Tobago), the Bank and its subsidiary (First Citizens Depository Services Limited) are required to maintain as a deposit with the Central Bank of Trinidad and Tobago restricted cash balances. These balances represent a ratio of certain deposit liabilities held in such form and to such extent as the Central Bank may prescribe from time to time. As of 30 September 2022, the current ratio was 14% for First Citizens Bank Limited (2021 14%) and 9% for First Citizens Depository Services Limited (2021: 9%). Under the provisions of the Act, it can be waived for a specified period of time and on such conditions as may be determined by the Central Bank.

In Barbados, under the provisions of the Financial Institution Act, 1996-16, the Bank's subsidiary, First Citizens Bank (Barbados) Limited, is required to maintain as a deposit with the Central Bank of Barbados restricted cash balances. This balance represents a ratio of customers deposit balances (both domestic and foreign currency) held in such form and to such extent as the Minister, on advice of the Central Bank may prescribe from time to time. As at 30 September 2022, the ratio was 15% of total domestic customer deposit balances (comprising 10% government securities and 5% cash) plus 2% of total foreign customer deposit balances.

As at 30 September 2022 and 30 September 2021, the Group and its qualifying subsidiary were in compliance with these requirements.

8(a) Investment securities – Fair value through other comprehensive income

	2022 $'000	2021 $'000
Listed investments	1,199,414	951,621
Unlisted investment	7,067,201	9,886,939
	8,266,615	10,838,560
Provision for impairment	(5,447)	(9,588)
	8,261,168	10,828,972
Debt securities		
Listed	703,031	429,789
Unlisted	7,044,901	9,860,886
	7,747,932	10,290,675
Equity securities		
Listed	496,383	521,832
Unlisted	16,853	16,465
	513,236	538,297
Current portion	2,921,488	3,366,845
Non-current portion	5,339,680	7,462,127
	8,261,168	10,828,972

Unlisted investments include securities of/or guaranteed by the Government of the Republic of Trinidad and Tobago to the amount of $5,868.9M (2021: $7,067.3M).

8(a) Investment securities –Fair value through other comprehensive income (continued)

Investment securities totalling $3,481M (2021: $3,825M) are pledged to secure the repurchase agreements (see Note 17).

	2022 $'000	2021 $'000
Balance at beginning of the year	10,828,972	11,439,974
Exchange differences	(3,234)	(7,066)
Additions	7,173,697	9,183,363
Disposals	(9,244,197)	(9,909,806)
Reclassified to amortised cost	(6,782)	–
Net movements in provisions for impairment	4,138	1,934
Net amortisation of discounts/(premiums)	(13,175)	11,654
Fair value gains	(478,251)	108,919
Balance at end of year	8,261,168	10,828,972
Fair value (losses)/gains based on:		
Quoted market prices	(57,763)	19,942
Other techniques	(420,488)	88,977
	(478,251)	108,919
The movement in the provision for impairment is as follows:		
Allowance at beginning of the year	9,588	11,522
(Write back)/charge for the year	(4,141)	3,791
Write off	–	(5,725)
Allowance at the end of year	5,447	9,588

8(b) Investment securities at fair value through profit or loss

	2022 $'000	2021 $'000
Bond	19,505	23,113
Listed – equity securities	636	607
	20,141	23,720
The movement in investment securities may be summarised as follows:		
At beginning of year	23,720	22,853
Exchange differences	–	(2)
Additions	359	400
Disposals	(3,494)	–
Fair value (loss)/gains	(444)	469
At end of year	20,141	23,720

The above securities are managed, and their performance evaluated on a fair value basis in accordance with a documented risk management strategy, and information about the groups of financial instruments is reported to management on that basis.

9 Investment securities- amortised cost

	2022 $'000	2021 $'000
Unlisted investments	4,959,757	4,882,363
Provision for impairment	(38,018)	(30,567)
	4,921,739	4,851,796
Current portion	1,497,227	1,136,899
Non-current portion	3,424,512	3,714,897
	4,921,739	4,851,796
Balance at beginning of the year	4,851,796	5,001,413
Exchange differences	(2)	(6,976)
Additions	332,297	485,113
Disposals	(283,475)	(674,984)
Reclassified from FVOCI	6,782	–
Amortisation of unrealised gains	(586)	(844)
Fair value gains	592	5,296
Net amortisation of discounts	4,369	8,349
Net movement in provision	(7,445)	8,007
ECL gains on POCI	17,411	26,422
Balance at end of year	4,921,739	4,851,796

10 Loans to customers

	2022 $'000	2021 $'000
Stage 1	13,058,655	11,491,263
Stage 2	4,913,141	5,628,499
Stage 3	1,316,682	1,404,205
	19,288,478	18,523,967
Performing loans	17,971,795	17,459,295
Underperforming loans	606,256	330,037
Non-performing loans	710,427	734,635
	19,288,478	18,523,967
Allowance for loan losses	(401,924)	(440,545)
	18,886,554	18,083,422
Allowance for loan losses		
Allowance at beginning of the year	440,545	457,832
Exchange differences	–	(291)
(Write back)/charge for the year	(8,777)	7,550
Loans written off during the year	(29,844)	(24,546)
Allowance at the end of year	401,924	440,545
Impairment loss on loans net of recoveries		
(Write back)/charge for the year	(8,777)	7,550
Amounts recovered during the year	(8,475)	(7,142)
	17,252	408

11 Loan notes

	2022 $'000	2021 $'000
The loan notes due to the Group comprise the following:		
(i) Taurus Services Limited	–	68,486
(ii) First Citizens Holdings Limited (Holdings)	–	5,214
	–	73,700

(i) On 1 October 2000, a new agreement was entered into whereby the GORTT made a bullet payment to reduce part of the interest accrued. The unpaid portion of the interest up to that date of $150 million was capitalised. Thereafter, accrued interest was capitalised semi-annually until 30 September 2002 (the end of the moratorium) and this totalled $198.4 million. The new principal balance outstanding on the restructured loan notes as at 30 September 2004 which includes all capitalised interest to date amounted to $1,267 million. This note was repaid in September 2022.

(ii) On 1 October 2000, a new agreement was entered into whereby unpaid interest up to that date of $11.2 million was capitalised. Thereafter, accrued interest was capitalised semi-annually until 30 September 2002 (the end of the moratorium) and this totalled $17.9 million. The new principal balance outstanding on the restructured loan note as at 30 September 2004 which includes all capitalised interest to date amounted to $96.5 million. This note was repaid in September 2022.

12 Other assets

	2022 $'000	2021 $'000
Prepayments	52,124	54,812
Accrued receivable	93,139	138,483
Accrued interest	264,432	275,224
Due from parent	18	114
	409,713	468,633

13 Investments accounted for using equity method

	2022 $'000	2021 $'000
Investment in joint venture	43,122	39,349
Investment in associates	200,992	191,713
	244,114	231,062

13a. Investment in joint ventures

	2022 $'000	2021 $'000
Beginning of the year	39,349	38,114
Disposal of Investment in TTIPS	–	(1,709)
Share of profit after tax	3,773	2,944
At end of year	43,122	39,349

This investment represents 25% of the equity capital of Infolink Services Limited, a company incorporated in Trinidad and Tobago whose principal activity is the provision of electronic banking reciprocity. Infolink's reporting period is December. The financial information below reflects the results as at August 2022, as the 30 September 2022 information was not available.

Name	Country of incorporation	Assets $'000	Liabilities $'000	Revenues $'000	Profits $'000	% Interest held
2022						
ISL	Trinidad & Tobago	178,319	5,831	9,330	3,045	25%
2021						
ISL	Trinidad & Tobago	165,227	7,830	30,364	11,780	25%

13b. Investment in associates

	2022 $'000	2021 $'000
St Lucia Electricity Services Limited	177,945	169,080
Term Finance Holdings Limited	23,047	22,633
	200,992	191,713

(i) St Lucia Electricity Services Limited is listed on the Eastern Caribbean Securities Exchange. The investment in associate at 30 September 2022 includes goodwill of $4.6 million (2021: $4.6 million). The reporting period for St Lucia Electricity Services Limited is December. The information below reflects the Group's share of the results of associate and its share of the assets (including goodwill and liabilities) as at August 2022 (2021: August 2021), are reflected below, as September 2022 was not available.

(ii) Term Finance Holdings Limited is incorporated in Trinidad and Tobago, whose principal activity is providing short term loans to individuals and small-medium size businesses. The investment in this company as at 30 September 2022, includes goodwill of 14.5 million. The information below reflects The Group's share of the results of associate and its share of the assets (including goodwill and liabilities) as at September 2022 and September 2021, are reflected below.

13b. Investment in associates (continued)

	2022 $'000	2021 $'000
Beginning of the year	191,713	168,350
Additions	–	22,500
Share of profit after tax	22,947	17,806
Exchange differences	–	(248)
Dividend received from associates	(13,668)	(16,695)
At end of year	200,992	191,713

Name	Country of incorporation	Assets $'000	Liabilities $'000	Revenues $'000	Profits $'000	% Interest held
2022						
St. Lucia Electricity Services Limited	St. Lucia	1,395,234	510,518	932,746	112,089	19.11%
Term Finance Limited	Trinidad and Tobago	94,569	50,172	19,201	6,998	19.99%
2021						
St. Lucia Electricity Services Limited	St. Lucia	1,325,203	464,761	692,844	90,678	19.11%
Term Finance Limited	Trinidad and Tobago	67,325	26,655	9,336	2,376	19.99%

The fair value of the investment in associates at 30 September 2022 is $201.0 million (2021: $191.7 million).

14 **Property and equipment**

	Freehold premises $'000	Leasehold premises $'000	Motor vehicles & equipment $'000	Work in progress $'000	ROU Leased Vehicles $'000	ROU Leased Buildings $'000	ROU Leased Equipment $'000	Total $'000
Year ended 30 September 2022								
Opening net book amount	379,440	26,120	61,199	15,850	13,156	74,477	–	570,242
Additions	119	1,798	26,324	52,402	3,282	59,095	84,558	227,578
Disposals	–	(1)	(414)	–	(880)	(6,318)	–	(7,613)
Transfer	30,545	–	16,339	(48,248)	–	1,364	–	–
Revaluation surplus/(loss)	(713)	–	–	–	–	–	–	(713)
Depreciation charge	(5,718)	(8,104)	(29,363)	--	(5,422)	(28,677)	(17,716)	(95,000)
Closing net book amount	403,673	19,813	74,085	20,004	10,136	99,941	66,842	694,494
As at 30 September 2022								
Cost/valuation	428,021	145,606	542,672	20,004	24,702	147,343	84,558	1,392,906
Accumulated depreciation	(24,348)	(125,793)	(468,587)	–	(14,566)	(47,402)	(17,716)	(698,412)
Net book amount	403,673	19,813	74,085	20,004	10,136	99,941	66,842	694,494

14 Property and equipment (continued)

	Freehold premises $'000	Leasehold premises $'000	Motor vehicles & equipment $'000	Work in progress $'000	ROU Vehicles $'000	ROU Buildings $'000	Total $'000
Year ended 30 September 2021							
Opening net book amount	468,343	34,582	65,392	11,389	13,577	102,878	696,161
Additions	10	281	27,392	9,343	6,752	6,332	50,110
Disposals	(8,644)	–	(1,140)	(3,338)	(684)	(10,668)	(24,474)
Transfer	–	–	1,544	(1,544)	–	–	–
Revaluation surplus/(loss)	(32,046)	–	–	–	–	–	(32,046)
Impairment losses	(39,019)	–	–	–	–	–	(39,019)
Depreciation charge	(9,204)	(8,743)	(31,989)	–	(6,489)	(24,065)	(80,490)
Closing net book amount	379,440	26,120	61,199	15,850	13,156	74,477	570,242
As at 30 September 2021							
Cost/valuation	400,853	142,569	506,627	15,850	24,915	102,800	1,193,614
Accumulated depreciation	(21,413)	(116,449)	(445,428)	–	(11,759)	(28,323)	(623,372)
Net book amount	379,440	26,120	61,199	15,850	13,156	74,477	570,242
As at 30 September 2020							
Cost/valuation	486,188	142,396	479,856	11,389	18,754	124,032	1,262,615
Accumulated depreciation	(17,845)	(107,814)	(414,464)	–	(5,177)	(21,154)	(566,454)
Net book amount	468,343	34,582	65,392	11,389	13,577	102,878	696,161

The impairment loss relates to a decrease in the fair value of the Group's freehold properties. This amount is recognised in Administrative expenses, as the impairment losses exceeds the revaluation surplus.

14 Property and equipment (continued)

Recognised fair value measurements

(i) *Fair value hierarchy*

This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its non financial assets carried at fair value into the three levels prescribed under the accounting standards. An explanation of each level is provided in note 3.g.ii.

Level 3	2022 $'000	2021 $'000
Land and building on freehold land	372,896	348,663
Building on Lease Land	28,400	28,400
Freehold Land	2,377	2,377
	403,673	379,440

The Group's policy is to recognise transfers into and transfers out of fair values hierarchy levels as at the end of the reporting period.

(ii) *Valuation techniques used to determine level 2 and level 3 fair values*

As at 30 September 2022, the Group's freehold premises were stated at revalued amounts as determined by management. Management indicated that valuations were made on the basis of open market value. Open market values are determined by considering the current market condition. Changes in fair value are recorded in the statement of comprehensive income. The Group's policy is to obtain independent valuations for its freehold land and buildings at least every three years, the latest being August 2021.

At the end of each reporting period, management update their assessment of the fair value of each property, taking into account the most recent independent valuations. Management determines a property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available Management consider information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences;
- discounted cash flow projections based on reliable estimates of future cash flows.

The most significant input into this valuation approach is price per square foot. If the price per square foot increase by 100 basis points, the fair value will increase by $13.0M (2021: $13.0M) with a corresponding entry in the reserve in shareholders' equity.

14 Property and equipment (continued)

Recognised fair value measurements (continued)

(ii) *Valuation techniques used to determine level 2 and level 3 fair values (continued)*

If freehold premises were stated on the historical cost basis, the amounts would be as follows:

	2022 $'000	2021 $'000
Cost	412,254	381,590
Accumulated depreciation	(170,671)	(164,952)
Impairment loss	–	(39,019)
Net book amount	241,583	177,619

15 Intangible assets

	Goodwill $'000	Software $'000	Other intangible assets $'000	Total $'000
As at 30 September 2022				
Acquisition cost	156,886	385,737	36,284	578,907
Accumulated amortisation	–	(282,385)	(35,435)	(317,820)
Net book amount	156,886	103,352	849	261,087
Period ended 30 September 2022				
Opening net book amount	156,886	68,557	849	226,292
Additions	–	57,975	–	57,975
Amortisation charge	–	(23,180)	–	(23,180)
Closing net book amount	156,886	103,352	849	261,087

15 **Intangible assets (continued)**

	Goodwill $'000	Software $'000	Other intangible assets $'000	Total $'000
As at 30 September 2021				
Acquisition cost	156,886	328,312	36,284	521,482
Accumulated amortisation	–	(259,755)	(35,435)	(295,190)
Net book amount	156,886	68,557	849	226,292
Period ended 30 September 2021				
Opening net book amount	156,886	62,186	4,787	223,859
Additions	–	31,825	–	31,825
Disposal	–	(2,115)	–	(2,115)
Amortisation charge	–	(23,339)	(3,938)	(27,277)
Closing net book amount	156,886	68,557	849	226,292

Impairment test for goodwill

Goodwill is allocated for impairment testing purposes for the following cash generating units as follows:-

	2022 $'000	2021 $'000
First Citizens Investment Services (FCIS)	156,886	156,886
	156,886	156,886

Goodwill is reviewed annually for impairment, or more frequently when there are indicators that impairment may have occurred. The impairment test carried out as at 30 September 2022 for FCIS, revealed that the value in use is in excess of the carrying amount. The recoverable amounts of the cash generating units were determined based on value-in-use. Cash flow projections used in the value-in-use calculations were based on financial projections by management covering a five (5) year period and a discount rate. Cash flow beyond that five-year period have been extrapolated using the growth rate for the respective units.

15 Intangible assets (continued)

The key estimates used in the value-in-use calculations are as follows:-

	FCIS	
	2022	2021
Net interest margin growth	0.06%	6.12%
Growth rate	1.87%	3.99%
Discount factors	3.84%	4.92%

Management determined the net interest margin and growth rate based on past performance and its expectations of the market developments.

16 Customers' deposits

	2022	2021
Deposits are analysed by sector as follows:	$'000	$'000
Public institutions	10,022,056	10,415,824
Private institutions	7,938,437	8,116,422
Consumers	10,410,590	10,435,196
	28,371,083	28,967,442
Current portion	27,946,188	28,556,451
Non-current portion	424,895	410,991
	28,371,083	28,967,442

Deposits due to customers only include financial instruments classified as liabilities at amortised cost. Deposits amounting to $3.4 billion (2021: $3.4 billion) are at fixed rates. All other deposits are at variable rates.

17 Other funding instruments

	2022	2021
	$'000	$'000
Repurchase agreements	3,481,385	3,506,701
Funds under management	6,221	6,420
USD fixed rate note	448,746	448,746
	3,936,352	3,961,867

17 Other funding instruments (continued)

Other funding instruments are analysed by sector as follows:

	2022 $'000	2021 $'000
Public institutions	1,354,089	1,573,532
Private institutions	1,580,536	1,323,537
Consumers	1,001,727	1,064,798
	3,936,352	3,961,867
Current portion	2,997,016	2,956,502
Non-current portion	939,336	1,005,365
	3,936,352	3,961,867

The securities sold under the repurchase agreements only include financial instruments classified at amortised cost (see Note 8a). Interest rates on these repos range from 0.1% to 4.0% in 2022 (2021: 0.1% to 4.0%).

18 Due to other Banks

	2022 $'000	2021 $'000
Short term	818,867	1,289,366
Medium term	485,273	275,251
	1,304,140	1,564,617

Short-term borrowings represented demand facilities via a number of financial institutions.

Medium term borrowings represent unsecured borrowings of US$42.15 million, and TT$200 million from clients for a period of one to three years (2021: US$11.09 million and TT$200 million). The average interest rate for 2022 was 3.10% (2021: 2.80%).

19 Creditors and accrued expenses

	2022 $'000	2021 $'000
Accrued expenses	209,727	174,850
Other liabilities	197,105	193,304
Interest payable	63,919	72,709
Due to GORTT	26,568	23,823
Due to brokers	480	3,455
Funds payable to bondholders	60,617	166,163
	558,416	634,304

The amount due to GORTT relates to what is owed by the Bank with respect to payments made on claims which were subsequently recovered pursuant to Liquidity Support Agreement outlined in note 3 a.(viii) (e).

The Group in its capacity as bond paying agent receives payments from bond issuers on a periodic basis for payment to bond holders. Also, from time to time, the Group holds funds to remit to third parties for placement of investments on behalf of plans under management.

20 Lease liabilities

The Group leases many assets including buildings and vehicles. Information about the leases for which the Group is a lessee is presented as follows:-

	2022 $'000	2021 $'000
Opening balance	83,097	110,576
Exchange differences	–	(92)
Additions	139,269	7,562
Repayments	(34,211)	(34,949)
Disposals	(3,698)	–
	184,457	83,097
Maturity analysis		
Less than one year	39,634	23,386
One to five years	126,063	55,143
More than five years	18,760	4,568
	184,457	83,097

The consolidated income statement reflects the following amount relating to leases:-

	2022 $'000	2021 $'000
Interest expenses (included in finance cost)	8,603	6,995
Expenses related to short term leases (included in rent paid)	7,035	6,670

21 Defined benefit asset

a. *Net asset in statement of financial position*

	2022 $'000	2021 $'000
Present value of obligation	(1,579,316)	(1,517,062)
Pension plan assets at fair value	1,671,130	1,658,195
Net defined benefit asset	91,814	141,133

b. *Movement in present value of defined benefits obligation:*

	2022 $'000	2021 $'000
Beginning of year	1,517,062	1,590,857
Current year service cost	46,649	53,821
Interest cost	91,209	88,079
Members' contributions	15,818	17,301
Re-measurements		
– Experience adjustments	(35,221)	(43,220)
– Actuarial gains from change in financial assumptions	–	(140,102)
Benefits paid	(56,201)	(49,674)
Defined benefit obligation at end of year	1,579,316	1,517,062

c. *The defined benefit obligation is allocated among the Plan's members as follows:*

	2022	2021
– Active	63%	63%
– Deferred members	5%	5%
– Pensioners	32%	32%

The weighted average duration of the defined benefit obligation at year end 18.3 years (2021 19.3 years).

Ninety-six percent (96%) of the benefits for active members are vested.
Forty-four percent (44%) of the defined benefit obligation for active member is conditional on future salary increases.

21 Defined benefit asset (continued)

d. *Movement in fair value of plan assets*

	2022 $'000	2021 $'000
Beginning of year	1,658,195	1,469,594
Interest income	99,852	81,487
Return of plan assets, excluding interest income	(99,096)	82,816
Company's contributions	54,125	58,236
Members contributions	15,818	17,301
Benefits paid	(56,201)	(49,674)
Expense allowance	(1,563)	(1,565)
Fair value of plan assets at end of year	1,671,130	1,658,195
Actual return on plan asset	756	164,303

e. *Asset allocation*

	2022 $'000	2021 $'000
Local and regional equity securities	489,167	461,549
Overseas equities (outside CARICOM)	263,671	321,842
TT$ denominated bonds	751,715	769,430
US$ denominated bonds	37,240	40,004
Cash and cash equivalents	129,337	65,370
Fair value of plan assets at end of year	1,671,130	1,658,195

All asset values as at 30 September 2022 were based on unaudited accounts provided by First Citizens Trustee Services Limited. Overseas equities have quoted prices in active markets. Local and regional equities also have quoted prices but the market is relatively illiquid. The Plan's investment manager calculates the fair value of the Government bonds and corporate bonds by discounting expected future proceeds using a constructed yield curve.

The majority of the Plan's government bonds were issued by the Government of Trinidad & Tobago, which also guarantees many of the corporate bonds held by the Plan. The Plan's assets are invested using a strategy agreed with the Plan's Trustee and Management Committee. This strategy is largely dictated by statutory constraints (at least 70% of the assets must be invested in Trinidad & Tobago and no more than 50% in equities) and the availability of suitable investments.

There are asset-liability matching strategies used by the Plan.

21 Defined benefit asset (continued)

f. *Expenses recognised in profit or loss*

	2022 $'000	2021 $'000
Current service costs	46,649	53,821
Net interest on net defined benefit liability/asset	(8,643)	6,592
Administrative expenses	1,563	1,565
Net pension cost	39,569	61,978

g. *Re-measurement recognised in other comprehensive income*

	2022 $'000	2021 $'000
Experience (gains)/losses	(63,875)	266,138
Total amount recognised in other comprehensive income	(63,875)	266,138

h. *Reconciliation of opening and closing statement of financial position balances*

	2022 $'000	2021 $'000
Opening defined benefit asset / (liability)	141,133	(121,263)
Net pension cost	(39,569)	(61,978)
Re-measurements recognised in other comprehensive income	(63,875)	266,138
Company contribution paid	54,125	58,236
Closing defined benefit asset	91,814	141,133

i. *Summary of principal assumptions as at 30 September*

	2022	2021
Discount rate	6.00%	6.00%
Average individual salary increases	5.50%	5.50%
Future pension increases	1.25%	1.25%

Assumptions regarding future mortality are based on published mortality tables. The life expectancies underlying the value of the defined benefit obligation are as follows:

	2022	2021
Life expectance at age 60 for current pensioners in years		
– Male	21.9	21.8
– Female	26.1	26.1
Life expectance at age 60 for current members age 40 in years		
– Male	22.7	22.7
– Female	27.1	27.0

21 Defined benefit asset (continued)

j. *Sensitivity analysis*

The calculation of the defined benefit obligation is sensitive to the assumptions used. The following table summarises how the defined benefit obligation would have changed as a result of a change in the assumptions used.

1% pa increase	**2022 $'000**	**2021 $'000**
Discount rate	(231,565)	(223,800)
Future salary increases	126,399	123,299
Future pension increases	170,654	163,122
1% pa decrease		
Discount rate	314,590	303,212
Future salary increases	(106,488)	(103,912)
Future pension increases	(139,510)	(134,341)

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at 30 September 2022 by $25.5 million (2021: $23.9 million).

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

k. *Funding*

The Group meets the balance of the cost of funding the defined benefit Pension Plan and must pay contributions at least equal to those paid by members, which are fixed. The funding requirements are based on regular (at least every 3 years) actuarial valuations of the Plans and the assumptions used to determine the funding required may differ from those set out above. The Group expects to pay $56.8 million to the Pension Plans during 2022/2023.

22 Bonds payable

	2022 $'000	2021 $'000
(i) Fixed Rate Bond TTD 100 Million (Series 2)	100,000	100,000
(ii) Fixed Rate Bond TTD 900 Million	630,000	630,000
(iii) Fixed Rate Bond USD 90.4 Million	605,011	605,011
(iv) Fixed Rate Bond TTD 860.7 Million	860,755	860,755
(v) Multiple Series BBD Bond	137,261	158,063
(vi) Fixed Rate Bond USD 92.36 Million	618,142	618,142
	2,951,169	2,971,971
Current portion	713,892	74,171
Non current portion	2,237,277	2,897,800
	2,951,169	2,971,971

(i) TTD Fixed Rate Bond Series 2 – In August 2014, this bond for $100 million was issued. This bond is unsecured and carries a fixed rate of 3.25 % with a tenor of ten (10) years. Interest is payable semi-annually in arrears. Principal will be repaid in a bullet payment at maturity. A onetime call option exists on the 7th anniversary subject to the minimum notice of 90 days, which was not exercised.

(ii) TTD Fixed Rate Bond – In October 2015, this bond for $900 million was issued. This bond is unsecured and carries a fixed rate of 4.25 % with a tenor of seven (7) years. On 24 October 2022, this Bond was repaid.

(iii) USD Fixed Rate Bond – In January 2018, this bond for $90.4 million was issued. This bond is unsecured and carries a fixed rate of 4.25 % with a tenor of five (5) years. Interest is payable semi-annually in arrears. Principal will be repaid in a bullet payment at maturity. A prepayment option exists after the 2nd anniversary subject to the minimum notice of 60 days, which was not exercised.

(iv) TTD Fixed Rate Bond – In April 2018, this bond for $860.7 million was issued. This bond is unsecured and carries a fixed rate of 4.50 % with a tenor of six (6) years. Interest is payable semi-annually in arrears. Principal will be repaid in a bullet payment at maturity. A prepayment option exists after the 5th anniversary subject to the minimum notice of 60 days.

(v) Multiple Series BBD 100M, with tenors of one (1) year. Interest is payable semi-annually in arrears. Principal will be repaid in a bullet payment at maturity. A prepayment option exist for each Series of the facility in whole on any interest payment date subject to a notice of 30 days.

• Series 4 Bond – In February 2021, this bond for BBD 21.75 million was issued. This bond is unsecured and carries a fixed rate of 2.00%, with a tenor of one (1) year. This Bond was repaid in February 2022.

• Series 5 Bond – In September 2021, this bond for BBD 24.6 million was issued. This bond is unsecured and carries a fixed rate of 2.25%, with a tenor of two (2) years.

• Series 6 Bond – In March 2022, this bond for BBD 15.65 million was issued. This bond is unsecured and carries a fixed rate of 2.25%, with a tenor of two (2) years.

22 **Bonds payable (continued)**

(vi) USD Fixed Rate Bond – In March 2020, this bond for $92.362 million was issued. This bond is unsecured and carries a fixed rate of 4.25%, with a tenor of five (5) years. Interest is payable semi-annually in arrears. Principal will be repaid in a bullet payment at maturity. A prepayment option exists after the 2nd anniversary subject to the minimum notice of 60 days.

23 Deferred income tax

Deferred income taxes are calculated on all temporary differences under the liability method using the applicable tax rate for each subsidiary.

	2022 $'000	2021 $'000
The movement on the deferred income tax account is as follows:		
At beginning of year	(359,141)	(271,178)
Impact of revaluation adjustments recorded directly to shareholders' equity:		
– Revaluation on the fair value through other comprehensive income		
– Investment securities	149,927	(32,035)
– Revaluation on property	1,120	2,283
– Revaluation on amortised cost due to reclassification	344	253
– Remeasurement of defined benefit liability	22,356	(93,148)
Charge/(credit) to consolidated statement of income (note 35)	25,639	34,684
At end of year	(159,755)	(359,141)

23 Deferred income tax (continued)

Deferred income tax assets and liabilities are attributable to the following items:

	Balance at 1.10.21 $'000	(Charge)/ credit to income statement $'000	(Charge)/ credit to other comprehensive income $'000	Balance at 30.09.22 $'000
Deferred income tax assets				
Provisions	45	–	–	45
Tax losses	559	(559)	–	–
Lease liabilities	26,069	30,917	–	56,986
* Intangible asset recognised on business combination	1,634	–	–	1,634
Fair value measurement of assets through profit or loss	136	7	–	143
	28,443	30,365	–	58,808
Deferred income tax liabilities				
Retirement benefit asset	(7,761)	(5,095)	–	(12,856)
Re-measurement of defined benefit liability	(132,139)	–	22,356	(109,783)
Fair value measurement of fair value through other comprehensive income	(182,372)	404	149,927	(32,041)
Fair value measurement of amortised cost	(1,817)	--	344	(1,473)
Zero coupon instruments	(12,818)	6,191	–	(6,627)
Right of use assets	(23,418)	(28,148)	–	(51,566)
Accelerated tax depreciation	(15,853)	21,701	–	5,848
Unrealised exchange and other gains	(6,244)	221	–	(6,023)
Revaluation gain on property and equipment	(1,891)	–	1,120	(771)
Revaluation of PPE – Associates	(3,271)	–	–	(3,271)
	(387,584)	(4,726)	173,747	(218,563)
Net deferred income tax liability	(359,141)	25,639	173,747	(159,755)

23 **Deferred income tax (continued)**

	Balance at 1.10.20 $'000	(Charge)/ credit to income statement $'000	(Charge)/ credit to other comprehensive income $'000	Balance at 30.09.21 $'000
Deferred income tax assets				
Provisions	174	(129)	–	45
Tax losses	–	559	–	559
Lease liabilities	–	26,069	–	26,069
Fair value measurement of assets through profit or loss	383	(247)	–	136
	557	26,252	–	26,809
Deferred income tax liabilities				
Retirement benefit asset	(9,071)	1,310	–	(7,761)
Re-measurement of defined benefit liability	(38,991)	–	(93,148)	(132,139)
Fair value measurement of fair value through other comprehensive income	(151,273)	936	(32,035)	(182,372)
Fair value measurement of amortised cost	(1,676)	(394)	253	(1,817)
*Intangible asset recognised on business combination	(287)	1,921	–	1,634
Zero coupon instruments	(38,226)	25,408	–	(12,818)
Right of use assets	–	(23,418)	–	(23,418)
Accelerated tax depreciation	(18,535)	2,682	–	(15,853)
Unrealised exchange and other gains	(6,231)	(13)	–	(6,244)
Revaluation gain on property and equipment	(4,174)	–	2,283	(1,891)
Revaluation of PPE – Associates	(3,271)	–	–	(3,271)
	(271,735)	8,432	(122,647)	(385,950)
Net deferred income tax liability	(271,178)	34,684	(122,647)	(359,141)

*Intangible asset recognised on business combination was reclassified from a deferred tax liability in 2021 to a deferred tax asset opening balance in 2022.

24 Notes due to parent company

	2022 $'000	2021 $'000
First Citizens Holdings Limited	58,000	58,000

The amount due to Holdings is a non-interest bearing note with no specified maturity date, issued in part consideration for a note acquired from Holdings (see Note 11 (ii)).

25 Share capital

The total authorised number of shares are issued and fully paid. Thirty nine point nine percentage (39.9%) of these shares are trading on the Trinidad and Tobago Stock Exchange.

	2022 $'000	2021 $'000
251,353,562 ordinary shares of no par value	539,957	539,957
Treasury shares/stock	(185,000)	(185,000)
42,500,000 A preference shares of no par value	42,500	42,500
61,100,000 B preference shares of no par value	61,100	61,100
	458,557	458,557

The Class A preference shares are non-participating and non-voting. The option for redemption expired in September 1999. The shares pay cumulative dividend of 4% per annum. The Class B preference shares pay cumulative dividends of 2% per annum when declared, but are non-participatory, non-voting and non-redeemable.

Employee share ownership plan

In April 2017, the shareholders approved the establishment of an employee share ownership plan for the Group's staff. This ESOP was subsequently approved by the Board of Inland Revenue in December 2018. The first distribution was made in January 2019 based on the profit of the Group for the financial period ending 30 September 2018.

The plan is designed to provide long-term incentives to the employees. The object of the plan is to permit and facilitate the transfer of the annual bonus distribution if any, of the Group's employees who are participants in the ESOP to the Trustee to be applied towards the purchase of shares in the Company to be held by the Trustee for the use and benefit of participants and otherwise dealt with in accordance with the provisions of section 35 of the income tax act (Clause 3 – Trust Deed).

25 Share capital (continued)

Each participant shall be required to contribute to the plan not less than 25% of the award allocated to him (if any) but may contribute up to 50% of the award, for the trustee to purchase shares, which shares shall be held in trust for the participants.

The number of shares to which each participant shall become entitled for allocation by the trustee shall be determined by dividing the valuation price into the amount to which each participant is entitled in the annual bonus distribution for the same plan year. The valuation price shall be the market price quoted on the Trinidad and Tobago Stock Exchange:

	2022	2021
Shares allocated to the Plan		
Opening balance	4,705,954	5,015,232
Purchase of shares	800,000	–
Shares allocated to employees	(271,719)	(309,278)
	5,234,235	4,705,954

26 Statutory reserves

The Financial Institutions Act 2008, Part VI, Section 56 1(a) (Trinidad and Tobago) stipulates that a Bank must transfer at the end of each financial year no less than 10% of its profits after taxation to a Reserve Fund until the amount standing to the credit of the Reserve Fund is not less than the stated capital or assigned capital of the Company. The FIA 2008 Section 60.1, also indicated that no licensee shall incur, deposit liabilities of an amount exceeding twenty (20) times the sum of its stated capital or assigned capital and Statutory Reserve Fund.

In accordance with the Financial Institutions Act 1996-16, the Bank's subsidiary, First Citizens Bank (Barbados) Limited, is required to transfer to a reserve fund a minimum of 25% of the net income for the year, wherever the amount of the reserve fund is less than the stated capital.

27 Other reserves

i *Fair value reserve*

For debt instruments, the fair value reserve comprises the cumulative net change in the fair value of investment securities measured at FVOCI, less ECL allowances recognised in profit or loss, net of deferred tax, until the assets are derecognised or impaired.

For equity financial assets which are measured at FVOCI, fair value gains and losses are not recycled to the statement of income.

ii *Revaluation reserve*

The revaluation reserve relates to the revaluation of the freehold property.

27 **Other reserves (continued)**

iii. *Re-measurement of defined benefit obligation*

The re-measurements of the defined benefit obligation represent actuarial gains and losses, returns on plan assets (outside of any changes recorded as net interest) and any changes in the asset ceiling (outside of any changes recorded as net interest).

iv. *Translation reserve*

The translation reserve comprises all foreign currency differences arising from translation of the financial statements of foreign operations.

The following table shows a breakdown of the balance sheet line item "other reserves" and the movement in these reserves during the period:

	Financial assets at FVOCI $'000	Re-measurement of defined benefits obligation $'000	Revaluation surplus $'000	Foreign Currency translations $'000	Total $'000
Balance as at 1 October 2021	876,760	245,399	135,185	63,622	1,320,966
Reclassified to income statement	(53,493)	–	–	–	(53,493)
Revaluation net of tax	(288,481)	–	407	–	(288.074)
Re-measurement	–	(41,519)	–	–	(41,519)
Currency translations	–	–	–	(5,496)	(5,496)
Balance as at 30 September 2022	534,786	203,880	135,592	58,126	932,384
Balance as at 1 October 2020	793,786	72,409	171,099	73,335	1,110,629
Reclassified to income statement	(86,861)	–	–	–	(86,861)
Revaluation net of tax	169,835	–	(25,927)	–	143,908
Re-measurement	–	172,990	–	–	172,990
Transfer to retained earnings	–	–	(9,987)	--	(9,987)
Currency translations	–	–	–	(9,713)	(9,713)
Balance as at 30 September 2021	876,760	245,399	135,185	63,622	1,320,966

28 Interest income

	2022 $'000	2021 $'000
Loans to customers	1,145,167	1,139,422
Financial assets:		
– Fair value through other comprehensive income	412,986	421,179
– Amortised cost	226,817	260,591
– Fair value through profit or loss	468	2,393
Loan notes	6,347	14,771
	1,791,785	1,838,356

29 Interest expense

	2022 $'000	2021 $'000
Customers' deposits	45,545	62,146
Other funding instruments	112,399	127,679
Notes payable	15,571	10,278
Bonds payable	126,991	138,501
	300,506	338,604

30 Fees and commissions

Disaggregation of fees and commission income

The following table of fees and commissions from contracts with customers in the scope of IFRS 15 is disaggregated by major type of services. The table also includes a reconciliation of the disaggregated fees and commission income with the Group's operating reporting segments (Note 5).

Year ended 30 September 2022	Retail banking $'000	Corporate banking $'000	Treasury & Investment banking $'000	Trustee & Asset management $'000	Group functions $'000	Total $'000
Account service fees	35,669	768	1,646	–	–	38,083
Transaction fees	156,328	8,899	9,591	–	–	174,818
Asset management fees	12,033	799	101,546	98,356	(10,701)	202,033
Underwriting & brokerage fee	–	7,136	9,812	–	–	16,948
Financial guarantees & loan commitments	19,793	9,370	772	–	–	29,935
Total fees and commission	223,823	26,972	123,367	98,356	(10,701)	461,817
Time of revenue recognition						
At a point in time	156,328	16,035	19,403	–	–	191,766
Transferred over time	67,495	10,937	103,964	98,356	(10,701)	270,051
	223,823	26,972	123,367	98,356	(10,701)	461,817

30 Fees and commissions (continued)

Disaggregation of fees and commission income (continued)

Year ended 30 September 2021	Retail banking $'000	Corporate banking $'000	Treasury & investment banking $'000	Trustee & asset management $'000	Group functions $'000	Total $'000
Account service fees	34,548	644	1,598	–	–	36,790
Transaction fees	123,091	9,256	11,669	–	–	144,016
Asset management fees	8,850	637	98,559	96,701	(11,052)	193,695
Underwriting & brokerage fee	–	15,120	10,333	–	–	25,453
Financial guarantees & loan commitments	19,470	10,866	750	–	–	31,086
Total fees and commission	185,959	36,523	122,909	96,701	(11,052)	431,040
Time of revenue recognition						
At a point in time	123,091	24,376	22,002	–	–	169,469
Transferred over time	62,868	12,147	100,907	96,701	(11,052)	261,571
	185,959	36,523	122,909	96,701	(11,052)	431,040

All fees and commissions are specific to the service contract and are recognised as stated in note 2.p.

31 Other income

	2022 $'000	2021 $'000
Foreign exchange transaction gains less losses	130,413	117,581
Foreign exchange translation gains less losses	(12,270)	(12,581)
Other Income	23,921	18,836
	142,064	123,836

32 Credit impairment write back on investments

(Charge)/write back to impairment allowances	(252)	1,440
Net gain/(loss) on derecognition of financial assets	7,152	(1,699)
Gains on the recognition POCI	1,115	13,214
Exchange difference	–	7
	8,015	12,962

33 Administrative expenses

	2022 $'000	2021 $'000
Staff expenses	554,384	533,741
Pension expenses (note 21.f)	39,569	61,978
Other administrative expenses	37,460	40,322
Depreciation	95,745	80,270
Amortisation charges	22,435	23,339
Impairment loss on non-financial assets (note 14)	26	39,160
	749,619	778,810

The number of permanently employed staff as at the year-end was as follows:

	2022 Employees	2021 Employees
First Citizens Bank Limited and its Subsidiaries	1,821	1,868

34 Other operating expenses

	2022 $'000	2021 $'000
Property expenses	53,368	53,844
Technical and professional	36,124	51,203
Advertising expenses	6,285	8,392
Hardware and software maintenance	73,229	53,681
Deposit insurance (see below)	43,339	42,543
Credit card expenses	129,505	99,450
Equipment rental & maintenance	17,531	19,931
Communication charges	17,355	15,951
Security services	15,588	14,278
Stationery and service related expenses	12,743	13,027
Tax on assets	10,110	9,040
Operating expenses	103,082	112,753
	518,259	494,093

The Central Bank and Financial Institutions (Non-Banking) (Amendment) Act, 1986 of Trinidad & Tobago established a Deposit Insurance Fund for the protection of depositors. By the Central Bank (Deposit Insurance) Order 1986, dated 17 September 1986, an annual premium of 0.2% of the average deposit liabilities outstanding as at the end of each quarter of the preceding year is levied.

34 Other operating expenses (continued)

The Barbados Deposit Insurance Corporation (BDIC), established under the Deposit Insurance Act-29 of 2006, came into operation on 8 June 2007. The deposit insurance initial contribution and premium was set at 0.05% of the insurable deposits held by the member during the calendar year preceding the calendar year for which the premium is payable.

35 Taxation

	2022 $'000	2021 $'000
Current tax	236,782	267,987
Prior period (over)/under provision	(21,931)	1,430
Deferred tax (Note 23)	(25,639)	(34,684)
	189,212	234,733

The tax on profit before tax differs from the theoretical amount that would arise using the basic rate of tax as follows:

	2022 $'000	2021 $'000
Profit before taxation	922,720	902,015
Tax calculated at 35% (2021 - 35%)	322,953	315,706
Income exempt from tax	(160,634)	(167,534)
Expenses not deductible for tax purposes	65,943	106,980
Prior period (over)/under provision	(21,931)	1,430
Effects of different tax rates in other countries and businesses within the group	(17,119)	(21,849)
	189,212	234,733

36 Dividends

	2022 $'000	2021 $'000
Ordinary dividend paid – final for 2021: $0.46 (2020: $0.45)	110,908	110,508
Ordinary dividend paid – interim for 2022: $1.14 (2021: $1.01)	289,056	250,182
Preference dividend paid	2,922	2,922
	402,886	363,612

37 Related party transactions and balances

a. *Directors and key management personnel*

	2022 $'000	2021 $'000
Salaries and other short-term employee benefits	62,187	56,102
Loans and receivables	15,864	11,254
Interest income	625	488
Customers' deposits	29,979	21,515
Interest expense	292	259
Other funding instruments	8,852	6,830
Interest expense- other funding instruments	192	15

b. *Transactions with related parties*

Customers' deposits	3,704	2,768
Long term notes (Note 23)	58,000	58,000
Loan note (Note 11 (ii))	–	5,214
Interest income on loan notes	449	1,049

c. *Pension plan*

Employer's contribution (Note 20.d)	54,125	58,236

d. *Government of the Republic of Trinidad and Tobago*

On the formation of the Bank, it was agreed that the assets and liabilities of the predecessor financial institutions would be transferred to the Bank and the non-performing portfolio sold to a liquidating company in consideration for an equivalent amount of Government-guaranteed notes and commercial paper.

In 2009, the Bank entered into a Liquidity Support Agreement with GORTT and the Central Bank in relation to the acquisition of the shares of Caribbean Money Market Brokers Limited, now First Citizens Investment Services Limited which provided indemnification of the Bank against certain losses (Note 3.a.vii).

37 Related party transactions and balances (continued)

d. *Government of the Republic of Trinidad and Tobago (continued)*

The current amount outstanding on these arrangements and obligations and the related income and expenses are disclosed below: -

	2022 $'000	2021 $'000
Assets		
Loan notes with Taurus Services Limited (Note 11 (i))	–	68,486
Liabilities		
Due to GORTT (Note 19)	26,568	22,753
Interest income		
Loan notes with Taurus Services Limited	6,351	13,777

e. *Other transactions with the Government of the Republic of Trinidad and Tobago*

In addition to the balances in (d) above, the Group in its ordinary course of business enters into lending, deposit and investment transactions with the GORTT, other state-owned institutions, state agencies and local government bodies. Transactions and balances between the Group and these related parties are as follows:

	2022 $'000	2021 $'000
Loans and receivables	3,535,333	3,805,081
Interest income	217,355	241,610
Customers' deposits	9,945,476	10,312,881
Interest expense	15,571	22,012
Investment securities - FVOCI	6,571,903	8,639,501
Investment securities - Amortised cost	705,310	541,434
Investment income	348,757	416,916

f. The (COVID – 19) Small & Medium Enterprises (SME) Stimulus Loan is an initiative the GORTT embarked upon, geared specifically towards bringing relief to the Small and Medium Enterprises businesses that were negatively affected as a result of the crisis caused by the COVID-19 pandemic. The GORTT provided a guarantee for 75% or 100% of the loan value. The interest on these loans will be paid by the GORTT for the duration of the loan.

SME loans	63,756	14,125
Interest income	942	405

38 Commitments

	2022 $'000	2021 $'000
a. *Capital commitments*		
Capital expenditure approved by the Directors but not provided for in these accounts	122,266	149,924
b. *Credit commitments*		
Commitments for loans approved not yet disbursed	635,350	561,569

39 Contingent liabilities

a. *Litigation*

The Group is involved in claims and counterclaims arising from the conduct of its business. Based on the facts now known to the Group, the Directors believe that the outcome of these matters would not have a material adverse effect on the position of the Group.

b. *Customers' liability under acceptances, guarantees and letters of credit*

These represent the Group's potential liability, for which there are claims against its customer in the event of a call on these commitments.

	2022 $'000	2021 $'000
Acceptances	28,108	33,185
Guarantees	110,315	146,397
Letters of credit	20,208	25,758
	158,631	205,340

40 Subsequent events

On 29 November 2022, the Board of Directors declared a final dividend payment of $0.46 per share payable to shareholders.


First Citizens