



First Citizens

We put you first

WE STAND TOGETHER

FIRST CITIZENS GROUP FINANCIAL HOLDINGS LIMITED AND ITS SUBSIDIARY

2023 ANNUAL REPORT

Despite the many advancements in our world today, equality and equity are areas still in need of urgent attention. In the spirit of shedding light on gender issues and reaffirming our commitment to this important cause, First Citizens selected the theme of WE STAND TOGETHER for our 2023 Annual Report.

We've used this publication as a canvas to portray the realities and complexities surrounding gender. The depiction of multiple silhouettes traversing side by side acts as a representation of the unseen and often overlooked struggles many face today. First Citizens maintains a clear and unwavering commitment to ensuring no one feels invisible or left behind.



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.

A stylized, abstract illustration of a crowd of people. The figures are rendered in various colors including shades of green, yellow, orange, and red. The style is flat and graphic, with no facial features or detailed clothing. The background is a light, warm yellow-green. A dark green rectangular box is overlaid on the center of the image, containing the text 'TABLE OF CONTENTS'.

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CORPORATE INFORMATION AND PROFILE OF SUBSIDIARIES



FIRST CITIZENS GROUP FINANCIAL HOLDINGS LIMITED

Board of Directors

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

Group Corporate Secretary

Lindi Ballah-Tull
Accredited Director (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 – Chairperson
Courtenay Williams – Deputy Chairperson
Franka Costelloe
Ryan Proudfoot
Savitree Seepersad
Jayselle McFarlane
Troy Garcia
Idrees Omardeen
David Inglefield
Ingrid Melville
*Colin Wharfe

**Colin Wharfe was appointed as a Director on 1 January 2023*

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FIRST CITIZENS DEPOSITORY SERVICES LIMITED

Board of Directors

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

Registered Office

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Albion Plaza,
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FIRST CITIZENS TRUSTEE SERVICES LIMITED

Board of Directors

Franka Costelloe – Chairperson
Courtenay Williams
Ingrid Melville
David Inglefield
Sterling Frost ORTT
Idrees Omardeen
*Colin Wharfe

**Colin Wharfe was appointed as a Director on 1 January 2023*

Registered Office

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Tel: (868) 623-9091-7
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FIRST CITIZENS INVESTMENT SERVICES LIMITED

Board of Directors

Anthony Isidore Smart – Chairperson
Ryan Proudfoot
Troy Garcia
Idrees Omardeen
Jayselle McFarlane
David Inglefield
Karen Darbasie
Sterling Frost ORTT
*Colin Wharfe

**Colin Wharfe was appointed as a Director on 1 January 2023*

Registered Office

17 Wainwright Street,
St Clair, Trinidad, WI
Tel: (868) 622-3247
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FIRST CITIZENS PORTFOLIO & INVESTMENT MANAGEMENT SERVICES LIMITED

Board of Directors

Anthony Isidore Smart – Chairperson
Ryan Proudfoot
Karen Darbasie
Shiva Manraj
Idrees Omardeen

Registered Office

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FIRST CITIZENS BROKERAGE & ADVISORY SERVICES LIMITED

Board of Directors

Ryan Proudfoot – Chairperson
Idrees Omardeen
Jason Julien
Karen Darbasie

Registered Office

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FIRST CITIZENS BANK (BARBADOS) LIMITED

Board of Directors

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

Registered Office

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FIRST CITIZENS FINANCIAL SERVICES (ST LUCIA) LIMITED

Board of Directors

Courtenay Williams – Chairperson
Dunstan Duboulay
Karen Darbasie
Shiva Manraj
Robin Lewis

Registered Office

Noble House, 6 Brazil Street,
Castries, St Lucia, WI
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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
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A man with short grey hair and glasses, wearing a dark grey suit, a light blue shirt, and a red patterned tie, stands with his hands clasped in front of him. He is smiling slightly. The background is a vibrant, abstract composition of overlapping shapes in shades of green, yellow, orange, and blue. A large, textured yellow rectangle is positioned to the left of the man, containing the text 'CHAIRPERSON'S REPORT' in white, bold, sans-serif capital letters.

CHAIRPERSON'S REPORT

CHAIRPERSON'S REPORT

GROUP PERFORMANCE

I am pleased to report that First Citizens Group Financial Holdings Limited and its subsidiary (collectively known as the First Citizens Group) recorded a 15.9% increase in Profit Before Taxation (PBT) moving from \$923 million to \$1.07 billion for the year ended 30 September 2023. The First Citizens Group also recorded Profit After Taxation (PAT) of \$777 million for the year ended 30 September 2023. This figure represents an increase of 5.9% in PAT when compared with that for the year ended 30 September 2022.

As at 30 September 2023, the First Citizens Group's total assets stood at \$44.8 billion, a slight decrease of 1.4% when compared to 30 September 2022. Loans to customers increased by over \$1.2 billion or 6.4% to \$20.1 billion as at the end of the financial year.

Our earnings per share increased to \$3.08 for the year ended 30 September 2023. Accordingly, the Board has declared a dividend payment of 68 cents per ordinary share for the final quarter of the financial year. This dividend will be paid on 28 December 2023 to all shareholders on record as at 13 December 2023. When paid, this will bring the total dividend payment for the financial year 2023 to \$2.00 per ordinary share compared with \$1.60 for the financial year ended 2022. This represents a year on year increase of 25% in dividends to our valued shareholders.

These accomplishments were reflected, in October 2023, by Standard and Poor's rating of First Citizens Bank Limited of BBB-/A-3 with a stable outlook.

INTERNATIONAL OVERVIEW AND OUTLOOK

The global economy continues its slow recovery from the profound impacts of the COVID-19 pandemic, the Russia-Ukraine conflict, and the ongoing challenges posed by inflation. Despite signs of stabilisation towards the end of 2022, global economic activity remains subdued, while efforts to rein in both headline and core inflation showed gradual progress. As per the latest World Economic Outlook released in October 2023, the International Monetary Fund (IMF) has revised its projections, indicating a projected slowdown in global growth from 3.5% in 2022 to an estimated 3.0% in 2023, followed by a 2.9% expansion in 2024. However, this trajectory still falls significantly below the historical average, signifying persistent challenges faced by the global economy.

Growth in the advanced economies is expected to slow from 2.6% in 2022 to an estimated 1.5% in 2023 and 1.4% in 2024. Notably, the United States is on an upward trajectory, while the Euro area is anticipated to slow. Emerging markets and developing economies are forecasted to experience a modest deceleration in economic growth, from 4.1% in 2022 to an estimated 4% in both 2023 and 2024.

Inflation globally is expected to decelerate from 8.7% in 2022 to an estimated 6.9% in 2023 and further anticipated to improve to 5.8% in 2024. However, it is not expected to return to target levels until 2025. Tighter monetary policies and reduced international commodity prices are contributing to this decline in prices. However, the economic landscape remains fragile due to potential spikes in food

and energy prices from climate and geopolitical shocks.

The global economic outlook is replete with risks, including commodity price fluctuations, geopolitical tensions, persistent high inflation, and weakened fiscal buffers. Additionally, monetary policy adjustments could negatively impact emerging markets. Thoughtful risk management and policy responses are imperative in navigating this complex landscape.

REGIONAL

The Caribbean region is anticipated to experience a reduction in real GDP growth in both tourism-dependent and commodity-exporting countries. For tourism-dependent nations, the GDP growth rate was 9.0% in 2022, but projections for 2023 indicate a decrease to 3.2%, further declining to 2.3% in 2024. Similarly, the commodity exporters exhibited a growth rate of 17.1% in 2022. However, projections for 2023 suggest a decline to 13.6%, with a further decrease to 11.6% in 2024, as reported in the IMF Regional Economic Outlook in October 2023.

Guyana experienced remarkable economic growth and has consistently outperformed global growth over the past few years. In 2022, the IMF reported substantial growth of 62.3%, a significant increase from the 20.1% recorded in 2021. In 2023, the Guyanese economy is expected to further expand by 38.4%, and to continue the trend in 2024, with growth of 26.6%, solidifying its position as the fastest-growing economy in the Caribbean. Notably, countries like Barbados (with a projected growth of 4.5% in 2023 and 3.9% in 2024), St Lucia (3.2% in 2023 and 2.3% in 2024), and St Kitts and Nevis (6.2% in 2023 and 5.0% in 2024) contribute to the overall outlook for the region, primarily driven by a tourism-led recovery. However, there remains considerable risks to the Caribbean outlook, including lower growth in key trading partners, commodity price volatility and challenges with citizenship by investment programmes, which have come under greater international scrutiny.

BARBADOS ECONOMIC OVERVIEW AND OUTLOOK

Barbados has experienced continuous economic growth over the past 10 quarters, as reported by the Central Bank of Barbados. Despite a slower pace of 4.5% growth projected for 2023 after a remarkable 13.8% increase in 2022, the economy remains on a sustainable development path, surpassing pre-pandemic levels. The upcoming winter season is anticipated to boost the tourism industry, supported by improved air travel accessibility, though the relatively higher cost of flights may pose a challenge. This growth in tourism is expected to have positive spillover effects on sectors such as retail trade and transportation. Furthermore, significant construction projects slated for late 2023 are poised to contribute to economic expansion and job creation.

In July 2023, Barbados reported a drop in inflation to 4.3% from the previous year's 6.4%, primarily attributed to reduced gasoline and electricity costs. Lower global oil prices in the first nine months and domestic factors like shortages of local vegetables also played a role. Despite expectations of inflation moderating

CHAIRPERSON'S REPORT

in the medium term due to declining international commodity prices, global production cuts by OPEC+ members may exert upward pressure on crude oil prices, potentially impacting inflation.

Barbados faces heightened gross financing needs attributed to a reduced primary surplus and increased debt servicing. In the first half of FY2023/24, the government's financing requirements rose by BBD134.6 million, driven by a decrease in the primary surplus and higher debt servicing payments. The debt-to-GDP ratio decreased to 115.4% as of September 2023, reflecting a 1.2% improvement from the previous fiscal year. Economic activity played a crucial role in this improvement, with various financial inflows contributing to a BBD187.7 million increase in the overall debt level. Standards and Poor's Global Ratings upgraded Barbados' credit rating outlook to positive, affirming 'B-' long-term and 'B' short-term credit ratings, based on expectations of ongoing government economic and fiscal reforms aimed at enhancing fiscal performance and economic growth prospects.

EASTERN CARIBBEAN OVERVIEW AND OUTLOOK

The economies of the Eastern Caribbean Currency Union (ECCU) are heavily dependent on tourism, which significantly impacts both GDP and employment. The region's economic performance is strongly influenced by tourism activity and economic cycles in major source markets such as the USA, Canada, and Europe. In 2022, the ECCU experienced robust GDP growth of 8.9%, but a shift towards more moderate growth is anticipated. According to the IMF, growth is forecasted to reach approximately 4.7% in 2023 and to stabilise around 4% in 2024, primarily attributed to the resurgence of tourism to pre-pandemic levels, serving as the main driver of the region's economic recovery.

Inflation in the ECCU was reported at 6.4% in 2022, with estimations indicating a decline to 3.3% in 2023 and a further decrease to 2.3% in 2024. This downward trend suggests a positive stabilisation in price levels, contributing to economic stability within the region.

Improved economic activity since 2021 has positively impacted the fiscal performance of ECCU countries, aiding in reducing public debt. This growth trend contributes to a decrease in average public debt, aligning with ECCU governments' commitment to lowering debt to 60% of GDP by 2035. As of the end of 2022, the average debt stood at 78%, with projections indicating a decrease to 70.4% by 2024. It remains imperative to implement sustainable fiscal measures and reforms for long-term debt sustainability and transformative growth.

COSTA RICA ECONOMIC OVERVIEW AND OUTLOOK

Costa Rica's economy showed resilience in Q3 2023, posting 5.6% GDP growth, slightly below the previous quarter but significantly exceeding Q3 2022. The Central Bank of Costa Rica (Banco Central de Costa Rica/BCCR) revised its 2023 growth projections to 5.0%, citing robust external demand as the driving factor. Key contributors to GDP growth include exports, household consumption, and capital

formation, particularly in construction, business services, and manufacturing. Looking forward, the BCCR anticipates a moderated GDP growth rate of 4.3% in 2024, propelled by robust exports and a recovery in domestic demand.

Costa Rica experienced deflation in Q3 2023, marked by a -2.2% decline in the consumer price index and a low core inflation of 0.5%, attributed to fading supply shocks and internal factors. The recent decline in inflation has prompted a shift to a neutral monetary policy by mid-2024, following a rate increase to 9% in 2022. The Central Bank aims to continue policy normalisation to align inflation with its target. The current policy rate is 6.25%, down from the peak of 9%.

Costa Rica experienced a substantial drop in unemployment, with the rate falling to 8.1% in September 2023 from 12% in the same period in 2022, according to the National Institute of Statistics and Censuses (INEC).

Costa Rica's external sector has displayed positive developments, with the current account deficit (CAD) reaching 3.7% of GDP in 2022, a slight increase from the previous year. However, various factors, including lower commodity prices, strong export performance especially in tourism, reduced outflows from local pension funds, and significant foreign direct investment (FDI), helped alleviate balance of payments pressures, according to the IMF.

Costa Rica has achieved significant strides in fiscal consolidation and debt reduction, attributed to the 2018 tax reform and disciplined spending measures. The cumulative primary surplus, surpassing the end-2023 target, reached 1.7% of GDP by September 2023. Gross Debt/GDP continues to decline, indicating effective fiscal management and enhanced liquidity buffers. The authorities aim for a 1.85% GDP primary surplus in 2024 to support fiscal sustainability. IMF projections foresee a medium-term primary surplus of 2% of GDP, paving the way for debt reduction to around 50% of GDP by 2035.

Costa Rica's economic outlook remains stable, projecting growth at approximately 5% in 2023 and 4% in 2024. The stable outlook is contingent on effective fiscal management, a manageable deficit increase, and a moderated pace of GDP growth. Access to official financing, including the IMF's Extended Fund Facility and the recently sanctioned Resilience and Sustainability Facility, reinforces funding flexibility and resilience to climate-related challenges.

TRINIDAD AND TOBAGO ECONOMIC OVERVIEW AND OUTLOOK

The Central Statistical Office (CSO) indicates that Trinidad and Tobago's (T&T) real GDP experienced 1.5% growth in 2022, driven by increased output from the non-energy sector, compensating for a slight decrease in the energy sector. This growth marked a significant improvement from the 1.0% contraction observed in 2021. The Ministry of Finance anticipates ongoing growth in both 2023 and 2024, with the economic recovery expected to continue. The latest data as at Q1 2023 shows 3.0% real GDP growth, driven by heightened activity in the non-energy sector, which grew 4.2%, particularly in trade and repairs. The energy sector also displayed marginal improvement, with 0.3% growth, mainly due to a substantial rise in petroleum support services. These positive trends in both sectors signal

CHAIRPERSON'S REPORT

a promising economic outlook for Trinidad and Tobago, supported by the government's projections estimating a growth rate of 2.7% in 2023 and similar rates in 2024 and 2025.

Trinidad and Tobago experienced a decrease in its inflation rate, measured by the Retail Price Index (RPI), dropping to 1.3% in October 2023, as reported by the CSO. Notably, there was a 1.86% increase in the prices of food and non-alcoholic beverages, while alcoholic beverages and tobacco rose by 7.4%. Conversely, clothing and footwear declined by 4.8%, and housing, water, electricity, gas, and other fuels fell by 1.3%. Home ownership also decreased by 1.8%. Concurrently, the unemployment rate showed a positive trend, dropping from 4.9% in Q1 2023 (January to March 2023) to 3.7% in Q2 2023 (April to June 2023), based on the latest CSO data. The labour force increased from 595,200 to 609,800 during the same period, resulting in a rise in the labour force participation rate from 55.2% to 56.2%.

Trinidad and Tobago's Balance of Payments account showed improvement in Q1 2023, displaying a reduced deficit of USD47.8 million compared to the USD227.6 million deficit in the same period the previous year. This positive shift resulted from reduced outflows from the Financial Account and moderate growth in the Current Account balance. As of September 2023, the country's gross official reserves stood at USD6,346.3 million, equivalent to 7.9 months of import cover but also represents a year-to-date decline of 7.1% in the net official reserves of the country. The estimated Net Asset Value (NAV) of the Heritage and Stabilisation Fund (HSF) increased to USD5,502.5 million by 15 September 2023, reflecting a significant rise of USD781.9 million. This increase was attributed to positive returns on the HSF's investments and a deposit of USD182.2 million made in December 2022.

In FY2023, according to Ministry of Finance estimates, total revenue and grants are projected to reach TTD53.8 billion (or 27.8% of GDP). Total Expenditure is expected to amount to TTD57.2 billion (or 29.6% of GDP). Consequently, Central Government operations are estimated to incur an overall deficit of TTD3.4 billion (or 1.8% of GDP). Concurrently, Total General Government Debt increased from TTD137.8 billion in fiscal year 2022 to TTD142 billion in fiscal year 2023.

In September 2023, the Central Bank's Monetary Policy Committee kept the repo rate stable at 3.5% due to steady domestic growth, declining inflation, and robust private sector credit growth. In Q2 2023, Trinidad and Tobago's credit market demonstrated robust growth, as reported by the CBTT. Overall financial system credit increased by 7.8% in the twelve months leading up to June 2023, up from 6.4% in March 2023. Notably, key loan categories showed accelerated growth rates: business lending rose 7.3%, consumer loans grew by 8.1%, and real estate mortgage loans by 6.3%, all on a year-on-year basis. Concurrently, banking system liquidity remained consistently high throughout the year, with commercial banks' reserves at the Central Bank surpassing required levels, averaging TTD6.3 billion daily by the end of August 2023.

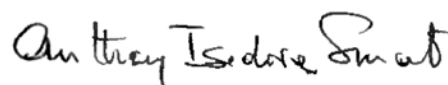
On 10 July 2023 – Moody's affirmed the Government of Trinidad & Tobago's long-term local and foreign currency issuer and senior unsecured ratings at 'Ba2', while upgrading the outlook to 'positive' from 'stable'. The positive outlook

reflects increased confidence in the country's ongoing fiscal consolidation, driven by energy windfall gains and sustained by structural spending and revenue measures. Caribbean Information and Credit Rating Services Limited (CariCRIS) reaffirmed the Government of the Republic of Trinidad and Tobago's (GORTT) credit ratings as 'CariAA' (Foreign and Local Currency Ratings) on its regional scale, signifying a high creditworthiness compared to other Caribbean entities.

Trinidad and Tobago's economic outlook remains stable, building on 1.5% real GDP growth in 2022, driven by non-energy sector expansion and a slight improvement in the energy sector. The Ministry of Finance foresees continued growth in the near-term, supported by a 3.0% real GDP growth in Q1 2023, fuelled by heightened non-energy sector activity. The positive trajectory is reinforced by government projections estimating a 2.7% growth rate in 2023 and similar rates in 2024 and 2025. However, challenges persist, given the fiscal dependence on energy markets, the tight foreign exchange market and heightened social vulnerabilities, particularly exacerbated by crime. Nevertheless, Trinidad and Tobago's economic trajectory remains fundamentally stable.

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
Chairperson



**GROUP
CHIEF
EXECUTIVE
OFFICER'S
REPORT**



“On 13 September 1993, we didn’t just open our doors, we opened the eyes of a nation to its potential. Today we’ve made it to 30 because of those who dared to believe that we had what it took to give the people of Trinidad and Tobago a bank that they could own, build and grow with.”

– Karen Darbasie

TO ALL OUR STAKEHOLDERS

I am extremely honoured to provide the following summary on the operations of our First Citizens Group Financial Holdings Limited and its Subsidiary (the Group) for fiscal 2023. This year is especially significant as we celebrate 30 years of “putting you first”. We proudly celebrated this milestone with customers, staff, and our Corporate and Social Responsibility (CSR) Partners.

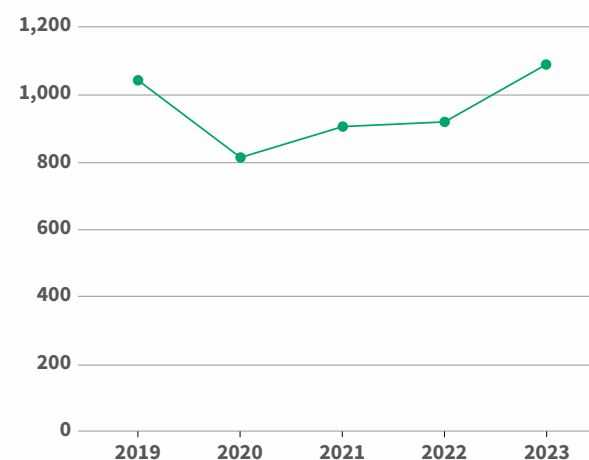
As the challenges presented themselves over the years, one thing has remained constant – our resilience. Together we have strived, conquered, and built in-roads to uplift our communities, all the while keeping pace with business trends and growth opportunities. Our financial results continued its upward trend this year; but, more importantly, our commitment and passion to serve you has also grown.

First Citizens Bank was internationally recognised this year; earning two titles in Euromoney’s 2023 Awards – (1) Best Bank for CSR in Trinidad and Tobago and (2) Best Bank for Digital Solutions in Trinidad and Tobago. LatinFinance also awarded us the 2023 Bank of the Year – Trinidad and Tobago. In addition to these achievements, Standard and Poor’s rated First Citizens Bank Limited BBB-/A-3 with a stable outlook. Sincere appreciation to all who contributed to these results.

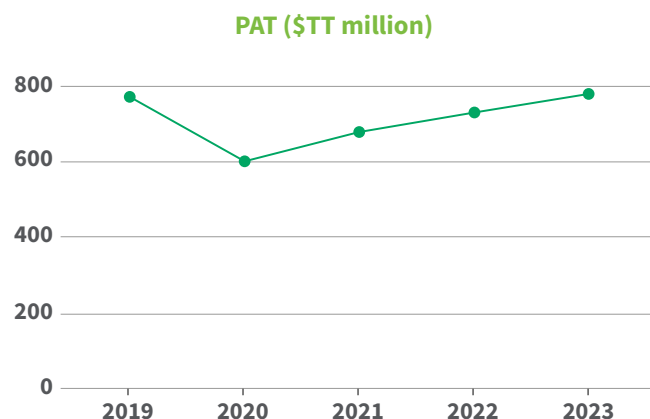
FINANCIAL REVIEW

For the financial year ended 30 September 2023, Profit before Tax (PBT) increased significantly by approximately 16% moving from \$923 million to \$1.07 billion. After tax profits increased by 5.9% from \$734 million to \$777 million.

PBT (\$TT million)



GROUP CHIEF EXECUTIVE OFFICER'S REPORT



The total dividend payout for the year of \$2.00 per ordinary share is a 25% increase compared to fiscal 2021/2022.

Year ended 30 September	2023	2022	% change
	\$'M	\$'M	
Profit before taxation	1,070	923	15.95%
Profit after taxation	777	734	5.89%
Total assets	44,796	45,439	-1.41%
Loans to customers	20,090	18,887	6.37%
Investment securities	12,300	13,203	-6.8%
Customers' deposits	28,656	28,371	1.0%
Total shareholders' equity	8,164	7,899	3.4%

Considerable team efforts bolstered growth in our Loan portfolio by 6.4% or \$1.2 billion, closing at \$20.1 billion. Our 2022 strategy to reduce our exposure to interest rate volatility extended into 2023, resulting in a 6.8% or \$903 million decrease in our Investment portfolio. Customer deposits grew by 1.0% or \$285 million.

Our subsidiaries also performed admirably this year, making significant contributions to the Group's PBT – First Citizens Investment Services (FCIS) Group (\$175.2 million), First Citizens Trustee Services (\$35.0 million), First Citizens Depository Services (\$17.5 million), First Citizens Bank Barbados (\$21.6 million) and First Citizens Financial Services (\$42.2 million).

BUSINESS OPERATIONS

The Group's focus on Digital Transformation saw many tangible results over the period. Some of the most notable developments include:

- A Mobile Banking Upgrade
- Availability of eStatements via online banking

- Automated workflows and backend functions
- Electronic signature solutions
- Multi-channel payment solutions

Although the digital age permeates, we recognise the importance of physical contact and the preference of our customers to interact and access our services through multiple channels. Additionally, ATMs that support our responsibility to the differently-abled are now available at strategic locations. These new ATMs are outfitted with industry standard capabilities for the visually impaired, as well as, wheelchair access and cane detection rules. We've also added two new branches – West Vale in Trinidad and Milford Road in Tobago.

With the emergence of a global Environmental, Social and Governance (ESG) thrust, First Citizens took significant steps to strengthen our social conscience and align our investments to globally recognised standards. Under the umbrella of our First Citizens Community programme, our sub-committees (Environment, Sport, Youth Development and Education, Gender and Culture) utilise strong governance standards to ensure that investments are meaningful, and measured by their environmental and social impact. Our First Citizens Community programme puts focus on building a sense of community, serving within the community, as well as, collaborating and meeting the needs of various individual communities. Through this programme, the Group commits to bringing positive change and sustainable impact to the lives of the citizens we serve.

OUTLOOK

There are signs of sustained economic recovery in the domestic and regional economies although the global forecast may be at a much slower pace. Domestic credit is on a steady upward momentum with notable increases in the non-energy sector. Close attention remains on global factors resulting from geopolitical tensions that could negatively affect our operating environment. To counteract these uncertainties, the Group will focus on efforts to grow loans, as well as, short-term investments, while improving our digital capacity and customer focus. The Group continues to be guided by its sound corporate governance, risk management best practices, 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 perseverance and loyalty over this period were instrumental towards all our achievements. Together, we are the proud First Citizens family, ready to take this remarkable institution into the future.

With sincere appreciation and thanks,

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 2023, 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 the 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, the Financial Institution Act (FIA) 2008, the Securities Act 2012 and Trinidad and Tobago Stock Exchange Rules;
- 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
28 November 2023



Shiva Manraj
Group Chief Financial Officer
28 November 2023

TEN-YEAR SUMMARY OF SELECTED FINANCIAL DATA (2014-2023)

TT\$ Million

As at 30 September	2023	2022	2021	2020	2019	2018	2017	2016	Restated 2015	2014
Total Assets	44,796	45,439	46,606	47,446	43,382	42,045	38,958	38,850	37,538	34,858
Total Funding	35,537	36,563	37,466	38,780	35,159	34,264	31,212	31,371	27,872	27,727
Shareholders' Equity	8,164	7,899	7,945	7,421	7,152	6,622	6,752	6,679	6,326	6,241
Total Loans	20,090	18,887	18,083	19,040	18,624	16,015	14,435	13,332	13,831	11,154
Investments	12,300	13,203	15,705	16,464	15,876	15,128	15,690	12,967	12,294	10,442
Profit Before Tax	1,070	923	902	832	1,063	1,010	876	817	791	773
Profit After Tax	777	734	667	607	752	674	642	637	630	627
Non-Performing Loans /Total Loans (%)	3.60%	3.68%	3.97%	3.36%	2.46%	3.33%	2.70%	3.89%	3.39%	4.54%
Efficiency Ratio (%)	56.15%	59.29%	59.43%	54.10%	54.81%	47.23%	53.16%	55.51%	55.80%	54.31%
Capital/Asset (%)	18.2%	17.4%	17.0%	15.6%	16.5%	15.7%	17.3%	17.2%	16.9%	17.9%
ROAA	1.72%	1.58%	1.48%	1.34%	1.76%	1.66%	1.65%	1.67%	1.74%	1.83%
ROAE	9.67%	9.58%	8.84%	8.33%	10.92%	10.08%	9.56%	9.80%	10.03%	10.70%
Effective Tax Rate	27.38%	20.48%	26.05%	27.04%	29.26%	33.27%	26.71%	22.03%	20.30%	18.94%

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 2023.

PRINCIPAL ACTIVITIES

The First Citizens Group – defined as First Citizens Group Financial Holdings Limited (“the Company”) and its subsidiary, First Citizens Bank Limited (“the Bank”). The Bank and its subsidiaries conduct 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 on the Trinidad and Tobago Stock Exchange in which First Citizens Holdings Limited, a company which is beneficially owned by the Government of the Republic of Trinidad and Tobago, holds 60.11% of its ordinary shares.

REGULATION

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

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 these are set in the Governance Highlights section of this report.

ACHIEVEMENTS

The Group's Total Assets stood at \$44.8 billion as at 30 September 2023. Profit after Taxation increased by 5.9% to \$776.8 million in 2023 as compared to \$733.5 million in the previous year. The Profit before Taxation amounted to \$1,069.9 million, as compared to \$922.7 million in 2022. Total Shareholders' Equity recorded was \$8.2 billion.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that to the best of their knowledge, information 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 2023, together with the shareholdings of their connected parties and our ten (10) largest shareholders.

DIRECTOR/SENIOR OFFICER	ORDINARY SHAREHOLDINGS	CONNECTED PARTIES
Anthony Isidore Smart	3,790	Valerie Smart
Troy Garcia	2,373	
Franka Costelloe	390	
Savitree Seepersad	200	
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%
First Citizens Employee Share Ownership Plan	6,513,281	2.59%
T&T Unit Trust Corporation / FUS	6,175,531	2.46%
Guardian Life of the Caribbean Limited	2,646,418	1.05%
Trintrust Limited A/C 1088	2,608,819	1.04%
Republic Bank Limited A/C 3243 01	2,490,941	0.99%
National Enterprises Limited	1,760,556	0.70%
RBTT Trust Limited - T964	1,651,925	0.66%
Republic Bank Limited - 1162 01	1,513,707	0.60%

ACKNOWLEDGEMENT

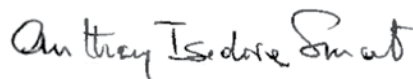
The Board of Directors takes this opportunity to express their sincere appreciation for the excellent support and co-operation received from the Company and its subsidiaries and the continued enthusiasm, dedication and efforts of the employees of the First Citizens Group. We are also deeply grateful 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
Chairperson



An abstract illustration featuring stylized human figures in various colors (green, orange, blue) against a background of soft, blended colors. The figures are depicted in a way that suggests a group of people in a meeting or discussion. A prominent red square is overlaid on the left side of the image, containing the text 'BOARD OF DIRECTORS'.

**BOARD OF
DIRECTORS**



BOARD OF DIRECTORS

Standing (l to r):

Anthony Isidore Smart
(Chairperson)

Jayselle McFarlane

Ryan Proudfoot

Savitree Seepersad

Idrees Omardeen

Courtenay Williams

(Deputy Chairperson)

David Inglefield

Colin Wharfe

Franka Costelloe

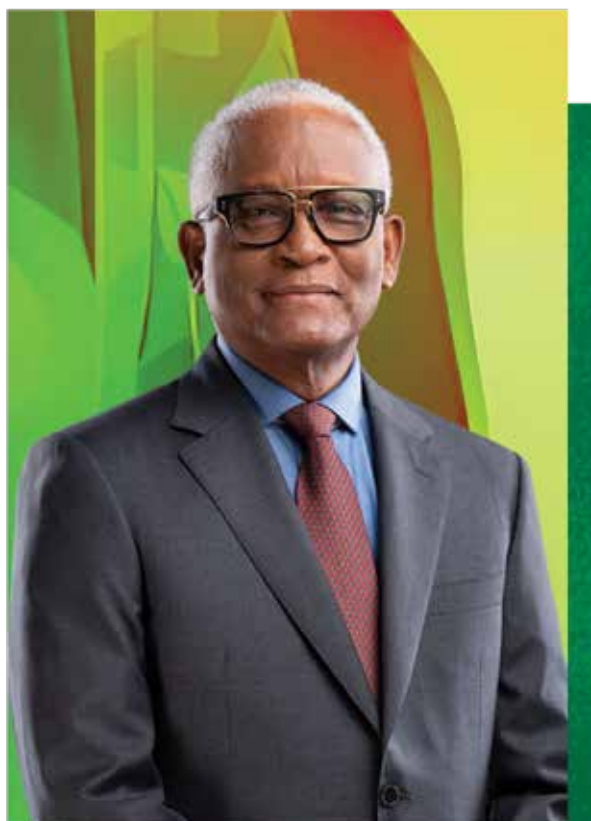
Ingrid Melville

Troy Garcia





THE BOARD PROFILE



Mr Anthony Isidore Smart
Chairperson

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 51 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 1988.

Mr Smart was appointed as Chairperson of the Board of First Citizens Bank Limited on 17 June 2014 and subsequently, as Chairperson 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 Chairperson 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.

THE BOARD PROFILE



Mr Courtenay Williams
Deputy Chairperson

Courtenay Williams is an Attorney-at-Law who has been in practice for 36 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

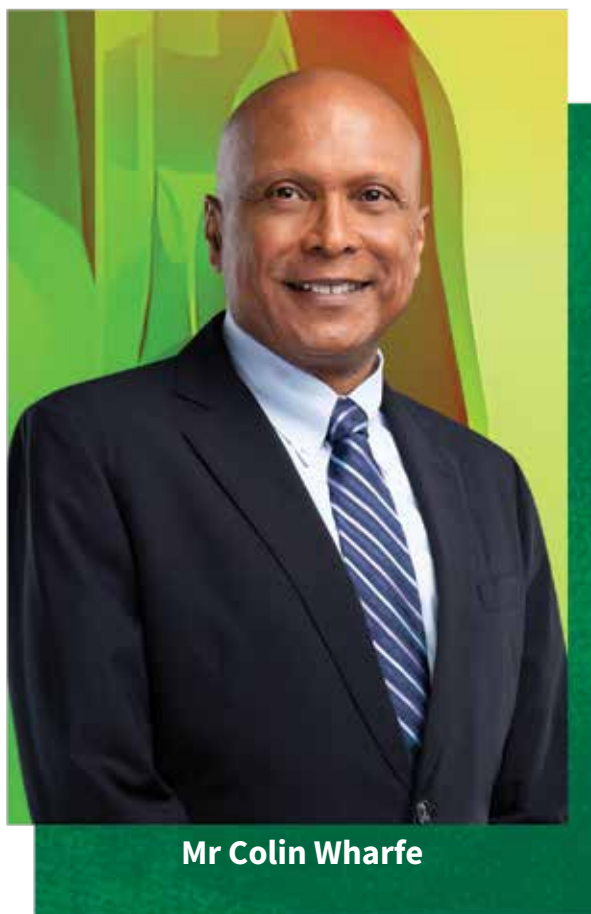
as Deputy Chairperson of First Citizens Bank Limited, Chairperson of the Boards of First Citizens Depository Services Limited and First Citizens Financial Services (St Lucia) Limited and a Director on the Boards of First Citizens Holdings Limited, First Citizens Trustee Services Limited and First Citizens 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.

THE BOARD PROFILE



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 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 VM Group Limited in Jamaica.

Mr Wharfe was appointed to the Board of First Citizens Group Financial Holdings Limited as a Director on 28 September 2022 and subsequently as a Director of the Boards of First Citizens Bank Limited, First Citizens Investment Services Limited and First Citizens Trustee Services Limited.

THE BOARD PROFILE



Mr David Inglefield

Mr David G Inglefield's business career has spanned 50 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.

THE BOARD PROFILE



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 National Manufacturing 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.

THE BOARD PROFILE



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 holds a Master of Business Administration in Finance and 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.

THE BOARD PROFILE



Ms Ingrid Melville

Ingrid Melville is an Attorney-at-Law who has been in practice for 28 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.

THE BOARD PROFILE



Jayselle McFarlane is a member of the Association of Certified Chartered Accountants (ACCA), holds an MBA and is an Accredited Director with the Chartered Governance Institute of Canada. She 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.

Ms McFarlane was appointed to the Board of First Citizens Bank Limited as a Director on 16 June 2016 and subsequently as Deputy Chairperson 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.

THE BOARD PROFILE



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 Chairperson 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.

THE BOARD PROFILE



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 (ICATT). 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 the Executive Director, Investment/Divestment at the Ministry of Finance. Her Public Service career spans 39 years where she provided dedicated service in various positions in the Ministry of Finance. As Executive Director, Investment/Divestment 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 Co-operation 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), a member of Trinidad and Tobago's Permanent Double Taxation Team (PDTT) and 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.

THE BOARD PROFILE



Mr Troy Garcia

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

With over 27 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.

He also sits as the Deputy Chairman on the Board of the National Marine Maintenance Services Company 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. In 2020, Ms Darbasie was appointed by the Government of Trinidad and Tobago to the Roadmap to Recovery Committee to assist in the development of the country's plans for recovery from the disruption caused by the COVID-19 Pandemic.

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

*GROUP DEPUTY CHIEF EXECUTIVE OFFICER
– OPERATIONS AND ADMINISTRATION*

Dr Sterling Frost ORTT, 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 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 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

*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.



A stylized, colorful illustration of a group of people in a meeting. The figures are rendered in solid colors: blue, orange, and green. They are positioned around a table, with some appearing to be in conversation. The background is a mix of light blue, yellow, and green, suggesting a bright, open environment. A dark blue rectangular box is overlaid on the left side of the image, containing the text 'GROUP OVERSIGHT COMMITTEE' in white, bold, uppercase letters.

**GROUP
OVERSIGHT
COMMITTEE**





From left to right:

Larry Olton

General Manager – Operations (Ag)

Avril Edwards

General Manager – Digital and Electronic Services

Sana Ragbir

General Manager – Retail and Commercial Banking

Lindi Ballah-Tull

General Counsel (Group Corporate Secretary)

Anthony St Clair

Chief Internal Auditor – Group Internal Audit



From left to right:

Robin Lewis

General Manager – First Citizens Investment Services

Brian Woo

General Manager – First Citizens Depository Services Limited

Kirlyn Archie-Lewis

General Manager – Group Human Resources

Shiva Manraj

Group Chief Financial Officer

Neela Moonilal-Kissoon

Head – Integration Operations

Sasha Syne

General Manager – Corporate and Investment Banking

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 2023.

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.



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

For the financial year ended 30 September 2023, First Citizens Group reported a profit after tax of \$776.8 million. This profit represented \$43.2 million or 5.9% increase over the \$733.5 million earned in September 2022.

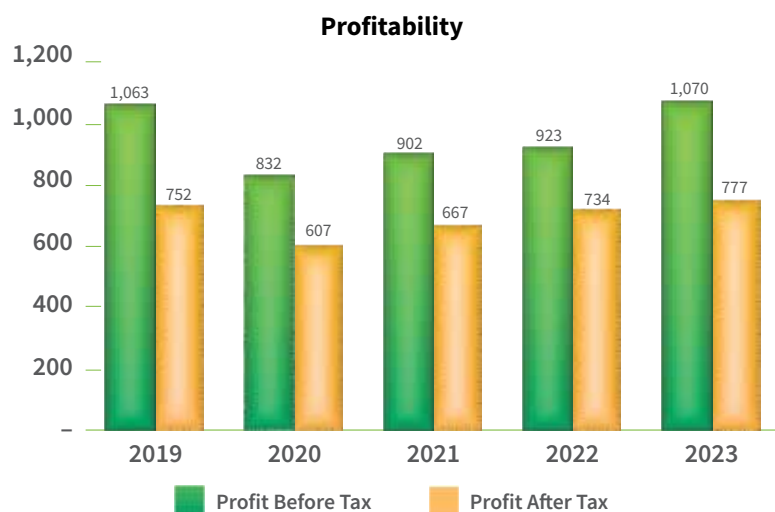


Figure 1 – Historical Profitability

Profit before tax amounted to \$1,069.9 million, as compared to \$922.7 million in 2022, an increase of \$147.1 million or 15.9%.

Total net revenue increased by 15.6% to approximately \$2.5 billion whereas operating or core profit increased by \$149.7 million to \$1,045.7 million (2022: \$896.0 million).

Overall, total assets decreased slightly by 1.4% to \$44.8 billion in 2023. The Group’s funding base also decreased from \$36.6 billion to \$35.5 billion mainly due to the repayment of two (2) matured Bond Payable instruments. Additionally, due to interest rate volatility in the face of rapidly rising interest rates in international financial markets, the Group strategically continued to reduce its investment portfolio from \$13.2 billion to \$12.3 billion in an effort to mitigate the impact of declining investment values. The Group’s focus on loan growth was heightened and resulted in the customers’ net loans and advances increasing by 6.4%, moving from \$18.9 billion to \$20.1 billion.

Net Interest Income

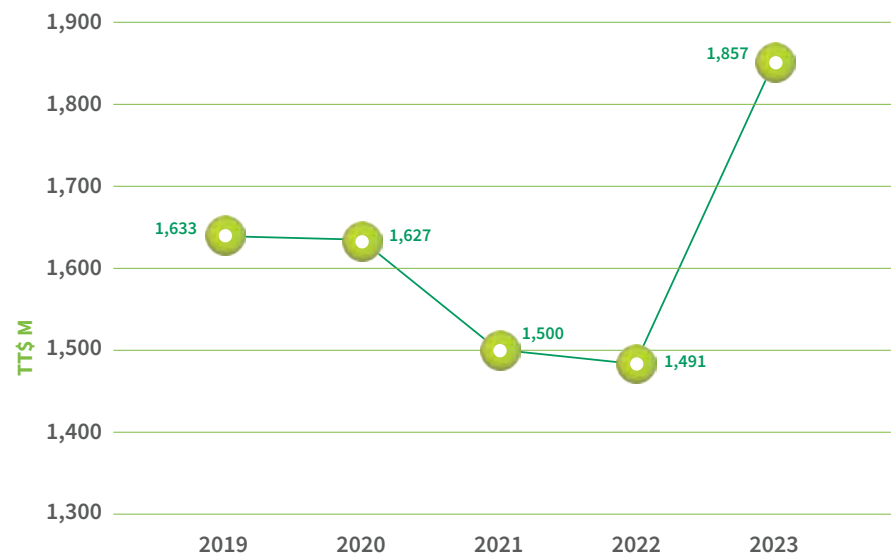
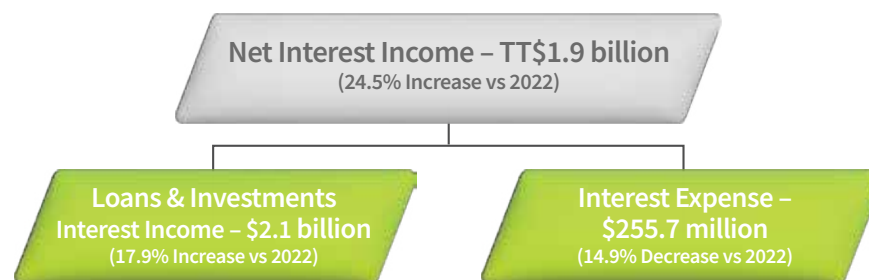


Figure 2 – Historical Net Interest Income

Net interest income continues to be the most significant contributor to the Group’s net income, accounting for 75.1% (2022: 69.7%) of the Group’s total net revenues.



Major Contributors to the increase in net interest income are:

- Loan portfolio average balance increased by \$1.0 billion
- Loan income yields increased to 7.09% from 6.06% in 2022
- Increased investment income yields to 5.50% from 4.43% in 2022
- Other funding (repo) interest expenses decreased by \$11.3 million as a result of a reduction in the cost of funding to 2.12% from 2.28% in 2022
- Reduction in bonds payable average portfolio by \$1.3 billion

Offset by:

- Increase in deposit interest expense by \$4.4 million

MANAGEMENT DISCUSSION AND ANALYSIS

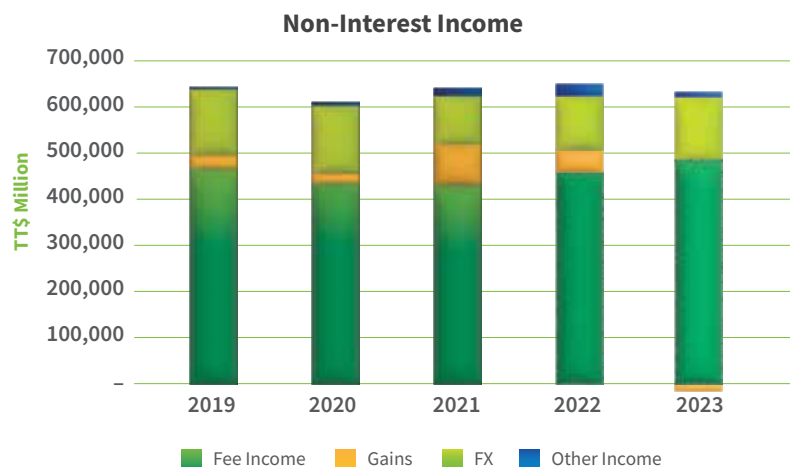
The table below sets forth a summary of changes in interest income and interest expense resulting from changes in volumes (average balances) and changes in rates:

	Year Ended 30 September 2022 vs 30 September 2023				Year Ended 30 September 2021 vs 30 September 2022			
	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	(75,410)	154,421	(18,188)	60,823	(69,359)	28,340	(2,873)	(43,892)
Loans to customers	60,452	195,946	10,344	266,742	(6,288)	12,100	(67)	5,745
Loan notes	(6,347)	(6,347)	6,347	(6,347)	(9,847)	4,270	(2,847)	(8,424)
Total Increase In Interest Income	(21,305)	344,020	(1,497)	321,218	(85,494)	44,710	(5,787)	(46,571)
Interest Expense Attributable to:								
Customers' deposits	(233)	4,640	(24)	4,384	(587)	(16,167)	153	(16,601)
Other funding instruments	(1,122)	(736)	10	(1,848)	(3,030)	1,575	(56)	(1,511)
Due to other banks	(3,514)	352	(28)	(3,190)	(10,341)	2,325	(460)	(8,476)
Debt securities in issue	(27,497)	(21,248)	4,601	(44,144)	(14,150)	2,941	(301)	(11,510)
Total Increase In Interest Expense	(32,366)	(16,992)	4,559	(44,799)	(28,108)	(9,326)	(664)	(38,098)
Increase/(decrease) in net interest income	11,061	361,012	(6,056)	366,017	(57,386)	54,036	(5,123)	(8,473)

MANAGEMENT DISCUSSION AND ANALYSIS

Non-Interest Income

In the year 2023, non-interest income decreased by 5.0% to \$615.2 million, accounting for 24.9% of total net revenues (2022: 30.3%). The major contributors to this decrease were the losses recorded from the disposal of investments compared to gains in 2022 and lower receipt of other income.



Non-Interest Expense

Within this period, we experienced increases in non-interest expenses of \$120.5 million or 9.4%, amounting to \$1,388.4 million as at the end of September 2023. Administrative expenses recorded an increase of \$74.2 million which was due mainly to staff expenses of \$61.0 million and other administrative expenses. Operating expenses increased by \$46.3 million, due mainly to increased credit card expenses and hardware and software license fees.



The Group's efficiency ratio, the ratio of non-interest expenses (excluding impairment provision) to total net revenue, improved significantly to 56.2% in 2023 (2022: 59.3%).

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 \$44.8 billion as at the end of September 2023. There was a decrease shown in investment, which was partly offset by an increase in loans to customers.



The Loan to Customers Portfolio

As at 30 September 2023, the net loan portfolio increased by \$1.2 billion to \$20.1 billion. Loans increased within four (4) major sectors led by hotels & guest houses (\$646.0 million), finance & insurance (\$383.6 million), consumers (\$339.8 million) and mortgages (\$231.7 million). This was partly offset by decrease in construction (\$273.2 million) and other business (\$126.8 million).

As a Group, non-performing loans as a percentage of total gross loans stood at 3.6% at the close of 2023 compared to 3.7% in 2022. 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.

MANAGEMENT DISCUSSION AND ANALYSIS



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 2023 amounted to \$430.5 million, which represents 2.1% of total loans and 0.58 times coverage on the value of total non-performing loans.

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

Investment Portfolio

Investments recorded decreases, the fair value through other comprehensive income category of investments decreased by 7.4% during the year to \$7.7 billion from \$8.3 billion; and the investments in the amortised cost category decreased to \$4.6 billion from \$4.9 billion, a decrease of 5.9%. 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

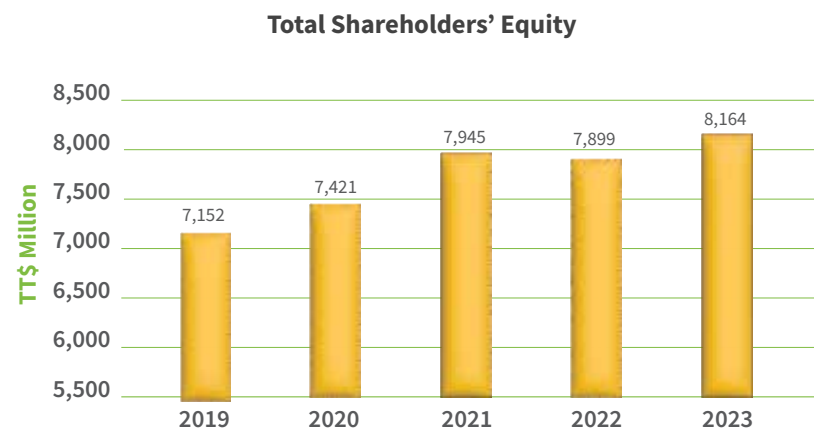
The Group recorded a taxation charge for the year of \$293.1 million compared to \$189.2 million in 2022, representing an effective taxation rate of 27.4% (2022: 20.5%). This increase in effective tax rate was mainly due to a charge related to taxation expense for a prior year.

Shareholders' Equity

Total shareholders' equity increased by \$264.7 million over the last financial year to \$8.2 billion in 2023. The increase in the Group's capital base was mainly due to:

- an increase in retained earnings of \$338.1 million resulting from the net profit for the year of \$776.8 million, net of the dividend of \$438.6 million paid to shareholders.
- partially offset by a decrease in the other reserve, resulting from (a) losses on revaluation of investment securities of \$54.9 million (b) the re-measurement of the defined benefit obligation (\$16.2 million).

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 maintained well capitalised, with a capital adequacy ratio of 18.1% (2022: 18.5%).



MANAGEMENT DISCUSSION AND ANALYSIS

RISK MANAGEMENT

The Group has recognised the need to place emphasis on creating a strong risk management culture in order to evaluate and manage risks balanced with the returns being generated. 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.

An integral part of any control framework is monitoring and assessing its effectiveness over time. The 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 risk taken 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 policies, 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 evaluation of its application and effectiveness. The activities of this department are guided by the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing (the Standards). The procedures of the department have been

MANAGEMENT DISCUSSION AND ANALYSIS

written to ensure adherence to the Standards. In addition, the COSO and COBIT control frameworks are used to assess the effectiveness of the Group's internal controls.

The department has a quality assurance and improvement programme as required by the Standards. This includes internal assessments which consists of ongoing monitoring of the performance of the department and periodic self-assessments. Independent external assessments of the department are also conducted every five years. The last external assessment was completed on 9 September 2022 where the department was rated as "Generally Conforms" with the Standards and the IIA's Code of Ethics. This is the highest rating provided by the Standards. This affirms the department's conformance with the Standards on areas such as independence, objectivity and due professional care in providing assurance on risk management, governance and compliance with policies, procedures, regulations and legislation. The Audit Committee continues to oversee the effectiveness of the Internal Audit department and reviews significant reports prepared by Internal Audit together with Management's responses, ensuring that control weaknesses are addressed by Management.

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 sub-committees 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 in operation and provides a suitable avenue for matters to be escalated and addressed.

CONCLUSION

The First Citizens Group maintained its strong performance in 2023, with notable growth in profitability and consumer loans. Despite the challenges of ongoing global economic activity pressures, the Group has strengthened its position as a strong financial institution. When combined with sound management and corporate governance, the First Citizens Group is well positioned to maintain its position as one of the region's most competitive financial institutions.

A photograph of a group of people in a meeting, overlaid with a green tint. A red rectangular box is centered over the image, containing the text "GOVERNANCE HIGHLIGHTS" in white, bold, uppercase letters.

GOVERNANCE HIGHLIGHTS



GOVERNANCE HIGHLIGHTS

UPDATE ON CORPORATE LEGAL RESTRUCTURE EXERCISE – FIRST CITIZENS GROUP

Phase One of the corporate legal restructure exercise was completed on 15 October 2021. First Citizens Group Financial Holdings Limited (“FCGFH”), continues its trading activity on the Trinidad and Tobago Stock Exchange.

Phase Two of the corporate legal restructure exercise commenced in October 2021 in which the Group sought approval for the transfer of shares from the designated subsidiaries of First Citizens Bank Limited (“Bank”) to FCGFH, in which FCGFH would become the new financial holding company for the First Citizens Group. The Group awaits the approval from the Board of Inland Revenue which is required to facilitate the transfer of the shares from the Bank to FCGFH, in a tax efficient manner, in order to complete Phase Two.

FCGFH continues to operate as a financial holding company with its Board of Directors and an Audit, Risk and Compliance Committee.

The main duties and responsibilities of the Audit, Risk & Compliance Committee (“ARCC”) 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 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 Controls

Evaluate whether management is setting the appropriate “control culture” by communicating the importance of internal controls 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 shall also discuss the Company’s major financial risk exposures and the steps that 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 controls over annual and interim financial reporting, including technology security and control.

Understand the scope of the internal and external auditors’ review of internal controls 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.

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.

GOVERNANCE HIGHLIGHTS

Risk and Compliance

Reviewing 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.

Reviewing and assessing the adequacy of the risk measurement methodologies.

Monitoring the implementation of the Anti-Money Laundering/Counter Financing of Terrorism and Combating 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.

Reviewing 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.

Reviewing 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.

Performing 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 reporting to the Board of Directors about committee activities, issues, and related recommendations.

Providing an open avenue of communication between internal audit, the external auditors and the Board of Directors.

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

Members

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

ESTABLISHING A FRAMEWORK OF EFFECTIVE GOVERNANCE

The Boards and the sub-committees of FCGFH and its subsidiary 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, maintaining oversight on the quality and integrity of financial statements of the Group, including the effectiveness of the internal controls and ensure that the audited financial statements are presented annually to shareholders.
- Through the Corporate Governance Committee, ensuring 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.
- Reviewing and approving the monitoring criteria presented by Executive Management to be used by the Board so as to maintain oversight of critical issues facing the Group.
- Declaring dividends, as appropriate, and approving 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 Chairperson 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.

GOVERNANCE HIGHLIGHTS

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 as 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 ARCC and through regular reporting of 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 Chairperson of the meeting. The Chairperson, with

the guidance of the Secretary at the meeting, reviews the facts surrounding the situation and decides whether a potential conflict of interest situation has arisen. Once a potential conflict of interest situation has been determined, then the affected Director or employee will be excused from the meeting and will therefore, not be present to participate in any discussion or decision in which the potential conflict relates.

Board Performance

In August 2023, the First Citizens Group embarked on an exercise to select an appropriate independent expert to carry out a thorough board and individual Director evaluation. As at the reporting period, we are happy to report that works are underway and we should be able to provide a more fulsome report in our 2024 publication.

Induction and Training of Directors

Directors reviewed the updated Code of Conduct, Ethics and Financial Affairs and completed Anti-Money Laundering and Counter Terrorist Financing Training as part of their annual affirmation to comply with the requirements and values of the Code and obligations by law. The Directors continue to sign the Oath of Secrecy/Confidentiality Undertaking every year, signifying their commitment to keep the Group's confidential and/or material non-public information private. New directors sign a Confidentiality Undertaking upon 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 in 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.

GOVERNANCE HIGHLIGHTS

2. ISO 37000 Governance Standards.
3. Conflicts of Interest.
4. Confidentiality in Banking.
5. Integrity in Public Life Act, 2000.

As part of the Directors' ongoing learning and development, the First Citizens Group provided the opportunity to its Directors to participate in the 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 (3) 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

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

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 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 feedback, where applicable, to the Board Enterprise Risk Management Committee:

- 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.

Members

Franka Costelloe – Chairperson
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. Corporate Governance principles underscore the Committee's fiduciary duty and related responsibilities to remain impartial and exercise sound judgement, while serving on the various boards and board committees. 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 their shareholdings, commitments and obligations external to those current mandates with the First Citizens Group. These updates include information on appointments to other boards, not only for themselves but for parties connected/related to them (refer to Appendix 2 for further details of the key information on Directors). Appendix 3 provides details of all meetings of the Board and sub-committees of FCGFH, the Bank and its subsidiaries held for the fiscal year ended 30 September 2023, along with the attendance of each director or member.

Directors remain eligible for re-election according to FCGFH's By-laws and are assessed in accordance with the criteria for Directors and/or the fit and proper requirements. This is evidenced by completion of the Personal Questionnaire and Disclosure forms, which are filed with the Central Bank of Trinidad and Tobago. Any potential conflicts of interest or matters 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

GOVERNANCE HIGHLIGHTS

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 continues to communicate 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 a listed company, 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 and trades in shares of FCGFH by Directors, Senior Officers and their Connected Parties; and
- The top ten (10) shareholders of FCGFH.

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.

Members

Ryan Proudfoot – Chairperson
David Inglefield – Member
Courtenay B Williams – Member
Colin Wharfe – Member

ACCOUNTABILITY AND ASSURANCE

Audit Committees

Bank and the 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;

GOVERNANCE HIGHLIGHTS

- 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 \$7.75 million (2022/2023) inclusive of VAT. Fees incurred for non-audit work performed by the auditors amounted to \$450,336.00 (2022/2023). 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

In addition to the Audit, Risk & Compliance Committee of FCGFH, 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 – Chairperson
Idrees Omardeen – Member
Ryan Proudfoot – Member
Colin Wharfe – Member

First Citizens Depository Services Limited

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

First Citizens Trustee Services Limited

Idrees Omardeen – Chairperson
Ingrid Melville – Member
David Inglefield – Member
Colin Wharfe – Member

First Citizens Investment Services Limited

Jayselle McFarlane – Chairperson
David Inglefield – Member
Karen Darbasie – Member
Colin Wharfe – Member

First Citizens Bank (Barbados) Limited

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

GOVERNANCE HIGHLIGHTS

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.

In November 2022, the First Citizens Group implemented a Board approved Related Parties and Connected Parties Policy as part of improving the overall governance of the Group. The Related Parties and Connected Parties Policy takes into consideration the legislative requirements stipulated in the Securities Act, Chapter 83:02 of the Revised Laws of the Republic of Trinidad and Tobago and the Financial Institutions Act, Chapter 79:09 of the Revised Laws of the Republic of Trinidad and Tobago. The IAS 24 Accounting Standard and general governance best practice.

Transactions with related parties are conducted 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. The Committee 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 – Chairperson
Troy Garcia – Member
Ingrid Melville – Member
Colin Wharfe – Member

Board Credit Committee

Credit risk continues to be one of the top risks faced by all lending institutions, especially in a post COVID-19 environment. The Bank continues to ensure that its credit policies are relevant and are applied consistently by the Group.

Some of the responsibilities of the Board Credit Committee include:

- (a) Approving credit facilities in line with those authorities delegated by the Board as documented under the Group's Credit Policy and Lending Authority Limits;
- (b) Reviewing the quality of the loan portfolio and strategies being implemented to manage the Group's exposure to credit risk;

- (c) Reviewing and approving limits for managing credit exposures for the Group. These include country, industry, sovereign, borrower, risk rating and classification;
- (d) Reviewing and approving models used by credit risk including those for determining risk ratings and loan/investment impairment provisioning;
- (e) 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
- (f) 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 – Chairperson
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

GOVERNANCE HIGHLIGHTS

to Annual Meetings are sent to all shareholders within statutory timelines. FCGFH held its first Annual Meeting on 15 March 2023, in which FCGFH's shareholders confirmed its by-laws and received and adopted its audited financial statements for the year ended 30 September 2022.

At the First Annual Meeting of Shareholders of FCGFH, PricewaterhouseCoopers presented the Independent Auditor's Report. Following the presentation of the said report, and before the resolution to receive the audited financial statements were read, shareholders were provided with the opportunity to direct questions to the external auditors and management.

When directors are to be elected, shareholders holding 5% or more 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 the Annual Meeting or a Special Meeting convened for that purpose for consideration.

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

Customer Centricity

The Customer Centric Committee continues to have oversight of the customer experience initiatives, including digital account opening, loan workflow automation, enhancements to mobile banking and online banking customer experience and the overall promotion of alternative banking channels.

Customer Centric Committee Members

David Inglefield – Chairperson
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 of which recommendations have been fully or partially applied are shown on the following page, in tabular form, in Appendix 1.

Location Updates

On 7 June 2023 the Bank announced the closure of two of its Branches located in Port-of-Spain, namely its West Court Branch and its St Vincent Street Branch. Shortly thereafter, on 12 June 2023 customers and members of the public were welcomed into the newly opened Branch of West Vale, which has been opened with brand new, state of the art premises and friendly staff already serving customers and meeting their needs.

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 Chairperson of the Board should be a non-executive Director and preferably an independent Director. Where the Chairperson 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 THE 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 The 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 Chairperson.	√	See 'Strengthening Relationships with Shareholders' section.

APPENDIX 2

KEY INFORMATION ON DIRECTORS

NAME OF DIRECTOR	DATE OF LAST APPOINTMENT AS DIRECTOR	PRESENT DIRECTORSHIP OR CHAIRPERSONSHIP	DIRECTORSHIP OR CHAIRPERSONSHIP HELD OVER THE PRECEDING THREE YEARS	OTHER PRINCIPAL COMMITMENT	DUE FOR REAPPOINTMENT – ANNUAL MEETING 2024
Anthony Isidore Smart	28 September 2022	<p>First Citizens Group Financial Holdings Limited – Chairperson</p> <p>First Citizens Holdings Limited – Chairperson</p> <p>First Citizens Bank Limited – Chairperson</p> <p>First Citizens Investment Services Limited – Chairperson</p> <p>First Citizens Bank (Barbados) Limited – Chairperson</p> <p>FCCR First Citizens Costa Rica SA – Chairperson</p> <p>First Citizens Portfolio & Investment Management Services Limited – Chairperson</p> <p>Koot Real Estate Limited – Director</p> <p>Eight Moka Fairways Development Limited – Director</p> <p>A&W Isidore Smart Investments Limited – Director</p>	<p>First Citizens Holdings Limited – Chairperson</p> <p>First Citizens Bank Limited – Chairperson</p> <p>First Citizens Investment Services Limited – Chairperson</p> <p>First Citizens Bank (Barbados) Limited – Chairperson</p> <p>FCCR First Citizens Costa Rica SA – Chairperson</p> <p>First Citizens Portfolio & Investment Management Services Limited – Chairperson</p> <p>Koot Real Estate Limited – Director</p> <p>Eight Moka Fairways Development Limited – Chairman</p> <p>A&W Isidore Smart Investments Limited – Director</p>	Gittens, Smart & Company Attorneys-at-Law – Consultant	No

APPENDIX 2

KEY INFORMATION ON DIRECTORS

NAME OF DIRECTOR	DATE OF LAST APPOINTMENT AS DIRECTOR	PRESENT DIRECTORSHIP OR CHAIRPERSONSHIP	DIRECTORSHIP OR CHAIRPERSONSHIP HELD OVER THE PRECEDING THREE YEARS	OTHER PRINCIPAL COMMITMENT	DUE FOR REAPPOINTMENT – ANNUAL MEETING 2024
Courtenay B Williams	28 September 2022	<p>First Citizens Group Financial Holdings Limited – Chairperson</p> <p>First Citizens Holdings Limited – Director</p> <p>First Citizens Bank Limited – Director</p> <p>First Citizens Depository Services Limited – Chairperson</p> <p>First Citizens Trustee Services Limited – Director</p> <p>First Citizens Financial Services (St Lucia) Limited – Chairperson</p> <p>Bocas Lit Fest – Director</p> <p>Electrical Industries Limited – Director</p> <p>3 Champs Elysees Limited – Chairman</p> <p>Public Service Commission – Commissioner</p>	<p>First Citizens Holdings Limited – Director</p> <p>First Citizens Bank Limited – Director</p> <p>First Citizens Depository Services Limited – Chairperson</p> <p>First Citizens Trustee Services Limited – Director</p> <p>First Citizens Financial Services (St Lucia) Limited – Chairperson</p> <p>Art Society of Trinidad & Tobago – Member</p> <p>Bocas Lit Fest – Director</p>	<p>Colonial Life Insurance Company (Trinidad) Limited – Corporate Secretary</p> <p>Lex Caribbean Attorneys-at-Law – Consultant</p> <p>Hugh Wooding Law School – Associate Tutor</p>	No

APPENDIX 2

KEY INFORMATION ON DIRECTORS

NAME OF DIRECTOR	DATE OF LAST APPOINTMENT AS DIRECTOR	PRESENT DIRECTORSHIP OR CHAIRPERSONSHIP	DIRECTORSHIP OR CHAIRPERSONSHIP HELD OVER THE PRECEDING THREE YEARS	OTHER PRINCIPAL COMMITMENT	DUE FOR REAPPOINTMENT – ANNUAL MEETING 2024
Ryan Proudfoot	3 September 2021	<p>First Citizens Group Financial Holdings Limited – Director</p> <p>First Citizens Bank Limited – Director</p> <p>First Citizens Investment Services Limited – Director</p> <p>First Citizens Brokerage & Advisory Services Limited – Chairperson</p> <p>First Citizens Bank (Barbados) Limited – Director</p> <p>First Citizens Portfolio & Investment Management Services Limited – Director</p> <p>Total Office (2006) Limited – Director</p> <p>Total Office Limited – Director</p> <p>Total Office (Caribbean) Limited – Director</p> <p>Total Office (St Lucia) Limited – Director</p> <p>Total Office (Guyana) Inc – Director</p> <p>CStone Builders Direct Limited – Director</p> <p>AFAB Construction Limited – Director</p> <p>AFAB Interiors Limited – Director</p> <p>Trinre Insurance – Director</p>	<p>First Citizens Bank Limited – Director</p> <p>First Citizens Investment Services Limited – Director</p> <p>First Citizens Brokerage & Advisory Services Limited – Chairperson</p> <p>First Citizens Investment Services (Barbados) Limited – Chairperson</p> <p>First Citizens Bank (Barbados) Limited – Director</p> <p>First Citizens Portfolio & Investment Management Services Limited – Director</p> <p>Total Office (2006) Limited – Director</p> <p>Total Office Limited – Director</p> <p>Total Office (Caribbean) Limited – Director</p> <p>Total Office (St Lucia) Limited – Director</p> <p>Parex Resources (Trinidad) Limited – Director</p>	Total Office Limited – Managing Director	Yes

APPENDIX 2
KEY INFORMATION ON DIRECTORS

NAME OF DIRECTOR	DATE OF LAST APPOINTMENT AS DIRECTOR	PRESENT DIRECTORSHIP OR CHAIRPERSONSHIP	DIRECTORSHIP OR CHAIRPERSONSHIP HELD OVER THE PRECEDING THREE YEARS	OTHER PRINCIPAL COMMITMENT	DUE FOR REAPPOINTMENT – ANNUAL MEETING 2024
Franka Costelloe	3 September 2021	First Citizens Group Financial Holdings Limited – Director First Citizens Bank Limited – Director First Citizens Trustee Services Limited – Chairperson 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 InvestTT Limited – Director Angostura Holdings Limited – Director Angostura Limited - Director Trinidad Distillers Limited – Director	First Citizens Bank Limited – Director First Citizens Trustee Services Limited – Chairperson First Citizens Bank (Barbados) Limited – Director Trinidad & Tobago Manufacturers’ Association – President Pet Life Veterinary Hospital Limited – Director Pet Life North Limited – Director	Lifetime Roofing Limited – Director	Yes
Savitree Seepersad	28 September 2022	First Citizens Group Financial Holdings Limited – Director First Citizens Bank Limited – Director Airports Authority of Trinidad and Tobago – Director Education Facilities Company Limited – Chairperson	First Citizens Bank Limited – Director Seized Assets Advisory Committee – Chairman National Marine and Maintenance Services Company Limited – Director	Ministry of Finance – Executive Director Investment/Divestment	No

APPENDIX 2

KEY INFORMATION ON DIRECTORS

NAME OF DIRECTOR	DATE OF LAST APPOINTMENT AS DIRECTOR	PRESENT DIRECTORSHIP OR CHAIRPERSONSHIP	DIRECTORSHIP OR CHAIRPERSONSHIP HELD OVER THE PRECEDING THREE YEARS	OTHER PRINCIPAL COMMITMENT	DUE FOR REAPPOINTMENT – ANNUAL MEETING 2024
Idrees Omardeen	28 September 2022	<p>First Citizens Group Financial Holdings Limited – Director</p> <p>First Citizens Bank Limited – Director</p> <p>First Citizens Depository Services Limited – Director</p> <p>First Citizens Investment Services Limited – Director</p> <p>First Citizens Brokerage & Advisory Services Limited – Director</p> <p>First Citizens Trustee Services Limited – Director</p> <p>First Citizens Portfolio & Investment Management Services Limited – Director</p> <p>Omardeen School of Accountancy Limited – Director</p> <p>Omardeen Properties Limited – Director</p> <p>Omardeen Professional Bookstore Limited – Director</p>	<p>First Citizens Bank Limited – Director</p> <p>First Citizens Depository Services Limited – Director</p> <p>First Citizens Investment Services Limited – Director</p> <p>First Citizens Brokerage & Advisory Services Limited – Director</p> <p>First Citizens Portfolio & Investment Management Services Limited – Director</p> <p>First Citizens Trustee Services Limited – Director</p> <p>Omardeen School of Accountancy Limited – Director</p> <p>Omardeen Properties Limited – Director</p> <p>Omardeen Professional Bookstore Limited – Director</p>	Omardeen School of Accountancy Limited – Managing Director	No
Jayselle McFarlane	28 September 2022	<p>First Citizens Group Financial Holdings Limited – Director</p> <p>First Citizens Holdings Limited – Director</p> <p>First Citizens Bank Limited – Director</p> <p>First Citizens Depository Services Limited – Deputy Chairperson</p> <p>First Citizens Investment Services Limited – Director</p> <p>Clico Trust Corporation Limited – Deputy Chairman</p> <p>Trinidad and Tobago Housing Development Corporation – Managing Director</p>	<p>First Citizens Holdings Limited – Director</p> <p>First Citizens Bank Limited – Director</p> <p>First Citizens Depository Services Limited – Deputy Chairperson</p> <p>First Citizens Investment Services Limited – Director</p> <p>South West Regional Health Authority – Director</p> <p>Clico Trust Corporation Limited – Deputy Chairman</p>	McFarlane Robertson & Associates – Consultant	No

APPENDIX 2
KEY INFORMATION ON DIRECTORS

NAME OF DIRECTOR	DATE OF LAST APPOINTMENT AS DIRECTOR	PRESENT DIRECTORSHIP OR CHAIRPERSONSHIP	DIRECTORSHIP OR CHAIRPERSONSHIP HELD OVER THE PRECEDING THREE YEARS	OTHER PRINCIPAL COMMITMENT	DUE FOR REAPPOINTMENT – ANNUAL MEETING 2024
Troy Garcia	28 September 2022	<p>First Citizens Group Financial Holdings Limited – Director</p> <p>First Citizens Bank Limited – Director</p> <p>First Citizens Investment Services Limited – Director</p> <p>First Citizens Depository Services Limited – Director</p> <p>FCCR First Citizens Costa Rica SA – Director</p> <p>Parts World Limited – Director</p> <p>High Performance Coatings Limited – Director</p>	<p>First Citizens Bank Limited – Director</p> <p>First Citizens Investment Services Limited – Director</p> <p>First Citizens Depository Services Limited – Director</p> <p>Parts World Limited – Director</p> <p>High Performance Coatings Limited – Director</p> <p>United Bearings and Equipment Agencies – Director</p>	<p>Parts World Limited – Chief Executive Officer</p> <p>High Performance Coatings Limited – Managing Director</p>	No
David Inglefield	3 September 2021	<p>First Citizens Group Financial Holdings Limited – Director</p> <p>First Citizens Bank Limited – Director</p> <p>First Citizens Trustee Services Limited – Director</p> <p>First Citizens Investment Services Limited – Director</p> <p>First Citizens Bank (Barbados) Limited – Director</p> <p>Trinidad Cement Limited – Chairman</p> <p>Oriole Holdings Limited – Director</p> <p>Sygnnet DGT Limited – Director</p>	<p>First Citizens Bank Limited – Director</p> <p>First Citizens Trustee Services Limited – Director</p> <p>First Citizens Investment Services Limited – Director</p> <p>First Citizens Investment Services (Barbados) Limited – Director</p> <p>First Citizens Bank (Barbados) Limited – Director</p> <p>Inglefield, Ogilvy & Mather – Chairman</p> <p>Trinidad Cement Limited – Director</p>	<p>Prince of Wales Trust in the United Kingdom Youth Business of T&T – Member</p> <p>Proman Trinidad and Tobago – Consultant</p>	Yes

APPENDIX 2

KEY INFORMATION ON DIRECTORS

NAME OF DIRECTOR	DATE OF LAST APPOINTMENT AS DIRECTOR	PRESENT DIRECTORSHIP OR CHAIRPERSONSHIP	DIRECTORSHIP OR CHAIRPERSONSHIP HELD OVER THE PRECEDING THREE YEARS	OTHER PRINCIPAL COMMITMENT	DUE FOR REAPPOINTMENT – ANNUAL MEETING 2024
Ingrid Melville	3 September 2021	<p>First Citizens Group Financial Holdings Limited – Director</p> <p>First Citizens Bank Limited – Director</p> <p>First Citizens Trustee Services Limited – Director</p> <p>FCCR First Citizens Costa Rica SA – Director</p> <p>Caribbean People Centered Development Institute – Managing Director</p>	<p>First Citizens Bank Limited – Director</p> <p>First Citizens Trustee Services Limited – Director</p> <p>FCCR First Citizens Costa Rica S – Director</p> <p>Tobago Regional Health Authority – Chairman</p> <p>Caribbean People Centered Development Institute – Managing Director</p>	Ingrid Melville & Company Attorneys-at-Law – Private Practitioner	Yes
Colin Wharfe	28 September 2022	<p>First Citizens Group Financial Holdings Limited – Director</p> <p>First Citizens Bank Limited – Director</p> <p>First Citizens Investment Services Limited – Director</p> <p>First Citizens Trustee Services Limited – Director</p> <p>The Victoria Mutual Building Society, Jamaica – Director</p> <p>The Victoria Mutual Group Limited – Director</p> <p>The Victoria Financial Group Limited – Director</p> <p>United Way of Trinidad & Tobago – Director</p> <p>TT Premier Football League – Chief Executive Officer</p>	<p>The Victoria Mutual Building Society, Jamaica – Director</p> <p>United Way of Trinidad & Tobago – Director</p> <p>The University of the West Indies – Council Member and Audit Committee Member</p>		No

APPENDIX 3 (i)

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

1 October 2022 to 30 September 2023

NAME OF DIRECTOR/ NO. OF MEETINGS HELD	FCGFH BOARD	ARC COMMITTEE
	4	4
Anthony Smart	4	-
Courtenay B Williams	0	-
Ryan Proudfoot	4	4
Franka Costelloe	2	-
Jayselle McFarlane	3	4
Idrees Omardeen	4	4
Troy Garcia	3	-
Savitree Seepersad	2	2
David Inglefield	2	-
Ingrid Melville	4	-
Colin Wharfe	3	-

APPENDIX 3 (ii)

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

1 October 2022 to 30 September 2023

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
	13	5	12	6	9	4	4	2
Anthony Smart	12	-	-	-	-	-	-	-
Courtenay B Williams	8	-	-	5	-	3	3	-
Ryan Proudfoot	12	2	7	4	-	-	-	-
Franka Costelloe	13	-	-	-	9	3	-	-
Jayselle McFarlane	10	5	-	-	-	-	-	2
Idrees Omardeen	13	5	-	-	-	-	-	-
Troy Garcia	13	1 (joint)	11	-	-	-	3	2
Savitree Seepersad	10	-	-	-	8	-	-	-
David Inglefield	10	0 (joint)	10	5	6	-	-	2
Ingrid Melville	11	1 (joint)	-	-	6	4	1	-
Colin Wharfe	10 (out of 10)	4 (out of 4)	-	5 (out of 5)	-	-	3 (out of 3)	-

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	MS
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

A stylized, abstract illustration of a group of people in a meeting or conference. The figures are rendered in a limited color palette of reds, oranges, yellows, and greens, with a soft, painterly texture. They are arranged in a loose circle, suggesting a collaborative environment. The background is a gradient of light green and yellow. A dark green rectangular box is overlaid in the center, containing the text.

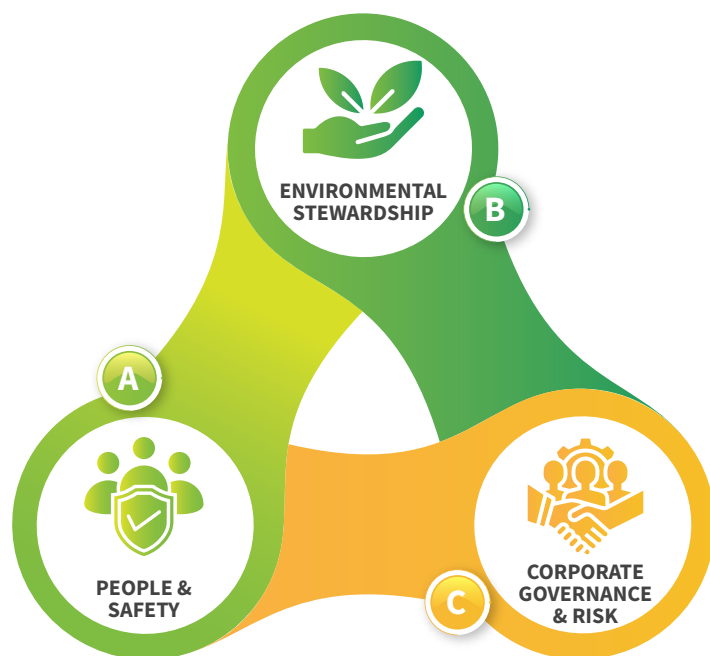
**ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE**



SUSTAINABILITY FOCUS FOR THE FIRST CITIZENS GROUP

At First Citizens, we believe that sustainable business practices are essential to lasting positive outcomes for people and the planet and the sustainable development of our business. In furtherance of this goal, the Group is establishing certain areas of focus in accordance with best practice and international standards, including the Sustainability Accounting Standards Board, the Global Reporting Initiative, the United Nations Environment Programme, Finance Initiative Principles of Responsible Banking and the European Union Corporate Sustainability Reporting Directive.

Our sustainability commitments are identified as summarised below:



PEOPLE & SAFETY

We recognise that the success and sustainability of our institution are intrinsically tied to the well-being and satisfaction of our employees, suppliers, customers, investors, and the communities we serve. We understand that ensuring the safety and well-being of our employees, customers, and partners is fundamental to building trust and maintaining a resilient organisation.



ENVIRONMENTAL STEWARDSHIP

As an institution with a national and regional presence and influence, we understand the critical role we play in safeguarding the environment for future generations. We seek to integrate environmental considerations into our business practices and strive to minimise our ecological footprint.

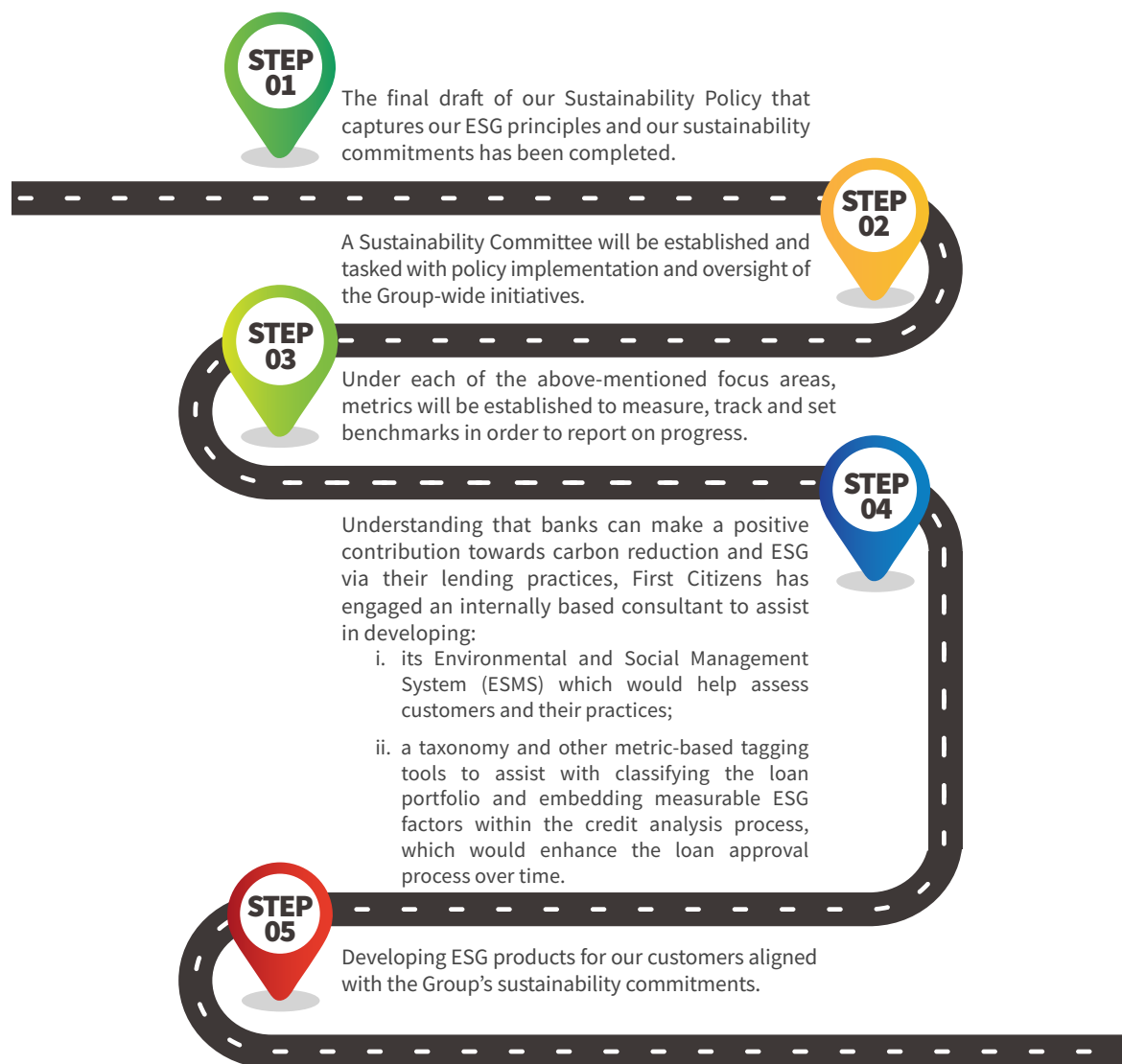


CORPORATE GOVERNANCE & RISK

We commit to running our operations with ethics, accountability, and effective decision-making. Risk management is integral to our strategy, as we commit to identify, assess, and mitigate potential risks across all aspects of our operations. Our dedication to corporate governance and risk empowers us to sustainably deliver on our mission as a trusted financial institution.

ROADMAP AHEAD

The next steps in our roadmap towards sustainability:



We recognise our responsibility to contribute to a sustainable world, while positioning the Group for long-term success.

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:



Under the astute chairpersonship 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



ENVIRONMENTAL, SOCIAL AND GOVERNANCE

GENDER COMMITTEES

Committed to bridging the gap of inequity between the genders, the First Citizens Foundation strives to empower women and men to fulfil their highest potential as gender inequality and imbalances of power have long been a concern for the global community. The focus on gender as a CSR pillar has allowed the Group to create socially impacting programmes which further this agenda. These include: The First Citizens Women Conference, First Citizens Girls First Festivals, The First Citizens Fund for The Advancement of Women, First Citizens Boys Symposium.

Young Men's Development Programme Committee (YMDP)

The purpose of the YMDP Committee is to spearhead and achieve the mandate of the Programme to assist young men who may be at risk, in seeing masculinity and gender roles in positive ways, as they work to achieve personal wellness.

External

Prof Emeritus Patricia Mohammed (Chair)
Dexter Charles
Dr Peter Weller

Internal

Daniel Youssef
Gillian Benjamin
Walywn Williams

Advancement Of Women Committee (AOW)

The purpose of the AOW Committee is to undertake programmes that assist in safeguarding and promoting the health and wellbeing of women and children.

External

Dr Jennifer Jones Morales (Chair)
Neville Sandy
Patricia Kong Ting
Prof Emeritus Patricia Mohammed

Internal

Lindi Ballah-Tull
Nola Drayton Smith
Sana Ragbir

CULTURE COMMITTEE

The Culture Committee was established to implement initiatives that promote the best of the unique cultural elements within each territory it serves. Through this, we strive to ensure that the beauty of our rich, diverse cultural tapestry is celebrated as it is these expressions that make us unique and pay tribute to our identity as a people. Our work in this area is reflected in investments made toward the First Citizens Dragon Boys Tassa Group, First Citizens Supernovas Steel Orchestra and The Lydian Singers. We also support Carols by Candlelight (Barbados), Divali Nagar and the Ms Tobago Heritage Personality.

External

John Arnold (Chair)
Bernard Shepherd SC
Rosalind Gabriel
Sonja Dumas

Internal

Avril Edwards
Lorraine Hodges-Ramjit
Nadine Harding-Mohan

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

SPORTS FOUNDATION COMMITTEE

The First Citizens Sports Foundation was registered effective 5 January 2005. The mission of the Committee is to promote the culture of excellence in sport at all levels of society because we believe that great things are possible when we support our community of sportsmen and sportswomen. Through our Committee, we have set up initiatives like the First Citizens Sports Awards and we have also sponsored the UWI Spec Half Marathon, Secondary Schools' Football League (SSFL) and the Colin Hudson Great Train Hike in Barbados.

Our aim is to continually celebrate and highlight the excellence of our Caribbean-born athletes as we recognise that discipline and hard work are learned through participation in sport.

External

Dr Terry Ali (Chair)
Candice Scott
Catherine Ford
Kwame Laurence
Major David Benjamin
Mark Mungal
Willard Harris

Internal

Brian Woo
Jason Ifill

ENVIRONMENT COMMITTEE

The main purpose of the Environment Committee is to strive to make the Foundation a leading example of effective ESG (environmental, social and governance) stewardship and promote initiatives aligned to the Foundation's strategic focus.

We aim to create a positive and lasting legacy that shows us to be responsible corporate citizens, and hope to engender a spirit of mindfulness when interacting with the environment. By our investments in projects such as the First Citizens Play Parks and in our support of the Pointe-à-Pierre Wildfowl Trust, we aim to care for our natural environment, thereby caring for those in it.

External

Prof Laura Roberts-Nkrumah (Chair)
Andre Escalanta

Internal

Amrika Atwell
Julia Maria Daniel
Sharda Beharry
Trevelon George

YOUTH DEVELOPMENT & EDUCATION COMMITTEE

As a corporate social responsibility pillar, our Youth Development and Education Committee works to highlight relevant issues and unlock the vast human potential of our young people. We hold to, and stand by the belief that an investment in the development of the generation to come is one way to ensure that our communities are sustainable.

Through our own projects as well as through strategic partnerships with other stakeholders, the First Citizens Foundation provides opportunities that engender and embolden our youths' capacity for critical thinking and self-expression across various disciplines. We have aimed to accomplish this mandate through the First Citizens National Poetry Slam, First Citizens UWI Internship Programme and First Citizens Junior Calypso Monarch & Roving Tent, for example.

External

Dr Christian Stone (Chair)
Deirdre Charles

Internal

Adanna Branford-Stewart
Curtis Knight
Sharon Alexander



GENDER

Undeniably, there are qualities, approaches and concerns, unique to men, women, boys and girls! Our gender pillar embraces those differences, celebrates the value that each of these groups can bring and provides a platform for offering critical support, which can address their needs.

Through the oversight of the First Citizens Foundation and the work of its two Gender committees, the Young Men's Development Programme Committee and the Advancement of Women Committee, we address a myriad of social issues facing men, women and children, as we empower all to see their purpose, potential and possibilities.

ADVANCEMENT OF WOMEN COMMITTEE (AOW)

The Advancement of Women Committee provides much needed support to institutions that assist women and children affected by domestic violence, abuse and related issues. This assistance is made possible through the kind contributions of holders of the Bank's Purple Credit Card and donations from the Bank, which are managed by the Committee. In the fiscal period ending 30 September 2022, the AOW was able to provide grants totalling over \$400,000 to various non-governmental organisations, as part of a mammoth \$1,521,609 which was distributed to various beneficiaries from 2019 -2022.

Additionally, some of the Committee's key projects included a collaboration with Families in Action to drive awareness on gender-based violence within schools, funding three child support centres in partnership with The Children's Authority and the donation of electronic devices to the Police Service's Gender-Based Violence Unit (GBVU), in collaboration with the Trinidad and Tobago Manufacturer's Association.

COMMITTEE MEMBERS:

EXTERNAL



Dr Jennifer Jones-Morales
(Chair)



Patricia Kong Ting



Prof Emeritus
Patricia Mohammed



Neville Sandy

INTERNAL



Lindi Ballah-Tull



Nola Drayton-Smith



Sana Ragbir

YOUNG MEN'S DEVELOPMENT PROGRAMME COMMITTEE (YMDP)

The Committee spearheads the mandate of our First Citizens Young Men's Development Programme. The programme emerged from the findings of our groundbreaking 2019 Boys Symposium, which revealed the stories of hundreds of young men who expressed a desire to be heard and helped. In response, First Citizens launched its intervention-based YMDP in 2021, enrolling ten young men into its first cohort.

The YMDP has since helped to direct participants toward achieving personal and professional objectives and positive masculine traits through mentorship, internship, vocational opportunities and life-skills workshops. A key aspect of the programme is the valuable opportunity it has afforded male employees of First Citizens, to contribute to the lives of other men by serving as the programme's mentors. The YMDP's first cohort successfully graduated in 2022, and it has since welcomed its second cohort of participants.

COMMITTEE MEMBERS:

EXTERNAL



Prof Emeritus
Patricia Mohammed (Chair)



Dexter Charles



Dr Peter Weller

INTERNAL



Daniel Youssef



Gillian Benjamin



Walwyn Williams

FIRST CITIZENS GIRLS FIRST FESTIVAL

Pioneered by Group CEO, Karen Darbasie, the First Citizens Girls First Festival was launched in 2017. The engaging and educational festival is aimed at building a sense of sisterhood, resilience and high self-esteem among teenaged girls and has impacted hundreds of participants through engaging sessions, interactive

workshops and inspiring conversations. Girls First has become hugely popular among attendees, parents, schools and groups working with young women, as a must-attend experience for fostering growth, leadership development, and meaningful connections.



WOMEN FIRST

First Citizens Women First has provided a forum to inspire, inform and initiate in-depth thinking and dialogue on women’s issues, reaching thousands of women in Trinidad and Tobago and the region, throughout the years. Attracting women of diverse ages and backgrounds, the conference has provided a safe space for critical conversations on a range of issues and has been an inspiring launching

pad for empowering women to lead purpose-driven and successful lives. In 2018, the conference was rebranded Women First – Changing the Narrative, offering a platform for more robust conversations around topics like domestic violence and gender stereotyping, constraints and equality.



SUPPORT FOR MEN AND BOYS

The 2019 Boys’ Symposium marked a pivotal milestone for the Group, in its ongoing efforts to impact the lives of men and boys. The forum provided a collaborative safe-space for conversation, cooperation and problem solving, bringing together hundreds of young men and key stakeholders in the field. Determined to address topics and receive feedback specific to the concerns of men, the findings serve as critical context for the development of the First Citizens Young Men’s Development Programme (YMDP), as an intervention measure, in which the Group has already invested over \$1 million over the last two years, to equip and support at-risk males.

The Group exclusively invited male employees to serve as the programme’s mentors, allowing it to target the growth and development of its male employees, even as they invested in the lives of other men. The mentors have in turn lauded the programme for equipping them with the training and support needed to continue to make a positive impact on other men both within the workplace, and in their communities. Their invaluable contributions have been recognised as part of the Group’s International Men’s Day celebrations, as they continue to be shining examples of exemplary First Citizens men.



A stylized, abstract illustration of a crowd of people. The figures are composed of various colors including red, orange, yellow, blue, and green. The style is flat and graphic. A large green square is overlaid on the center of the image, containing the word 'FINANCIALS' in white, bold, uppercase letters.

FINANCIALS





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 2023, 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 2023;
- 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.

INDEPENDENT AUDITOR'S REPORT *(CONTINUED)*

Our audit approach

Overview

	<ul style="list-style-type: none"> Overall group materiality: TT\$53 million, which represents 5% of profit before taxation.
	<ul style="list-style-type: none"> The group audit included full scope audits of two significant components domiciled in Trinidad and Tobago and an audit of specific account balances in three other components.
	<p>Expected Credit Loss for Stage 3 Loans to Customers</p>

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, First Citizens Bank Limited and one of its components, First Citizens Investment Services Limited and its subsidiaries, were subject to full scope audits for group audit purposes.

In addition, a further three components of First Citizens Bank Limited were subject to an audit of specific account balances, two of which were audited by PricewaterhouseCoopers Trinidad and Tobago. For the other component, which is within the scope of the Group audit, we used a PricewaterhouseCoopers network firm auditor.

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.

INDEPENDENT AUDITOR'S REPORT *(CONTINUED)*

Our audit approach

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\$53 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 those charged with governance that we would report to them misstatements identified during our audit above TT\$2.7 million, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

INDEPENDENT AUDITOR'S REPORT *(CONTINUED)*

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
<p data-bbox="155 552 604 610">Expected Credit Loss for Stage 3 Loans to Customers</p> <p data-bbox="155 649 617 774">Refer to notes 2.e.(i)(c), 3.a.(v) and (xi), and 10 to the consolidated financial statements for disclosures of related accounting policies and balances.</p> <p data-bbox="155 813 600 938">As at 30 September 2023, Stage 3 loans to customers totalled TT\$1.1 billion. The associated provision for impairment amounted to TT\$392 million.</p> <p data-bbox="155 958 625 1470">On an annual basis, the Group assesses Stage 3 loans to customers for potential impairment. The amount of the expected credit loss is determined by assessing 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 past recovery performance and can vary based on product type or seniority of claim. The recoverable value of collateral is calculated by 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.</p> <p data-bbox="155 1489 625 1682">We focused on this area because of the complex and significant judgements made by management over the assessment of the value and timing of the estimated future cash flows that is relevant to the calculation of the expected credit loss.</p>	<p data-bbox="680 823 1213 880">Our approach to addressing the matter involved the following procedures, amongst others:</p> <ul data-bbox="680 900 1247 1286" style="list-style-type: none"> <li data-bbox="680 900 1247 996">• inspected a sample of customer files and agreed data attributes including loan balance, interest rate, collateral value and collateral date to management's listing of Stage 3 loans; <li data-bbox="680 1016 1247 1112">• assessed the reputation, independence, competence and experience of management's valuers; <li data-bbox="680 1132 1247 1190">• compared recorded collateral values to publicly available market price data; and <li data-bbox="680 1209 1247 1286">• recalculated the discounted projected cash flows using the effective interest rate and expected years to liquidate. <p data-bbox="680 1306 1247 1431">The results of our procedures indicated that management's assumptions used in the determination of the expected credit loss for Stage 3 loans to customers were not unreasonable.</p>

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.



Port of Spain
Trinidad, West Indies
30 November 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 30 September	
		2023 \$'000	2022 \$'000
Assets			
Cash and due from other banks	6	6,552,782	6,375,452
Statutory deposits with Central Banks	7	3,735,904	5,152,452
Investment securities			
- Fair value through other comprehensive income	8(a)	7,650,130	8,261,168
- Fair value through profit or loss	8(b)	20,298	20,141
- Amortised cost	9	4,629,349	4,921,739
Loans to customers	10	20,089,527	18,886,554
Other assets	11	639,099	409,713
Investments accounted for using equity method	12	253,822	244,114
Tax recoverable		58,073	120,456
Property and equipment	13	819,127	694,494
Intangible assets	14	269,945	261,087
Defined benefit asset	20	78,274	91,814
Total assets		<u>44,796,330</u>	<u>45,439,184</u>
Liabilities			
Customers' deposits	15	28,656,180	28,371,083
Other funding instruments	16	3,856,576	3,936,352
Due to other banks	17	1,334,461	1,304,140
Creditors and accrued expenses	18	657,829	558,416
Lease liabilities	19	270,599	184,457
Taxation payable		40,748	16,505
Bonds payable	21	1,689,456	2,951,169
Deferred income tax liability	22	126,500	159,755
Notes due to parent company	23	--	58,000
Total liabilities		<u>36,632,349</u>	<u>37,539,877</u>


CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

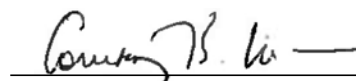
		As at 30 September	
	Notes	2023 \$'000	2022 \$'000
Shareholder's equity			
Share capital	24	458,557	458,557
Statutory reserves	25	1,241,412	1,241,412
Retained earnings		5,605,080	5,266,954
Other reserves	26	858,932	932,384
Total shareholders' equity		<u>8,163,981</u>	<u>7,899,307</u>
Total equity and liabilities		<u>44,796,330</u>	<u>45,439,184</u>

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

On 28 November 2023, the Board of Directors of First Citizens Group Financial Holdings Limited authorised these consolidated financial statements for issue.



Director



Director

CONSOLIDATED INCOME STATEMENT

(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 30 September	
		2023 \$'000	2022 \$'000
Interest income calculated using the effective interest method	27	2,113,003	1,791,785
Interest expense	28	<u>(255,707)</u>	<u>(300,506)</u>
Net interest income		1,857,296	1,491,279
Fees and commissions	29	494,187	461,817
(Losses)/gains from disposal of FVOCI investment securities		(14,410)	43,451
Other income	30	<u>135,383</u>	<u>142,064</u>
Total net revenue		2,472,456	2,138,611
Credit impairment (losses)/write back on loans	10	(56,163)	17,252
Credit impairment write back on investment securities	31	17,735	8,015
Administrative expenses	32	(823,838)	(749,619)
Other operating expenses	33	<u>(564,514)</u>	<u>(518,259)</u>
Operating profit		1,045,676	896,000
Share of profit in joint ventures	12(a)	5,142	3,773
Share of profit in associates	12(b)	<u>19,034</u>	<u>22,947</u>
Profit before taxation		1,069,852	922,720
Taxation	34	<u>(293,102)</u>	<u>(189,212)</u>
Profit after taxation		<u>776,750</u>	<u>733,508</u>
Earnings per share			
Basic		\$3.08	\$2.91
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	
	2023 \$'000	2022 \$'000
Profit for the year	776,750	733,508
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Re-measurement of net defined benefit asset	(16,157)	(41,519)
Net losses on investments in equity instruments designated at fair value through other comprehensive income	(70,853)	(22,507)
Revaluation of property and equipment	--	407
	<u>(87,010)</u>	<u>(63,619)</u>
Items that may be reclassified to profit or loss		
Exchange difference on translation	(2,433)	(5,496)
Net gains/(losses) on financial debt instruments measured at fair value through other comprehensive income	1,581	(276,016)
Losses/(gains) arising on disposal of debt instruments reclassified to profit or loss	14,410	(43,451)
	<u>13,558</u>	<u>(324,963)</u>
Total other comprehensive loss for the year	<u>(73,452)</u>	<u>(388,582)</u>
Total comprehensive income for the year	<u><u>703,298</u></u>	<u><u>344,926</u></u>

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 2022	458,557	1,241,412	932,384	5,266,954	7,899,307
Profit for the year	--	--	--	776,750	776,750
Other comprehensive income for the year	--	--	(73,452)	--	(73,452)
Total comprehensive income for the year	--	--	(73,452)	776,750	703,298
Transactions with owners					
Dividends	--	--	--	(438,624)	(438,624)
Balance at 30 September 2023	<u>458,557</u>	<u>1,241,412</u>	<u>858,932</u>	<u>5,605,080</u>	<u>8,163,981</u>
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	<u>458,557</u>	<u>1,241,412</u>	<u>932,384</u>	<u>5,266,954</u>	<u>7,899,307</u>

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	
		2023 \$'000	2022 \$'000
Profit before taxation		1,069,852	922,719
Adjustments to reconcile profit to net cash provided by operating activities:			
Share of profit in associates		(19,034)	(22,947)
Share of profit in joint ventures		(5,142)	(3,773)
Depreciation	13	90,614	95,000
Interest income		(2,113,003)	(1,791,785)
Interest expense		255,707	300,506
Gain on disposal of property and equipment		(593)	(159)
Loss/(gain) sale of investment securities		14,410	(43,451)
Amortisation of premium/discount on investment securities		(16,018)	8,806
Amortisation of bond issue cost		1,399	2,303
Amortisation of intangible asset	14	25,320	23,180
Net movement in impairment allowance on other financial assets		(34,031)	3,309
Net pension expense	20	43,163	39,569
Net movement in allowance for loan loss		28,598	(38,620)
Cash inflows from operating activities before changes in operating assets and liabilities		(658,758)	(505,343)
Net change in loans to customers		(1,231,573)	(764,512)
Net change in customers' deposits		295,743	(596,360)
Net change in other funding instruments		(79,776)	(25,515)
Interest paid on lease liabilities		(8,486)	(8,603)
Net change in other assets		(172,226)	48,127
Net change in statutory deposits with Central Banks		1,416,549	(565,313)
Dividends received		536	779
Net change in creditors and accrued expenses		117,161	(67,099)
Pension contributions paid	20	(54,480)	(54,125)
Interest received		2,054,984	1,802,578
Interest paid		(273,665)	(309,295)
Purchase of investment securities			
- Fair value through other comprehensive income	8(a)	(5,570,737)	(7,173,697)
- Amortised cost	9	(241,212)	(332,297)
- Fair value through profit or loss	8(b)	(479,880)	(359)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 30 September	
		2023 \$'000	2022 \$'000
Proceeds from sale of investment securities			
- Fair value through other comprehensive income	8(a)	6,095,202	9,287,647
- Fair value through profit or loss	8(b)	483,024	3,494
Proceeds from maturity/redemption of amortised cost investment securities		579,444	283,475
Taxes refund		31,301	--
Taxes paid		(240,298)	(308,099)
Net cash inflows from operating activities		<u>2,062,853</u>	<u>715,483</u>
Cash flows from investing activities			
Repayment on loan notes receivable		--	73,700
Purchase of short-term investments		(804,429)	(445,034)
Proceeds from disposals of short-term investments		445,034	1,010,470
Proceeds from disposal of property and equipment		3,962	1,229
Purchase of intangible assets	14	(34,178)	(57,975)
Purchase of property and equipment	13	(80,544)	(80,643)
Net cash (outflows)/ inflows from investing activities		<u>(470,155)</u>	<u>501,747</u>
Cash flows from financing activities			
Issue of bond payable	21	57,189	53,370
Repayment of bond payable	21	(1,318,902)	(74,172)
Repayment of lease liabilities	19	(49,200)	(34,211)
Repayment of loan note payable		(58,000)	--
Ordinary dividend paid		(435,702)	(388,103)
Preference dividend paid		(2,922)	(2,922)
Net cash outflows from financing activities		<u>(1,807,537)</u>	<u>(446,038)</u>
Net (decrease)/increase in cash and cash equivalents		(214,839)	771,192
Cash and cash equivalents at beginning of period		4,626,277	3,864,595
Effect of exchange rate changes		2,453	(9,510)
Cash and cash equivalents at end of period	6	<u>4,413,891</u>	<u>4,626,277</u>

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. FCGFH is licensed under the Financial Institutions Act 2008 as a financial holding company and registered with the Trinidad and Tobago Stock Exchange Commission. 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.

The Group currently comprises of FCGFH and the following subsidiary:

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 Bank Limited comprises the following subsidiaries:			
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%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

2 Summary of significant accounting policies

These notes provide a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes. 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. The financial statements are for the Group consisting of FCGFH and its subsidiary.

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 net 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 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.
- 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.
- 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 amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

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

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

- 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.
- Amendments 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.
- 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 to IAS 1 – Non-current liabilities with covenants (Effective 1 January 2024). These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
- Amendments to IFRS 16 – Leases on sales and Leaseback (Effective 1 January 2024). The amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
- IFRS S1 – General requirements for disclosure of sustainability-related financial information (Effective 1 January 2024). This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain.
- IFRS S2 – Climate-related disclosures information (Effective 1 January 2024). This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

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 subsidiary as outlined in Note 1. The financial statements of the consolidated subsidiaries used to prepare the consolidated financial statements were prepared as of First Citizens Group Financial Holdings Limited 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

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 been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

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 (2022: 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 (2022: 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 assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income and any non-monetary assets such as equities held at fair value through profit or loss are recognised in profit and loss.

(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 statement of financial position;
- (b) income and expenses for each statement of income and statement of comprehensive income 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. On consolidation, exchange differences arising from the translation of any net investment in foreign entities and of borrowings and other financial instruments designated as hedges of such investments, are recognized in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

2 Summary of significant accounting policies (continued)

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 liabilities when negative.

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
- Held for trading

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 fair value through profit and loss (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. Any gain or loss arising on derecognition is recognized directly in the income statement and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of income.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

2 Summary of significant accounting policies (continued)

e. Financial assets and financial liabilities (continued)

(i) Financial assets (continued)

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.

Held for Trading – 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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

2 Summary of significant accounting policies (continued)

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

(i) *Financial assets (continued)*

(a) *Debt instruments (continued)*

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 cash 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.

(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 from 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

2 Summary of significant accounting policies (continued)

e. Financial assets and financial liabilities (continued)

(i) Financial assets (continued)

(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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

2 Summary of significant accounting policies (continued)

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

(i) *Financial assets (continued)*

(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.

(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;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

2 Summary of significant accounting policies (continued)

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

(ii) Financial liabilities (continued)

(a) Classification and subsequent measurement (continued)

- 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

2 Summary of significant accounting policies (continued)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

2 Summary of significant accounting policies (continued)

j. Lease transactions (continued)

(i) The Group as the lessee (continued)

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.

(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 valuers 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

2 Summary of significant accounting policies (continued)

k. *Property and equipment (continued)*

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

2 Summary of significant accounting policies (continued)

l. *Income tax (continued)*

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 for its employees based in Trinidad and Tobago, 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 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.

FCBB 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

2 Summary of significant accounting policies (continued)

m. *Employee benefits (continued)*

(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 share 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 consolidated 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

2 Summary of significant accounting policies (continued)

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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

2 Summary of significant accounting policies (continued)

p. *Fee and commission income (continued)*

(iii) *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) *Trustee services*

The Group provides trustee services to Trinidad and Tobago pension plan funds, collective investment schemes and other funds. Trustee fees for funds are either calculated based on a percentage of the fund value or market value of the assets, or a flat fee per annum, based on the terms of the individual customer contract. Trustee fees are billed and payable at least quarterly in arrears. Revenue from trustee services is recognised over time as the services are provided.

(v) *Brokerage & advisory services*

Brokerage & advisory fees are generally recognized 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 Group'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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

2 Summary of significant accounting policies (continued)

t. *Dividend distribution*

Dividends on ordinary shares are recognised in equity in the period in which they are approved by FCGFH'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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

2 Summary of significant accounting policies (continued)

w. *Intangible assets (continued)*

(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:-

- o It is technically feasible to complete the software and use it
- o Management intends to complete the software and use it
- o There is an ability to use the software
- o Availability of adequate technical, financial and other resources to complete the development and to use it
- o 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

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. 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 of risk management and the control environment.

To assist the Board of Directors in fulfilling its duties, two Board Sub-Committees of the Bank 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 of the Bank, 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

3 Financial risk management (continued)

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 Bank has established an organisational structure which supports the lending philosophy of the Group. This structure comprises the Board of Directors, the Board Credit Committee (BCC), Senior Management Enterprise Risk Management Committee, the Group Chief Risk Officer (GCRO), 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.

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

3 Financial risk management (continued)

a. Credit risk (continued)

(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 80).

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), Moody's, or Fitch, where available, are used. For sovereigns with no S&P, Moody's or Fitch 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 Group's internal BRR model.

S&P/Moody's/Fitch 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

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 adjusted 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.

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

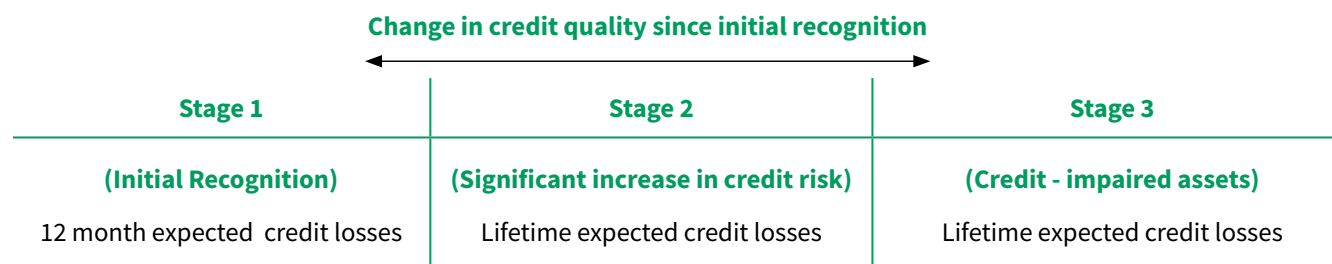
(Expressed in Trinidad and Tobago dollars)

3 Financial risk management (continued)

a. Credit risk (continued)

(iii) Expected credit loss measurement (continued)

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



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	Deterioration or Downgrade equating to Three notches or more 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 Loans (includes Credit Cards)	Commercial/Corporate Loans
Absolute Measure	31 days past due/Classified Special Mention	31 days past due/Classified Special Mention

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

3 Financial risk management (continued)

a. Credit risk (continued)

(iii) Expected credit loss measurement (continued)

Investment securities

Criteria	Hold to Collect/ Hold to collect and Sell Portfolio	Single “B” or High Yield Portfolio
Absolute Measure	PD – 15% or higher	PD – 25% or higher
AND	AND	AND
Relative Measure	One notch downgrade (Research & Analytics Risk Rating investment securities rating scale)	One notch downgrade (Research & Analytics Risk Rating investment securities rating scale)
OR	OR	OR
Absolute Measure	Eurobonds with Trigger 3 CDS Breach.	Eurobonds with Trigger 3 CDS Breach
Special Consideration	Evidence of cash flow strain and implied increased default risk.	Evidence of cash flow strain and implied increased default risk.

The Group has not used the low credit risk exemption for any financial instruments in both the years ended 30 September 2022 and 2023.

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 or higher

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

3 Financial risk management (continued)

a. Credit risk (continued)

(iii) Expected credit loss measurement (continued)

Investment securities

Criteria	Hold to Collect/ Hold to collect and Sell Portfolio	Single “B” or High Yield Portfolio
Absolute Measure	PD – below 12.5%	PD – below 20%
AND	AND	AND
Relative Measure	One notch upgrade (investment securities rating scale)	One notch upgrade (investment securities rating scale)
OR	OR	OR
Relative Measure	No Trigger 3 CDS breach for at least 10 consecutive trading days	No Trigger 3 CDS breach for at least 10 consecutive trading days
Special Consideration	Issuer has met contractual payments consistently for a period of one-year from initial classification of Stage 2	Issuer has met contractual payments consistently for a period of one-year from initial classification of Stage 2

(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.
- 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

3 Financial risk management (continued)

a. Credit risk (continued)

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

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 minimum period of six months.

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.
- 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

3 Financial risk management (continued)

a. Credit risk (continued)

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

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 & Poor's (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 as well as the recoverable value of collateral. LGDs 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 2023, (2022:7 years) for FCTT and fifteen (15) years for FCBB 2023, (2022:14 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.

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 the historical period since inception. This calculation resulted in the identification of five (5) years and seven (7) years for personal and staff overdrafts respectively (2022: 5 years & 8 years) . For commercial and corporate overdraft facilities, the lifetime is taken as one (1) year, as they undergo a robust annual review process.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

3 Financial risk management (continued)

a. Credit risk (continued)

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

Recovery rates

Recovery rates used on loans represent 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. Oil 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

3 Financial risk management (continued)

a. Credit risk (continued)

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

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

RETAIL LOAN PORTFOLIO

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

CORPORATE COMMERCIAL LOAN PORTFOLIO

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

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 2023 were as follows:-

	Base	Upside	Downside
Loans	80%	10%	10%

The weightings assigned to each economic scenario as at 30 September 2022 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. To increase the robustness of the model, Management adopted a bivariate model to determine two MEVs for key sovereigns. 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 2023 incorporated the current global economic conditions, as such the forward-looking scenarios factored in the economic shocks, including tighter monetary policy and sticky underlying inflation pressures.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

3 Financial risk management (continued)

a. Credit risk (continued)

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

Economic assumptions

The most significant period-end assumptions used for the ECL estimate as at 30 September 2023 are set out below. The scenarios “base”, “best” and “worst” were used for the investment portfolios.

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 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):

Unemployment Rates	September 2023		September 2022	
	PDs		PDs	
	-1%	1%	-1%	1%
	\$'000	\$'000	\$'000	\$'000
	(18,484)	33,070	(18,698)	28,403
GDP	LGDs		LGDs	
	-5%	5%	-5%	5%
	\$'000	\$'000	\$'000	\$'000
	(9,339)	10,292	(9,476)	10,230

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

3 Financial risk management (continued)

a. Credit risk (continued)

(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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

3 Financial risk management (continued)

a. Credit risk (continued)

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

(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.

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 short term. However, a discount of 20% was applied to Real Estate collateral values dated prior to 2021 in order to estimate the impact on recoverability due to COVID-19. This does not apply to the Residential Mortgage Portfolio which utilises separate margin criteria.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

3 Financial risk management (continued)

a. Credit risk (continued)

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

(e) Liquidity support agreement (continued)

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 2025. 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 consolidated statement of financial position, the amount of the Promissory Notes due was USD \$113.1M (2022: US \$110.0M) and the Commercial Paper was TT \$275.7M (2022: TT \$267.1M).

(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.

(g) Impairment and provisioning policies

The Group's impairment provision policy is covered in detail in Note 3 a. v.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

3 Financial risk management (continued)

a. Credit risk (continued)

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

	Gross maximum exposure 2023 \$'000	Gross maximum exposure 2022 \$'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	6,552,782	6,375,452
Statutory deposit with Central Banks	3,735,904	5,152,452
Investment securities		
- Fair value through other comprehensive income	7,248,259	7,752,416
- Amortised cost	4,651,301	4,959,757
Loans to customers	20,520,050	19,288,478
Other assets	586,087	357,589
Credit commitments	913,247	635,350
Financial guarantees	<u>160,293</u>	<u>158,631</u>
	<u>44,367,923</u>	<u>44,680,125</u>

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.

(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 2023			Total \$'000
	Stage 1 12-month ECL \$'000	Stage 2 Lifetime ECL \$'000	Stage 3 Lifetime ECL \$'000	
Installment loans	1,832,928	258,433	142,665	2,234,026
Demand loans	494,488	45,247	77,467	617,202
Overdrafts	88,428	757	7,480	96,665
Credit card	599,543	9,552	49,340	658,435
Mortgages	<u>2,526,479</u>	<u>418,959</u>	<u>263,585</u>	<u>3,209,023</u>
Gross loans	5,541,866	732,948	540,537	6,815,351
Loss allowance	<u>(15,574)</u>	<u>(13,316)</u>	<u>(243,477)</u>	<u>(272,367)</u>
Carrying balance	<u>5,526,292</u>	<u>719,632</u>	<u>297,060</u>	<u>6,542,984</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

3 Financial risk management (continued)

a. Credit risk (continued)

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

	Retail			Total
	30 September 2022			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
	\$'000	\$'000	\$'000	\$'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			Total
	30 September 2023			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
	\$'000	\$'000	\$'000	\$'000
Type of facility				
Demand loan	8,825,477	3,854,907	566,816	13,247,200
Overdraft	359,973	58,939	38,587	457,499
Gross loans	9,185,450	3,913,846	605,403	13,704,699
Loss allowance	(5,688)	(3,949)	(148,519)	(158,156)
Carrying balance	9,179,762	3,909,897	456,884	13,546,543

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

3 Financial risk management (continued)

a. Credit risk (continued)

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

	Commercial & Corporate 30 September 2022			Total \$'000
	Stage 1 12-month ECL \$'000	Stage 2 Lifetime ECL \$'000	Stage 3 Lifetime ECL \$'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

	Investments 30 September 2023				Total \$'000
	Stage 1 12-month ECL \$'000	Stage 2 Lifetime ECL \$'000	Stage 3 Lifetime ECL \$'000	Purchased or originated credit impaired \$'000	
Credit rating					
Investment grade	8,747,952	--	--	--	8,747,952
Standard monitoring	2,395,189	22,371	--	--	2,417,560
Special monitoring	--	--	--	734,048	734,048
Gross loans	11,143,141	22,371	--	734,048	11,899,560
Loss allowance	(23,302)	(555)	--	--	(23,857)
Carrying balance	11,119,839	21,816	--	734,048	11,875,703

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

3 Financial risk management (continued)

a. Credit risk (continued)

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

	Investments 30 September 2022				Total \$'000
	Stage 1 12-month ECL \$'000	Stage 2 Lifetime ECL \$'000	Stage 3 Lifetime ECL \$'000	Purchased or originated credit impaired \$'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	--	741,151	12,669,670

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).

	30 September 2023			Retail	30 September 2022		
	Gross Balance \$'000	ECL Allowance \$'000	Carrying Balance \$'000	IG	Gross Balance \$'000	ECL Allowance \$'000	Carrying Balance \$'000
65	291,069	(75,553)	215,516	65	314,164	(91,220)	222,944
80	207,307	(12,601)	194,706	80	231,400	(11,131)	220,269
85	2,198,010	(101,404)	2,096,606	85	2,169,889	(120,115)	2,049,774
90	2,677,438	(19,452)	2,657,986	90	2,291,148	(16,869)	2,274,279
95	686,028	(1,661)	684,367	95	629,165	(1,200)	627,965
98	4,631	(12)	4,619	98	2,338	(3)	2,335
Credit cards	658,436	(55,175)	603,261	Credit cards	636,218	(53,820)	582,398
DDA	92,432	(6,509)	85,923	DDA	39,960	(4,032)	35,928
Gross loans	6,815,351	(272,367)	6,542,984	Gross loans	6,314,282	(298,390)	6,015,892

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

3 Financial risk management (continued)

a. Credit risk (continued)

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

BRR	Commercial & Corporate 30 September 2023							Total \$'000
	1 \$'000	2 \$'000	3 \$'000	4 \$'000	5 \$'000	6 \$'000	7 \$'000	
Gross loans	184	236	3,133,014	3,364,719	3,491,162	2,549,222	395,362	12,933,899
Loss allowance	--	--	(1,225)	(2,624)	(2,799)	(53,809)	(76,723)	(137,180)
Carrying balance	184	236	3,131,789	3,362,095	3,488,363	2,495,413	318,639	12,796,719
IG- ratings	Commercial & Corporate 30 September 2022							Total \$'000
	60 \$'000	65 \$'000	80 \$'000	85 \$'000	90 \$'000	95 \$'000	98 \$'000	
Gross loans	--	76,794	39,224	293,088	334,347	26,714	633	770,800
Loss allowance	--	(16,716)	(673)	(2,626)	(955)	(6)	--	(20,976)
Carrying balance	--	60,078	38,551	290,462	333,392	26,708	633	749,824
BRR	Commercial & Corporate 30 September 2022							Total \$'000
	1 \$'000	2 \$'000	3 \$'000	4 \$'000	5 \$'000	6 \$'000	7 \$'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	Commercial & Corporate 30 September 2022							Total \$'000
	60 \$'000	65 \$'000	80 \$'000	85 \$'000	90 \$'000	95 \$'000	98 \$'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

IG Ratings: These are small commercial loans that were recorded at the Retail Banking level and assessed using the IG ratings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

3 Financial risk management (continued)

a. Credit risk (continued)

(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 2023	Gross exposure \$'000	Impairment allowance \$'000	Carrying amount \$'000	Fair value of collateral held \$'000
Individual (retail customers)				
Instalment loans	142,665	(117,351)	25,314	57,846
Demand loans	77,467	(21,705)	55,762	84,573
Overdrafts	7,480	(7,349)	131	875
Credit cards	49,340	(49,365)	(25)	--
Mortgages	263,585	(47,707)	215,878	301,071
Sub-total	540,537	(243,477)	297,060	444,365
Corporate & Commercial				
Demand loans	566,816	(144,567)	422,249	1,394,986
Overdrafts	38,587	(3,952)	34,635	614,705
Sub-total	605,403	(148,519)	456,884	2,009,691
Total loans to customers	1,145,940	(391,996)	753,944	2,454,056

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

3 Financial risk management (continued)

a. Credit risk (continued)

(xi) Credit-impaired assets collateral held

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	5,056	(4,992)	64	260
Credit cards	47,234	(47,234)	--	--
Mortgages	269,090	(52,602)	216,488	329,062
Sub-total	554,446	(263,865)	290,581	462,873
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	2,288,158

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 2023 \$'000	Credit-impaired (Gross carrying amount) September 2022 \$'000
Lower than 50%	19,465	29,323
50 to 60%	6,084	7,340
60 to 70%	16,269	11,090
70 to 80%	13,891	18,019
80 to 90%	17,963	12,827
90 to 100%	19,702	16,575
greater than 100%	170,211	173,916
Total	263,585	269,090

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

3 Financial risk management (continued)

a. Credit risk (continued)

(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 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 \$15.3M (2022: \$17.4M).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

3 Financial risk management (continued)

a. Credit risk (continued)

(xii) Loss allowance

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 2022	18,614	15,911	263,865	298,390
Movement with P&L Impact				
Transfer from stage 1 to stage 2	(840)	3,829	--	2,989
Transfer from stage 1 to stage 3	(159)	--	9,972	9,813
Transfer from stage 2 to stage 1	248	(1,837)	--	(1,589)
Transfer from stage 2 to stage 3	--	(2,211)	16,830	14,619
Transfer from stage 3 to stage 1	35	--	(5,869)	(5,834)
Transfer from stage 3 to stage 2	--	140	(2,683)	(2,543)
New financial assets originated	3,663	3,667	10,630	17,960
Change in PDs/LGDs/EADs	(1,768)	(2,590)	(9,120)	(13,478)
Repayments	(4,219)	(3,593)	(3,168)	(10,980)
Unwind of discounts	--	--	--	--
FX and other movements	--	--	--	--
Total net P&L charge during the period	(3,040)	(2,595)	16,592	10,957
Other movement with no P&L impact				
Write-offs	--	--	(36,980)	(36,980)
Loss allowance as at 30 September 2023	15,574	13,316	243,477	272,367

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

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 2022	5,346	8,267	89,921	103,534
Movement with P&L Impact				
Transfer from stage 1 to stage 2	(222)	1,390	--	1,168
Transfer from stage 1 to stage 3	(1)	--	384	383
Transfer from stage 2 to stage 1	340	(1,680)	--	(1,340)
Transfer from stage 2 to stage 3	--	(18)	1,817	1,799
Transfer from stage 3 to stage 1	--	--	--	--
Transfer from stage 3 to stage 2	--	--	--	--
New financial assets originated	1,399	1,491	2,345	5,235
Change in PDs/LGDs/EADs	1,631	(307)	56,773	58,097
Repayments	(2,805)	(5,194)	(2,721)	(10,720)
Unwind of discounts	--	--	--	--
FX and other movements	--	--	--	--
Total net P&L charge during the period	342	(4,318)	58,598	54,622
Other movement with no P&L impact				
Write-offs	--	--	--	--
Loss allowance as at 30 September 2023	5,688	3,949	148,519	158,156

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

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 2022	37,241	5,260	--	42,501
Movement with P&L Impact				
Transfer from stage 2 to stage 1	--	--	--	--
Transfer from stage 3 to stage 1	--	--	--	--
Transfer from stage 3 to stage 2	--	--	--	--
New financial assets originated	253	--	--	253
Change in PDs/LGDs/EADs/Collateral App	(13,312)	(2,489)	--	(15,801)
Repayments	(901)	(2,216)	--	(3,117)
FX and other movements	21	--	--	21
Total net P&L charge during the period	(13,939)	(4,705)	--	(18,644)
Other movement with no P&L impact				
Financial assets derecognised during the period	--	--	--	--
Write-offs	--	--	--	--
Loss allowance as at 30 September 2023	23,302	555	--	23,857

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

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 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

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-offs	(222)	--	--	(222)
Loss allowance as at 30 September 2022	37,241	5,260	--	42,501

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

3 Financial risk management (continued)

a. Credit risk (continued)

(xii) Loss allowance (continued)

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 \$1.5M increase in loss allowance measured. In 2022, it resulted in a net increase of the gross carrying amount of the relative books by 9.2%, with a corresponding \$8.8M increase in loss allowance measured.
- The write-off of loans and investments with a total gross carrying amount of \$37.0M resulted in the reduction of the Stage 3 loss allowance by the same amount (2022: \$19.8M).
- There were no derecognition of financial assets for 2023, as a result there were no corresponding impact to the Stage 3 allowance. In 2022, the derecognition was nil, with a corresponding Stage 3 allowance of nil.

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 2023			Total \$'000
	Stage 1 12-month ECL \$'000	Stage 2 Lifetime ECL \$'000	Stage 3 Lifetime ECL \$'000	
Gross carrying amount as at 1 October 2022	4,895,983	863,853	554,446	6,314,282
Transfer from stage 1 to stage 2	(176,207)	146,036	--	(30,171)
Transfer from stage 1 to stage 3	(31,944)	--	23,869	(8,075)
Transfer from stage 2 to stage 1	57,464	(71,064)	--	(13,600)
Transfer from stage 2 to stage 3	--	(75,116)	64,418	(10,698)
Transfer from stage 3 to stage 1	10,438	--	(11,598)	(1,160)
Transfer from stage 3 to stage 2	--	18,606	(20,432)	(1,826)
New financial assets originated	1,763,714	66,365	15,464	1,845,543
Repayments	(977,582)	(215,732)	(48,650)	(1,241,964)
Write-off	--	--	(36,980)	(36,980)
FX and other movements	--	--	--	--
Gross carrying amount as at 30 September 2023	5,541,866	732,948	540,537	6,815,351

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

3 Financial risk management (continued)

a. Credit risk (continued)

(xiii) Gross carrying amount

Commercial & Corporate

	30 September 2023			Total \$'000
	Stage 1 12-month ECL \$'000	Stage 2 Lifetime ECL \$'000	Stage 3 Lifetime ECL \$'000	
Gross carrying amount as at 1 October 2022	8,162,672	4,049,287	762,237	12,974,196
Transfer from stage 1 to stage 2	(687,668)	643,883	--	(43,785)
Transfer from stage 1 to stage 3	(18,049)	--	17,784	(265)
Transfer from stage 2 to stage 1	954,395	(1,003,754)	--	(49,359)
Transfer from stage 2 to stage 3	--	(29,787)	24,956	(4,831)
Transfer from stage 3 to stage 1	--	--	--	--
Transfer from stage 3 to stage 2	--	122,664	(133,945)	(11,281)
New financial assets originated	3,594,910	1,170,467	5,591	4,770,968
Repayments	(2,820,810)	(1,038,914)	(71,220)	(3,930,944)
Unwind of discounts	--	--	--	--
FX and other movements	--	--	--	--
Gross carrying amount as at 30 September 2023	9,185,450	3,913,846	605,403	13,704,699

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

3 Financial risk management (continued)

a. Credit risk (continued)

(xiii) Gross carrying amount (continued)

Investments

	30 September 2023				Total \$'000
	Stage 1 12-month ECL \$'000	Stage 2 Lifetime ECL \$'000	Stage 3 Lifetime ECL \$'000	Purchased or originated credit impaired \$'000	
Gross carrying Balance as at 1 October 2022	11,912,386	58,634	--	741,151	12,712,171
Transfer from stage 1 to stage 2	--	--	--	--	--
Transfer from stage 1 to stage 3	--	--	--	--	--
Transfer from stage 2 to stage 1	--	--	--	--	--
Transfer from stage 3 to stage 1	--	--	--	--	--
Transfer from POCL to stage 1	--	--	--	--	--
New financial assets originated	5,784,824	6,180	--	21,061	5,812,065
Change in PDs/LGDs/EADs	--	--	--	304	304
Repayments	(6,583,871)	(59,135)	--	(46,072)	(6,689,078)
Unwind of discounts	44,017	16,692	--	15,335	76,044
FX and other movements	(14,215)	--	--	2,269	(11,946)
Gross carrying Balance as at 30 September 2023	11,143,141	22,371	--	734,048	11,899,560

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

3 Financial risk management (continued)

a. Credit risk (continued)

(xiii) Gross carrying amount (continued)

Retail

	30 September 2022			Total \$'000
	Stage 1 12-month ECL \$'000	Stage 2 Lifetime ECL \$'000	Stage 3 Lifetime ECL \$'000	
Gross carrying amount as at 1 October 2021	4,600,092	1,129,641	555,298	6,285,031
Transfers:				
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	--	--	--	--
Unwind of discounts	--	--	(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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

3 Financial risk management (continued)

a. Credit risk (continued)

(xiii) Gross carrying amount (continued)

Commercial & Corporate

	30 September 2022			Total \$'000
	Stage 1 12-month ECL \$'000	Stage 2 Lifetime ECL \$'000	Stage 3 Lifetime ECL \$'000	
Gross carrying amount as at 1 October 2021	6,891,172	4,498,857	848,907	12,238,936
Transfers:				
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

3 Financial risk management (continued)

a. Credit risk (continued)

(xiii) Gross carrying amount (continued)

Investments

	30 September 2022				Total \$'000
	Stage 1 12-month ECL \$'000	Stage 2 Lifetime ECL \$'000	Stage 3 Lifetime ECL \$'000	Purchased or originated credit impaired \$'000	
Gross carrying Balance as at 1 October 2021	14,247,380	208,978	12,477	712,827	15,181,662
Transfers:					
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

(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 2023 (2022: Nil). 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

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:

	2023 Gross maximum exposure \$'000	2022 Gross maximum exposure \$'000
Cash and due from other banks	6,552,782	6,375,452
Statutory deposits	3,735,904	5,152,452
Consumer	4,108,794	3,772,228
Agriculture	22,406	35,426
Petroleum	1,118,551	957,922
Manufacturing	603,838	626,560
Construction	1,378,748	1,933,752
Distribution	975,878	952,694
Hotels and guest houses	1,972,158	1,245,074
Transport, storage and communications	1,025,323	1,150,713
Finance, insurance and real estate	5,966,231	5,660,885
Other business services	2,236,245	2,353,986
Personal services	22,333	19,509
Real estate mortgages	3,385,922	3,155,140
Government related	9,603,183	10,136,762
Credit commitments	913,247	635,350
Financial guarantee	160,293	158,631
Other assets	586,087	357,589
Total	44,367,923	44,680,125

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

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 of the Bank who submit reports to the SMERMC on a regular basis and also reports via the Group Enterprise Risk Management Unit to the Bank's 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

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 expressed in TT\$.

	TT\$ \$'000	US\$ \$'000	Other \$'000	Total \$'000
As at 30 September 2023				
Financial assets				
Cash and due from other banks	409,643	5,056,655	1,086,484	6,552,782
Statutory deposits with central banks	3,589,168	13,914	132,822	3,735,904
Investment securities				
- Fair value through other comprehensive income	5,186,631	2,023,792	439,707	7,650,130
- Amortised cost	1,775,406	1,331,046	1,522,897	4,629,349
- Fair value through profit or loss	19,738	158	402	20,298
Loans to customers	11,982,955	6,396,684	1,709,888	20,089,527
Other assets	280,372	270,090	35,625	586,087
Investments accounted for using equity methods	48,264	205,558	--	253,822
Total financial assets	23,292,177	15,297,897	4,927,825	43,517,899
Financial liabilities				
Customers' deposits	19,839,673	5,858,946	2,957,561	28,656,180
Other funding instruments	1,513,437	1,069,800	1,273,339	3,856,576
Due to other banks	200,634	1,106,850	26,977	1,334,461
Lease liabilities	257,275	--	13,324	270,599
Bonds payable	960,755	618,142	110,559	1,689,456
Creditors and accrued expenses	430,375	70,990	156,464	657,829
Total financial liabilities	23,202,149	8,724,728	4,538,224	36,465,101
Net on balance sheet position	90,028	6,573,169	389,601	7,052,798
Off balance sheet items	133,366	24,901	2,026	160,293
Credit commitments	302,101	297,056	314,090	913,247

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

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 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				
- Fair value through other comprehensive income	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

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):

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 decrease by \$17.4M (2022: decrease by \$16.3M). The average change for the last three (3) years was nil (2022: Nil). There were no changes for 2023 (2022: Nil).

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

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.

	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
As at 30 September 2023							
Financial assets							
Cash and due from other banks	5,159,778	135,042	203,457	--	--	1,054,505	6,552,782
Statutory deposits with central banks	13,914	--	--	--	--	3,721,990	3,735,904
Investment securities							
- Fair value through other comprehensive income	402,165	207,043	1,145,577	3,097,888	2,393,597	403,860	7,650,130
- Amortised cost	899	29,686	1,203,097	1,826,884	1,572,664	(3,881)	4,629,349
- Fair value through profit or loss	19,738	--	--	--	--	560	20,298
Loans to customers	1,823,383	941,393	3,228,522	8,596,474	5,500,539	(784)	20,089,527
Investments accounted for using equity methods	--	--	--	--	--	253,822	253,822
Other assets	--	--	--	--	--	586,087	586,087
Total financial assets	7,419,877	1,313,164	5,780,653	13,521,246	9,466,800	6,016,159	43,517,899
Financial liabilities							
Customers' deposits	24,945,453	483,969	1,329,342	316,642	153	1,580,621	28,656,180
Other funding instruments	600,058	742,372	1,621,162	892,984	--	--	3,856,576
Due to other banks	204,638	--	902,846	200,000	--	26,977	1,334,461
Bonds payable	--	--	1,014,125	675,331	--	--	1,689,456
Creditors and accrued expenses	--	--	--	--	--	657,829	657,829
Total financial liabilities	25,750,149	1,226,341	4,867,475	2,084,957	153	2,265,427	36,194,502
Interest sensitivity gap	(18,330,272)	86,823	913,178	11,436,289	9,466,647		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

3 Financial risk management (continued)

b. Market risk (continued)

(ii) Interest rate risk (continued)

	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
As at 30 September 2022							
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							
- Fair value through other comprehensive income	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
Loans 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		

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 \$42.6M (2022: decrease of \$36.2M) and a decrease in reserves of \$309.7M (2022: \$295.3M).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

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 2023, the Group had the following equity positions within the jurisdiction of Jamaica.

	Originating currency JMD '000	Functional currency TTD '000
Equities instruments recognised in OCI		
As at September 30 2023		
Equity instruments	9,795,889	430,040
FX	--	(7,837)
MTM Movement	<u>(2,773,792)</u>	<u>(119,550)</u>
	<u>7,022,097</u>	<u>302,653</u>
As at September 30 2022		
Equity instruments	9,813,140	438,647
FX	--	(7,850)
MTM Movement	<u>(17,251)</u>	<u>(757)</u>
	<u>9,795,889</u>	<u>430,040</u>

Price sensitivity

These securities are listed in Jamaica; if prices for equity securities listed in Jamaica move by 15% (2022: 15%) respectively with all other variables including tax being held constant, the effects on the other comprehensive income would have been plus/(minus) TT\$45.5M in 2023 (plus/minus TT\$64.5M in 2022).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

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 Bank's 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

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.

	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
As at 30 September 2023						
Financial liabilities						
Customers' deposits	26,546,746	492,306	1,342,567	326,485	202	28,708,306
Other funding instruments	806,110	745,013	1,649,831	942,292	--	4,143,246
Bonds payable	3,345	6,584	1,056,720	690,729	--	1,757,378
Due to other Banks	233,399	--	924,063	210,284	--	1,367,746
Lease liabilities	6,452	9,825	44,534	149,308	114,899	325,018
Creditors and accrued expenses	657,829	--	--	---	--	657,829
Total financial liabilities	28,253,881	1,253,728	5,017,715	2,319,098	115,101	36,959,523
Financial assets						
Cash and due from other banks	6,221,026	136,460	201,580	--	--	6,559,066
Statutory deposits with central banks	146,736	--	--	--	3,589,168	3,735,904
Investment securities						
- Fair value through other Comprehensive income	576,758	175,904	1,191,282	3,847,620	2,892,077	8,683,641
- Amortised cost	15,854	62,598	366,322	3,509,099	2,199,784	6,153,657
- Fair value through profit and loss	19,704	--	--	--	--	19,704
Loans to customers	1,233,518	1,162,323	4,196,010	11,130,890	6,635,761	24,358,502
Other assets	586,087	--	--	--	--	586,087
Total financial assets	8,799,683	1,537,285	5,955,194	18,487,609	15,316,790	50,096,561
Net liquidity position	(19,454,198)	283,557	937,479	16,168,511	15,201,689	13,137,038

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

3 Financial risk management (continued)

c. Liquidity risk (continued)

(i) Financial assets and liabilities (continued)

	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
As at 30 September 2022						
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 other Comprehensive income	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

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.

	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
As at 30 September 2023						
Credit commitments	599,157	--	314,090	--	--	913,247
Acceptances	277	13,202	14,284	--	--	27,763
Guarantees	73,952	1,968	16,550	25,024	1,736	119,230
Letters of credit	--	1,665	11,355	280	--	13,300
Capital commitments	--	--	186,348	--	--	186,348
Total	673,386	16,835	542,627	25,304	1,736	1,259,888
As at 30 September 2022						
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

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 2023 totalled \$35.7B (2022 - \$35.0B).

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 requirements 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 with the Central Bank of Barbados quarterly.

The Financial Institution (Capital Adequacy) Regulations 2020 of Trinidad and Tobago 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

3 Financial risk management (continued)

f. Capital management

	2023 '000	2022 '000
Tier 1 Capital		
Share capital	354,957	354,957
Statutory reserve	1,241,412	1,241,412
Capital reserve	187,723	203,880
General reserve	46,438	48,438
Retained earnings	5,605,080	5,266,954
Less: Intangible assets	<u>(269,945)</u>	<u>(261,087)</u>
Total Tier 1	<u>7,165,665</u>	<u>6,854,554</u>
Tier 2 Capital		
Preference shares	103,600	103,600
Eligible reserve provision	<u>30,953</u>	<u>48,137</u>
Total Tier 1	<u>134,553</u>	<u>151,737</u>
Total Capital	<u>7,300,218</u>	<u>7,006,291</u>
Ratios		
Risk adjusted assets (credit, operational & market)	<u>40,242,382</u>	<u>37,853,343</u>
Qualifying capital to risk adjusted assets	<u>18.14%</u>	<u>18.51%</u>
Tier 1 capital to risk adjusted assets	<u>17.80%</u>	<u>18.11%</u>

As at 30 September 2023, the Group and its qualifying subsidiary were in compliance with these requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

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.

Financial assets	Carrying value		Fair value	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Cash and due from other banks	6,552,782	6,375,452	6,552,782	6,375,452
Statutory deposits with Central Banks	3,735,904	5,152,452	3,735,904	5,152,452
Financial instruments				
- Loans to customers	20,089,527	18,886,554	21,733,945	18,631,971
- Investment securities- amortised cost	4,629,349	4,921,739	4,727,912	4,985,576
Other assets	586,087	357,589	586,087	357,589
Financial liabilities				
Customers' deposits	28,656,180	28,371,083	28,722,895	28,409,795
Other funding instruments	3,856,576	3,936,352	4,336,640	4,144,504
Bonds payable	1,689,456	2,951,169	2,951,169	2,341,464
Notes due to parent company	--	58,000	--	58,000
Due to other Banks	1,334,461	1,304,140	1,485,203	1,500,814
Creditors and accrued expenses	657,829	558,416	657,829	558,416

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

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.

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.

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

3 Financial risk management (continued)

g. Fair value of financial assets and liabilities (continued)

(ii) Fair value hierarchy (continued)

The following table shows an analysis of financial instruments measured at fair value by level of the fair value hierarchy:

As at 30 September 2023	Level 1	Level 2	Level 3	Total
Investment securities	\$'000	\$'000	\$'000	\$'000
Fair value through profit or loss				
- Debt securities	--	19,738	--	19,738
- Equity securities	560	--	--	560
	560	19,738	--	20,298
Fair value through other comprehensive income				
- Debt securities	368,693	6,877,661	--	7,246,354
- Equity securities	388,549	2,857	12,370	403,776
	757,242	6,880,518	12,370	7,650,130
Total Investment securities	757,802	6,900,256	12,370	7,670,428

As at 30 September 2022	Level 1	Level 2	Level 3	Total
Investment securities	\$'000	\$'000	\$'000	\$'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 Investment securities	1,200,050	7,067,264	13,995	8,281,309

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

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:-

	Debt Securities \$'000	Equity \$'000	Total \$'000
September 2023			
Opening balance	--	13,995	13,995
Fair value through OCI	--	(1,659)	(1,659)
Exchange	--	34	34
Settlement	--	--	--
	--	--	--
Closing balance	--	12,370	12,370

	Debt Securities \$'000	Equity \$'000	Total \$'000
September 2022			
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

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 would decrease by \$309.7M if the discount rate used in the discounted cash flow analysis is increased by 100 basis points from management's estimates (2022: \$295.3M).

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.

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

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 20.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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

4 Critical accounting estimates and judgements (continued)

e. *Fair valuation of properties* (continued)

The Group engages external, independent and qualified valuers to determine the fair value of the Group's land and buildings, at least every three years (note 4 (a) 13). The last independent valuations were done in August 2021. The valuations for 2023 were performed by management in September 2023.

The valuations are based on current market conditions and thus may change in the future (note 13 (ii)). 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

5 Segment analysis (continued)

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 is as follows:-

Year ended 30 September 2023	Retail banking \$'000	Corporate banking \$'000	Treasury & investment banking \$'000	Trustee & asset management \$'000	Group functions \$'000	Total \$'000
Net interest income	627,003	785,478	438,618	5,502	695	1,857,296
Inter-segment net interest income	87,848	(52,535)	(35,313)	--	--	--
Net fee and commission income	240,444	41,881	124,701	94,848	4,115	505,989
Net foreign exchange gains	34,766	912	91,556	--	747	127,981
Other income	3,704	745	310,671	1,901	449,803	766,824
Total net revenue	993,765	776,481	930,233	102,251	455,360	3,258,090
Impairment (charges)/write back	(6,125)	(52,083)	19,756	24	--	(38,428)
Depreciation and amortisation expense	(64,766)	(448)	(9,048)	(6,934)	(35,444)	(116,640)
Administrative expenses	(251,664)	(29,037)	(198,410)	(27,723)	(212,165)	(718,999)
Other operating expenses	(385,717)	(14,946)	(87,567)	(15,172)	(64,229)	(567,631)
Total non-interest expenses	(708,272)	(96,514)	(275,269)	(49,805)	(311,838)	(1,441,698)
Profit before taxation	285,493	679,967	654,964	52,446	143,522	1,816,392
Income tax expense	(723)	(13)	(275,823)	(16,543)	--	(293,102)
Profit for the year	284,770	679,954	379,141	35,903	143,522	1,523,290
As at 30 September 2023						
Total assets	11,098,701	12,570,480	22,259,328	462,655	6,546,879	52,938,043
Total liabilities	22,077,625	3,884,257	11,781,520	117,249	75,104	37,935,755
Property & equipment	428,919	498	219,445	28,073	142,192	819,127
Intangibles	37,045	--	6,960	649	68,405	113,059

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

5 Segment analysis (continued)

a. Segment results of operations (continued)

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 / (loss) 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 / (loss) 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

5 Segment analysis (continued)

b. *Reconciliation of segment results of operations to consolidated results of operations*

Year ended 30 September 2023	Total management reporting \$'000	Adjustments and eliminations \$'000	Total consolidated \$'000
Net interest income	1,857,296	--	1,857,296
Non-interest income	1,400,794	(785,634)	615,160
Impairment losses	(38,428)	--	(38,428)
Non-interest expenses	(1,403,270)	14,918	(1,388,352)
Operating profit	1,816,392	(770,716)	1,045,676
Share of profit of associates and joint ventures accounted for by the equity method	--	24,176	24,176
Income tax expense	(293,102)	--	(293,102)
Profit for the year	1,523,290	(746,540)	776,750
As at 30 September 2023			
Total assets	52,938,043	(8,141,713)	44,796,330
Total liabilities	37,935,755	(1,303,406)	36,632,349

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

5 Segment analysis (continued)

b. *Reconciliation of segment results of operations to consolidated results of operations (continued)*

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

6 Cash and due from other banks

	2023 \$'000	2022 \$'000
Cash and bank balances	3,130,589	3,909,526
Short-term investments	<u>3,422,193</u>	<u>2,465,926</u>
	<u><u>6,552,782</u></u>	<u><u>6,375,452</u></u>
Short-term investments:		
- 3 months from the date of acquisition	2,617,763	2,020,891
- Maturity over 3 months	<u>804,430</u>	<u>445,035</u>
	<u><u>3,422,193</u></u>	<u><u>2,465,926</u></u>

The average effective interest rate on short-term bank deposits was 1.7% (2022: 1.7%); these deposits have an average maturity of 90 days (2022: 90 days).

Cash and cash equivalents include the following for the purposes of the consolidated statement of cash flow:

Cash and bank balances	3,130,589	3,909,526
Short-term investments – maturity within 3 months	2,617,763	2,020,891
Due to other banks	<u>(1,334,461)</u>	<u>(1,304,140)</u>
	<u><u>4,413,891</u></u>	<u><u>4,626,277</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

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 2023, the current ratio was 14% for First Citizens Bank Limited (2022: 14%) and 9% for First Citizens Depository Services Limited (2022: 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 2023, 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 (2022: 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 2023 and 30 September 2022, the Group and its qualifying subsidiaries were in compliance with these requirements.

8 (a) Investment securities – Fair value through other comprehensive income

	2023 \$'000	2022 \$'000
Listed investments	757,242	1,199,414
Unlisted investments	<u>6,895,757</u>	<u>7,067,201</u>
	7,652,999	8,266,615
Provision for impairment	<u>(2,869)</u>	<u>(5,447)</u>
	<u><u>7,650,130</u></u>	<u><u>8,261,168</u></u>
Debt securities		
Listed	368,693	703,031
Unlisted	<u>6,877,661</u>	<u>7,044,901</u>
	<u>7,246,354</u>	<u>7,747,932</u>
Equity securities		
Listed	388,549	496,383
Unlisted	<u>15,227</u>	<u>16,853</u>
	<u>403,776</u>	<u>513,236</u>
Current portion	1,754,785	2,921,488
Non-current portion	<u>5,895,345</u>	<u>5,339,680</u>
	<u><u>7,650,130</u></u>	<u><u>8,261,168</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

8 (a) Investment securities –Fair value through other comprehensive income (continued)

Unlisted investments include securities of/or guaranteed by the Government of the Republic of Trinidad and Tobago to the amount of \$6,136.8M (2022: \$5,868.9M).

Investment securities totalling \$3,401.7M (2022: \$3,481M) are pledged to secure the repurchase agreements (see Note 16).

	2023 \$'000	2022 \$'000
Balance at beginning of the year	8,261,168	10,828,972
Exchange differences	(7,793)	(3,234)
Additions	5,570,737	7,173,697
Disposals	(6,109,613)	(9,244,197)
Reclassified to amortised cost	--	(6,782)
Net movements in provisions for impairment	2,578	4,138
Net amortisation of discounts/(premiums)	3,217	(13,175)
Fair value losses	<u>(70,164)</u>	<u>(478,251)</u>
Balance at end of year	<u><u>7,650,130</u></u>	<u><u>8,261,168</u></u>
<i>Fair value (losses)/gains based on:</i>		
Quoted market prices	(101,655)	(57,763)
Other techniques	<u>31,491</u>	<u>(420,488)</u>
	<u><u>(70,164)</u></u>	<u><u>(478,251)</u></u>
<i>The movement in the provision for impairment is as follows:</i>		
Allowance at beginning of the year	5,447	9,588
Write back for the year	<u>(2,578)</u>	<u>(4,141)</u>
Allowance at the end of year	<u><u>2,869</u></u>	<u><u>5,447</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

8 (b) Investment securities at fair value through profit or loss

	2023 \$'000	2022 \$'000
Bond	19,738	19,505
Listed – equity securities	<u>560</u>	<u>636</u>
	<u><u>20,298</u></u>	<u><u>20,141</u></u>
The movement in investment securities may be summarised as follows:		
At beginning of year	20,141	23,720
Additions	479,880	359
Disposals	(483,024)	(3,494)
Fair value losses	<u>3,301</u>	<u>(444)</u>
At end of year	<u><u>20,298</u></u>	<u><u>20,141</u></u>

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

9 Investment securities- amortised cost

	2023	2022
	\$'000	\$'000
Unlisted investments	4,651,301	4,959,757
Provision for impairment	<u>(21,952)</u>	<u>(38,018)</u>
	<u>4,629,349</u>	<u>4,921,739</u>
Current portion	1,233,682	1,497,227
Non-current portion	<u>3,395,667</u>	<u>3,424,512</u>
	<u><u>4,629,349</u></u>	<u><u>4,921,739</u></u>
Balance at beginning of the year	4,921,739	4,851,796
Exchange differences	(7)	(2)
Additions	241,212	332,297
Disposals/maturities	(579,444)	(283,475)
Reclassified from FVOCI	--	6,782
Amortisation of unrealised gains	(621)	(586)
Net amortisation of discounts	12,801	4,369
Net movement in impairment	16,066	(7,445)
ECL gains on POCI	<u>17,603</u>	<u>18,003</u>
Balance at end of year	<u><u>4,629,349</u></u>	<u><u>4,921,739</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

10 Loans to customers

	2023 \$'000	2022 \$'000
Stage 1	14,794,241	13,058,655
Stage 2	4,579,869	4,913,141
Stage 3	<u>1,145,940</u>	<u>1,316,682</u>
	<u>20,520,050</u>	<u>19,288,478</u>
Performing loans	19,374,109	17,971,795
Underperforming loans	406,850	606,256
Non-performing loans	<u>739,091</u>	<u>710,427</u>
	20,520,050	19,288,478
Allowance for loan losses	<u>(430,523)</u>	<u>(401,924)</u>
	<u>20,089,527</u>	<u>18,886,554</u>
<i>Allowance for loan losses</i>		
Allowance at beginning of the year	401,924	440,545
Charge/(write back) for the year	65,577	(8,777)
Loans written off during the year	<u>(36,978)</u>	<u>(29,844)</u>
Allowance at the end of year	<u>430,523</u>	<u>401,924</u>
<i>Impairment loss on loans net of recoveries</i>		
Charge/(write back) for the year	65,577	(8,777)
Amounts recovered during the year	<u>(9,414)</u>	<u>(8,475)</u>
	<u>56,163</u>	<u>17,252</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

11 Other assets

	2023 \$'000	2022 \$'000
Prepayments	53,012	52,124
Accrued receivable	253,023	93,139
Accrued interest	333,031	264,432
Due from parent	<u>33</u>	<u>18</u>
	<u>639,099</u>	<u>409,713</u>

12 Investments accounted for using equity method

Investment in joint venture	48,264	43,122
Investment in associates	<u>205,558</u>	<u>200,992</u>
	<u>253,822</u>	<u>244,114</u>

12 a. Investment in joint venture

Beginning of the year	43,122	39,349
Share of profit after tax	<u>5,142</u>	<u>3,773</u>
At end of year	<u>48,264</u>	<u>43,122</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

12 a. Investment in joint venture (continued)

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 2023, as the 30 September 2023 information was not available.

Name	Country of incorporation	Assets \$'000	Liabilities \$'000	Revenues \$'000	Profits \$'000	% Interest held
2023						
ISL	Trinidad & Tobago	199,495	6,438	47,022	20,568	25%
2022						
ISL	Trinidad & Tobago	178,319	5,831	33,463	13,927	25%

12 b. Investment in associates

	2023 \$'000	2022 \$'000
St Lucia Electricity Services Limited	181,190	177,945
Term Finance Holdings Limited	<u>24,368</u>	<u>23,047</u>
	<u>205,558</u>	<u>200,992</u>

(i) St Lucia Electricity Services Limited is listed on the Eastern Caribbean Securities Exchange. The investment in associate at 30 September 2023 includes goodwill of \$4.6 million (2022: \$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 2023 (2022: August 2022), as September 2023 was not available.

(ii) Term Finance Holdings Limited whose principal activity is providing short term loans to individuals and small-medium size businesses. The investment in this company as at 30 September 2023, includes goodwill of \$14.5 million (2022-\$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 2023 and September 2022.

	2023 \$'000	2022 \$'000
Beginning of the year	200,992	191,713
Share of profit after tax	19,034	22,947
Dividend received	<u>(14,468)</u>	<u>(13,668)</u>
At end of year	<u>205,558</u>	<u>200,992</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

12 b. Investment in associates (continued)

Name	Country of incorporation	Assets \$'000	Liabilities \$'000	Revenues \$'000	Profits \$'000	% Interest held \$'000
2023						
St Lucia Electricity Services Limited	St Lucia	1,431,782	507,961	986,364	82,704	19.11%
Term Finance Limited	Trinidad & Tobago	196,159	147,769	60,213	16,592	19.99%
2022						
St Lucia Electricity Services Limited	St Lucia	1,395,234	510,518	932,746	112,089	19.11%
Term Finance Limited	Trinidad & Tobago	94,569	50,172	19,201	6,998	19.99%

The fair value of the investment in associates at 30 September 2023 is \$205.5 million (2022: \$201.0 million).

13 Property and equipment

Year ended 30 September 2023	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
Opening net book amount	403,673	19,813	74,085	20,004	10,136	99,941	66,842	694,494
Additions	5,314	1,191	25,631	48,408	5,460	115,439	17,173	218,616
Disposals	--	--	(2,739)	--	(392)	(238)	--	(3,369)
Transfer	34	15,186	8,693	(23,913)	--	--	--	--
Depreciation charge	(6,312)	(5,623)	(32,288)	--	(5,208)	(28,973)	(12,210)	(90,614)
Closing net book amount	402,709	30,567	73,382	44,499	9,996	186,169	71,805	819,127
As at 30 September 2023								
Cost/valuation	433,319	161,981	571,306	44,499	28,755	258,872	86,996	1,585,728
Accumulated depreciation	(30,610)	(131,414)	(497,924)	--	(18,759)	(72,703)	(15,191)	(766,601)
Net book amount	402,709	30,567	73,382	44,499	9,996	186,169	71,805	819,127

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

13 Property and equipment (continued)

Year ended 30 September 2022	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
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
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

13 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	2023 \$'000	2022 \$'000
Land and building on freehold land	371,932	372,896
Building on leased land	28,400	28,400
Freehold land	<u>2,377</u>	<u>2,377</u>
	<u>402,709</u>	<u>403,673</u>

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 2023, 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 updates 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 considers 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 increases by 100 basis points, the fair value will increase by \$13.0M (2022: \$13.0M) with a corresponding entry in the reserve in shareholders' equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

13 Property and equipment (continued)

Recognised fair value measurements (continued)

(ii) *Valuation techniques used to determine level 2 and level 3 fair values*

If freehold premises were stated on the historical cost basis, the amounts would be as follows:

	2023	2022
	\$'000	\$'000
Cost	416,828	412,254
Accumulated depreciation	<u>(173,894)</u>	<u>(170,671)</u>
Net book amount	<u><u>242,934</u></u>	<u><u>241,583</u></u>

14 Intangible assets

	Goodwill	Software	Other	Total
	\$'000	\$'000	intangible	\$'000
			assets	
			\$'000	\$'000
As at 30 September 2023				
Acquisition cost	156,886	419,915	849	577,650
Accumulated amortisation	--	(307,705)	--	(307,705)
Net book amount	<u><u>156,886</u></u>	<u><u>112,210</u></u>	<u><u>849</u></u>	<u><u>269,945</u></u>
Year ended 30 September 2023				
Opening net book amount	156,886	103,352	849	261,087
Additions	--	34,178	--	34,178
Amortisation charge	--	(25,320)	--	(25,320)
Closing net book amount	<u><u>156,886</u></u>	<u><u>112,210</u></u>	<u><u>849</u></u>	<u><u>269,945</u></u>
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	<u><u>156,886</u></u>	<u><u>103,352</u></u>	<u><u>849</u></u>	<u><u>261,087</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

14 Intangible assets (continued)

	Goodwill \$'000	Software \$'000	Other intangible assets \$'000	Total \$'000
Year 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	<u>156,886</u>	<u>103,352</u>	<u>849</u>	<u>261,087</u>

Impairment test for goodwill

Goodwill is allocated for impairment testing purposes for the following cash generating units as follows:-

	2023 \$'000	2022 \$'000
First Citizens Investment Services Limited (FCIS)	<u>156,886</u>	<u>156,886</u>
	<u>156,886</u>	<u>156,886</u>

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 2023 for FCIS, revealed that the recoverable amount 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

14 Intangible assets (continued)

The key estimates used in the value-in-use calculation are as follows:

	2023	2022
Net interest margin growth	3.54%	0.06%
Operating profit growth rate	4.22%	1.87%
Discount factors	3.58%	3.84%

Management determined the net interest margin and growth rate based on past performance and its expectations of the market developments.

15 Customers' deposits

	2023	2022
	\$'000	\$'000
Deposits are analysed by sector as follows:		
Public institutions	10,053,296	10,022,056
Private institutions	8,032,467	7,938,437
Consumers	<u>10,570,417</u>	<u>10,410,590</u>
	<u><u>28,656,180</u></u>	<u><u>28,371,083</u></u>
Current portion	26,758,764	27,946,188
Non-current portion	<u>1,897,416</u>	<u>424,895</u>
	<u><u>28,656,180</u></u>	<u><u>28,371,083</u></u>

Deposits due to customers only include financial instruments classified as liabilities at amortised cost. Deposits amounting to \$2.7 billion (2022: \$3.4 billion) are at fixed rates. All other deposits are at variable rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

16 Other funding instruments

	2023 \$'000	2022 \$'000
Repurchase agreements	3,401,735	3,481,385
Funds under management	6,095	6,221
USD fixed rate note	<u>448,746</u>	<u>448,746</u>
	<u>3,856,576</u>	<u>3,936,352</u>
<i>Other funding instruments are analysed by sector as follows:</i>		
Public institutions	701,771	797,526
Private institutions	2,235,168	2,141,068
Consumers	<u>919,637</u>	<u>997,758</u>
	<u>3,856,576</u>	<u>3,936,352</u>
Current portion	2,963,592	2,997,016
Non-current portion	<u>892,984</u>	<u>939,336</u>
	<u>3,856,576</u>	<u>3,936,352</u>

The securities sold under the repurchase agreements only include financial instruments classified at amortised cost (see Note 9). Interest rates on these repos range from 0.5% to 3.5% in 2023 (2022: 0.1% to 4.0%).

17 Due to other banks

Short term	849,223	818,867
Medium term	<u>485,238</u>	<u>485,273</u>
	<u>1,334,461</u>	<u>1,304,140</u>

Short-term borrowings represented demand facilities via several financial institutions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

18 Creditors and accrued expenses

	2023	2022
	\$'000	\$'000
Accrued expenses	242,819	209,727
Other liabilities	269,322	197,105
Interest payable	45,961	63,919
Due to GORTT	26,572	26,568
Due to brokers	7,360	480
Funds payable to bondholders	<u>65,795</u>	<u>60,617</u>
	<u><u>657,829</u></u>	<u><u>558,416</u></u>

The amount due to GORTT relates to what is owed by the Group 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.

19 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:-

	2023	2022
	\$'000	\$'000
Opening balance	184,457	83,097
Additions	135,523	139,269
Repayments	(49,200)	(34,211)
Disposals	<u>(181)</u>	<u>(3,698)</u>
	<u><u>270,599</u></u>	<u><u>184,457</u></u>
Maturity analysis		
Less than one year	45,976	39,634
One to five years	132,358	126,063
More than five years	<u>92,265</u>	<u>18,760</u>
	<u><u>270,599</u></u>	<u><u>184,457</u></u>

The consolidated income statement reflects the following amount relating to leases:-

Interest expenses (included in finance cost)	<u>8,486</u>	<u>8,603</u>
Expenses related to short term leases (included in rent paid)	<u>7,925</u>	<u>7,035</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

20 Defined benefit asset

	2023 \$'000	2022 \$'000
<i>a. Net asset in statement of financial position</i>		
Present value of obligation	(1,697,088)	(1,579,316)
Pension plan assets at fair value	<u>1,775,362</u>	<u>1,671,130</u>
Net defined benefit asset	<u><u>78,274</u></u>	<u><u>91,814</u></u>
<i>b. Movement in present value of defined benefits obligation:</i>		
Beginning of year	1,579,316	1,517,062
Current year service cost	47,242	46,649
Interest cost	94,955	91,209
Members' contributions	16,002	15,818
Transfer payment received	726	--
Re-measurements	--	--
- Experience adjustments	16,183	(35,221)
- Actuarial gains from change in financial assumptions	--	--
Benefits paid	<u>(57,336)</u>	<u>(56,201)</u>
Defined benefit obligation at end of year	<u><u>1,697,088</u></u>	<u><u>1,579,316</u></u>
<i>c. The defined benefit obligation is allocated among the Plan's members as follows:</i>		
- Active	61%	63%
- Deferred members	6%	5%
- Pensioners	33%	32%

The weighted average duration of the defined benefit obligation at year end 18.0 years (2022 18.3 years)

Ninety-seven percent (97%) of the benefits for active members are vested.

Forty-three percent (43%) of the defined benefit obligation for active member is conditional on future salary increases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

20 Defined benefit asset (continued)

	2023 \$'000	2022 \$'000
d. <i>Movement in fair value of plan assets:</i>		
Beginning of year	1,671,130	1,658,195
Interest income	100,631	99,852
Return of plan assets, excluding interest income	(8,674)	(99,096)
Company's contributions	54,480	54,125
Members contributions	16,002	15,818
Transfer payment received	726	--
Benefits paid	(57,336)	(56,201)
Expense allowance	<u>(1,597)</u>	<u>(1,563)</u>
Fair value of plan assets at end of year	<u>1,775,362</u>	<u>1,671,130</u>
Actual return on plan asset	91,957	756
e. <i>Asset allocation:</i>		
Local and regional equity securities	443,776	489,167
Overseas equities (outside CARICOM)	344,706	263,671
TT\$ denominated bonds	892,350	751,715
US\$ denominated bonds	36,781	37,240
Cash and cash equivalents	<u>57,749</u>	<u>129,337</u>
Fair value of plan assets at end of year	<u>1,775,362</u>	<u>1,671,130</u>

All asset values as at 30 September 2023 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

20 Defined benefit asset (continued)

	2023 \$'000	2022 \$'000
f. <i>Expenses recognised in profit or loss</i>		
Current service costs	47,242	46,649
Net interest on net defined benefit liability/asset	(5,676)	(8,643)
Administrative expenses	1,597	1,563
Net pension cost	<u>43,163</u>	<u>39,569</u>
g. <i>Re-measurement recognised in other comprehensive income</i>		
Experience losses	<u>(24,857)</u>	<u>(63,875)</u>
Total amount recognised in other comprehensive income	<u>(24,857)</u>	<u>(63,875)</u>
h. <i>Reconciliation of opening and closing statement of financial position balances</i>		
Opening net defined benefit asset	91,814	141,133
Net pension cost	(43,163)	(39,569)
Re-measurements recognised in other comprehensive income	(24,857)	(63,875)
Company contribution paid	<u>54,480</u>	<u>54,125</u>
Closing net defined benefit asset	<u>78,274</u>	<u>91,814</u>
i. <i>Summary of principal assumptions as at 30 September</i>		
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:

Life expectancy at age 60 for current pensioners in years

- Male	21.9	21.9
- Female	26.2	26.1

Life expectancy at age 60 for current members age 40 in years

- Male	22.8	22.7
- Female	27.1	27.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

20 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.

	2023	2022
	\$'000	\$'000
1% pa increase		
Discount rate	(250,606)	(231,565)
Future salary increases	133,835	126,399
Future pension increases	186,275	170,654
1% pa decrease		
Discount rate	334,497	314,590
Future salary increases	(113,140)	(106,488)
Future pension increases	(149,385)	(139,510)

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at 30 September 2023 by \$26.1 million (2022: \$25.5 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 2023/2024.

l. *Management of the Plan*

The Management Committee of the Pension Plan provides oversight and review of the plan's investment and funding policies, procedures and guidelines, while the Trustee is responsible for the overall administration of the Plan (under Clause 8(a) of the Trust Deed), including investments decisions. The Management Committee comprised of representatives of management, non-management and the union.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

21 Bonds payable

	2023	2022
	\$'000	\$'000
(i) Fixed Rate Bond TTD 100 Million (Series 2)	100,000	100,000
(ii) Fixed Rate Bond TTD 900 Million	--	630,000
(iii) Fixed Rate Bond USD 90.4 Million	--	605,011
(iv) Fixed Rate Bond TTD 860.7 Million	860,755	860,755
(v) Multiple Series BBD Bond	110,559	137,261
(vi) Fixed Rate Bond USD 92.36 Million	618,142	618,142
	<u>1,689,456</u>	<u>2,951,169</u>
Current portion	1,014,125	713,892
Non current portion	<u>675,331</u>	<u>2,237,277</u>
	<u>1,689,456</u>	<u>2,951,169</u>

- (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. This Bond was repaid in January 2023.
- (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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

21 Bonds payable (continue)

- 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. This was repaid in September 2023.
 - 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.
 - Series 7 Bond – In September 2023, this bond for BBD 16.77 million was issued. This bond is unsecured and carries a fixed rate of 2.25%, with a tenor of two (2) years.
- (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.

22 Deferred income tax liability

Deferred income taxes are calculated on all temporary differences under the liability method using the applicable tax rate for each subsidiary

	2023 \$'000	2022 \$'000
The movement on the deferred income tax account is as follows:		
At beginning of year	(159,755)	(359,141)
Impact of revaluation adjustments recorded directly to shareholders' equity:		
- Revaluation on the fair value through other comprehensive income		
Investment securities	22,614	149,927
- Revaluation on property	--	1,120
- Revaluation on amortised cost due to reclassification	493	344
- Remeasurement of defined benefit liability	8,700	22,356
Credit to consolidated statement of income (note 34)	1,448	25,639
At end of year	<u>(126,500)</u>	<u>(159,755)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

22 Deferred income tax liability (continue)

Deferred income tax assets and liabilities are attributable to the following items:

	Balance at 1.10.22 \$'000	(Charge)/ credit to income statement \$'000	(Charge)/ credit to other comprehensive income \$'000	Balance at 30.09.23 \$'000
Deferred income tax assets				
Provisions	45	(44)	--	1
Lease liabilities	56,986	34,623	--	91,609
Accelerated tax depreciation	5,848	5,648	--	11,496
Intangible asset recognised on business combination	1,634	--	--	1,634
Fair value measurement of assets through profit or loss	143	430	--	573
	<u>64,656</u>	<u>40,657</u>	<u>--</u>	<u>105,313</u>
Deferred income tax liabilities				
Retirement benefit asset	(12,856)	(3,961)	--	(16,817)
Re-measurement of defined benefit liability	(109,783)	--	8,700	(101,083)
Fair value measurement of fair value through other comprehensive income	(32,041)	12	22,614	(9,415)
Fair value measurement of amortised cost	(1,473)	--	493	(980)
Zero coupon instruments	(6,627)	(1,303)	--	(7,930)
Right of use assets	(51,566)	(33,803)	--	(85,369)
Unrealised exchange and other gains	(6,023)	(153)	--	(6,176)
Revaluation gain on property and equipment	(771)	(1)	--	(772)
Revaluation of PPE – Associates	(3,271)	--	--	(3,271)
	<u>(224,411)</u>	<u>(39,209)</u>	<u>31,807</u>	<u>(231,813)</u>
Net deferred income tax liability	<u>(159,755)</u>	<u>1,448</u>	<u>31,807</u>	<u>(126,500)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

22 Deferred income tax liability (continue)

	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
	<u>28,443</u>	<u>30,365</u>	<u>--</u>	<u>58,808</u>
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)
	<u>(387,584)</u>	<u>(4,726)</u>	<u>173,747</u>	<u>(218,563)</u>
Net deferred income tax liability	<u>(359,141)</u>	<u>25,639</u>	<u>173,747</u>	<u>(159,755)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

23 Notes due to parent company

	2023 \$'000	2022 \$'000
First Citizens Holdings Limited	--	58,00

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. This note was repaid in September 2023.

24 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.

	2023 \$'000	2022 \$'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
	<u>458,557</u>	<u>458,557</u>

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

24 Share capital (continued)

Employee share ownership plan (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:

	2023 Number of shares	2022 Number of shares
<i>Shares allocated to the Plan</i>		
Opening balance	5,234,235	4,705,954
Purchase of shares	62,350	800,000
Shares allocated to employees	<u>(333,018)</u>	<u>(271,719)</u>
	<u>4,963,567</u>	<u>5,234,235</u>

25 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 Statutory Reserve Fund until the amount standing to the credit of the Statutory 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.

26 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 income statement.

ii *Revaluation reserve*

The revaluation reserve relates to the revaluation of the freehold property.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

26 Other reserves (continue)

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 translation \$'000	Total \$'000
Balance as at 1 October 2022	534,786	203,880	135,592	58,126	932,384
Reclassified to income statement	14,410	--	--	--	14,410
Revaluation net of tax	(69,272)	--	--	--	(69,272)
Re-measurement	--	(16,157)	--	--	(16,157)
Currency translations	--	--	--	(2,433)	(2,433)
Balance at 30 September 2023	479,924	187,723	135,592	55,693	858,932
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 at 30 September 2022	534,786	203,880	135,592	58,126	932,384

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

27 Interest income calculated using the effective interest method

	2023	2022
	\$'000	\$'000
Loans to customers	1,411,909	1,145,167
Investment securities:		
- Fair value through other comprehensive income	459,003	412,986
- Amortised cost	241,471	226,817
- Fair value through profit or loss	620	468
Loan notes	--	6,347
	<u>2,113,003</u>	<u>1,791,785</u>

28 Interest expense

	2023	2022
	\$'000	\$'000
Customers' deposits	49,929	45,545
Other funding instruments	101,082	112,399
Notes payable	21,849	15,571
Bonds payable	82,847	126,991
	<u>255,707</u>	<u>300,506</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

29 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).

	Retail banking \$'000	Corporate banking \$'000	Treasury & investment banking \$'000	Trustee & asset management \$'000	Total \$'000
Year ended 30 September 2023					
Account service fees	36,971	853	1,603	--	39,427
Transaction fees	166,288	9,746	10,043	--	186,077
Asset management fees	15,699	842	79,826	50,476	146,843
Trustee fees	--	--	--	44,372	44,372
Underwriting & brokerage fee	--	10,228	25,053	--	35,281
Financial guarantees & loan commitments	21,495	20,212	480	--	42,187
Total fees and commission	240,453	41,881	117,005	94,848	494,187
Time of revenue recognition					
At a point in time	166,288	19,974	35,096	--	221,358
Transferred over time	74,165	21,907	81,909	94,848	272,829
	240,453	41,881	117,005	94,848	494,187
Year ended 30 September 2022					
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	90,845	53,259	156,936
Trustee fees	--	--	--	45,097	45,097
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	112,666	98,356	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	93,263	98,356	270,051
	223,823	26,972	112,666	98,356	461,817

All fees and commissions are specific to the service contract and are recognised as stated in note 2.p.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

30 Other Income

	2023	2022
	\$'000	\$'000
Foreign exchange transaction gains less losses	138,456	130,413
Foreign exchange translation gains less losses	(10,476)	(12,270)
Other Income	7,403	23,921
	<u>135,383</u>	<u>142,064</u>

31 Credit impairment write back on investments

Write back/(charge) to impairment allowances	14,697	(252)
Net gain on derecognition of financial assets	3,038	7,152
Gain on the recognition POCI	--	1,115
	<u>17,735</u>	<u>8,015</u>

32 Administrative expenses

Staff expenses	611,831	554,384
Pension expenses (note 20.f)	43,163	39,569
Other administrative expenses	52,143	37,460
Depreciation	91,327	95,745
Amortisation charges	25,320	22,435
Impairment loss on non-financial assets	54	26
	<u>823,838</u>	<u>749,619</u>

The number of permanently employed staff as at the year-end was as follows:

	2023	2022
	Employees	Employees
First Citizens Bank Limited and its Subsidiaries	1,824	1,821

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

33 Other operating expenses

	2023	2022
	\$'000	\$'000
Property expenses	56,699	53,368
Technical and professional	23,043	36,124
Advertising expenses	10,154	6,285
Hardware and software maintenance	85,707	73,229
Deposit insurance (see below)	42,235	43,339
Credit card expenses	145,474	129,505
Equipment rental & maintenance	14,328	17,531
Communication charges	18,892	17,355
Security services	15,560	15,588
Stationery and service-related expenses	15,230	12,743
Tax on assets	10,529	10,110
Operating expenses	<u>126,663</u>	<u>103,082</u>
	<u>564,514</u>	<u>518,259</u>

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.

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.

34 Taxation

	2023	2022
	\$'000	\$'000
Current tax	248,936	236,782
Prior period under/(over) provision	45,156	(21,931)
Deferred tax (Note 22)	<u>(990)</u>	<u>(25,639)</u>
	<u>293,102</u>	<u>189,212</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in Trinidad and Tobago dollars)

34 Taxation (continued)

The tax on profit before tax differs from the theoretical amount that would arise using the basic rate of tax as follows:

	2023 \$'000	2022 \$'000
Profit before taxation	1,069,852	922,720
Tax calculated at 35% (2022 - 35%)	374,448	322,953
Income exempt from tax	(174,946)	(160,634)
Expenses not deductible for tax purposes	71,778	65,943
Prior period under/(over) provision	45,156	(21,931)
Effects of different tax rates in other countries and businesses within the group	(23,334)	(17,119)
	<u>293,102</u>	<u>189,212</u>

35 Dividends

	2023 \$'000	2022 \$'000
Ordinary dividend paid per share – final for 2022: \$0.46 (2021: \$0.46)	116,134	113,830
Ordinary dividend paid per share – interim for 2023: \$1.32 (2022: \$1.14)	322,490	289,056
	<u>438,624</u>	<u>402,886</u>

36 Related party transactions and balances

a. Directors and key management personnel

	2023 \$'000	2022 \$'000
Salaries and other short-term employee benefits	62,318	62,187
Loans and receivables	16,842	15,864
Interest income	796	625
Customers' deposits	29,359	29,979
Interest expense	336	292
Other funding instruments	2,352	8,852
Interest expense- other funding instruments	122	192

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

36 Related party transactions and balances *(continued)*

b. *Transactions with related party*

	2023	2022
	\$'000	\$'000
Customers' deposits	62,423	3,704
Long term notes (Note 23)	--	58,000
Interest income on loan notes	--	449

c. *Pension plan*

Employer's contribution (Note 20.d)	56,783	54,125
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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).

The current amount outstanding on these arrangements and obligations and the related income and expenses are disclosed below: -

	2023	2022
	\$'000	\$'000
Liabilities		
Due to GORTT (Note 18)	<u>26,572</u>	<u>26,568</u>
Interest income		
Loan notes with Taurus Services Limited	<u>--</u>	<u>6,347</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

36 Related party transactions and balances *(continued)*

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:

	2023	2022
	\$'000	\$'000
Loans and receivables	3,349,488	3,535,333
Interest income	234,544	217,355
Customers' deposits	10,038,125	9,945,476
Interest expense	17,325	15,571
Investment securities - FVOCI	6,505,494	6,571,903
Investment securities - Amortised cost	420,275	705,310
Investment income	428,464	348,757

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	61,759	63,756
Interest income	1,884	942

37 Commitments

a. *Capital commitments*

Capital expenditure approved by the Directors but not provided for in these accounts

<u>186,348</u>	<u>122,266</u>
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b. *Credit commitments*

Commitments for loans approved not yet disbursed

<u>913,247</u>	<u>635,350</u>
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(Expressed in Trinidad and Tobago dollars)

38 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.

	2023	2022
	\$'000	\$'000
Acceptances	27,763	28,108
Guarantees	119,230	110,315
Letters of credit	13,300	20,208
	<u>160,293</u>	<u>158,631</u>

39 Subsequent events

On 28 November 2023, the Board of Directors declared a final dividend payment of \$0.68 per share payable to shareholders.



First Citizens

We put you first