First Citizens

(A company incorporated in the Republic of Trinidad and Tobago and continued under the provisions of the Companies Act Chap 81:01 of the Revised Laws of Trinidad and Tobago)

Prospectus

Offer for sale by First Citizens Holdings Limited (the "Offeror") of 48,495,665 ordinary shares in First Citizens Bank Limited of no par value at $32.00 per share payable in full on application.

The Trinidad and Tobago Securities and Exchange Commission (SEC) has not in any way evaluated the merits of the securities offered hereunder, and the Issuer so represents in accordance with Section 117 of the Securities Act, 2012 of the Laws of the Republic of Trinidad and Tobago.

Artwork © Calvert Jones

First Citizens Bank Limited

(A company incorporated in Trinidad and Tobago and Continued under the provisions of the Companies Act Chap 81:01 of the Revised Laws of Trinidad and Tobago)

Prospectus

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The Trinidad and Tobago Securities and Exchange Commission has not in any way evaluated the merits of the securities offered hereunder and any representation to the contrary is an offence.

No underwriter has been involved in the distribution or performed any review of the contents of this Prospectus.

This Prospectus has been seen and approved by the directors of First Citizens Bank Limited and the Offeror and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement herein false or misleading.

No securities will be distributed under this Prospectus later than one year and twenty days after the date of issue of the receipt for the Prospectus from the TTSEC in keeping with section 83(4) of the Securities Act, Chapter 83:02

09 March 2017

Vision

To become the most competitive financial services group in the markets in which we serve.

Mission

Our aim is to build a highly profitable financial services franchise renowned for innovativeness, service excellence and sound corporate governance.

DEFINITIONS

The definitions set out below apply throughout this document unless the context requires otherwise.

ACCA	Association of Chartered Certified Accountants
ACH	Automated Clearing House
APO	Additional Public Offering
ATM	Automatic Teller Machine
BATT	Bankers Association of Trinidad and Tobago
By-Laws	By-Laws of First Citizens
CAD	Canadian Dollars
CAGR	Compound Annual Growth Rate
CBTT/the Central Bank	Central Bank of Trinidad and Tobago
Central Bank Act	Central Bank Act, Chap 79:02 of the laws of Trinidad and Tobago, as amended
CMMB	Caribbean Money Market Brokers Limited
Companies Act	Companies Act, Chap 81:01
COSO	Committee of Sponsoring Organisations of the Treadway Commission
Corporation Sole	Minister of Finance (Incorporation) Act, Chap 69:03 of the revised laws of Trinidad and Tobago (section 3)
CRM	Customer Relationship Management
Directors/Board of Directors	Directors of First Citizens
ECLAC	Economic Commission for Latin America and the Caribbean
ERM	Enterprise Risk Management
EUR	Euros
FIA	Financial Institutions Act, Chap 79:09 of the revised laws of Trinidad and Tobago
FCAM	First Citizens Asset Management Limited
FCBAS	First Citizens Brokerage and Advisory Services Limited
FCBBL	First Citizens Bank (Barbados) Limited
FCBL/First Citizens	First Citizens Bank Limited
FCCR	FCCR First Citizens Costa Rica S.A.
FCHL	First Citizens Holdings Limited

DEFINITIONS (continued)

FCIS	First Citizens Investment Services Limited
FCISBL	First Citizens Investment Services (Barbados) Limited
FCFSL	First Citizens Financial Services (St. Lucia) Limited
FCSL	First Citizens (St. Lucia) Limited
FCSTL	First Citizens Securities Trading Limited
FCTSL	First Citizens Trustee Services Limited
First Citizens Group/the Group	First Citizens and its local and foreign subsidiaries
GBP	Great Britain Pounds
GORTT/the Government	Government of the Republic of Trinidad and Tobago
IMF	International Monetary Fund
IPO	Initial Public Offering
LIBOR	London Inter Bank Offer Rate
NCB	The National Commercial Bank of Trinidad and Tobago Limited
NIBTT	National Insurance Board of Trinidad and Tobago
Non-Public Company	a company that is not listed on the TTSE or such other regulatory stock exchange wherever situated, as a public company
PAT	Profit after tax
PBT	Profit before tax
Registrar	The Registrar whose name is set out in Section 1 or such other persons as may be appointed by First Citizens from time to time to provide the services of Registrar to First Citizens
Prospectus	this prospectus
Purchase Application Form	the application form set out in Appendix 9 hereto
RFHL	Republic Financial Holdings Limited
SA, 2012	the Securities Act, Chapter 83:02
Securities Legislation	includes the Securities Act, 2012, its regulations, by-laws and guidelines
TCB	Trinidad Co-operative Bank Limited
The Offer	Offer by FCHL for the sale of 48,495,665 ordinary shares of no par value held in First Citizens
The Offeror	First Citizens Holdings Limited or FCHL

DEFINITIONS (continued)

The Offer Price	$32.00 per share
TTCD	Trinidad and Tobago Central Depository
TTIPS	Trinidad & Tobago Inter Bank Payment System Limited
TTSE	The Trinidad and Tobago Stock Exchange Limited
TTSEC	Trinidad and Tobago Securities and Exchange Commission
TTUTC	Trinidad and Tobago Unit Trust Corporation
US	United States of America
USD	United States dollars
UWI	University of the West Indies
VAT	Value Added Tax
VaR	Value at Risk
Workers Bank	Workers' Bank (1989) Limited
y-o-y	Year on year
$	Trinidad and Tobago dollars, unless otherwise stated

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements, which are statements that are not based on historical information including, without limitation, statements regarding future financial position and results of operations, business strategy, budgets, projected costs and plans and objectives of management for future operations. Forward-looking statements reflect First Citizens' current views with respect to future events. The words "anticipate", "believe", "expect", "plan", "estimate", "intend", "will", "may", "should", "forecast", "project" and similar expressions identify forward-looking statements. There is significant risk that these predictions and other forward-looking statements will not prove to be accurate. Such forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking information because it is possible that predictions, forecasts, projections and other forms of forward-looking information will not be achieved by First Citizens and historical results and market data may not be indicative of future results and market prospects. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties such as but not limited to the following:

- political, economic and other conditions and developments in Trinidad and Tobago and globally;
- the actual rates of growth, if any, in gross domestic product ("GDP") and other economic indicators of Trinidad and Tobago in any relevant year or other period;
- changes in interest rates or exchange rates;
- governmental, statutory, regulatory or administrative initiatives affecting banks, financial institutions and other businesses in Trinidad and Tobago;
- actions or decisions made by the Government, as the Group's controlling shareholder;
- economic, financial and other developments involving the Government which may have an adverse effect on the First Citizens Group;
- competition from other banks and financial institutions;
- levels of non-performing loans, adequacy of allowance for loan losses, values of security and collateral, and other developments affecting First Citizens' loan and asset portfolios;
- the effectiveness of the Group's risk management processes and strategies;
- the Group's ability to expand successfully its banking and financial services operations in the Caribbean region outside of Trinidad and Tobago as well as in Central America;
- technological changes affecting First Citizens' industry;
- breaches or violations in First Citizens' computer systems and network infrastructure; and
- loss of key personnel.

Readers are also asked to carefully review the "Risk factors" section in this Prospectus for a more complete discussion of the risks of an investment in the ordinary shares. First Citizens advises that it is not under any obligation or undertaking to update publicly or revise any forward-looking statement contained in this Prospectus, whether because of new information, future events or otherwise.

TABLE OF CONTENTS

A – GENERAL INFORMATION

1. CORPORATE INFORMATION

FIRST CITIZENS BANK LIMITED

Chairman	Mr. Anthony Isidore Smart; BA, LLB, LEC
Group Chief Executive Officer	Ms. Karen Darbasie; MBA, MSc., BSc.
Group Company Secretary:	Mrs. Lindi Ballah-Tull; LLB (Hons), LEC 9 Queen's Park East Port of Spain
Registered Office:	9 Queen's Park East Port of Spain Tel: (868) 624-3178 Fax: (868) 624-5981 Website address: www.firstcitizenstt.com
Attorneys at Law:	Johnson, Camacho & Singh 5th Floor, Newtown Centre 30-36 Maraval Road Newtown Port of Spain Tel: (868) 622-8959 / (868) 225-4106 Fax: 622-2671 Website: www.jcscaribbeanlaw.com
Auditors:	PricewaterhouseCoopers Chartered Accountants 11-13 Victoria Avenue Port of Spain Tel: (868) 299-0700 Fax: (868) 623-6025 Website: www.pwc.com/tt

1. CORPORATE INFORMATION (continued)

PRINCIPAL OPERATING SUBSIDIARIES

First Citizens Asset Management Limited
Registered Office
50 St. Vincent Street, Port of Spain,
Trinidad, W.I.
Tel: (868) 623-9092-7
Fax: (868) 625-2349
www.firstcitizenstt.com/first-citizens-group/fcam

Board of Directors
Mr. Courtenay Williams – Chairman
Ms. Jayselle Mc Farlane – Deputy Chairman
Mrs. Lindi Ballah-Tull – Corporate Secretary
Mr. Idrees Omardeen
Mr. Troy Garcia
Mr. Jason Julien
Ms. Karen Darbasie
Mr. Robin Lewis

First Citizens Trustee Services Limited
Registered Office
45 Abercromby Street, Port of Spain,
Trinidad, W.I.
Tel: (868) 623-9091-7
Fax: (868) 627-6426
www.firstcitizenstt.com/first-citizens-group/fc-trustee

Board of Directors
Mr. Courtenay Williams – Chairman
Mrs. Lindi Ballah-Tull – Corporate Secretary
Mr. Shiva Manraj
Ms. Franka Costelloe
Ms. Jayselle Mc Farlane
Mr. Sterling Frost
Mr. Ian Narine

First Citizens (St. Lucia) Limited
Registered Office
Noble House,
6 Brazil Street,
Castries,
St. Lucia, W.I.
Tel: (758) 452-5111-3
Fax: (758) 452-5114
www.firstcitizenstt.com/first-citizens-group/fc-st-lucia

Board of Directors
Mr. Courtenay Williams – Chairman
Mr. Shiva Manraj
Mr. Dunstan Du Boulay
Ms. Karen Darbasie
BDO – Corporate Secretary[1]

First Citizens Financial Services (St. Lucia) Limited
Registered Office
Noble House,
6 Brazil Street,
Castries,
St. Lucia, W.I.
Tel: (758) 452-5111-3
Fax: (758) 452-5114
www.firstcitizenstt.com/first-citizens-group/fc-st-lucia

Board of Directors
Mr. Courtenay Williams – Chairman
Mr. Shiva Manraj
Mr. Dunstan Du Boulay
Ms. Karen Darbasie
BDO – Corporate Secretary

First Citizens Investment Services Limited
Registered Office
17 Wainwright Street,
St Clair,
Trinidad, W.I.
Tel: (868) 622-3247
Fax: (868) 627-5496
www.firstcitizenstt.com/fcis.html

Board of Directors
Mr. Anthony Isidore Smart – Chairman
Mrs. Lindi Ballah-Tull – Corporate Secretary
Ms. Franka Costelloe
Mr. Ryan Proudfoot
Mr. Idrees Omardeen
Mr. Troy Garcia
Mr. Ian Narine
Ms. Karen Darbasie
Mr. Sterling Frost

[1] BDO is an international accounting firm located at Mercury Court, Choc Estate, Castries, St. Lucia, Tel: (758) 452-2500; Fax (758) 452-7317; Website: www.bdocaribbean.com

1. CORPORATE INFORMATION (continued)

PRINCIPAL OPERATING SUBSIDIARIES (continued)

First Citizens Brokerage & Advisory Services Limited
Registered Office
17 Wainwright Street, St Clair,
Trinidad, W.I.
Tel: (868) 622-3247
Fax: (868) 627-5496
www.firstcitizenstt.com/fcis/wealth-management.html

Board of Directors
Mr. Ryan Proudfoot – Chairman
Mrs. Lindi Ballah-Tull – Corporate Secretary
Mr. Robin Lewis
Mr. Jason Julien

First Citizens Investment Services (Barbados) Limited
One Welches
St. Thomas, Barbados, W.I.
Tel: (246) 417-6810
Fax: (246) 421-2140
www.firstcitizenstt.com/fcis.html

Board of Directors
Mr. Ryan Proudfoot – Chairman
Mrs. Lindi Ballah-Tull – Corporate Secretary
Sir Trevor A Carmichael Q.C.
Mr. Robin Lewis
Mr. Sterling Frost
Mr. Jason Julien

First Citizens Bank (Barbados) Limited
1st Floor, Carlisle House
Hincks Street,
Bridgetown,
Barbados
Tel: (246) 431-4500
Fax: (246) 421-2421
www.firstcitizensbb.com

Board of Directors
Mr. Anthony Isidore Smart – Chairman
Mrs. Lindi Ballah-Tull – Corporate Secretary
Sir Trevor A Carmichael Q.C.
Mr. Peter Williams
Ms. Renee Kowlessar
Mr. Jon Martineau
Mr. Jason Julien
Ms. Karen Darbasie
Mr. Sterling Frost
Mr. Ryan Proudfoot

FCCR – First Citizens, Costa Rica S.A.
Oficentro Eurocenter 1,
Barreal de Heredia,
Costa Rica
Tel: (506) 223-95581
Fax: (506) 223-95860
www.firstcitizenstt.com

Board of Directors
Mr. Anthony Isidore Smart – President
Mrs. Lindi Ballah-Tull – Corporate Secretary
Mr. Shiva Manraj – Comptroller
Ms. Karen Darbasie – Member
Mr. Ian Narine – Treasurer

1. CORPORATE INFORMATION (continued)

LISTING OF PERSONS INVOLVED IN THE ISSUE

Bankers to the Issue:	First Citizens Bank Limited 9 Queens Park East, Port of Spain Tel: (868) 624-3178 Fax: (868) 624-5981 Website: www.firstcitizenstt.com
Corporate Finance Consultants:	Ernst & Young Chartered Accountants 5/7 Sweet Briar Road St. Clair, Port of Spain Tel: (868) 628-1105 Fax: (868) 623-6025 Website: www.ey.com/tt
Lead Stockbroker:	First Citizens Brokerage and Advisory Services Limited 17 Wainwright Street St. Clair, Port of Spain Tel: (868) 678-7311 Fax: (868) 627-2930 Website: www.firstcitizenstt.com/fcis/wealth-management
Legal Advisers:	Johnson, Camacho & Singh 5th Floor, Newtown Centre 30-36 Maraval Road Newtown, Port of Spain Tel: (868) 622-8959 / (868) 225-4106 Fax: 622-2671 Website: www.jcscaribbeanlaw.com
Registrar:	The Trinidad and Tobago Central Depository Limited 10th Floor Nicholas Towers 63-65 Independence Square, Port of Spain Tel: (868) 627-1674
Reporting Accountants:	PricewaterhouseCoopers Chartered Accountants 11-13 Victoria Avenue, Port of Spain Tel: (868) 299-0700 Fax: (868) 623-6025 Website: www.pwc.com/tt
Stock Exchange:	The Trinidad and Tobago Stock Exchange Limited 10th Floor Nicholas Towers 63-65 Independence Square, Port of Spain Tel: (868) 625-5107-9 Fax: (868) 623-0089 Website: www.stockex.co.tt

1. CORPORATE INFORMATION (continued)

LISTING OF PERSONS INVOLVED IN THE ISSUE (continued)

AUTHORISED STOCK BROKERS

Bourse Brokers Limited	24 Mulchan Seuchan Road Chaguanas Tel: (868) 628-9100 Fax: (868) 665-5755 Website: www.bourseinvestment.com
Caribbean Stockbrokers Limited	67 Independence Square Port of Spain Tel: (868) 624-4415, (868) 624-8178 Fax: (868) 625-9258
First Citizens Brokerage and Advisory Services Limited	17 Wainwright Street Port of Spain or Ground Floor, CIC Building Lady Hailes Ave, San Fernando Tel: (868) 622-3247 Fax: (868) 627-7111 Website: www.firstcitizenstt.com/fcis/wealth-management
JMMB Securities (T & T) Limited	169 Tragarete Road Port of Spain Tel: (868) 224-5662, (868) 224-5667 Website: www.jmmbtt.com/investhome
Republic Securities Limited	2nd Floor, Promenade Centre 72 Independence Square Port of Spain Tel: (868) 623-0435 Fax: (868) 623-0441 Website: www.rsltt.com
West Indies Stockbrokers Limited	St. Clair Place 8 Sweet Briar Road Port of Spain Tel: (868) 628 -9473 Fax: (868) 622 -5002 Website: www.wisett.com

INDEPENDENT STOCK BROKER

Sheppard Securities Limited	5/7 Sweet Briar Road St. Clair Tel: (868) 222-5192 Fax: (868) 625-4405 Website: www.sheppard.tt

2. INFORMATION SUMMARY

This Summary highlights information contained in the Prospectus and may not contain all the information that may be important to prospective purchasers. Readers are advised to read the entire Prospectus prior to deciding whether to invest in the shares being distributed.

OVERVIEW

The First Citizens Group is one of the leading financial services groups in Trinidad & Tobago and the Caribbean region. The Group conducts a broad range of banking and financial services activities, including consumer banking, corporate and commercial banking, wealth and asset management, capital market transactions, trustee and brokerage services and currently has several active subsidiaries. First Citizens, a full service bank, is the largest part of the Group and has an extensive retail branch network in Trinidad & Tobago with a large deployment of ATMs and point of sale service in both islands.

First Citizens is one of the highest-rated indigenous financial institutions in the English-speaking Caribbean, with credit ratings of BBB+ A-2 from Standard and Poor's (October 2016). In February 2016, First Citizens repaid US$175 million international fixed rate bond, its only bond in the International Debt Capital Market. Until the repayment of this bond, First Citizens was rated by both Moody's Investors Services and Standard and Poor's Rating Services. Given that the Group no longer has an international bond in issue, a decision was taken to maintain only one corporate international credit rating agency.

Over the past eight years, the Group has grown substantially both in terms of assets and profitability due to both organic growth and through undertaking strategic expansion initiatives as follows:

- In 2009 First Citizens acquired Caribbean Money Market Brokers Limited (CMMB) (now rebranded as First Citizens Investment Services Limited), one of the largest full service securities trading companies in the Caribbean, with offices in Trinidad & Tobago, Barbados, St. Vincent and the Grenadines and St. Lucia.
- In January 2012, the Group entered the Central American market by opening a representative office in Costa Rica.
- The Group's growth and expansion continued in August 2012 with the acquisition of Butterfield Bank (Barbados) Limited (now First Citizens Bank (Barbados) Limited).

This expansion initiative continues to enhance the suite of products and services offered by the Group, both locally and regionally, making it possible for First Citizens to better address the financial and investment needs of its customer base. In addition, the expansion provides a physical footprint for the Group in the Caribbean and Central American region.

Over the years, the Group has introduced several innovative products and services in Trinidad and Tobago, including internet banking and mobile banking. It has also been recognised on several occasions for excellence in innovation, communications technology and e-commerce by the Energy Chamber of Trinidad and Tobago. Additionally, First Citizens has been involved in financing several landmark projects in Trinidad and Tobago and across the region.

On 15 July 2013, First Citizens launched the largest Initial Public Offering (IPO) of shares in the history of The Trinidad and Tobago Stock Exchange Limited (TTSE) to that date. The market value of the First Citizens IPO was approximately $1.1 billion at an offer price of $22.00 per share. GORTT offered 48,495,665 shares in First Citizens for sale to the public, representing 19.3% of the total shareholding. For First Citizens, this IPO assisted in widening its capital base to facilitate its future strategic expansion plans. First Citizens' shareholders have experienced over 50% capital appreciation and an average dividend yield per annum of 5.59%. The resounding success of this First Citizens IPO is evident in the size of the investing public, the returns to the shareholders and the continued strength and performance of First Citizens.

2. INFORMATION SUMMARY (continued)

OVERVIEW (continued)

In 2012, First Citizens won Bank of the Year, Trinidad and Tobago as well as being named in the Top 1000 World Banks by The Banker Magazine. Other awards bestowed on First Citizens over recent years (2012-2016) include: Euromoney Award for Excellence 2013, two World Finance Awards in 2014 - Best Retail Bank Trinidad and Tobago and Best Commercial Bank Trinidad and Tobago, Global Finance Safest Bank 2015 Trinidad and Tobago, The Banker Magazine Bank of the Year 2015, Best Banking Group 2015 - Trinidad and Tobago from World Finance and the Euromoney Award for Excellence 2016 - Best Bank Trinidad and Tobago.

Summary Financial Data					
Five Year Summary of Selected Financial Data					
TT$ in million					
	Restated	Restated	Restated	Restated	
As at September 30	2012	2013	2014	2015	2016
Total Assets	33,804	36,086	34,858	37,538	38,850
Total Funding	27,382	28,085	27,644	27,672	30,912
Shareholders' Equity	5,471	5,965	6,241	6,326	6,679
Total Loans	10,322	11,517	11,154	13,831	13,332
Investments	10,852	10,305	10,442	12,294	12,967
Profit Before Tax	714	745	773	791	817
Non-Performing Loans/Total Loans (%)	4.56%	4.25%	4.54%	3.39%	3.89%
Efficiency Ratio (%)	49.53%	53.99%	54.31%	55.80%	55.51%
Capital/Asset (%)	16.20%	16.50%	17.90%	16.90%	17.20%

For the year ended September 30, 2016 the Group recorded a profit before tax of $817.4 million - a compound annual growth rate ("CAGR") of 3.4% from 2012.

This growth in earnings has been principally driven by:

- 3.5% CAGR in Total Assets;
- 6.6% CAGR in Total Loans;
- CAGR of 4.5 % in Investments.

The Group continues to grow profits and is well capitalized with a capital/ assets ratio of 17.2%, as at September 30, 2016. As at that date, the Group's Capital Adequacy Ratio (ratio of Tier 1 capital (qualifying capital) to risk weighted assets) stood at 48.7%, which is over the required rate of 8%.

CORPORATE STRUCTURE

First Citizens is a publicly traded company, and its ordinary shares were listed on the TTSE on 16 September, 2013. First Citizens is a majority owned (77.18%) subsidiary of First Citizens Holdings Limited (FCHL), a company that is wholly owned directly by the Corporation Sole and its nominees from time to time on behalf of GORTT. FCHL was established by GORTT as the entity which would own its investment in First Citizens. The other major shareholders of First Citizens are the National Insurance Board of Trinidad and Tobago (NIBTT) (5.88%), Trinidad and Tobago Unit Trust Corporation (TTUTC) (2.25%) and other institutional and individual investors (14.69%). First Citizens has eight direct, wholly owned operating subsidiaries namely:

1. First Citizens Asset Management Limited
2. First Citizens Investment Services Limited (which has two subsidiaries: First Citizens Brokerage and Advisory Services Limited, and First Citizens Investment Services (Barbados) Limited)
3. First Citizens Bank (Barbados) Limited
4. First Citizens Securities Trading Limited[2]
5. First Citizens Trustee Services Limited
6. First Citizens Financial Services (St. Lucia) Limited
7. First Citizens (St. Lucia) Limited[3]
8. FCCR First Citizens Costa Rica SA (a service company and representative office)

[2] First Citizens Securities Trading Limited ceased operations in June 2016.
[3] First Citizens (St. Lucia) Limited ceased operations effective December 31, 2016

2. INFORMATION SUMMARY (continued)

CORPORATE STRUCTURE (continued)

First Citizens also owns interests in two joint ventures incorporated in Trinidad and Tobago, namely, Infolink Services Limited (25%) and Trinidad & Tobago Inter Bank Payment System Limited (14.29%). First Citizens also has a 19% investment in St. Lucia Electricity Services Limited, a company incorporated under the laws of St. Lucia.

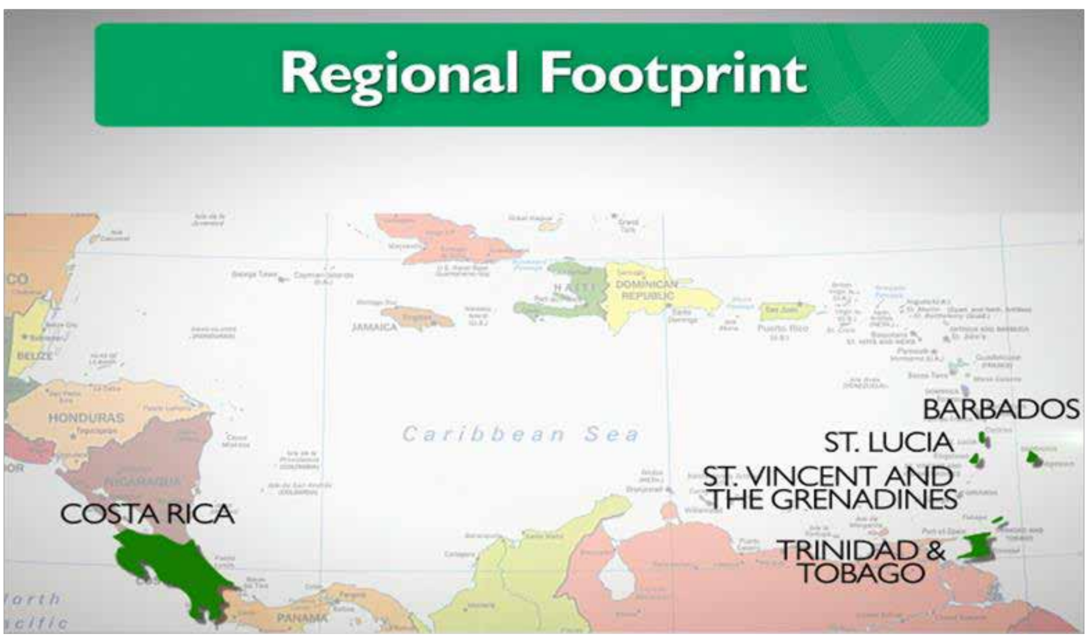
OVERVIEW OF PRINCIPAL ACTIVITIES

The First Citizens Group conducts a broad range of banking and financial service activities throughout Trinidad and Tobago with limited offerings via operations in Barbados, Costa Rica, St Lucia and St Vincent and the Grenadines. Its principal activities are outlined as follows:

Lending and Deposits

The provision of corporate, commercial and retail loans, deposits and other retail services including credit card accounts, internet and telephone banking is done in Trinidad and Tobago, via a network of 25 full service banking locations, 1 foreign exchange bureau, 7 operations centres and 113 ATMs. In Barbados, these services are provided via 6 branches, 1 lending centre and 8 ATMs located in branches formerly of Butterfield Bank (Barbados) Limited. In Costa Rica the provision of corporate loans is done via a centralized corporate banking team that covers both Costa Rica and the Central American region.

Regional Footprint Map



Non Lending and Deposits

First Citizens provides other financial services including trustee services, asset management services, merchant banking, securities trading, capital markets and structuring advisory and wealth management services. These services are offered through First Citizens Trustee Services Limited (FCTSL), First Citizens Asset Management Limited (FCAM), and First Citizens Investment Services Limited (FCIS) (via its operations in Trinidad and Tobago, St Lucia and St Vincent and the Grenadines and its subsidiary in Barbados).

2. INFORMATION SUMMARY (continued)

OVERVIEW OF PRINCIPAL ACTIVITIES (continued)

BOARD OF DIRECTORS AND SENIOR OFFICERS

First Citizens' current (i.e. as at the date of this Prospectus) Board of Directors and Senior Management team are listed as follows:

Name	Position
Board of Directors	
Mr. Anthony Isidore Smart	Chairman
Mr. Courtenay Williams	Deputy Chairman
Mrs. Lindi Ballah-Tull	Group Corporate Secretary
Mr. Ryan Proudfoot	Director
Ms. Franka Costelloe	Director
Mr. Ian Narine	Director
Mrs. Savitree Seepersad	Director
Mr. Troy Garcia	Director
Mr. Idrees Omardeen	Director
Ms. Jayselle Mc Farlane	Director
Ms. Ingrid Melville	Director
Mr. David Inglefield	Director
Executive Management Team	
Ms. Karen Darbasie	Group Chief Executive Officer
Mr. Sterling Frost	Deputy Chief Executive Officer – Operations and Administration
Mr. Jason Julien	Deputy Chief Executive Officer – Business Generation
Senior Management Team	
Mrs. Lindi Ballah-Tull	Head – Legal, Compliance and Governance
Mr. Felipe Castro	Regional Manager, Central America
Mrs. Margaret Corbie	General Manager – Human Resources
Mrs. Nicole De Freitas	General Manager – Operations
Mrs. Avril Edwards	Assistant General Manager – Electronic Banking
Mrs. Carole Eleuthere-Jn Marie	Chief Executive Officer (Interim) – First Citizens Bank (Barbados) Limited
Mr. Kurt Headley	Head – Retail Banking
Mr. Keshwar Khodai	Assistant General Manager – Group Treasury/International Trade Centre
Mrs. Neela Moonilal-Kissoon	Chief Information Officer – Information and Communications Technology
Mr. Robin Lewis	General Manager – Retail and Commercial Banking

2. INFORMATION SUMMARY (continued)

BOARD OF DIRECTORS AND SENIOR OFFICERS (continued)

Senior Management Team (continued)

Mr. Richard Look Kin	Chief Risk Officer
Mr. Shiva Manraj	Group Chief Financial Officer
Mr. Akhenaton Marcano	Assistant General Manager – Group Operational Risk and Controls
Mr. Ishwarlal Mongru	Head – Commercial Banking
Mr. Claude Nero	Assistant General Manager (Ag) – Credit Risk and Administration
Mr. Larry Olton	Head – Brand and Marketing
Mrs. Sana Ragbir	General Manager – First Citizens Investment Services Limited
Mr. Christopher Sandy	General Manager – First Citizens Trustee Services Limited
Mr. Anthony St. Clair	Chief Internal Auditor – Group Internal Audit
Mr. Kurt Valley	General Manager – First Citizens Asset Management Limited
Mr. Brian Woo	General Manager – Corporate and Investment Banking

CURRENCY

Unless otherwise stated all dollar values included within the Prospectus are expressed in Trinidad and Tobago dollars.

3. DETAILS OF THE DISTRIBUTION

GENERAL INFORMATION

No person has been authorised to give any information or to make any representation about the Offer other than those contained in this Prospectus. If such information or representation is given or made, the information or representation must not be relied upon as having been authorised by the Directors other than as set out in this Prospectus. This Prospectus is intended for use in Trinidad and Tobago. Nothing in this Prospectus constitutes an offer of securities for sale in any jurisdiction other than in the Republic of Trinidad and Tobago. Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus must be treated as sent for information only and should not be copied or redistributed. If the laws of any place outside the Republic of Trinidad and Tobago are applicable to an application, the applicant must comply with all such laws and neither the Offeror nor First Citizens will infringe any laws outside the Republic of Trinidad and Tobago as a result of the acceptance of an application to purchase.

PURPOSE OF THE OFFER

In his September 30, 2016 Budget Statement the Honourable Minister of Finance indicated GORTT's intention to make an offer for an additional sale of its shareholding in First Citizens. This statement was made pursuant to disclosures made in the said Budget Statement which indicated a fiscal gap between projected revenue and expenditure of over $16 billion and which GORTT proposed to finance in part through the sale of certain assets, including its said shareholding in First Citizens.

GORTT's shareholding in First Citizens is via FCHL which it owns. FCHL holds approximately 77.18% shareholding in First Citizens. It is 25% (48,495,665 ordinary shares) of this 77.18% shareholding (193,982,660 ordinary shares) which GORTT via FCHL, proposes to offer for sale to the public.

SHARE CAPITAL OF THE BANK

Stated Capital Accounts

As at December 31, 2016 the stated capital of First Citizens stood at $643,557,311 comprising:

	TT$
251,353,562 ordinary shares of no par value	539,957,311
42,500,000 Class A preference shares of no par value	42,500,000
61,100,000 Class B preference shares of no par value	61,100,000
	643,557,311

The Company is authorised to issue an unlimited number of ordinary shares of no par value.

3. DETAILS OF THE DISTRIBUTION (continued)

Ordinary Shares are held as follows:

Shareholder	Number of Ordinary Shares	%
First Citizens Holdings Limited[4]	193,982,660	77.18
NIBTT[5]	14,785,431	5.88
Other Shareholders	42,585,471	16.94
Total	251,353,562	100.0

As at December 31, 2016, the 251,353,562 ordinary shares were held as follows:
193,982,660 owned by FCHL; 14,785,431 held by NIBTT and 42,585,471 held by 10,486 institutional and individual investors.

Class A and B preference shares are held as follows: Class A – 42,500,000 held by NIBTT; Class B – 48,500,000 held by FCHL and 12,600,000 held by NIBTT.

The following table identifies the holders of preference shares at December 31, 2016:

Shareholder	Number of Class A Preference Shares	%	Number of Class B Preference Shares	%
NIBTT	42,500,000	100	12.600.000	21
First Citizens Holdings Limited	—	—	48,500,000	79
Total	42,500,000	100	61,100,000	100

SECURITIES BEING OFFERED

The Offeror is offering 25% of its shareholding in First Citizens comprising 48,495,665 ordinary shares of no par value at $32.00 per share payable in full on application. This Offer would represent 19.3% of First Citizens' issued ordinary shares of no par value after the sale. The ordinary shares which are subject to this Offer are registered in the name of the Offeror. Upon successful completion of the purchase applications, the shares will be transferred to the prospective purchasers and will rank equally with all other issued ordinary shares of First Citizens.

The Offeror has appointed First Citizens as its agent in respect of the sale of these shares.

After the successful completion of this Offer, the shareholding of the ordinary shares in First Citizens (excluding any allocations to NIBTT) will be as follows:

Ordinary Shares	No. of Shares	% Interest
First Citizens Holdings Limited	145,486,995	57.88%
NIBTT	14,785,431	5.88%
Other Shareholders	42,585,471	16.94%
Shares subject to the Offer	48,495,665	19.3%
Total Shares	**251,353,562**	**100%**

[4] First Citizens Holdings Limited is 100% owned by GORTT

[5] National Insurance Board of Trinidad and Tobago is a body corporate established by Act of Parliament No. 35 of 1971, responsible for the operation and administration of the country's National Insurance System

3. DETAILS OF THE DISTRIBUTION (continued)

SECURITIES BEING OFFERED (continued)

The ordinary shares are being offered to individual investors (including employees), institutional investors, the NIBTT, registered Mutual Funds and the Trinidad and Tobago Unit Trust Corporation, pensions and other trust funds, credit unions and co-operatives, and companies. The basis of allocation in the event of an over subscription, is detailed under Section 22 – *Purchase Application Information*.

DISTRIBUTION KEY DATES

The following key dates with regards to the distribution should be noted:

1.	Commencement date for the Offer	March 13, 2017
2.	Final date for lodging applications (or later at the discretion of the Offeror)	March 24, 2017
3.	Transfer of proceeds from the sale of the shares	April 18, 2017
4.	Electronic transfer of refunds via Automated Clearing House (ACH)	April 18, 2017
5.	Expected transfer date of shares to successful purchasers	April 18, 2017
6.	Notification of allotment of securities	April 25, 2017

The Offer will open on March 13, 2017 at 9:00 am and will close at 4:00 pm on March 24, 2017 or later at the discretion of the Offeror, but in any event no later than 90 days after the date of the receipt for the Prospectus.

PRICING

The Offer Price is $32.00, payable in full at the time of application. The Offer Price was determined based on the closing market price of the First Citizens' ordinary share on the last trading day prior to the date of approval of this Prospectus.

In determining the Offer Price of the ordinary shares, the Offeror considered several factors including:

- The information set forth in this Prospectus and otherwise available to the brokers;
- The prospects for the industry in which First Citizens competes;
- The overall economic prospects of Trinidad and Tobago;
- The assessment of First Citizens' management;
- First Citizens' prospects for future financial performance;
- The recent market prices of, and demand for, publicly traded shares of generally comparable companies;
- The general condition of the securities markets, and the offering market in particular, at the time of the offering; and
- Other factors deemed relevant by First Citizens, the Offeror and the brokers.

USE OF PROCEEDS

Total expenses of approximately $18.4 million are expected to be incurred in relation to this offer.

The net proceeds from the issue will be a minimum of approximately $1.5 billion after the deduction of transaction expenses as outlined above. The proceeds will be paid to FCHL for its shares which are the subject of this offer.

3. DETAILS OF THE DISTRIBUTION (continued)

The following are the material attributes and characteristics of the ordinary shares to be distributed.

DIVIDEND POLICY

The dividend policy of First Citizens is to distribute to its ordinary shareholders, funds surplus to the operating, capital and strategic requirements of the Group as determined by the Directors with an annual target dividend payout percentage range of 45% to 55% of net profit after tax but subject always to:

- The solvency requirements of the Companies Act;
- Any capital restriction requirements under the FIA;
- Any banking or other funding covenants by which First Citizens is bound from time to time;
- The operating, capital and strategic requirements referred to above in this dividend policy.

Changes to target dividend payout percentage
The target dividend payout percentage set out above will not be changed without the prior approval of the Directors.

Frequency of payments to shareholders
First Citizens will pay dividends, subject to the above noted requirements, twice per year. An interim dividend for the financial year will be paid based on the six months financial results to March 31st and the final dividend will be paid following the approval of the audited financial statements of that year.

VOTING AND OTHER RIGHTS

The ordinary shares have the following rights attached to them:

1. The right to vote at all meetings of shareholders except meetings at which only holders of a specified class of shares are entitled to vote;
2. Subject to the rights, privileges, restrictions and conditions attaching to any other class or series of shares of First Citizens, to receive dividends declared and payable by First Citizens on the ordinary shares; and
3. Subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of First Citizens, to receive the remaining property of First Citizens upon dissolution.

The Class A preference shares and the Class B preference shares have attached to them the right to receive dividends declared and the distribution of assets or return of capital in the event of liquidation, dissolution or winding up of First Citizens or any other return of capital or distribution of assets of First Citizens. In addition, there is an ability on the part of First Citizens to issue Class A and Class B preference shares in series which will rank in parity with preference shares of every other series and also be entitled in priority to the ordinary shares issued by First Citizens on any such said distribution of assets or return of capital.

3. DETAILS OF THE DISTRIBUTION (continued)

RIGHTS UPON DISSOLUTION OR WINDING-UP

First Citizens' By-Laws, at paragraph 38 provide that in the event that First Citizens is wound up, the liquidator may with the sanction of a special resolution of First Citizens and any other sanction required by the Act, the Regulations, the Banking Laws and the Securities Laws, divide amongst the members in specie or kind the whole or any part of the assets of First Citizens (whether they shall consist of property of the same kind or not) and may, for such purposes set such value as he deems fair upon any property to be divided as aforesaid and subject to the Articles may determine how such division shall be carried out as between the members or different classes of members. The liquidator may with the like sanction vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

STATUTORY FUND

The Second Schedule of the Insurance Act, 1980 provides, among other things, that ordinary shares of a company incorporated in Trinidad and Tobago, which during a period of five years ending less than one year before the date of purchase thereof, has either paid a dividend in each year upon its ordinary shares or had earnings in each such year available for the payment of a dividend upon such shares, of at least four percent of the average value at which the shares were carried in the capital stock account of the company during the year in which the dividend was paid or in which the company has earnings available for the payment of dividends, as the case may be will qualify as an eligible asset in which the Statutory Funds of Insurance Companies and Pension Fund Plans might invest.

B – FIRST CITIZENS BANK LIMITED

4. INFORMATION ABOUT THE FIRST CITIZENS GROUP

HISTORICAL INFORMATION

First Citizens was organized under the laws of the Republic of Trinidad and Tobago in March 1993 by GORTT. First Citizens was established with the objective of acquiring and taking over, as a going concern, the business and assets of Workers' Bank (1989) Ltd (Workers Bank), the National Commercial Bank of Trinidad and Tobago Limited (NCB) and the Trinidad Cooperative Bank Limited (TCB). At that time these indigenous banks were faced with the effects of inadequate capitalization and/or low loan asset quality which, combined with their competitive weaknesses and scale, made it difficult for them to overcome the constraints on their profitability, the effect of which was exacerbated by the economic downturn which the country was experiencing at that time. Workers' Bank and TCB were majority-owned by the Government while GORTT held a 33% interest in NCB. The assets and liabilities of the said three banks were vested in First Citizens in September 1993 by virtue of vesting orders made by the Minister of Finance under Section 49 of the FIA. At the same time the Central Bank assumed control of First Citizens under Section 44D of the Central Bank Act and required First Citizens to submit regular reports to the Central Bank on its operations as well as to collaborate with the Central Bank on governance issues.

When First Citizens was vested with the assets and liabilities of the said three banks in 1993, it faced substantial challenges, including, among others, a large non-performing loan portfolio, a liquidity crisis, a poor image, a high cost base, weak operating and control systems and low employee morale. Thus, the immediate focus of First Citizens' management was to reduce the non-performing portfolio, restore liquidity, improve First Citizens' image by improving product and service offerings, cost control, consolidate and improve its systems and procedures and improve employee morale. After this initial period, First Citizens then began to focus on:

1. Leveraging technology to create greater efficiency in its systems and procedures;
2. Implementing risk management processes by implementing ongoing credit reviews of the non-performing loan portfolio and standardizing credit procedures;
3. Reducing overhead costs while increasing revenues;
4. Improving its image and service by focusing on customer service and enhancing First Citizens' image;
5. Widening the range of products and services offered, primarily in the area of electronic banking through the introduction of credit cards, telephone banking services and its internet-based E-first online cash management system;
6. Deepening the human resource competence by taking steps to build a performance oriented culture, intensifying training and taking other steps to improve morale;
7. Refocusing on marketing as a responsibility of each employee and laying the foundation for future marketing efforts through the adoption of a well-structured marketing program; and
8. Targeting specific sectors of the economy to ensure consistent growth in its asset base.

In collaboration with and control by the Central Bank, First Citizens moved to become a profitable financial institution with a robust balance sheet which satisfied prudent and regulatory capital requirements while maintaining a strong liquidity position. Having achieved these objectives CBTT relinquished control of First Citizens in September 2007.

Since commencement of its operations in 1993 First Citizens has achieved a number of milestones. In 1994, it introduced the first international VISA Gold Card in Trinidad and Tobago. In 1995, it introduced the first online real-time cash management system that enabled real-time service networking of all branches and in 1999 was the first bank in the English Speaking Caribbean to launch an internet banking service with the launch of *"First Online"*.

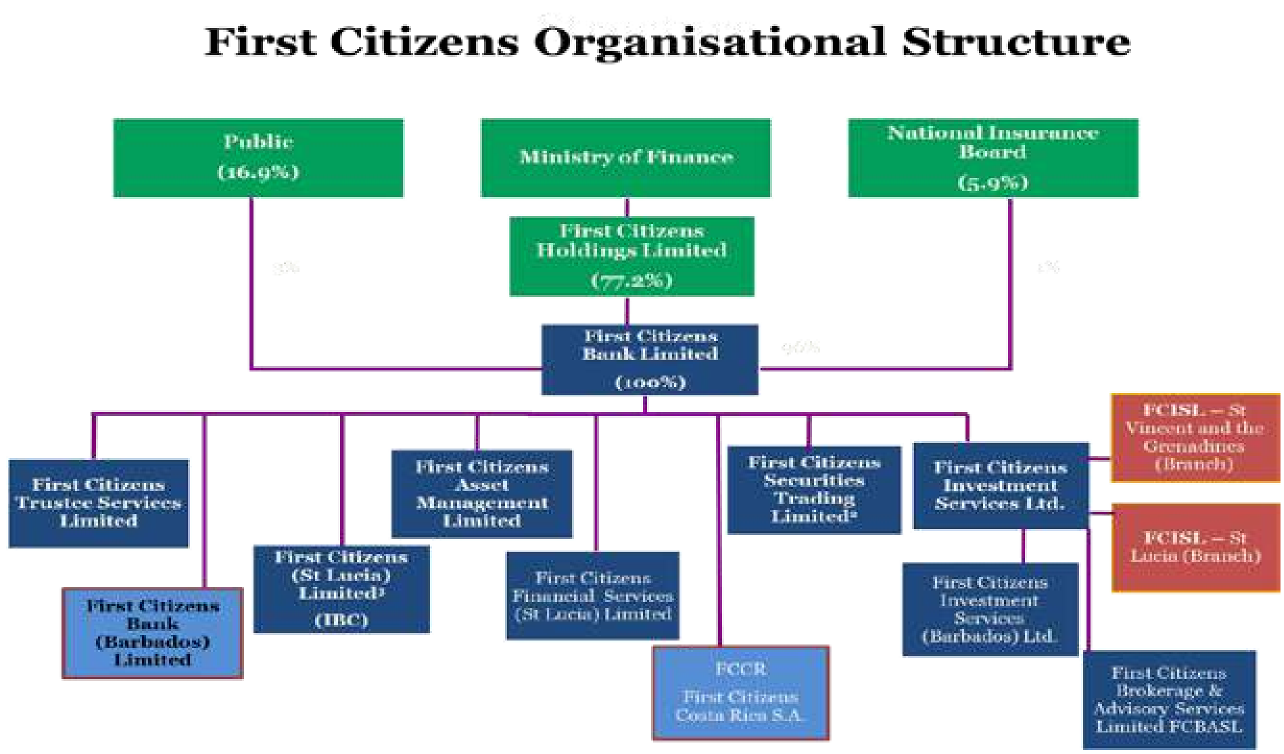
4. INFORMATION ABOUT THE FIRST CITIZENS GROUP (continued)

HISTORICAL INFORMATION (continued)

These initiatives continued with the turn of the century and in 2001 First Citizens became the first indigenous bank in the region to obtain an investment grade rating from Standard and Poor's. First Citizens' current rating of BBB+/A-2 from Standard and Poor's (October 2016) represents the highest international credit rating for an indigenous bank in the region. In 2004, First Citizens established First Citizens (St. Lucia) Ltd. and using that wholly owned subsidiary as a vehicle, was the first Trinidad and Tobago licensed financial institution to issue a USD bond in the international capital markets, with a third successful issue in 2011. The Bond issue in 2011 was repaid at maturity in February 2016.

An overview of the recent financial performance of First Citizens is contained under Section 11 – Management Discussion and Analysis of results for the fiscal year September 30, 2016, while Section 10 – Five Year Performance Summary contains commentary on historical performance drivers.

CORPORATE STRUCTURE



Registered and/or Licensed under: **1.** FIA held by FCHL, First Citizens, FCAM, FCTSL, FCCR SA (a representative office of First Citizens) **2.** SA, 2012 – First Citizens, FCAM, FCISL, FCBAS **3.** Securities Act, CAP 318 A of Barbados – FCIS Barbados Ltd **4.** Financial Institutions Act, CAP 324 A of Barbados - FCBBL **5.** International Business Companies Act; Banking license in St. Lucia under the International Banks Act 1999 – FC St. Lucia Ltd and FC Financial Services St. Lucia Limited. Note: FCHL is designated as a Bank holding Company under the FIA and is subject to the regulatory requirements under that Act.

[2]First Citizens Securities Trading Limited ceased operations in June 2016.

[3]First Citizens (St. Lucia) Limited ceased operations effective December 31, 2016.

4. INFORMATION ABOUT THE FIRST CITIZENS GROUP (continued)

CORPORATE STRUCTURE (continued)

First Citizens has eight direct wholly owned subsidiaries, and two indirectly owned subsidiaries namely:

FCAM is incorporated in Trinidad and Tobago and is licensed under the FIA. It is a wholly owned subsidiary of First Citizens and offers investment management services to pension plans, collective investment schemes and other parties.

FCIS is incorporated in Trinidad and Tobago and is registered as a broker-dealer under the SA, 2012. The company operates in Trinidad and Tobago, St. Lucia and St. Vincent and the Grenadines. Its principal business includes the arrangement of securities in primary market and trading securities in the secondary market. FCIS also offers wealth management services to its clients, portfolio management and such other business as is authorised pursuant to its registration under the SA, 2012.

FCIS' registered office is No. 17 Wainwright Street, St. Clair, Trinidad and Tobago.

FCIS' wholly owned subsidiaries are:

1. First Citizens Brokerage and Advisory Services Limited (FCBAS) – FCBAS is incorporated in Trinidad and Tobago and is registered as a broker dealer under the SA, 2012. Its principal business includes trading in securities on the TTSE and such other business as is authorized under the SA, 2012.
2. First Citizens Investment Services (Barbados) Limited (FCISBL) – FCISBL is incorporated in Barbados and is registered as a securities company under the laws of Barbados. Its principal business includes trading in securities and such other business as is authorised under the Securities Act, CAP 318A of Barbados. The company's registered office is One Welches, Welches, St. Thomas, Barbados

FCBBL is incorporated in Barbados and is licensed under the Financial Institutions Act, CAP 324A and is principally involved in the business of banking, including the provision of mortgages for residential and commercial properties. The company's registered office is No. 2 Broad Street, Bridgetown, Barbados. The company has six branches in Barbados located in the following areas: Broad Street, Bridgetown; Collymore Rock, St. Michael; Worthing, Christ Church; Sargeant's Village, Christ Church; Somerley Banking Centre, Christ Church and Welches, St. Thomas.

FCSTL[2] is incorporated in Trinidad and Tobago.

FCTSL is incorporated in Trinidad and Tobago and is licensed under the FIA. It offers a full range of trustee and related services including trusteeship of pension plans, mutual funds, bonds and other trust funds, bond paying agent/registrar and custody of assets.

FCFSL is incorporated as an international business company under the International Business Companies Act 1999 and also has a banking license in St. Lucia under the International Banks Act 1999. It is supervised by the Financial Regulatory Authority (FRA). The company's principal activities include selected banking and financial service operations.

FCSL is incorporated as an international business company under the International Business Companies Act 1999 and also has a banking licence in St. Lucia under the International Banks Act 1999 and is supervised by the Financial Regulatory Authority. The company was established as an offshore financial vehicle for First Citizens and its activities are structured to comply with the exemptions it enjoys under the US Investment Company Act of 1940 as amended.

[2]First Citizens Securities Trading Limited ceased operations in June 2016.

4. INFORMATION ABOUT THE FIRST CITIZENS GROUP (continued)

CORPORATE STRUCTURE (continued)

FCCR is incorporated in Costa Rica as a service company and is established as a representative office with the approval of the Central Bank. The company originates business for First Citizens by marketing to state owned entities and large corporates in the Central American market and participating in syndicated and bi-lateral loans. The company's registered office is located at Oficentro Eurocenter 1, Barreal de Heredia, Costa Rica.

First Citizens also holds interests in the following entities:

Infolink Services Limited – Infolink Services Limited (incorporated in Trinidad and Tobago) is a joint venture corporation equally owned (each with a 25% interest) by the four largest commercial banks in Trinidad & Tobago - First Citizens, Republic Bank Limited, RBC Royal Bank (Trinidad and Tobago) Limited and Scotiabank (Trinidad & Tobago) Limited. This joint venture allows customers of the respective banks to use their ATM card or debit card at other banks.

St. Lucia Electricity Services Limited – First Citizens has a 19% investment in St. Lucia Electricity Services Limited, whose principal activity is the provision of electrical power to consumers in St. Lucia. St. Lucia Electricity Services Limited was incorporated under the laws of St. Lucia on November 9, 1964 and re-registered as a public company on August 11, 1994. The company was also registered under the Companies Act of St. Lucia on October 22, 1997. The company operates under the Electricity Supply Act, 1994 (as amended) and has an exclusive licence for the exercise and performance of functions relating to the supply of electricity in St. Lucia. The company is listed on the Eastern Caribbean Securities Exchange. The company's registered office is located at Sans Souci, John Compton Highway, Castries, St. Lucia.

Trinidad & Tobago Inter Bank Payment System Limited (TTIPS) – TTIPS was incorporated in Trinidad and Tobago on November 3, 2004. Its principal business activity is the operation of an automated clearing house which facilitates the processing and settlement of electronic transactions between all banks. All six commercial banks operating in Trinidad and Tobago, along with the Central Bank of Trinidad and Tobago are equal shareholders in TTIPS. First Citizens holds a 14.29% interest in this joint venture.

4. INFORMATION ABOUT THE FIRST CITIZENS GROUP (continued)

BUSINESS ACTIVITIES

First Citizens conducts a broad range of banking and financial service activities including consumer banking, corporate and commercial banking, investment banking and investment management throughout Trinidad and Tobago and Barbados. Its investment banking and management services are also provided in St. Lucia and St. Vincent and the Grenadines. An overview of First Citizens' principal business activities follows:

Corporate and Retail Services and Products

Corporate and Commercial
First Citizens offers a full range of services to its corporate and commercial customers including, amongst others, the following:

- Savings & Business Chequing accounts
- Fixed Deposits
- Working Capital/Overdraft facilities
- Commercial Loans
- Commercial Mortgages
- Electronic Cash Management
- Foreign Exchange
- International Trade Services
- Asset Based Loans – Trade-related products
- Investments
- Asset Management

Retail
First Citizens also provides a comprehensive range of banking services and products for individual customers and small and medium enterprises including, amongst others, the following:

- Secured and unsecured consumer loans
- Mortgages and home equity loan
- Branded credit card accounts
- Personal trust and wealth management services
- Certificates of deposit
- Interest-bearing and non-interest-bearing chequing accounts with optional features such as debit/ATM cards
- Fixed deposits
- Mutual funds and annuities
- Utility payments
- Internet banking
- Telephone banking
- Traditional savings accounts
- Private/personal banking
- Mobile Banking
- Call Centre Services
- Youth Accounts
- Planned Savings Programs

4. INFORMATION ABOUT THE FIRST CITIZENS GROUP (continued)

BUSINESS ACTIVITIES (continued)

Lending Activities

First Citizens targets its lending to corporate entities and individuals that meet its credit standards. These standards aim to maintain a high quality loan portfolio while also adhering to the regulatory guidelines set out under the FIA and directives from the Central Bank.

First Citizens' credit standards are set by its standing Credit Committee with the assistance of the Group Chief Risk Officer and Assistant General Manager, Credit Risk and Administration, who combined are charged with ensuring that credit standards are met by the loans in its portfolio. First Citizens' credit standards for corporate and commercial borrowers take into account numerous criteria including historical and projected financial information, strength of management, acceptable collateral and market conditions and trends in the borrower's industry. In addition, prospective loans are also evaluated based on current industry concentrations in First Citizens' existing loan portfolio to prevent an unacceptable concentration of loans in any one particular industry. Through the authority of the Credit Committee, the Assistant General Manager, Credit Risk and Administration delegates lending authority to each branch and unit manager. First Citizens' lending activities are generally separated into corporate and commercial lending and retail lending. Specifically, First Citizens provides the following types of loans: demand loans, installment loans, personal overdrafts, and other services such as foreign exchange, travellers' cheques, standing orders, night safe depository and safety deposit boxes.

Additionally, First Citizens usually extends variable rate loans in which the interest rate fluctuates with a predetermined indicator such as the bank's prime lending rate or the London Inter Bank Offer Rate ("LIBOR"), the latter with respect to US$ denominated funding. This use of variable rate loans is designed to reduce First Citizens' exposure to risks associated with interest rate fluctuations since the rates of interest earned will automatically reflect such fluctuations.

First Citizens' corporate and commercial loan portfolio consists of lines of credit for working capital, term loans to finance equipment and other commercial assets, real estate loans, equipment lease financing and loans to government related entities. First Citizens' retail consumer loans portfolio consists primarily of personal lines of credit, student loans, debt consolidation loans, vacation loans, loans to acquire personal assets such as automobiles, credit card service and real estate loans. Retail loans are granted both on a secured and an unsecured basis.

Deposit Products

First Citizens offers a wide range of deposit products at competitive interest rates. Its corporate deposit products include commercial chequing accounts, lockbox accounts, cash concentration accounts and other cash management products such as its "E-first" online cash management service. Retail deposit products include savings accounts, chequing accounts and fixed deposit accounts. The latter service is designed to provide special privileges and benefits to senior citizens.

Advisory Services

Services offered include, but are not limited to:

Capital Markets

Advisory Services such as analysis and conduct of due diligence exercises, structuring, pricing, syndication/distribution and documentation as it pertains to: Equity and Bond issues, Commercial Paper and Private Placements.

4. INFORMATION ABOUT THE FIRST CITIZENS GROUP (continued)

BUSINESS ACTIVITIES (continued)

Advisory Services (continued)

Structuring & Advisory

Structured transactions; Mergers and Acquisition advisory and Corporate Finance advisory.

Wealth Management

Portfolio management; Investment advisory; Brokerage services; Investments (fixed income securities, short-term investments, multi-currency investments, mutual funds); On-line trading; and Custodian services.

Trading

Proprietary portfolio management and Equity and Bond Trading

Research

The research and preparation of Macroeconomic reports; Industry and sector analysis; bond portfolio pricing; equity analysis and Fixed income analysis.

Asset Management

FCAM provides investment management services for third party funds. Its asset management professionals work with customers to define objectives, goals and strategies for their investment portfolios. The Company advises institutional and individual investor clients concerning asset allocations in order to enhance returns on their investments and help them meet their investment objectives.

As at December 31, 2016 FCAM managed 25 individual plans with a combined market value of over $13 billion in assets under administration. These plans include FCAM's suite of mutual funds - the Abercrombie Fund, a TT dollar-denominated money market mutual fund; the Paria Fund, a US$ denominated income mutual fund; the El Tucuche fixed income fund, a TT$ denominated fixed income fund; the Immortelle Income and Growth Fund, a TT$ denominated income and growth fund. FCAM also manages institutional pension, savings and deferred annuity plans.

Trustee Services

FCTSL is licensed by the Central Bank to conduct trust and related business. The Company was established out of a desire to achieve the best practice corporate governance standards by separating the trusteeship function from the investment management function. Accordingly, in 2006 the trust business of the former First Citizens Trust and Asset Management Limited was transferred to FCTSL. At the same time, First Citizens Trust and Asset Management Limited was renamed FCAM to reflect its core focus on investment management.

FCTSL's primary focus is on the corporate trust market, in particular, providing trustee and custodian services for mutual funds, pension plans and bond issues and other trust funds. FCTSL also acts as registrar and paying agent for bonds issued in the domestic and regional capital markets. As at September 30, 2016 FCTSL had $15.25 billion in assets under administration and was servicing more than 100 debt instruments.

Securities Trading

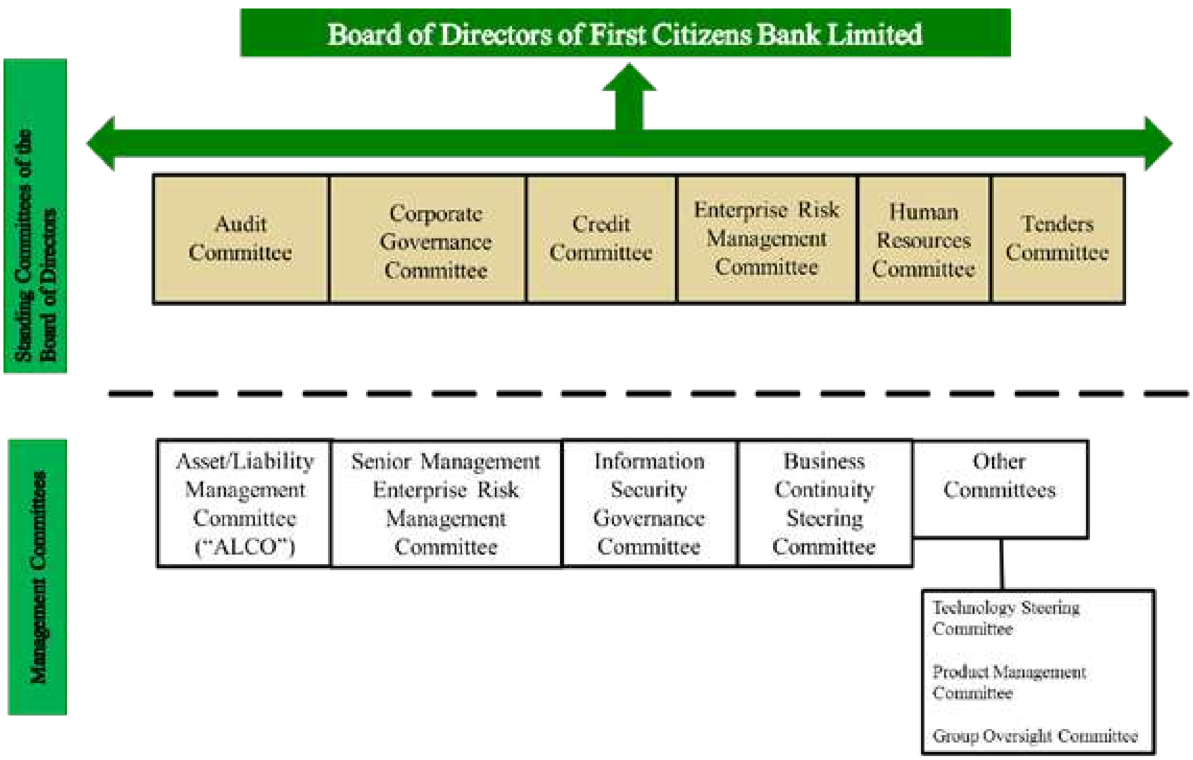
First Citizens' trading subsidiaries are registered to engage in trading fixed income and equity securities. In Trinidad and Tobago, as registered broker-dealers with the Trinidad and Tobago Securities and Exchange Commission, FCIS trades in fixed income securities while FCBAS trades in equity securities. In Barbados, FCISBL is registered with the Financial Services Commission to trade in all securities.

4. INFORMATION ABOUT THE FIRST CITIZENS GROUP (continued)

CORPORATE GOVERNANCE

First Citizens' Board of Directors is responsible to all its stakeholders for ensuring that First Citizens is operated in a manner that builds a highly profitable financial services franchise renowned for innovativeness, service excellence and sound corporate governance; in keen alignment with its Mission Statement. First Citizens' corporate governance framework is designed to ensure the strategic guidance of First Citizens, the effective monitoring of management by the Board, and the accountability of the Board to First Citizens, the shareholders and other stakeholders.

The Board of Directors currently has six standing committees, namely Audit, Corporate Governance, Credit, Enterprise Risk Management, Human Resources and Tenders. In addition to the standing committees, there are also several management committees responsible for ensuring the effective implementation of policies and decisions throughout the Group.



Audit Committee

All Group companies licensed under the FIA are required to have an Audit Committee. In keeping with this requirement, The First Citizens Group has established six Audit Committees among First Citizens and its subsidiaries. The Audit Committee is the principal agent of the Board of Directors in overseeing the:

1. Quality and integrity of the Group's financial statements.
2. Independence, qualifications, engagement and performance of the external auditors.
3. Review of the performance of the Group's internal auditors.
4. Integrity and adequacy of internal controls and the quality and adequacy of disclosures to the shareholders.
5. Scope and results of audits performed by the external auditor and the Group Internal Audit Department, as well as reports to the Inspector of Financial Institutions.

4. INFORMATION ABOUT THE FIRST CITIZENS GROUP (continued)

CORPORATE GOVERNANCE (continued)

Audit Committee (continued)

The Audit Committee's responsibility is supervisory in nature and it therefore recognizes that the Group's management has more knowledge and detailed information about the Group than do the members of the Committee. It also takes responsibility for the Group's financial reporting and financial statements prior to the involvement of the external auditors. Consequently, in carrying out its supervisory responsibilities, the Committee does not provide any expert or special assurance as to the Group's financial statements or any professional certification as to the external auditor's work.

The role and responsibilities of the Audit Committees of each entity in the First Citizens Group are as follows:

1. External auditor – supervising the relationship with the external auditor, including recommending the firm to be engaged as the external auditor, evaluating the auditor's performance and determining the selection criteria for the appointment of the external auditor.
2. Critical accounting judgments and estimates – Reviewing and discussing with management and the external auditor the company's critical accounting policies and the quality of accounting judgments and estimates made by management.
3. Internal controls – Becoming familiar with and understanding the Group's system of internal controls and, on a periodic basis, reviewing with both internal and external auditors the adequacy of this system.
4. Compliance – Reviewing the organisation's procedures in addressing compliance with the law and important corporate policies, including the company's Code of Conduct.
5. Financial statements – Reviewing and discussing the Group's annual financial statements with management and the external auditor and recommending that the Board approve these statements.
6. Internal audit function:
    - Overseeing the Group's internal audit function, including reviewing reports submitted by the Chief Internal Auditor;
    - Authorising the Internal Auditor to carry out special investigations into any area of the organisation's operations which may be of interest and concern to the Committee;
    - Ensuring that the Group's Internal Audit Department is aware of the important issues of the Group (including major areas of change and new ventures) and that these are incorporated into its work plans; and
    - Ensuring internal audit has full, free and unrestricted access to all the company's activities, records, property and personnel necessary to fulfill its agreed objective.
7. Providing communication – Providing a channel of communication to the Board for the external and internal auditors.
8. Ensuring consistency of composition – Each committee should have at least three members, of which the majority should be independent directors and one member should be a financial expert.

The Audit Committee meets quarterly but may convene additional meetings as the circumstances may require.

4. INFORMATION ABOUT THE FIRST CITIZENS GROUP (continued)

CORPORATE GOVERNANCE (continued)

Audit Committee (continued)

The members of the Audit Committees for First Citizens Holdings Limited, First Citizens and the respective subsidiaries follow:

First Citizens Holdings Limited Jayselle Mc Farlane – Chairperson	**Committee Members** Courtenay Williams Cherry-Ann Le Gendre
First Citizens Bank Limited Jayselle Mc Farlane – Chairperson	**Committee Members** Ryan Proudfoot Idrees Omardeen
First Citizens Asset Management Limited Idrees Omardeen – Chairman	**Committee Members** Jayselle Mc Farlane Troy Garcia
First Citizens Trustee Services Limited Ian Narine – Chairman	**Committee Members** Jayselle Mc Farlane Franka Costelloe
First Citizens Investment Services Limited Ian Narine – Chairman	**Committee Members** Franka Costelloe Troy Garcia Karen Darbasie
First Citizens Bank (Barbados) Limited Renee Kowlessar – Chairperson	**Committee Members** Sir Trevor Carmichael, S.C. Peter Williams

Corporate Governance Committee

The Corporate Governance Committee is central to the effective functioning of the Group, as it provides a leadership role in shaping the corporate governance of the Group. The responsibilities of this committee include establishing criteria for committee membership, rotating of committee members, reviewing any potential conflicts of interest between Board members and the Group, and monitoring and safeguarding the independence of the Board. Other responsibilities include:

1. Integrity of information – Overseeing and reviewing the Group's processes for providing information to the Board. This is done through the assessment of the reporting channels through which the Board receives information, and the assessment of the quality and timeliness of information received by the Board.
2. Corporate governance principles – Developing and recommending a set of corporate governance principles applicable to the Group. The Committee also reviews the composition of all Board Committees and their terms of reference, and brings to the Board for approval a code of best practice for the functioning of these Committees. The Corporate Governance Committee meets quarterly but may convene additional meetings when required.

4. INFORMATION ABOUT THE FIRST CITIZENS GROUP (continued)

CORPORATE GOVERNANCE (continued)

Corporate Governance Committee (continued)

3. Evaluation of performance – Developing an effective mechanism for an annual evaluation of the performance and effectiveness of the Boards within the First Citizens Group, the operations of Committees and the contributions of individual directors. The members of the Corporate Governance Committee for First Citizens are listed as follows:

   Committee Members
   Courtenay Williams – Chairman
   Franka Costelloe
   Ingrid Melville

Credit Committee

The roles of the Credit Committee are:

1. To approve credit facilities as documented under the Group's credit policy.
2. To review the quality of the loan portfolio and strategies being implemented to manage the Group's exposure to credit risk.
3. To review the Group's credit policies and make changes to ensure adequacy of scope and coverage; as well as appropriate rigor and continuing relevance to the changes in the environment in which the Group operates.

The Credit Risk and Administration Department support the work of the Credit Committee.

The Credit Committee meets bi-monthly or as required to approve credit applications. The members of the Credit Committee for First Citizens are listed as follows:

Committee Members
Ryan Proudfoot – Chairman
Ian Narine
Troy Garcia

Enterprise Risk Management Committee

The Board's Enterprise Risk Management Committee is responsible for oversight of the Group Chief Executive Officer's and Senior Management's responsibilities regarding the identification and management of, as well as planning for, the Group's market risk, operational risk, compliance risk and reputational risk (all referred to as "Enterprise Risks").

This Committee has overall responsibility for:

1. Overseeing senior management's implementation of a risk framework and risk appetite, while ensuring alignment of the Group's risk profile with the strategic plan, goals and objectives of the business.
2. Reviewing with senior management of First Citizens, the Group's processes (including policies, procedures, guidelines, benchmarks, management committees and stress testing) for identification, management and planning for the Group's Enterprise Risks. This Committee also receives and reviews reports from senior management regarding compliance with applicable risk-related policies, procedures and tolerances, and reviews the Group's performance relative to these policies, procedures and tolerances.

4. INFORMATION ABOUT THE FIRST CITIZENS GROUP (continued)

Enterprise Risk Management Committee (continued)

3. Periodically reviewing management's activities with respect to capital management and liquidity planning, including approval of management's plans with respect to liquidity sources, dividends, the issuance, repurchase or redemption of equity or other securities, and issuance and repayment of the Group's debt.
4. Receiving and reviewing reports on selected risk topics as management or the Committee deems appropriate from time to time.
5. Reviewing and discussing with management significant regulatory reports of the Company and its subsidiaries related to the Enterprise Risks, and remediation plans related to such Enterprise Risks.
6. Meeting annually with the Audit Committees on topics of common interest.

In addition, the risks associated with new business ventures (divestments, acquisitions, mergers, joint ventures, etc.), operations in foreign jurisdictions, new legislation/regulations, corporate financing/capital structure, and reputation are also reviewed by this Committee.

The members of the Enterprise Risk Management Committee for First Citizens are listed as follows:

Committee Members
Ryan Proudfoot – Chairman
Courtenay Williams
Ian Narine
David Inglefield

Human Resources Committee

The roles of the Board's Human Resources Committee are:

1. To provide a governance framework for the consideration of Strategic Human Resources matters.
2. To provide advice to the Board on the application of specific matters as appropriate.

The Human Resources Committee considers and makes recommendations to the full Board as appropriate with reference to:

1. Recruitment, Selection and Succession Planning – Policies on the recruitment, selection of and succession planning for senior staff;
2. Industrial Relations – Collective labour negotiating, grievances, disputes and other matters arising between First Citizens and the employees and the representative Union;
3. Terms and Conditions of Employment – The compensation philosophy to be adopted by the Group. The determination of the details of the remuneration packages for all employees;
4. Learning and Growth – Policies relating to training and development of staff and the review and assessment of the adequacy of such training;
5. Occupational Health and Safety – Policies relating to Occupational Health and Safety that ensure compliance with the Occupational Safety and Health Act;
6. Culture and Core Values – Policies relating to the core values, beliefs and behaviours to be promoted throughout the Group; and
7. Organisational Structure – Policies relating to the Group's operating model and its organization design principles.

4. INFORMATION ABOUT THE FIRST CITIZENS GROUP (continued)

Human Resource Committee (continued)

The members of the Human Resource Committee for First Citizens are listed as follows:

Committee Members
Franka Costelloe – Chairman
Savitree Seepersad
Ingrid Melville

Tenders Committee

The main purpose of the Tenders Committee is to ensure that First Citizens makes effective decisions when selecting suppliers and contractors for goods and services on a tender basis. The main functions of this Committee include reviewing and approving the procedures and rules for tenders, including the pre-qualification requirements for selected bidders/tenderers, reviewing recommendations from management regarding commercial bids from pre-approved and other tender participants, selecting the winning bid and providing overall control, coordination and supervision in the preparation and conduct of tenders.
The members of the Tenders Committee for First Citizens are listed as follows:

Committee Members
Courtenay Williams – Chairman
Troy Garcia
Ian Narine

MANAGEMENT COMMITTEES

Asset/Liability Management Committee. 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.

Senior Management Enterprise Risk Management Committee. The Senior Management Enterprise Risk Management Committee consists of members of the senior management team. This Committee is responsible for providing an integrated approach to risk management for First Citizens and its subsidiaries. This Committee is responsible for establishing and maintaining First Citizens' risk framework and classification system. Its objective includes ensuring that the overall risk profile of the bank is consistent with strategic objectives and that appropriate and timely information with regard to the identification, measurement and management of significant risks is provided to the risk management committee of First Citizens' Board of Directors. This Committee also functions as a key communication forum between business units, functional units and risk management in identifying, reporting and initiating action on enterprise-wide risk issues. First Citizens has also established a risk management policy, which identifies and allocates the responsibility for management risks within the Group.

Information Security Governance Committee. This committee was established to develop and maintain a framework to provide assurance that First Citizens' information security strategies are aligned with its business objectives and are consistent with the applicable laws and regulations across the jurisdictions in which the Group operates.

4. INFORMATION ABOUT THE FIRST CITIZENS GROUP (continued)

MANAGEMENT COMMITTEES (continued)

Business Continuity Steering Committee (BCSC). This committee provides the governance and oversight of the Business Continuity Management programme for the First Citizens Group, with its priorities as follows:

1. Verifying with the Group's Business Continuity Planning (BCP) Unit that the BCP Related documentation are maintained and are relevant to the various businesses/unit across the Group.
2. Ensuring that a robust maintenance and awareness programme is in place across the Group which is effective to embed the business continuity awareness level and culture within the Group.
3. Warranting that the Business Continuity Management (BCM) programme remains relevant to the business objective of the Group and aligned to best practice and International Standards.
4. Identifying training requirements outside of the maintenance programme.
5. Providing support to the recovery teams.

Other Committees. First Citizens has several other committees comprised of members of the senior management team, including a Technology Steering Committee (which oversees technology investment by First Citizens and its subsidiaries), Product Management Committee (which is responsible for bringing new products and services to market) and a Group Oversight Committee (which oversees the core strategic business of the Group).

4. INFORMATION ABOUT THE FIRST CITIZENS GROUP (continued)

EMPLOYEES

As of December 31, 2016, First Citizens and its subsidiaries employed over 2,000 permanent employees. The majority of the non-management bank employees in Trinidad and Tobago are represented by the Banking Insurance and General Workers Union. First Citizens considers its relationship with its employees and this union to be good. Since the Government is the controlling shareholder of First Citizens, all salary rates, including those for senior management and the collective bargaining positions must be approved by Government. The collective bargaining agreement covering non-management employees will expire on December 31, 2017. Discussions are yet to commence for the period 2018-2020.

The majority of the non-management employees at FCBBL are represented by the Barbados Workers Union. The current period under negotiation spans the period 2013 – 2018. Negotiations have since been completed and a draft Collective Agreement completed for sign off. The relationship between First Citizens and the Barbados Workers' Union has historically been one of mutual respect and cooperation, with no history of disputes or protracted negotiations. First Citizens' management actively seeks to maintain an industrial relations climate that facilitates business success.

The non-management staff of FCIS-St. Lucia Branch are currently members of the National Workers' Union. First Citizens is in the process of finalizing its first collective agreement covering the period 2016 – 2019.

First Citizens has developed strategic leadership competency models and established competency requirements for all levels of staff, managerial and non-managerial. The competency model and requirements are used to guide placement and promotion decisions. First Citizens conducts internal strategic alignment surveys in order to gauge employees' commitment.

First Citizens also owns a 21,000 sq. ft. Learning Centre at which it provides centralized training for all employees. First Citizens has in place a number of managerial development programs; more specifically, there are individual development and succession planning initiatives being implemented for its Executive and Senior Management Team. First Citizens has also enacted a code of conduct applicable to all staff.

PROPERTIES

As at January 31, 2017, First Citizens conducted business at 25 full service banking locations, 1 foreign exchange bureau, 7 operations centres, 5 commercial business centers, a learning centre and 113 ATMs. In Barbados, these services are provided via 6 branches, 1 lending centre and 8 ATMs.

First Citizens owns the land and buildings comprising its headquarters, 3 operations centres, the learning centre, a manager's residence in Tobago and 12 of its branches. The Bank leases the remainder of the land and buildings. The details of all owned and leased properties are included under Appendix 2.

5. DIRECTORS AND SENIOR OFFICERS

BOARD OF DIRECTORS

Anthony Isidore Smart (*Chairman*) graduated from the University of Toronto, Canada with a Bachelor of Arts (General), majoring in Economics. He is an Attorney-at-Law who has been in private practice for 44 years, 30 of which he has led the law firm of Gittens, Smart & 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 in the House of Representatives. He was Attorney General of Trinidad and Tobago from March 1989 to November 1991. 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 Chairman of the Board of First Citizens Bank Limited on June 17, 2014 and subsequently as Chairman of First Citizens Investment Services Limited, First Citizens Costa Rica S.A and First Citizens Holdings Limited. He served as Executive Chairman of First Citizens Bank Limited from December 4, 2014 to April 7, 2015. He was inducted into the Fatima College Hall of Achievement for Public Service in 2015.

Courtenay Williams (*Deputy Chairman)* is an Attorney-at-Law who has been in practice for 29 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.

Mr. Williams, a certified Mediator, is a tutor at the Hugh Wooding Law School in Landlord and Tenant and has previously also tutored in areas such as Conveyancing and Registration of Title, Ethics Rights and Obligations of the Legal Profession and Succession.

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

Ryan Proudfoot holds a Bachelor of Arts Degree (with Hons) in Accounting from the University of Kent at Canterbury, UK and a Masters of Business Administration in International Management from the University of Exeter, UK. He is the majority shareholder of Total Office, a Trinidadian headquartered company that helps people create great office spaces, with subsidiaries in Barbados, and operations in 12 other southern Caribbean countries. 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) Ltd. 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 the Corporate Bank where he served for 5 years before moving to live in Barbados. He was appointed to the Board of First Citizens Bank Limited on July 3, 2014 and subsequently as Chairman of the Board of First Citizens Investment Services (Barbados) Limited, and a Director on the Board of First Citizens Investment Services Limited, Chairman of the Board of First Citizens Brokerage and Advisory Services Limited and First Citizens Bank (Barbados) Limited.

5. DIRECTORS AND SENIOR OFFICERS (continued)

BOARD OF DIRECTORS (continued)

Franka Costelloe holds a (MSC) Master's Degree in Building and Construction Management (with distinction), an (MBOS) Associate Degree in Project Management and (BSC) Bachelor of Science Degree in Business Administration with a Major in Human Resources. Ms. Costelloe is a Director of Lifetime Roofing Ltd; a manufacturer, distributor and contractor specialised in metal and flat roof waterproofing. She has experience in various departments including: Human Resources, Project Management, Contracts, Budget Planning & Administration, Sales and Marketing.

She was appointed to the Board of First Citizens Bank Limited on July 3, 2014 and subsequently to the Boards of First Citizens Investment Services Limited and First Citizens Trustee Services Limited. Ms. Costelloe is also a member of the Trinidad and Tobago Manufacturers' Association Board.

Ian Narine has 21 years' experience in the financial services industry. He holds a Master's in Business Administration from Manchester Business School and is a Fellow of the Association of Chartered Certified Accountants. He is also a Member of the Chartered Institute of Securities and Investments. Over the course of his career, Ian has fulfilled numerous roles and disciplines across the financial services industry. He has practiced as an accountant, auditor, corporate finance consultant, stock broker, investment adviser, portfolio manager, wealth manager and private banker. He has also been involved in financial analysis and research, macro-economic analysis, financial risk management and internal audit. Mr. Narine has had over ten years of senior management responsibility, including the positions of General Manager and Managing Director of units and subsidiaries associated with four publicly listed companies in Trinidad and Tobago.

He was appointed to the Board of First Citizens Bank Limited on August 25, 2014 and subsequently to the Boards of First Citizens Trustee Services Limited, First Citizens Investment Services Limited and First Citizens Costa Rica S.A. He is currently the Deputy Chairman of the Trinidad and Tobago Stock Exchange and is a member of the Board of the Telecommunications Services of Trinidad and Tobago. Mr. Narine is also a regular contributor to the print and electronic media on matters related to investing, finance and the economy and has written over 500 columns for the Business Guardian, spanning over 10 years.

Savitree Seepersad FCCA is a Member of the Association of Chartered Certified Accountants. Mrs. Seepersad is currently the Deputy Permanent Secretary, Ministry of Finance. She entered the Public Service 32 years ago, where she served in various positions in the Ministry of Finance including Treasury Accountant, Senior Treasury Accountant and Treasury Director. She is the Chairman of the Seized Assets Advisory Committee and a member of the National Anti-Money Laundering and Counter Financing of Terrorism Committee. She is also involved in the Public Financial Management and Public Procurement reform initiatives in the Public Service.

Mrs. Seepersad was appointed to the Board of First Citizens Bank as a Director on April 14, 2016.

Troy Garcia holds a Bachelor's Degree in Business Administration from Stetson University, Florida, USA. With over 20 years of experience and success in the fields of business and entrepreneurship, he is the Chief Executive Officer of Parts World Limited, Director of United Bearings and Equipment Agencies, 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 June 16, 2016 and subsequently to the Board of First Citizens Investment Services Limited.

5. DIRECTORS AND SENIOR OFFICERS (continued)

BOARD OF DIRECTORS (continued)

Idrees Omardeen became a member of the Association of Chartered Certified Accountants in 2004, five years after which his expertise in the field granted him Fellow Membership Status within the Association. With a keen eye for management, Mr. Omardeen operates the Omardeen School of Accountancy Limited, a family owned business. Here, Mr. Omardeen devotedly lectures all levels of accounting - from entry level to professional level - while simultaneously liaising with stakeholders and planning, designing and implementing improvements to the facility.

Mr. Omardeen was appointed as a Director of First Citizens Bank Limited on June 17, 2016 and subsequently as a Director on the Board of First Citizens Investment Services Limited.

Jayselle Mc Farlane is a member of the Association of Chartered Certified Accountants and has experience in various sectors such as financial services, construction, hospitality and manufacturing. Her career as a Consultant emanated from over 20 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 is currently pursuing the Forensic Certified Public Accountant qualification at Caribbean Institute of Forensic Accounting.

She was appointed to the Board of First Citizens Bank Limited as a Director on June 16, 2016 and subsequently as a Director on the Board of First Citizens Trustee Services Limited.

Ingrid Melville is an Attorney-at-Law who has been in practice for 22 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/Spectra Capacity Building Consultancy Botswana and a Board Member of the Tobago Regional Health Authority. At various times between September 1998 and April 1999 Ms. Melville served as the Assistant Registrar General with the Ministry of Legal Affairs and a part time Lecturer in Law at the University of the West Indies, Centre for Continuing Studies.

A true pioneer of human rights issues, Ms. Melville has presented at several key seminars in Botswana, South Africa, Zimbabwe and Egypt and has published research papers and other publications on topics such as human dignity, volunteerism, and HIV in the workplace. Ms. Melville has made many meaningful collaborations in respect of human rights and youth issues from early on in her life (being a Member of the Tobago Youth Council in 1985) and has been actively involved in youth development and human rights issues ever since. Ms. Melville is the recipient of the following prestigious awards:H. Aubrey Fraser Prize for Status, Rights and Obligations of the Legal Profession from the Sir Hugh Wooding Law School, St. Augustine, Trinidad; and E.K. Roopnarine Award for Status, Rights and Obligations of the Legal Profession from the Sir Hugh Wooding Law School, St. Augustine, Trinidad. She was appointed to the Board of First Citizens Bank Limited as a Director on February 16, 2017.

David Inglefield's career in advertising has spanned 35 years. Starting in 1969 at Trinity Advertising, he became Managing Director in 1978 and in 1981 merged the business with Corbin Compton Caribbean, a major international agency in the Region. He was appointed CEO of Corbin Compton in 1982 until he resigned in 1993 and founded Inglefield, Ogilvy & Mather.
He has worked for a host of 'Blue Chip' companies and brands locally and in the region including NEMWIL for 29 years. He has also worked on the strategy and communication for the transition of Barclays to Republic Bank, Workers Bank 1989 Ltd, First Citizens Bank, Demerara Bank, Unilever, British Airways, ANSA McAL Group, Shell, Atlantic LNG, British Gas (crisis management consultant), Grace Kennedy Jamaica, Demerara Distillers Ltd (Guyana), Caroni (1975) Ltd, Carib Brewery, Lipton Tea, Kerrygold, Bermudez, SM Jaleel, Vemco and The Government of T&T, Vision 20/20.

5. DIRECTORS AND SENIOR OFFICERS (continued)

BOARD OF DIRECTORS (continued)

In 1989 he was a member of the team appointed by the then Governor of the Central Bank to manage the fallout and re-launch of Workers Bank 1989 Ltd., and was also tasked to develop a new entity with a distinctive positioning and competitive advantage in the sector. This entity was eventually launched at the consolidation of the three indigenous banks as - First Citizens Bank Limited. Recognized 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 Groups Executive Committee. As Group Marketing Director, he played a decisive role in the acquisition of the Bryden's Group in Barbados and its successful integration into the Group's distribution business in Barbados.

In 2005 he was appointed the Group's Distribution Sector Head - Chairman of AMCO, ANSA McAL Trading (Guyana) Ltd., A&R Tempro (1986) Ltd., Stokes & Bynoe Ltd., A. S. Bryden & Sons (Barbados) and DCI Miami Inc. (USA). He served as a Board member of Carib Brewery Limited, Bryden & Minors Ltd. (Grenada), A.S. Bryden & Sons (Antigua), Bryden & Partners Ltd. (St. Lucia) and Trimart Inc., Barbados. He was appointed President/CEO ANSA McAL (Barbados) Ltd in 2007 until July 2011 when he returned to T&T in 2011 and continued at ANSA McAL Group Head Office as Sector Head, Chairman of the Services & Retail Sectors. He was also a Board Member of the Trinidad Publishing Company Ltd, and Chairman of the Boards of the Television and Radio Divisions, MBM, Standard Distributors, Alstons Shipping and Alstons Travel Ltd and ANSA Technologies Ltd.

Mr. Inglefield retired from the ANSA McAL Group in June 2015 and is now an active business consultant to major businesses in the Energy and Construction Sectors. He is also Vice president of the Trinidad &Tobago Olympic Committee and Chairman of Inglefield, Ogilvy & Mather. He was appointed to the Board of First Citizens Bank Limited as a Director on February 16, 2017.

EXECUTIVE MANAGEMENT TEAM

Karen Darbasie – Group Chief Executive Officer
Ms. Karen Darbasie holds a Bachelor of Science (BSc) Honours degree in Electrical Engineering from the University of the West Indies, a Master's of Science with distinction in Telecommunications and Information Systems from University of Essex, England and a Master of Business Administration with distinction from University of Warwick, England.

Prior to her appointment at First Citizens in 2015, Ms. Darbasie held the post of Managing Director of the Merchant Bank, Country Treasurer and Markets Head at the local subsidiary of a multinational bank. She has also sat on the Board of the American Chamber of Commerce of Trinidad and Tobago. With over 23 years of experience and such a diverse educational background, Ms. Darbasie will continue growing the First Citizens brand throughout Trinidad and Tobago, St. Lucia, St. Vincent and the Grenadines, Barbados and Central America through the initial extension into Costa Rica. In addition, she sits on the boards of several subsidiaries within the First Citizens Group. She is currently Treasurer of the Bankers Association of Trinidad and Tobago.

Sterling Frost – Deputy Chief Executive Office, Operations and Administration
Mr. Sterling Frost assumed the position of Deputy Chief Executive Officer, Operations and Administration, with effect from June 22, 2016. Mr. Frost has over 25 years' experience in different aspects of commercial banking and with outstanding academic and research qualifications in Banking and Human Resource Management. Prior to joining First Citizens, Mr. Frost held the position of Director of Human Resources at a multinational bank. He has worked at several of the major banks in Trinidad and Tobago and in the international operations of large commercial banks in Canada and a number of Caribbean countries. His operational banking experience has been bolstered by directorships in financial (banking) institutions in Central America including Panama, Nicaragua and Honduras. His academic qualifications include a Master in Business Administration, University of the West Indies. He is currently pursuing a Doctorate in Business Management, UWI.

5. DIRECTORS AND SENIOR OFFICERS (continued)

EXECUTIVE MANAGEMENT TEAM (continued)

Jason Julien – Deputy Chief Executive Officer, Business Generation
Mr. Jason Julien assumed the position of Deputy Chief Executive Officer, Business Generation with effect from February 01, 2015. Mr. Julien is a Chartered Financial Analyst with over 19 years of experience in the financial services industry. He is the holder of a BSc in Management Studies with honours from the University of the West Indies, and an MBA from Edinburgh Business School. His career has covered consultancy with PricewaterhouseCoopers and management positions at an international bank. He was also employed with one of the largest financial services conglomerates in the Caribbean, where he managed over $8 billion in assets.

He is a member of the Finance Faculty at the Arthur Lok Jack Graduate School of Business, and is a commentator on economic, investment and financial matters. Mr. Julien was also honoured as one of the Distinguished Alumni of UWI, St Augustine. Mr. Julien 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 and as Chairman of the Airports Authority of Trinidad and Tobago. He is the Vice President of the Scouts Association of Trinidad and Tobago and is a Director on the boards of the Trinidad and Tobago Chamber of Industry and Commerce and of several subsidiaries within the First Citizens Group.

SENIOR MANAGEMENT TEAM

Lindi Ballah-Tull – Head, Legal, Compliance and Governance
Mrs. Lindi Ballah-Tull assumed the position Head, Legal, Compliance and Governance with effect from October 01, 2010. Mrs. Ballah-Tull has 26 years' experience in field of Law and Banking. She holds a LLB Degree (Hons) from the University of the West Indies, Cave Hill and a Legal Education Certificate from Hugh Wooding Law School, St. Augustine, Trinidad.

Felipe Castro – Regional Manager, Central America
Mr. Felipe Castro assumed the position of Regional Manager, Central America, with effect from January 02, 2012. Mr. Castro is responsible for the Group's Operations in Costa Rica. He has 20 years' banking experience and is the holder of a Bachelor Degree in Business Administration from the University of Latin America as well as, a post graduate Degree in Capital Markets from the University of Costa Rica.

Margaret Corbie – General Manager, Human Resources
Mrs. Margaret Corbie assumed the position of General Manager, Human Resources on August 3, 2015. She has over 22 years of Management and Leadership experience inclusive of 19 years' experience in banking. Her experience and skills span various Management and Executive positions in the Information Technology, Banking and Shipping Industries. Mrs. Corbie is the holder of a Master's in Business Administration from the Heriot–Watt University and a Bachelor of Business Administration from the University of New Brunswick.

Nicole De Freitas – General Manager, Operations
Mrs. Nicole De Freitas assumed the position of General Manager – Operations on January 18, 2016. She has approximately 14 years' experience at the Senior Managerial Level in the areas of Information Technology, Project Management and Shared Services. She previously held the position of Director Operations Support – Shared Services, Caribbean South Hub at another Commercial Bank in Trinidad and Tobago. Mrs. De Freitas holds an Executive Masters in Business Administration (with distinction) from the Arthur Lok Jack Graduate School of Business, a post graduate Advanced Diploma in Management Information Systems (with distinction) from the University of the West Indies' Institute of Business, as well as a Bachelor's Degree (First Class Honours) with majors in Mathematics and Computer Science, also attained at the University of the West Indies.

5. DIRECTORS AND SENIOR OFFICERS (continued)

SENIOR MANAGEMENT TEAM (continued)

Avril Edwards – Assistant General Manager, Electronic Banking
Ms. Avril Edwards assumed the position of Corporate Manager - Electronic Banking Unit, with effect from November 10, 2008. Ms. Edwards has over 23 years' experience in the field of Banking. She is principally responsible for the Electronic Banking Unit. She holds directorships on the Infolink and the Transunion Boards. She holds a Bachelor of Arts in Social Sciences from the University of the West Indies, and a Masters in Business Administration from Henley Brunel.

Carole Eleuthere-Jn Marie – Chief Executive Officer (Interim), First Citizens Bank (Barbados)
Mrs. Carole Eleuthere-Jn Marie is currently acting in the position of Chief Executive Officer, First Citizens Bank Barbados effective November 23, 2016. She is an experienced banker with over 20 years' extensive experience in the financial services sector and a past Chairperson of the Caribbean Association of Banks. Mrs. Eleuthere-Jn Marie's most recent role was as Regional Manager, Eastern Caribbean and Barbados, First Citizens Investment Services Limited. She is also a qualified Accountant with significant experience in Accounting and Management and a graduate of the University of the West Indies, Cave Hill Campus and the Emile Woolf College of Accountancy, London, England where she attained her qualification as a Chartered Certified Accountant (ACCA). She is also a past ACCA International Assembly Representative for the Caribbean and the Americas.

Kurt Headley – Head, Retail Banking
Mr. Kurt Headley assumed the position of Head - Retail Banking, with effect from September 01, 2015. Mr. Headley has over 26 years' experience in Banking with approximately 24 years' managerial experience. Prior to this he held the position of Cluster Manager, East/Central/Tobago. He is the holder of Masters in Business Administration - Business Management as well as a Diploma in Management Studies.

Keshwar Khodai – Assistant General Manager, Group Treasury and International Trade
Mr. Keshwar Khodai assumed the position of Head-Group Treasury and International Trade with effect from December 01, 2013. Mr. Khodai has approximately 15 years' experience in the banking sector. Since 2007, he held the position of Senior Manager, Trading at the Treasury and International Trade Centre. Prior to his tenure with First Citizens, he was employed with another Commercial Bank in Trinidad and Tobago for five years where he worked in the areas of Treasury Management, Market Risk Management and Merchant Banking. Mr. Khodai is a Chartered Financial Analyst (CFA) charterholder and a holder of a Bachelor's of Science Degree in Chemistry and Management Studies (First Class Honours) from the University of the West Indies, St. Augustine.

Neela Moonilal-Kissoon – Chief Information Officer, Information and Communication Technology
Mrs. Neela Moonilal-Kissoon assumed the position of Chief Information Officer on February 01, 2015. She has approximately 15 years' experience particularly in the area of Information Technology within the Financial Services Industry. She currently holds the position of Corporate Manager – Information and Communication Technology. Mrs. Moonilal-Kissoon is the holder of a Bachelor of Science Degree in Computing and Information Systems (Honours) from University of London. In addition, she holds an International Masters in Business Administration from the Arthur Lok Jack Graduate School of Business. She is a Certified Information Systems Auditor and is Certified in Risk and Information System Control.

5. DIRECTORS AND SENIOR OFFICERS (continued)

SENIOR MANAGEMENT TEAM (continued)

Robin Lewis – General Manager, Retail and Commercial Banking
Mr. Robin Lewis assumed the position of General Manager, Retail and Commercial Banking, with effect from April 02, 2012. Mr. Lewis has over 35 years of banking experience in Retail and Commercial Banking with approximately 16 years at the level of Branch Management. Mr. Lewis holds a Master's in Business Administration (MBA) from the University of Lincoln, London, a certification in Business Management from the University of the West Indies and certification in Computer Applications from the University of the West Indies Institute of Business. He has been a member of the Board of Directors of TTMA for the last five years and is also serving on the Boards of First Citizens Investment Services (Barbados) Limited and First Citizens Brokerage and Advisory Services.

Richard Look Kin – Group Chief Risk Officer
Mr. Richard Look Kin assumed the position of Chief Risk Officer, with effect from September 14, 2015. Mr. Look Kin has over 16 years' Risk Management experience inclusive of 13 years at the Senior Managerial Level. He previously held the position of Risk Management Officer at the Caribbean Development Bank, Wildey, Barbados. He holds a Master's in Business Administration *(with distinction)* from the Heriot-Watt University, Edinburgh, Scotland, a Bachelor of Commerce from the University of Toronto, Canada, a CFA Charter from the CFA Institute and the PRM designation from the Professional Risk Managers' International Association. He is also a director on the CFA Society of Trinidad and Tobago.

Shiva Manraj – Group Chief Financial Officer
Mr. Shiva Manraj has served as the Group Chief Financial Officer, since February 2005. He has overall responsibility for both the Finance function and Treasury function of the Group. He is a Chartered Accountant, who obtained his qualifications through the Chartered Association of Certified Accountants. He is a fellow of the Chartered Association of Certified Accountants of England – F.C.C.A. and is also a Member of the Institute of Chartered Accountants of Trinidad & Tobago. Prior to joining the First Citizens Group, Mr. Manraj worked at an international firm of accountants for 14 years in the assurance and business advisory services where he eventually served as director, specializing in the financial services industry. He is currently a Director in First Citizens Financial Services (St Lucia) Limited, First Citizens Trustee Services Limited, First Citizens Costa Rica S.A. and serves in various capacities on numerous committees within the Group.

Akhenaton Marcano – Assistant General Manager, Group Operational Risk and Controls
Mr. Akhenaton Marcano has been employed with the Group since July 19, 2014 and is currently the Assistant General Manager, Group Operational Risk and Controls. Mr. Marcano has approximately 9 years' experience at the senior management level as well as 13 years' service as Risk Management and Finance professional. He holds a Bachelor's degree in Actuarial Science, a Financial Risk Manager certificate from the Global Association of Risk Professionals, as well as an Associate Business Continuity Professional certificate from the Disaster Recovery Institute (International).

Ishwarlal Mongru – Head-Commercial Banking
Mr. Ishwarlal Mongru assumed the position of Head – Commercial Banking on August 2015. Mr. Mongru has over 18 years managerial experience within the financial services industry, specifically in the areas of Commercial Banking, Corporate Banking, and local and regional Special Loans/Collections. He brings with him a wealth of expertise in business development, risk management and recovery strategies and holds a Bachelors Degree in Economics from the University of the West Indies.

Claude Nero – Assistant General Manager, Credit Risk and Administration (Acting)
Mr. Claude Nero assumed the position of Senior Manager, Group Corporate Risk Management, with effect from July 22, 2013 and has been recently appointed to act in the position of Assistant General Manager, Credit Risk Management, with effect from August 22, 2016. Mr. Nero has 26 years' banking experience, with four years at the Senior Managerial Level. He is currently perusing the Executive Master in Management (EMBA) and possesses an Advanced Diploma in Business Management.

5. DIRECTORS AND SENIOR OFFICERS (continued)

SENIOR MANAGEMENT TEAM (continued)

Larry Olton – Head, Brand and Marketing
Mr. Larry Olton assumed the position of Head, Brand and Marketing with effect from January 03, 2017. As a professional marketing executive, he brings to the job 25 years' experience working at senior levels in financial institutions. His experience in banking, finance and insurance also range through Marketing, Communications, Product and International Business Development, Operations & Credit Management and Strategic Planning. Mr. Olton is a graduate of the University of the West Indies in Management Studies and also holds a Master's in Business Administration (MBA) with distinction from the Arthur Lok Jack Graduate School of Business.

Sana Ragbir – General Manager, First Citizens Investment Services Limited
Ms. Sana Ragbir assumed the position of General Manager, First Citizens Investment Services Limited (FCISL) with effect from October 01, 2015. She previously held the position of Assistant General Manager at FCISL. Ms. Ragbir has over 14 years' banking experience, inclusive of 10 years' experience at the Senior Managerial Level. She is the holder of a Master's in Business Administration (MBA) degree from the Columbia Business School, USA, as well as a BSc. in Management/Chemistry from the University of the West Indies and is also a Chartered Financial Analyst.

Christopher Sandy - General Manager, First Citizens Trustee Services Limited
Mr. Christopher Sandy assumed the position of General Manager – Trustee Services with effect from October 02, 2006. Mr. Sandy has over 20 years' experience in the field of banking. He has previously served on the Boards of the CFA Society of Trinidad & Tobago and the Rotary Club of Port of Spain. He holds a Bachelor's Degree in Management Studies (B.Sc.) and a Master of Science Degree in Accounting from the University of the West Indies and is also a CFA charter holder and a member of the Institute of Chartered Accountants of Trinidad & Tobago.

Anthony St. Clair – Chief Internal Auditor, Group Internal Audit
Mr. Anthony St. Clair assumed the position of Chief Internal Auditor on April 01, 2006. He holds a Bachelor of Science in Management Studies from the University of the West Indies St. Augustine, and designations FCCA and CIA. He is principally responsible for the Group Internal Auditing Department and has over 26 years' experience in the field of Auditing. He is a Director of the Caribbean Association of Audit Committee Members (CAACM) based in St. Lucia.

Kurt Valley – General Manager, First Citizens Asset Management Limited
Mr. Kurt Valley is the General Manager, First Citizens Asset Management Limited. He has over 15 years' experience in diverse financial services which include investment banking, securities trading, investment management, market risk analysis and treasury management. He is principally responsible for Asset Management at First Citizens. Mr. Valley is also currently the President and Chairman of the Board for the Mutual Fund Association of Trinidad and Tobago. He holds a Bachelor's Degree in Business Administration with a concentration in Finance and Strategic Management and a Masters of Business Administration in Finance both from Schulich School of Business, York University, Toronto, Canada.

Brian Woo – General Manager, Corporate and Investment Banking
Mr. Brian Woo assumed the position of General Manager, Corporate and Investment Banking, with effect from February 01, 2015 and previously held the position of Senior Relationship Manager – Global Corporate & Investment Banking at First Citizens Bank. Mr. Woo has approximately 21 years' experience within the Banking and Financial Sector. He has previously been employed with the local subsidiary of a multinational bank in the position of Senior Relationship Manager, Corporate and Investment Banking. Prior to that, he held the position of Regional Manager, Investment Banking with another Commercial Bank in Trinidad and Tobago. He holds a Master's in Business Administration with concentration in Finance from IESE - University of Navarra, Barcelona, Spain. He has also successfully completed a Bachelor of Arts (Honours) in Operations Research with Carleton University, Ottawa, Canada.

5. DIRECTORS AND SENIOR OFFICERS (continued)

COMPENSATION OF DIRECTORS AND OFFICERS OF THE BANK

In accordance with First Citizens' By-Laws, the Directors are entitled to receive remuneration as the shareholders of First Citizens, in General Meeting, may determine. The Directors may also award special remuneration to any Director undertaking any special services on the Company's behalf other than the normal work ordinarily required of the Director and no confirmation of such resolution by the shareholders shall be required. They are also entitled to be repaid all reasonable travelling and other expenses incurred by them in or about the performance of their duties as directors. The compensation received by the Directors is determined by a compensation scale for Government-owned entities promulgated by the GORTT and must be approved by the GORTT. Directors are currently paid a monthly fee, which includes a travel allowance. First Citizens' executive officers receive monthly compensation and are eligible for annual bonuses.

First Citizens uses independent market salary surveys to propose compensation and bonuses for senior management. The aggregate amount of compensation paid to Directors and senior officers for the year ended September 30, 2016, stood at $45.7 million. The present annual compensation levels of the Directors and Senior Officers are as follows:

Annual Range of Compensation (TT$)	**Number of Directors and Senior Officers**
Zero to Five hundred thousand	13
Five hundred thousand to one million	10
One million dollars to two million	10
Greater than two million	0

Under the Companies Act, directors and executive officers are entitled to be indemnified for any liability incurred by them for any acts they take (or do not take) in the performance of their duties unless such liability is the result of wilful neglect or failure to act on the part of the relevant director or executive officer. First Citizens has an insurance coverage for directors' and officers' liability.

APPOINTMENT OF DIRECTORS

The number of directors is set out in First Citizens' Articles and By-Laws which stipulate that the Board of Directors shall comprise of not less than three or more than fifteen Directors. Directors shall be elected by First Citizens' shareholders by ordinary resolution at a meeting of shareholders called for that purpose.

DIRECTORS' INTEREST IN CONTRACTS

Under paragraph 9 of By-Law No. 1 of First Citizens, a director of First Citizens who is a party to a material contract or proposed material contract with First Citizens or who is a director or officer of any body, or has a material interest in any body, that is a party to a material contract or proposed material contract with First Citizens, shall disclose in writing to First Citizens or request to have entered in the minutes of meeting of Directors the nature and extent of his interest.

A director who is referred to above shall not be present at, or form part of a quorum or vote on any resolution to approve a contract in which he has a material interest, unless the contract:

(a) is an arrangement by way of security for money loaned to, or obligations undertaken by him, for the benefit of First Citizens or an affiliate of First Citizens;

(b) is a contract that relates primarily to his remuneration as a Director, officer, employee or agent of First Citizens or an affiliate of First Citizens;

(c) is a contract for indemnity or insurance under Sections 101 to 105 of the Companies Act; or

(d) is a contract with an affiliate of First Citizens

5. DIRECTORS AND SENIOR OFFICERS (continued)

DIRECTORS INTEREST

DIRECTORS, SENIOR OFFICERS AND THEIR CONNECTED PARTIES

Below are the details of shareholdings of Directors and Senior Officers with an interest in First Citizens as at December 31, 2016, together with the shareholdings of their Connected Parties.

SHAREHOLDING FOR DIRECTORS, SENIOR OFFICERS AND THEIR CONNECTED PARTIES

Director/Senior Officers	Ordinary Shareholdings	Connected Parties
Troy Garcia	2,373	
Lindi Joy Ballah-Tull	500	
Richard Look Kin	1,228	1,153
Jason Julien	5,000	
Anthony St. Clair	5,000	
Sana Ragbir	7,000	664
Keshwar Khodai	21,500	
Robin Lewis	23,228	
Shiva Manraj	25,000	

No Director has any material contract with First Citizens or is receiving any consideration with respect to the promotion of the Offer. Further, no Director holds more than 0.01% of the total issued share capital of First Citizens.

ECONOMIC OUTLOOK

Trinidad and Tobago (Moody's: Baa3/ Negative, S&P: A-/Negative)

The Trinidad and Tobago economy shows signs of growth in 2017, through forecasted improvements in the country's economic indicators. According to the CBTT and the International Monetary Fund (IMF), there is forecasted economic growth in 2017 for Trinidad and Tobago of 2% and 2.3%, respectively. Economic growth is expected to be generated from the forecasted increase in global energy prices along with fiscal measures such as the introduction of new taxation policies and divestment of assets. In 2016, the economy contracted by an estimated -2.3% following a -0.6% contraction in 2015. This was mainly due to the drastic decrease in oil and gas prices over 2015 and 2016. Unemployment was recorded at 3.8% in 2016 while headline inflation remained relatively stable in the low single digits.

The 2017 budget reflected a brighter outlook for the petroleum sector, predicated on a crude oil price of US$48 per barrel and natural gas price of US$2.25 per mmbtu. At the end of 2016 the average crude oil price was US$43 per barrel, weighed down by low oil prices in the first half of 2016. As part of a global outlook, oil and gas prices are expected to increase. According to the US Energy Information Admiration (EIA), the price of crude oil in 2017 is forecasted to be US$52 per barrel and natural gas US$3.55 per mmbtu.

The inflation rate for 2016 remained relatively stable between 3.3% and 3.5%, staying within the low single digits. However, inflation is forecasted to rise in 2017 as the T&T Dollar is expected to continue to depreciate resulting in higher import costs. The Net Public Sector Debt as a percentage of GDP, based on revised Nominal GDP from the CSO, was estimated to rise from 52.5% in fiscal 2015 to 61.0% by the end of fiscal 2016. This increase in Net Public Sector Debt was primarily due to the US$1 billion bond raised in July 2016, the country's largest foreign currency debt offering. The oversubscription of the bond was highlighted in the 2017 Budget as growing confidence in the prudent financial management of the government.

The CBTT paused its contractionary monetary policy in 2016 through the main policy rate, the Repo Rate. The Repo Rate remained at 4.75% since December 2015 which then resulted in interest rates generally trending upwards throughout 2016. The CBTT also relaxed liquidity positions to allow financial institutions to participate in Central Government Bond issues. The Commercial Bank's excess reserves (the CBTT's measure of liquidity) averaged TT$3.4 billion daily during the first half of 2016 and moved to a daily average of TT$5.3 billion by the third quarter of the fiscal year.

The local foreign exchange market experienced tighter conditions over foreign exchange sales and purchases compared to the corresponding period, one year ago. This has made it difficult for individuals and businesses to access the same levels of foreign currency as they would have in previous years. In line with declining economic market conditions, the TT/US dollar exchange rate was impacted by a depreciation of 5.9% which led to the weighted average selling rate for 2016 being recorded at US$1=TT$6.7392, compared to a rate of US$1=TT$6.3627 recorded for 2015.

The Heritage and Stabilisation Fund (HSF) stood at US$5.7 billion as at September 30, 2015. Although no transfers were made during the first six months of 2016, the Net Asset Value of the Fund had increased to US$5.8 billion by March 31, 2016. Amidst extended periods of declining oil and gas prices, the Government, in May 2016, withdrew US$0.38 billion (TT$2.5 billion) from the HSF.

Overall, the Central Government's fiscal outturn for 2016 is now expected to realise an overall deficit of TT$7.3 billion or 5.0% of GDP as a result of much lower receipts from the Petroleum sector, and other fiscal challenges. Trinidad and Tobago is aware of its position as a petroleum price-taker, influenced by global prices, and is hopeful that the global petroleum sector, as forecasted, will show some improvement in 2017; hence the budgeted increase in revenue from oil and gas over the coming fiscal year.

6. ECONOMIC OUTLOOK AND BANKING SECTOR OVERVIEW (continued)

ECONOMIC OUTLOOK (continued)

Trinidad and Tobago (Moody's: Baa3/ Negative, S&P: A-/ Negative) (continued)

Trinidad & Tobago: Selected Economic Indicators

	2012	2013	2014	2015	2016 (Est.)
Real GDP Growth	1.3%	2.7%	(0.6%)	(0.6%)	(2.3%)
Real GDP Growth- Non Petroleum Sector	2.3%	3.2%	1.2%	1.2%	(1.8%)
Core Inflation Rate (Y-o-Y)	2.5%	2.4%	2.0%	1.8%	2.0%
Unemployment Rate	4.9%	3.7%	3.3%	3.4%	3.8%
Net Public Sector Debt to GDP	39.6%	41.4%	48.0%	52.5%	61.0%
Commercial Banks: Prime Lending Rate	7.5%	7.5%	7.75%	8.93%	9.0%

Source: Central Bank of Trinidad and Tobago

6. ECONOMIC OUTLOOK AND BANKING SECTOR OVERVIEW (continued)

ECONOMIC OUTLOOK (continued)

Barbados (Moody's: Caa1/ Stable, S&P: B-/ Negative)

The Barbadian economy continues to struggle in the wake of the 2008-2009 global financial crisis; however, with the tourism industry on the road to recovery, the country's forecasted economic position has a brighter outlook. The tourism industry has accounted for 10% of the country's GDP in 2016 and has been the key driver of growth for the past several years. In 2016 the economy recorded real GDP growth of 1.3% y-o-y, compared to virtually no growth in the prior year. Growth was driven primarily by the expansion in tourism (3%), construction (5%) and business and other services (3%). Tourist arrivals in 2016 exceeded prior years' highest recordings. Growth of 1.8% and 2.0% is expected for 2017 and 2018, respectively, which will mainly be driven by economic stimulation in the construction industry and a further increase in tourist arrivals which will in turn have a positive effect on hotel occupancy.

The Government deficit is expected to narrow further to 6.0% of GDP in 2017, however it is still expected to continue to exceed 100% of GDP, increasing risk of a credit event. The increase in government debt to GDP ratio can be attributed to expenditure on infrastructure tourism. As government debt rises, Barbados' real lending rate has also trended upward. However, in 2017 the real lending rate is expected to decrease to and remain at 6.3% and given this break in interest rates, borrowers may gear towards domestic debt while decreasing the level of external debt. Given the persistently wide fiscal deficit of BD$661.1m, the government is challenged to finance itself as total government debt, excluding the national insurance scheme, was equivalent to 107% of GDP. The government's financial profile has eroded over the last several years because of persistently high fiscal deficits, reflecting both budget slippage and unbudgeted spending. Fiscal consolidation continues to be a priority, with the goal of reducing the deficit by 2 percentage points of GDP for 2017.

Government has been faced with several challenges including governmental requirements for domestic financing, widening fiscal deficits, tightening foreign reserves (down to BD$900m as at September 2016 from BD$927m in December 2015) and a compromised social development system as cost of sustaining it is high.

In light of the country's current economic position and the result of the Budget, it is anticipated that the Government of Barbados will seek multilateral assistance in the coming two years, despite their efforts. Barbadian authorities expect growth for the next five years to be in the region of 2% p.a. driven mainly by its competitive, diversified and highly regarded tourism sector. Going forward, the onerous debt situation continues to pose a serious threat to the medium and long term prospects of Barbados. However, with proper financial management and maximization of the benefits in the tourism industry, the Barbadian economy can obtain a stable economic outlook.

Barbados: Selected Economic Indicators

	2012	2013	2014	2015	2016 (Est.)
Real GDP Growth	0.3%	(0.1%)	0.1%	0.9%	1.6%
Inflation Rate	4.53%	1.80%	1.89%	(1.06%)	(0.8%)
Unemployment Rate	11.5%	11.6%	12.3%	11.3%	10.0%
Fiscal Current A/C (% of GDP)	(3.1%)	(7.1%)	(9.1%)	(5.8%)	(5.4%)
Net Public Sector Debt/GDP	56%	66.2%	72%	68.6%	52.9%
Fiscal Deficit (% of GDP)	(4.4%)	(8.5%)	(11.0%)	(8.1%)	(8.2%)

Source: Central Bank of Barbados

6. ECONOMIC OUTLOOK AND BANKING SECTOR OVERVIEW (continued)

ECONOMIC OUTLOOK (continued)

St. Lucia (CariCRIS: CariBBB/Stable)

In 2016, St. Lucia recorded growth in real GDP of 1.8% compared to growth of 1.3% in 2015. The consecutive growth indicates a stable outlook position compared to prior years where an average decline in GDP was recorded in 2010-2014. The upcoming 2017 fiscal year marks the third year of the Government's Strategic Budget Reform Process. The improvements from this initiative can be seen in the growth of the economy primarily driven by expansion in the construction, agriculture and transportation sectors while maintaining its share of GDP in tourism. St. Lucia's unemployment rate for 2016 was recorded at 25%, landing St. Lucia in the top 5 Caribbean countries with the highest unemployment rates. Government's ability to reduce the level of unemployment in 2017, onwards, heavily depends on the successful implementation of the Budget Reform Process.

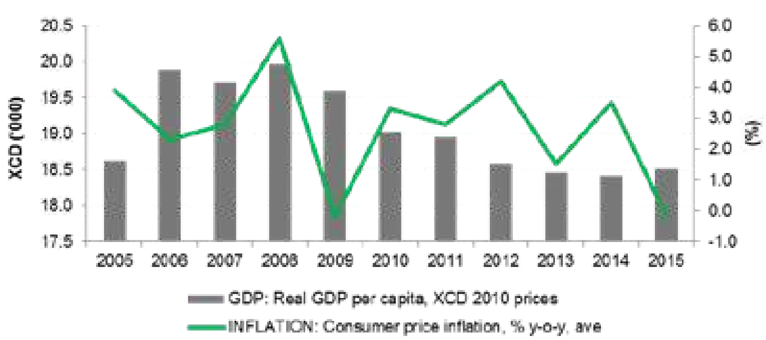
Given the results of the June 2016 general elections, the promise of reducing debt by five percentage points over the next five years is expected as the Government intends to target accumulated GDP growth of 12% from its economy for the period 2016-2021. The Government intends to achieve this through the continuance of its Strategic Budget Reform Process, to ensure GDP growth while attempting to close the fiscal gap. The new administration has also showed enthusiasm over increased revenue from VAT over the 2016 and forecasted 2017 fiscal year. External forecasts show that St. Lucia will continue to rely heavily on this revenue source over 2017 and 2018 periods.

St. Lucia continues to rely on domestic debt sources and this was expected throughout 2016 as a result of the undersubscription of bonds issued in 2015. External public sector debt fell in 2015/2016 which resulted in the ratio of external debt to GDP to average 36.9% over the last three years. Due in part by a fixed exchange rate, St. Lucia has managed relative price stability. Its inflation rate has been relatively low with an average rate of 1.33% from 2012-2015. Low commodity prices globally lead to a deflation rate of 1% in 2015. Inflation is expected to remain at this level as international oil and gas prices are expected to continue decline.

The capital and financial account surplus declined substantially in 2015 as commercial banks reduced foreign currency liabilities, driving an outflow of US$150 million in 2015. The period 2017-2019 is forecasted to show an improvement in the capital and financial account after this significant reduction, as oil prices are forecasted to remain low, tourist arrivals and visitor expenditure figures continue to reach record highs and construction continues to grow. The tourism industry acts as the main economic driver for the country and is the largest earner of foreign exchange. The growth in the construction sector is driven primarily by private sector activities through the continuous upgrade of commercial and hotel properties.

Overall, the economic outlook for St. Lucia appears stable as the Government continues its initiatives to improve fiscal and monetary policies. Their initiatives presented in the 2017 Budget included infrastructural development, value-added agriculture and fisheries, enhancing the quality of and access to basic education and essential healthcare services, enhancing public sector efficiency, eliminating gender bias and promoting children's rights.

St. Lucia – Real GDP trends and Inflation



6. ECONOMIC OUTLOOK AND BANKING SECTOR OVERVIEW (continued)

ECONOMIC OUTLOOK (continued)

St Vincent and the Grenadines (Moody's Investor Services: B3/ Stable)

St. Vincent's economy is currently in a stable position whereby inflation is relatively low and GDP per capita is recorded at a modest level with expectations of rising at a steady pace for the next decade. Over the period 2011 to 2016, Real GDP growth has been steady with the exception of a shallow decline in the years following the world financial crisis in 2008. Real GDP showed signs of recovery in 2011 and experienced a year on year growth of 2% over 2011 to 2016. The slow economic growth was accompanied by steady inflation rates since 2012, which is forecasted to increase year on year by 2-2.3% for the next decade.

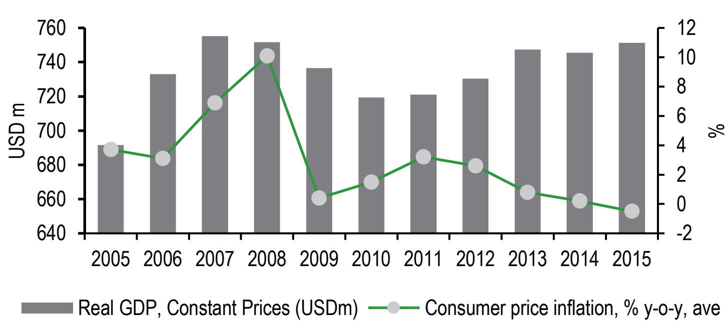
The banking sector's contribution to GDP has been small in St. Vincent although it has been steadily increasing over the past couple of years. In 2016 the banking sector and insurance sector contributed 1.9% and 0.28% to GDP respectively. The main GDP contributing sector for St. Vincent is the wholesale and retail sector which contributed to approximately 15% of the GDP in 2016.

Between 2016 and 2019, the economy is expected to grow by US$0.12 billion. In current economic conditions, inflation is relatively low, there are no restrictions on capital flows, limited exchange-rate uncertainty and few regulatory hurdles for potential investors to overcome. Total contribution of travel and tourism to employment is also expected to rise by 2.2% per annum.

Foreign reserves managed to remain at steady levels despite the repercussions of the 2008 world economic crisis. The nation's foreign reserves are expected to be maintained at US$0.2 billion in the next decade, though these estimates are uncertain given the results of Brexit. Foreign direct investments forecasts also remain uncertain for this reason; seeing that after the financial crisis of 2008 foreign direct investments decreased, St. Vincent may experience such drawbacks in the future if the economic climate in Europe declines. Since foreign reserves in St. Vincent are a substantial percentage of GDP (20-25%), any increases or decreases in the future may have a strong impact on the nation's economy and investment into growing sectors.

Overall St. Vincent's economy is stable, reflected from little movements in the country's key economic indicators over the years. The Government however strives to improve economic conditions and have made initiatives to increase revenue in the tourism sector over the next few years which should have a positive correlation in the hospitality sector. This sector is expected to contribute around 2.6% of GDP in the future, pre-2008 crisis levels, compared to current recordings of approximately 1.5% of GDP.

St. Vincent and the Grenadines – Real GDP trends, Inflation and Interest Rates



6. ECONOMIC OUTLOOK AND BANKING SECTOR OVERVIEW (continued)

ECONOMIC OUTLOOK (continued)

Costa Rica (Moody's: Ba1/Negative, S&P: BB-/Negative, Fitch: BB/Stable)

Costa Rica's economy has been generally stable for the past couple of years; however, a strong economic downfall is their debt burden which has increased over the same period because of large cumulative fiscal imbalances. Gross general government debt doubled to an estimated 41% of GDP in 2016 from 20% of GDP in 2008. The debt burden will continue to rise in the absence of meaningful tax measures, with debt expected to reach over 60% of GDP within the next decade.

On the contrary, Costa Rica's resilient growth and financing flexibility in the captive local market, which has been able to accommodate the large fiscal deficits, can ease concerns over the financing flexibility of the sovereign. A dynamic and diversified export base and a vibrant tourism sector have underpinned Costa Rica's solid economic performance, with GDP growth estimated to have reached 4.2% in 2016. There is expected forecasted growth of above 4% in both 2017 and 2018. In 2016, Costa Rica was largely able to meet its financing needs in the local market by tapping sizeable liquidity among various public-sector entities, after congressional authorization for external bond issuance ended in 2015.

Furthermore, the fall in the oil price and the buoyancy of export and tourism receipts have underpinned an improvement in Costa Rica's external finances, with the current account deficit falling to an estimated 3.5% of GDP in 2016 from 4.5% in 2015.

Inflation averaged 0.7% in 2016, well below the central bank's 3%+/-1pp target, due to the fall in oil prices at the beginning of 2016 and a relatively steady exchange rate. As a result, the central bank's monetary policy has remained accommodative over the last 12 months with policy rates on hold after a cumulative 350 basis point cut in 2015 to January 2016. Inflation is expected to converge to the central bank's target in 2017. High fiscal deficits, limited exchange rate flexibility, high financial dollarization and quasi-fiscal losses at the central bank continue to constrain monetary policy.

Costa Rica's economy, although heavily burdened with debt, has been able to and is expected to continue to maintain a stable, current and forecasted position. The Government has already made steps toward tax reform proposals to rein in the fiscal deficits through crucial VAT and income tax regimes, estimated to provide close to 2% of GDP in additional revenue.

6. ECONOMIC OUTLOOK AND BANKING SECTOR OVERVIEW (continued)

REGULATORY OVERVIEW

The FIA and the Financial Institutions (Prudential Criteria) Regulations, 1994, together with the Central Bank provide for the regulation and supervision of banks and other financial institutions in Trinidad and Tobago.

The Central Bank Act provides that the purpose of the Central Bank is to promote monetary, credit and exchange conditions as most favourable to the development of the economy of Trinidad and Tobago. The Central Bank is charged with the responsibility to:

1. Act as banker for and render economic, financial and monetary advice to the Government.
2. Maintain influence and regulate the volume and conditions of supply of credit and currency in the best interest of the economic life of Trinidad and Tobago.
3. Maintain monetary stability, control and protect the external value of the TT dollar, administer external monetary reserves, encourage expansion in the general level of the production, trade and employment.
4. Undertake continuous economic, financial and monetary research.
5. Review legislation affecting the financial system and develop such in the field of banking and financial services, which appear to it to be relevant to the exercise of its powers and the discharge of its duties.
6. Issue and redeem currency notes and coins of Trinidad and Tobago.
7. Undertake the duties and responsibilities assigned to it by any other law.

The Central Bank is empowered to grant or revoke licenses, recommend regulations, issue cease-and desist orders, prescribe qualifications of the management and directors of banks and financial institutions and generally to ensure the prudent operations in the public interest. Banks and financial institutions are required to comply with guidelines issued by the Central Bank. Furthermore, the Central Bank Act and the FIA prescribe regular reporting requirements, with which First Citizens complies.

The FIA includes the Central Bank's supervisory jurisdiction over financial institutions by way of enhancement of its powers of consolidated supervision. The Central Bank is able to make recommendations to the Honourable Minister of Finance to make regulations which may include but not be limited to capital adequacy and solvency requirements and capital ratios.

In addition, the FIA imposes limits on the percentage of First Citizens' total capital it is required to hold. Part IV, Section 56 1(a) of the FIA stipulates that a bank must transfer at the end of each financial year not less than 10% of its profits after taxation to a reserve fund until the amount standing to the credit of the Reserve Fund is not less than the stated capital or assigned capital of the bank.

Capital Adequacy Requirements & Proposed Revisions

First Citizens is subject to various capital requirements administered by banking regulators as laid down under the FIA. Such regulations require that First Citizens maintain minimum capital amounts and ratios of Total and Tier 1 capital (as defined in the regulations) to risk weighted assets (as defined in the regulations). These standards correspond with Basel standards which require a bank to maintain a minimum capital adequacy requirement (qualifying capital) of at least 8% of the bank's risk-weighted assets.

First Citizens continues to exceed the capital adequacy requirements mandated by the FIA and as at September 30, 2016 its qualifying capital to risk adjusted assets ratio stood at 48.7%. First Citizens believes that it will continue to remain in full compliance with regulated capital adequacy requirements. Additionally, First Citizens is required to provide the Central Bank with various statements and reports over periods and times specified by the Central Bank as required by the FIA.

6. ECONOMIC OUTLOOK AND BANKING SECTOR OVERVIEW (continued)

REGULATORY OVERVIEW (continued)

Capital Adequacy Requirements & Proposed Revisions (continued)

One key change in the regulatory system has been the proposed implementation of the Basel II Framework by the CBTT. The objective of this framework is to improve sensitivities around regulatory capital in the local banking system and ensure that local capital standards are in line with international regulations.

In November 2014, the CBTT issued a policy proposal document which outlines three phases of implementation:

Phase 1 - includes proposed increases to minimum capital adequacy ratios of 10% *(12% for banks that are categorized as systemically important),* enhancements to credit and operational risk approaches

Phase 2 - supervisory review process, and

Phase 3 - treatment of market discipline via disclosures by the relevant financial institutions *(to be implemented at a later date).*

First Citizens, FCAM, FCIS, FCSTL and FCBAS are registered under the SA, 2012. The SA 2012 is the legislation which provides for the creation of the TTSEC, whose functions are to:

(a) advise the Minister on all matters relating to the securities industry;

(b) maintain surveillance over the securities industry and ensure orderly, fair and equitable dealings in securities;

(c) register, authorize or regulate, in accordance with this Act, self-regulatory organizations, broker-dealers, registered representatives, underwriters, issuers and investment advisers, and control and supervise their activities with a view to maintaining proper standards of conduct and professionalism in the securities industry;

(d) regulate and supervise the timely, accurate, fair and efficient disclosure of information to the securities industry and the investing public;

(e) conduct such inspections and examinations of self-regulatory organizations, broker-dealers, registered representatives, underwriters, issuers and investment advisers as may be necessary for giving full effect to this Act;

(f) protect the integrity of the securities market against any abuses arising from market manipulating practices, insider trading, conflicts of interest, and other unfair and improper practices;

(g) educate and promote an understanding by the public of the securities industry and the benefits, risks, and liabilities associated with investing in securities;

(h) co-operate with and provide assistance to regulatory authorities in Trinidad and Tobago, or elsewhere;

(i) ensure compliance with the Proceeds of Crime Act Chapter 11:27, the Anti-Terrorism Act Chapter 12:07, any other written law in relation to the prevention of money laundering and combating the financing of terrorism or any other written law that is administered by the Commission;

(j) create and promote such conditions in the securities industry as may seem to it necessary, advisable or appropriate to ensure the orderly growth and development of the securities industry and to further the purposes of this Act; and

(k) co-operate with other jurisdictions in the development of a fair and efficient securities industry.

(l) assess, measure and evaluate risk exposure in the securities industry.

First Citizens and its subsidiaries as set out above therefore have ongoing reporting obligations and obligations to register their issues of securities unless such are otherwise exempt, and accordingly have duties to maintain their registrations and be compliant generally and specifically with the provisions of the SA, 2012.

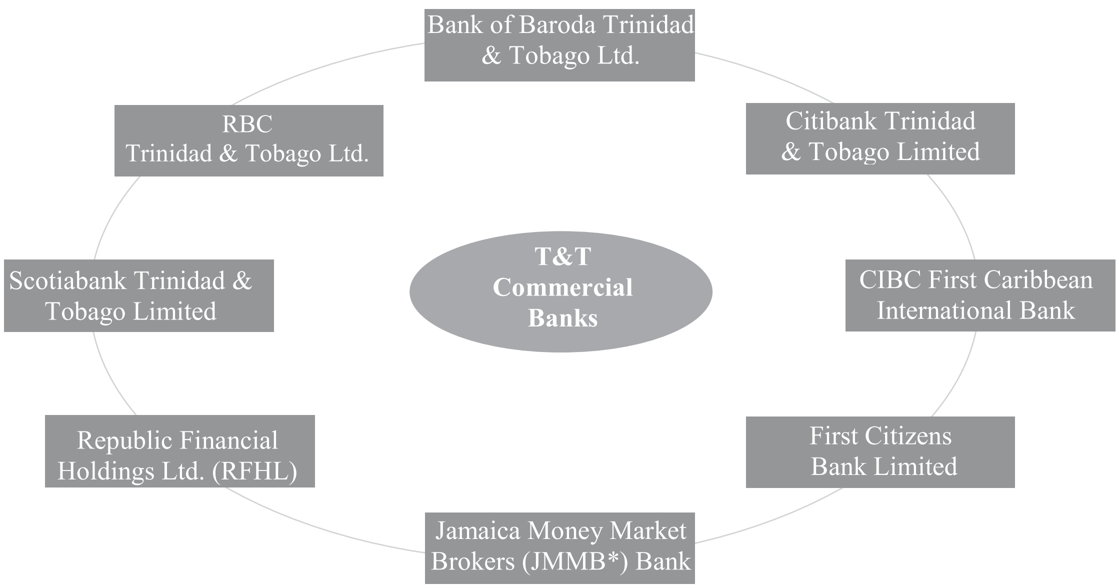
6. ECONOMIC OUTLOOK AND BANKING SECTOR OVERVIEW (continued)

THE BANKING INDUSTRY

The banking industry in Trinidad and Tobago is well-capitalized, well-regulated and is one of the main sources of stability in the local economy. Despite the downturn in economic growth in 2015 and 2016, the country's commercial banks remained profitable. The eight commercial banks (*shown in the diagram below*) operate an extensive network of approximately 135 branches and is the single largest group of financial institutions in terms of assets (*Sources: CBTT, BATT*). There are an estimated 442 ATMs in operation; an average of about one ATM per 3,000 people.

Trinidad and Tobago acts as a regional hub for several international banks with Citigroup's local subsidiary and three of Canada's largest banks operating in the country and also serving the Caribbean.

Commercial banks licensed under the FIA, by the Central Bank, to operate in Trinidad and Tobago



Source: Central Bank of Trinidad & Tobago
** Formerly Intercommercial Bank*

Commercial bank products and services include:

Corporate and Commercial	Retail
• Savings and business chequing accounts	• Secured and unsecured consumer loans
• Fixed deposits	• Mortgages and home equity loan
• Working capital/overdraft facilities	• Branded credit card accounts
• Commercial loans	• Personal trust and wealth management services
• Commercial mortgages	• Certificates of deposit
• Electronic cash management	• Interest-bearing and non-interest-bearing chequing accounts
• Foreign exchange	• Fixed deposits
• International trade services	• Mutual funds and annuities
• Asset based loans	• Utility payments
• Investments	• Traditional savings accounts
• Asset management	• Private/personal banking

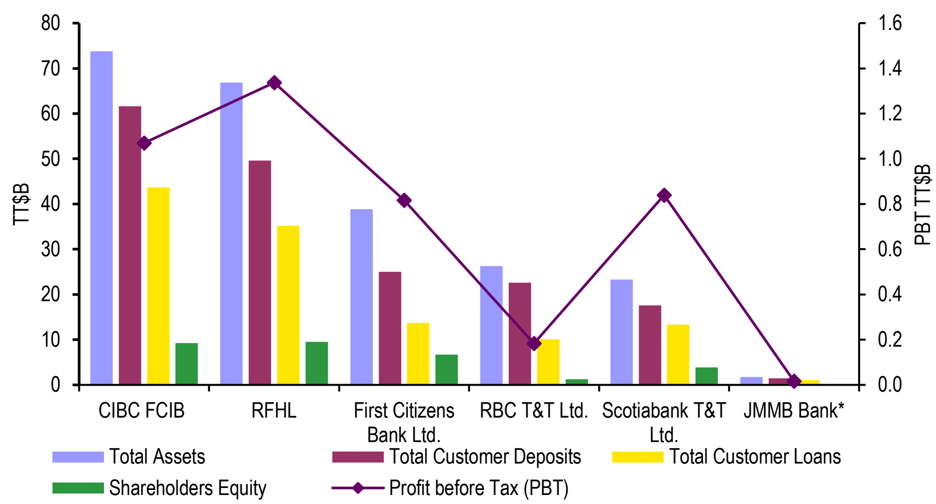
6. ECONOMIC OUTLOOK AND BANKING SECTOR OVERVIEW (continued)

THE BANKING INDUSTRY (continued)

Only commercial banks are allowed to accept demand deposits, make short-term loans and offer cheque facilities. Many commercial banks have also been developing their mobile and online banking services including First Citizens, RBC Royal Bank, RBL and Scotiabank.

Apart from the commercial banks mentioned above, competition also arises from other financial institutions, including credit unions, unit trusts, insurance companies, merchant and investment banks and finance companies which offer similar products and services. Of the eight locally registered banks, First Citizens, FCIB, RBL and Scotiabank are publicly traded on the TTSE. Further, National Commercial Bank of Jamaica (NCBJ) is cross listed on the TTSE but operates only in Jamaica.

Competitor Analysis (2016 information)

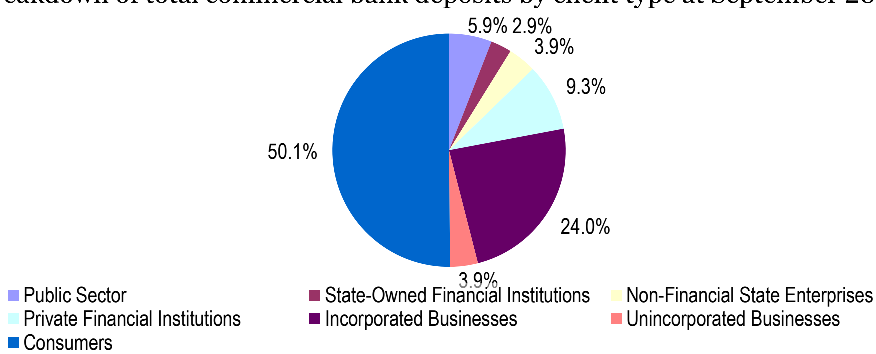


Source: Firm's 2016 Annual reports
**Formerly Intercommercial Bank*

BANKING SECTOR PERFORMANCE OVERVIEW

Deposits

At September 2016, total deposits in the commercial banking system was reported by the CBTT as TT$104b. This represents an almost 3% increase in total deposits reported twelve months earlier. The chart below illustrates the breakdown of total commercial bank deposits by client type at September 2016.



Source: Central Bank of Trinidad & Tobago

6. ECONOMIC OUTLOOK AND BANKING SECTOR OVERVIEW (continued)

THE BANKING INDUSTRY (continued)

BANKING SECTOR PERFORMANCE OVERVIEW (continued)

Loans

At September 2016, CBTT reports total commercial bank loans to be approximately TT$62.8b. Further analysis of the loan portfolio in the local commercial banking system shows a tepid increase of 1.6% and 2.3% from December 2015 to September 2016 in lending to private sector businesses and consumers respectively. Meanwhile lending to the public sector fell by 12.5% over the same period and declined 21.3% year-on-year from TT$12b in September 2015 to September 2016.

The services sector accounted for almost 50% of loan demand by the private sector in 2015 with finance, insurance & real estate constituting 24.4% of total loans for that year. However, according to latest CBTT figures for the twelve months to September 2016, there was a 2.9% decline in lending to this subsector by commercial banks. Similarly, other sectors that experienced a decline in lending over the same twelve month period were construction (-5.3%), petroleum (-9.4%), hotels & guest houses (-7.9%), and transport, storage & communications (-14.3%). On the other hand, sectors such as agriculture (71.2%), manufacturing (21.6%) and leasing & real estate mortgages (8.1%) all had an increase in commercial bank lending.

Consumer lending in the commercial bank sector totalled roughly TT$28b at September 2016. Lending to consumers for the purpose of refinancing has been trending downward since December 2015 and contracted at an average rate of 1.5% for the first three quarters of 2016. Meanwhile lending for debt consolidation has increased by 7.3% from September 2015 to September 2016 and has demonstrated relatively more volatility in its 2016 trend. With respect to the public sector, total lending by commercial banks were approximately TT$9.5b at September 2016 with the finance, insurance & real estate sector accounting for 27.2% of loans outstanding and construction representing 17.5%. The graph below illustrates gross loans for First Citizens along with select competitors.

According to the CBTT, non-performing loans to gross loans in the commercial banking sector have improved over the 2014 to 2016 financial years. The ratios steadily declined from 4.3% in 2014 to 3.5% in 2015 and lastly, to 3.2% in 2016. First Citizens' non-performing loans as a percentage of gross loans are in line with the industry trend as it also experienced a decline from 4.54% in 2014 to 3.89% in 2016.

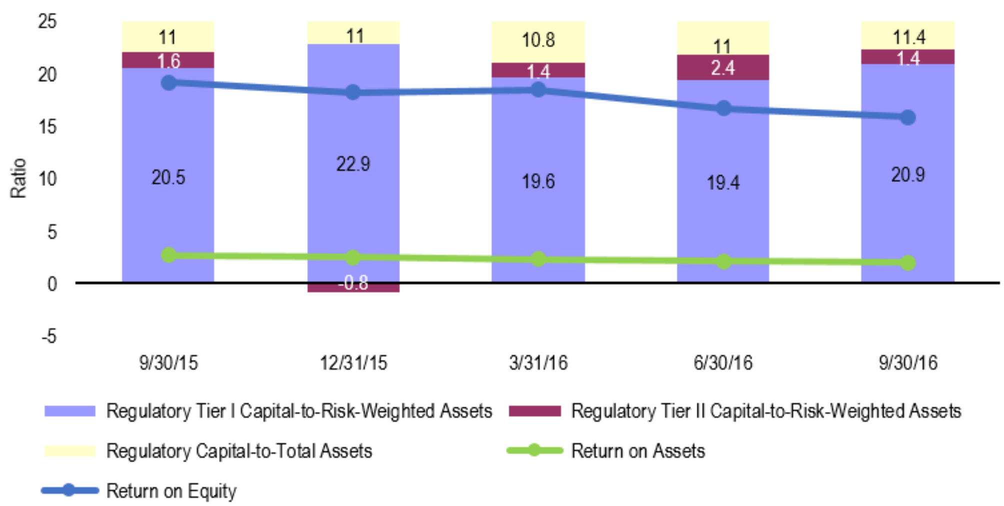
6. ECONOMIC OUTLOOK AND BANKING SECTOR OVERVIEW (continued)

THE BANKING INDUSTRY (continued)

BANKING SECTOR PERFORMANCE OVERVIEW (continued)

Financial Soundness Indicators

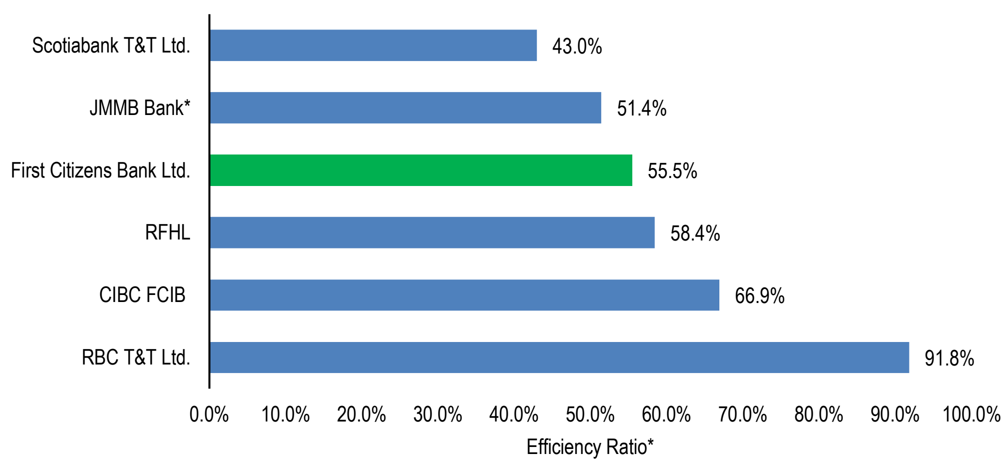
Commercial Banks September 2015 – September 2016



Source: Central Bank of Trinidad & Tobago

Financial Soundness Indicators (continued)

2016 Efficiency Ratios



Source: Firm's 2016 Annual Reports
**Efficiency Ratio expresses non-interest expenses as a percentage of net interest income and non-interest income*

6. ECONOMIC OUTLOOK AND BANKING SECTOR OVERVIEW (continued)

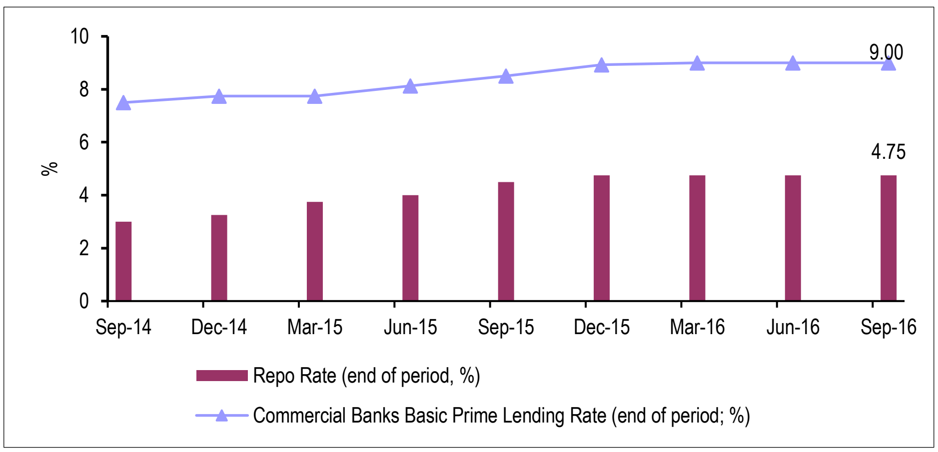
THE BANKING INDUSTRY (continued)

BANKING SECTOR PERFORMANCE OVERVIEW (continued)

Interest Rates

As the below graph demonstrates, the prime lending rate for commercial banks has been trending upward in line with increases in the repo rate and has increased by 20% from 7.5% to 9% over the two year period from 2014 to 2016. Meanwhile, the Mortgage Market Reference Rate (MMRR) increased twice during the country's fiscal year ending 2016; first from 2.50% to 2.75% in December 2015 and then to 3.00% in March 2016 (*Source: Ministry of Finance "MoF"*). The increase has led to higher residential mortgage rates and in their 2016 publication, MoF reported a weighted average rate on outstanding residential mortgages to be 6.01% at June 2016.

Quarterly repo rate and prime lending rate: 2014-2016



Source: Central Bank of Trinidad & Tobago

Summary of Commercial Bank Interest Rates: as at December 31st 2010 - December 31st 2015

Rate	2010	2011	2012	2013	2014	2015
Demand Loan Rate	9.25%	7.98%	7.71%	7.50%	7.50%	7.50%
Ordinary Savings Deposit Rate	0.35%	0.25%	0.20%	0.20%	0.20%	0.20%
Overdraft Loan Rate	9.25%	8.00%	7.71%	7.50%	7.50%	7.50%
Real Estate Mortgage Loan Rate	9.23%	7.94%	7.71%	7.50%	7.50%	7.50%
Term Loan Rate	9.27%	7.96%	7.73%	7.50%	7.50%	7.50%

Source: Central Bank of Trinidad & Tobago

7. STATEMENT OF MANAGEMENT RESPONSIBILITY FOR THE PREPARATION OF FINANCIAL INFORMATION

Management is responsible for the following:

- Preparing and fairly presenting within this document the Five Year Summary Consolidated Financial Statements to 30 September 2016 which comprise the statement of financial position, the statements of income , comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;

- 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 company's assets, detection/prevention of fraud, and the achievement of company operational efficiencies;

- Ensuring that the system of internal control operated effectively during the reporting period;

- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and

- Using reasonable and prudent judgement in the determination of estimates.

The Five Year Summary Consolidated Financial Statements of the First Citizens Group have been derived from the consolidated financial statements for the years ended 30 September 2012, 2013, 2014, 2015 and 2016.

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 financial statements have been authorised for issue, if later.

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

Group Chief Executive Officer	Group Chief Financial Officer
01 March 2017	01 March 2017

pwc

FIRST CITIZENS BANK LIMITED

8. ACCOUNTANT'S REPORT ON THE FIVE YEAR SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of
First Citizens Bank Limited

Introduction

The accompanying summary consolidated financial statements of the Group, which comprise the summary consolidated statements of financial position as at 30 September 2012, 2013, 2014, 2015 and 2016 and the summary consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended are derived from the audited consolidated financial statements of the Group for the respective years. We expressed unmodified audit opinions on those financial statements in our reports dated 28 December 2012, 16 December 2013, 5 December 2014, 7 December 2015 and 12 December 2016. Those consolidated financial statements, and the summary consolidated financial statements, do not reflect the effects of events that occurred subsequent to the dates of our reports on those consolidated financial statements.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of the Group.

Management's responsibility for the summary financial statements

Management is responsible for the preparation of a summary of the audited consolidated financial statements on the basis described in note 1.

Auditor's responsibility

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, 'Engagements to Report on Summary Financial Statements".

Opinion

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of the Group for the five years ended 30 September 2016 are a fair summary of those consolidated financial statements, on the basis described in note 1.

PricewaterhouseCoopers

PricewaterhouseCoopers
6 March 2017
Port of Spain
Trinidad, West Indies

BA Hackett (Senior Partner), L Awai, F Aziz Mohammed, H Mohammed, NA Panchoo, SW Ramirez, A West

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

9. FIVE YEAR SUMMARY CONSOLIDATED FINANCIAL STATEMENTS TO 30 SEPTEMBER 2016

SUMMARY CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Restated Sep-12 $'000	Restated Sep-13 $'000	Sep-14 $'000	Restated Sep-15 $'000	Sep-16 $'000
ASSETS					
Cash and Statutory deposits	6,896,292	8,874,633	8,285,751	6,644,774	8,680,010
Financial assets					
- Investments	10,851,788	10,304,577	10,442,325	12,294,020	12,966,811
- Loans and receivables less allowances for losses :					
Loans to customers & other Receivable	12,041,535	13,102,208	12,417,646	15,093,055	15,380,942
Loan notes	2,607,625	2,535,980	2,455,001	2,158,054	442,198
Other assets	614,705	461,618	425,935	469,265	422,356
Investment in joint ventures and associate	135,408	138,879	148,851	158,570	171,149
Property, plant and equipment	446,106	456,618	479,214	486,325	542,222
Intangible assets	211,120	211,120	203,245	234,251	244,667
TOTAL ASSETS	**33,804,579**	**36,085,633**	**34,857,968**	**37,538,314**	**38,850,355**
LIABILITIES					
Customers' deposits and other funding	24,933,432	25,633,204	25,697,859	25,744,145	29,512,441
Due to other banks	63,251	71,815	82,454	200,911	459,470
Creditors and accrued expenses	830,938	1,905,644	832,533	3,281,794	741,140
Bonds payable	2,448,358	2,451,566	1,945,769	1,927,574	1,400,000
Notes due to parent company	58,000	58,000	58,000	58,000	58,000
TOTAL LIABILITIES	**28,333,979**	**30,120,229**	**28,616,615**	**31,212,424**	**32,171,051**
CAPITAL AND RESERVES ATTRIBUTABLE TO THE PARENT COMPANY'S EQUITY HOLDERS					
Share capital	643,557	643,557	643,557	643,557	643,557
Statutory reserve	666,132	669,717	672,768	675,726	677,698
Retained earnings	2,988,628	3,397,718	3,601,058	3,926,505	4,206,938
Other reserves	1,172,283	1,254,412	1,323,970	1,080,102	1,151,111
TOTAL SHAREHOLDERS' EQUITY	5,470,600	5,965,404	6,241,353	6,325,890	6,679,304
TOTAL EQUITY AND LIABILITIES	**33,804,579**	**36,085,633**	**34,857,968**	**37,538,314**	**38,850,355**

Statement of financial position data for fiscal years 2012 and 2013 has been adjusted to take into account changes in the accounting policies. The restatements required for the correction of the following prior period adjustments: (i) adjustment to defined benefit assets to a liability; (ii) adjustment to recognize a reduction in the retained earnings (iii) adjustment to record deferred tax arising from the remeasurement of the obligation, (iv) adjustment to recognize the remeasurement of the obligation.

Statement of financial position data for fiscal year 2015 has been adjusted to reclassify a Credit Link Note that was purchased in 2015, from available-for-sale to financial assets at fair value through profit and loss.

9. FIVE YEAR SUMMARY CONSOLIDATED FINANCIAL STATEMENTS TO 30 SEPTEMBER 2016 (continued)

SUMMARY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended				
	Sep-12 $'000	Restated Sep-13 $'000	Sep-14 $'000	Sep-15 $'000	Sep-16 $'000
Net Interest Income	1,096,303	1,157,823	1,156,681	1,168,932	1,283,762
Other income	423,038	475,941	524,438	594,418	711,330
Total Net Income	1,519,341	1,633,764	1,681,119	1,763,350	1,995,092
Impairment loss on loans and investments net of recoveries	(66,785)	(18,243)	(12,884)	(4,549)	(86,222)
Operating Expenses	(752,548)	(882,117)	(913,081)	(984,013)	(1,107,360)
Operating Profit	700,008	733,404	755,154	774,788	801,510
Share of profit in associate and joint venture	14,156	11,350	17,421	15,993	15,865
Profit Before Taxation	714,164	744,754	772,575	790,781	817,375
Taxation	(267,772)	(135,620)	(146,015)	(160,343)	(180,153)
Profit For The Year	446,392	609,134	626,560	630,438	637,222
Other Comprehensive Income					
Exchange difference on translation	5,057	13,937	(6,708)	(1,580)	61,686
Revaluation of available for sale assets and property net of tax	254,866	10,742	(29,788)	(190,983)	(7,837)
Re-measurement of defined benefit obligation	-	57,455	106,054	(51,305)	17,160
Total Other Comprehensive Income	259,923	82,134	69,558	(243,868)	71,009
Total Comprehensive Income For The Year	706,315	691,268	696,118	386,570	708,231

Statement of comprehensive income data for fiscal year 2013 has been adjusted to take into account the changes in the accounting policies. The restatements required for the correction of the following prior period adjustments: (i) adjustment to cost pension (ii) adjustment to recognize the remeasurement of the obligation.

9. FIVE YEAR SUMMARY CONSOLIDATED FINANCIAL STATEMENTS TO 30 SEPTEMBER 2016 (continued)

SUMMARY CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital $'000	Statutory Reserve $'000	Other Reserves $'000	Retained Earnings $'000	Total Shareholders' Equity $'000
Balance at 1 October 2015	**643,557**	**675,726**	**1,080,102**	**3,926,505**	**6,325,890**
Total comprehensive income for the year	--	--	71,009	637,222	708,231
Dividends	--	--	--	(354,817)	(354,817)
Transfer to statutory reserve	--	1,972	--	(1,972)	--
Balance at 30 September 2016	**643,557**	**677,698**	**1,151,111**	**4,206,938**	**6,679,304**
Balance at 1 October 2014	**643,557**	**672,768**	**1,323,970**	**3,601,058**	**6,241,353**
Total comprehensive income for the year	--	--	(243,868)	630,438	386,570
Dividends	--	--	--	(302,033)	(302,033)
Transfer from statutory reserves	--	2,958	--	(2,958)	-
Balance at 30 September 2015	**643,557**	**675,726**	**1,080,102**	**3,926,505**	**6,325,890**
Balance restated as at 1 October 2013	**643,557**	**669,717**	**1,254,412**	**3,397,718**	**5,965,404**
Total comprehensive income for the year	--	--	69,558	626,560	696,118
Dividends	--	--	--	(420,169)	(420,169)
Transfer to statutory reserve	--	3,051	--	(3,051)	--
Balance at 30 September 2014	**643,557**	**672,768**	**1,323,970**	**3,601,058**	**6,241,353**
Balance as restated as at 1 October 2012	**643,557**	**666,132**	**1,172,283**	**2,988,628**	**5,470,600**
Total comprehensive income for the year	--	--	82,129	609,139	691,368
Dividends	--	--	--	(196,464)	(196,464)
Transfer to statutory reserve	--	3,585	--	(3,585)	--
Balance as restated at 30 September 2013	**643,557**	**669,717**	**1,254,412**	**3,397,718**	**5,965,404**

9. FIVE YEAR SUMMARY CONSOLIDATED FINANCIAL STATEMENTS TO 30 SEPTEMBER 2016 (continued)

SUMMARY CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

	Share Capital $'000	Statutory Reserve $'000	Other Reserve $'000	Retained Earnings $'000	Total $'000
Balance as previously stated at 1 October 2011	**640,000**	**661,446**	**912,360**	**2,932,315**	**5,146,121**
Change in accounting policy	--	--	--	(278,455)	(278,455)
Restated Balance	640,000	661,446	912,360	2,653,860	4,867,666
Total comprehensive income for the year	--	--	259,923	446,392	706,315
Dividends	--	--	--	(106,938)	(106,938)
Transfer to statutory reserve	--	4,686	--	(4,686)	--
Issue Shares	3,557	--	--	--	3,557
Balance as restated at 30 September 2012	**643,557**	**666,132**	**1,172,283**	**2,988,628**	**5,470,600**

9. FIVE YEAR SUMMARY CONSOLIDATED FINANCIAL STATEMENTS TO 30 SEPTEMBER 2016 (continued)

SUMMARY CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended				
	Sep-12 $'000	Sep-13 $'000	Sep-14 $'000	Sep-15 $'000	Sep-16 $'000
Profit before taxation	714,164	744,754	772,575	790,781	817,375
Adjustments to reconcile profit to net cash provided by operating activities:	127,857	99,209	49,853	86,438	113,576
Cash flows from operating activities before changes in operating assets and liabilities	842,021	843,963	822,428	877,219	930,951
Net change in loans to customers	(1,588,787)	(1,223,787)	376,580	(2,663,472)	451,246
Net change in customers' deposits and other funding	2,244,418	699,772	64,655	46,286	3,768,296
Net change in other assets	24,608	1,239,104	(966,744)	(100,423)	72,182
Net change in statutory deposits with Central Bank	(375,080)	(2,292,179)	1,330,183	985,549	451,789
Net change in creditors and accrued expenses	198,260	73,477	(45,007)	2,503,309	(2,553,422)
Taxes paid	(62,205)	(214,226)	(121,840)	(195,326)	(164,733)
Net cash flow from operating activities	1,283,235	(873,876)	1,460,255	1,453,142	2,956,309
Cash Flows From Investing Activities					
Net change in investments	275,129	750,409	143,809	(2,128,896)	(1,221,218)
Repayment on loan notes receivable	73,700	71,688	80,979	296,947	1,715,856
Net change in short-term investments	121,001	210,687	(457,362)	311,888	(1,054,882)
Proceeds from disposal of property, plant and equipment	5,673	632	1,578	7,150	1,937
Acquisition of subsidiary, net cash acquired	(83,780)	-	-	-	-
Purchase of property, plant and equipment	(77,165)	(68,788)	(79,304)	(80,706)	(141,991)
Net cash flow from investing activities	314,558	964,628	(310,300)	(1,593,617)	(700,298)
Cash Flows From Financing Activities					
Net change in debt securities	(488,565)	-	(500,000)	(18,195)	(527,574)
Issue of shares	3,557	-	-	-	-
Dividend paid	(106,938)	(196,464)	(420,169)	(302,033)	(354,817)
Net cash flow from financing activities	(591,946)	(196,464)	(920,169)	(320,228)	(882,391)
Effect of exchange rate changes	(19,257)	(6,002)	43,513	(1,294)	(200,036)
Net (decrease)/increase in cash and cash equivalents	986,590	(111,714)	273,299	(461,997)	1,173,584
Cash and cash equivalents at beginning of year	1,034,253	2,020,843	1,909,129	2,182,428	1,720,431
Cash and cash equivalents at end of year	**2,020,843**	**1,909,129**	**2,182,428**	**1,720,431**	**2,894,015**

9. FIVE YEAR SUMMARY CONSOLIDATED FINANCIAL STATEMENTS TO 30 SEPTEMBER 2016 (continued)

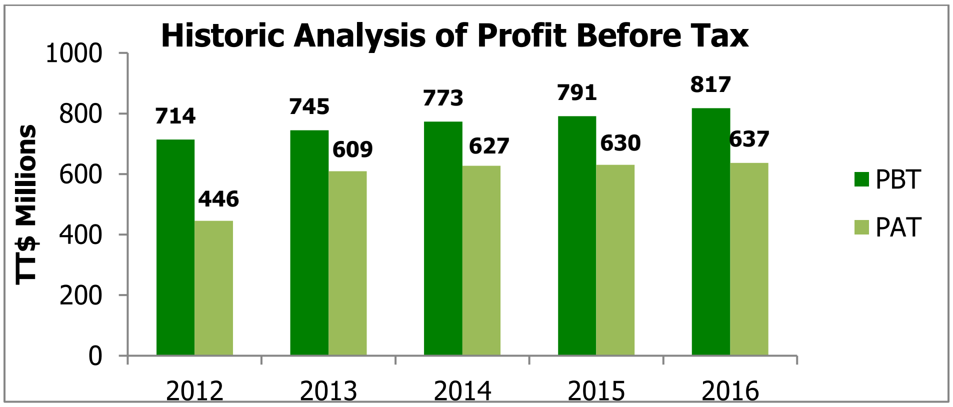
SUMMARY CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

REPRESENTED BY:	Sep-12 $'000	Sep-13 $'000	Sep-14 $'000	Sep-15 $'000	Sep-16 $'000
Cash and due from banks and statutory deposits (as per consolidated statement of financial position)	6,896,292	8,874,633	8,285,751	6,644,774	8,680,010
Statutory Deposits	(4,446,808)	(6,738,987)	(5,408,804)	(4,423,255)	(3,971,466)
Due to other banks	(63,251)	(71,815)	(82,454)	(200,911)	(459,470)
Short Term Investments (Maturity over 3 months)	(365,390)	(154,702)	(612,065)	(300,177)	(1,355,059)
	2,020,843	**1,909,129**	**2,182,428**	**1,720,431**	**2,894,015**

10. FIVE YEAR PERFORMANCE SUMMARY

Performance Overview

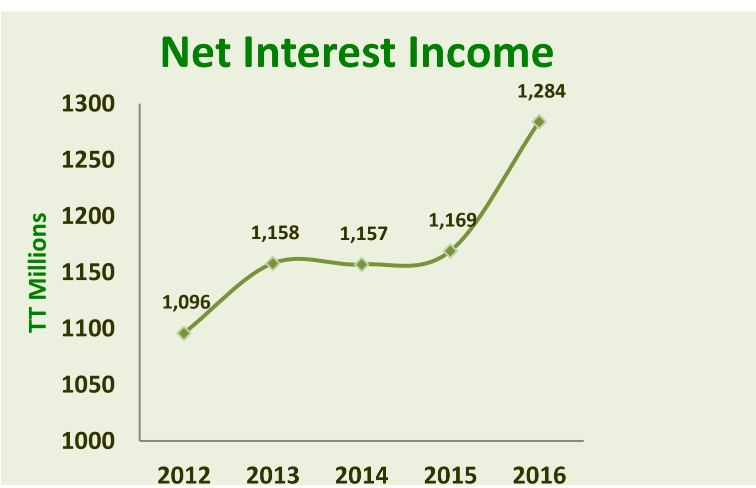
Profit before tax has increased year-over-year in the five year history. The main factors driving these increases were increases in net interest income, increases in other income (like fees and commissions), partially offset by increases in administrative and other operating expenses. Detailed commentary of the major underlying performance drivers by fiscal year is provided in the following sections. Profit after tax (PAT) increased year-over-year to 2016.



The Group continues to identify threats to the financial sector and to formulate strategies to mitigate such risks. In particular, the slowing of the economy, coupled with the challenges in the domestic market (high liquidity, weak demand for credit and reduction in credit quality) required First Citizens to take proactive measures to manage its loan and investment portfolios.

Net Interest Income

Net interest income is the most significant contributor to the Group's net income. It accounted for 64.3% of the Group's total net income for fiscal year 2016.



10. FIVE YEAR PERFORMANCE SUMMARY (continued)

Net Interest Income (continued)

Fiscal year 2013 vs 2012. Net interest income increased by $61.5 million to $1,157.8 million (2013 vs 2012), primarily due to a $78.7 million increase in interest income which was largely attributable to one year interest income for First Citizens Bank (Barbados) Limited, compared to one month in 2012. This was partially offset by a $17.2 million increase in interest expense (2013 vs 2012) which was principally due to an increase in customer deposit interest expense, which resulted from one year interest expenses for First Citizens Bank (Barbados) Limited, compared to one month in 2012.

Fiscal year 2014 vs 2013. The $1.1 million decrease y-o-y (year on year) was due to a $100.0 million decrease in interest income due mainly to the lack of availability of investment and declining yields, which was partly offset by a decrease in interest expense of $98.8 million. This decrease was mainly due to a decrease in other funding interest expense mainly from lower interest rates.

Fiscal years 2015 vs 2014. Net interest income increased by $12.2 million. This was primarily due to a decrease in interest expense of $33.0 million. This decrease was due mainly to a decrease in bond payable expenses partly offset by an increase in other funding interest expense. This was partially offset by a decrease in interest income of $20.7 million, which was mainly due to declining yields for both the investment and loan portfolios.

Fiscal years 2016 vs 2015. Net interest income increased by $114.8 million to $1283.7 million. This was primary due to an increase in interest income by $101.0 million, with the main contributor being investment income ($85.0 million), due to higher yields, moving from 4.13% in 2015 to 4.36% in 2016. The increase in Loan interest income ($43.8 million) was due to an increase in the average portfolio balance, offset by declining yields from 6.53% in 2015 to 6.39% in 2016.

Non-interest income

The Group, in an attempt to mitigate its risks against any negative effects of decreasing yields and resulting tightening of interest spreads, sought to improve non-interest income, via the electronic banking alternative delivery channels. From fiscal year 2012 to 2016, non-interest income has grown by 68.1% or $288.3 million to $711.3 million. The most significant contributors to this growth were Foreign Exchange gains and fees and commissions.

Non-interest expense

Total non-interest expense has increased historically due to increases in wages and salaries resulting from institutional strengthening, which resulted in the filling of several key senior positions, along with negotiated salary increases for both non-managerial and managerial staff. These increases also impacted pension expenses and other administrative expenses. In addition, operating expenses have increased primarily due to increased technical and professional fees, hardware and software expenses and advertising expenses.

In 2016 vs 2015, total non-interest expense increased by $123.3 million or 12.5%, amounting to $1,107.4 million at the end of September 2016. This increase is mainly due to the increase in staff expenses and operating expenses. The Group's efficiency ratio—the ratio of non-interest expenses (excluding impairment provision) to total income—improved to 55.5% in 2016. The Group continues to renew its commitment to strive towards increasing efficiency of utilisation of resources and controlling its expense levels, while delivering superior customer service.

10. FIVE YEAR PERFORMANCE SUMMARY (continued)

The following table sets forth a summary of changes in interest income and interest expense resulting from changes in volumes (average balances) and changes in rates, for fiscal years 2014 to 2016.

	Year Ended September 30,2015 vs September 30,2016				Year Ended September 30,2014 vs September 30,2015			
	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	68,734	14,372	1,883	84,989	39,703	(71,792)	(5,074)	(37,163)
Loans to customers	72,489	(26,427)	(2,286)	43,776	79,513	(46,459)	(4,563)	28,491
Loan Notes	(38,300)	18,783	(8,195)	(27,713)	(7,559)	(4,850)	367	(12,041)
Total increase in interest income	102,922	6,728	(8,598)	101,052	111,657	(123,101)	(9,270)	(20,713)
Interest Expense Attributable to:								
Customers' Deposits	7,019	952	94	8,065	(11)	(5,829)	1	(5,839)
Other funding instruments	(3,309)	6,895	(230)	3,357	606	49,109	608	50,323
Due to other banks	7,242	(855)	(1,138)	5,248	2,467	15	12	2,494
Debt securities in issue	(14,892)	(18,107)	2,551	(30,448)	(22,120)	(65,644)	7,822	(79,942)
Total increase in interest expense	(3,940)	(11,115)	1,277	(13,778)	(19,058)	(22,349)	8,443	(32,964)
Increase/(decrease) in net interest income	106,862	17,844	(9,875)	114,830	130,715	(100,752)	(17,713)	12,251

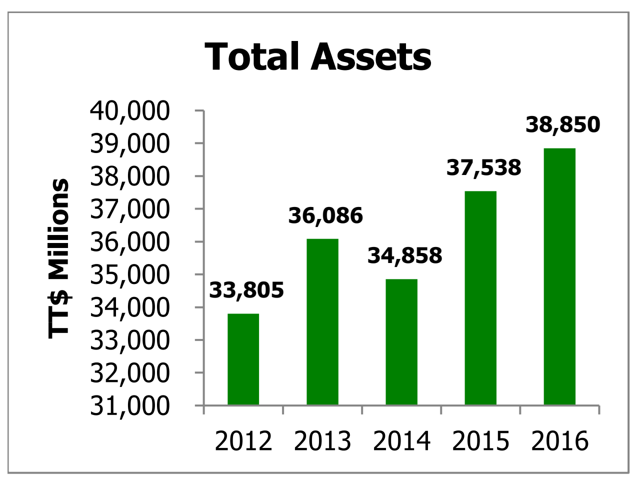
Assets

2013 vs 2012. The Group's total assets increased to $36.1 billion. This increase was mainly due to increases in loans to customers and other financial assets, specifically statutory deposits with Central Bank.

2014 vs 2013. Total assets declined in 2014 by $1.2 billion, due mainly to a decrease in loans to customers, other loans and receivables and statutory deposit in Central Bank.

2015 vs 2014. Total assets increased by $2.7 billion to $37.5 billion. This increase included $2.7 billion in cash due to NGC (proceeds for TTNGL's IPO). Growth was shown in loans to customers and investment portfolios.

2016 vs 2015. Total assets as at the end of September 2016 were $38.9 billion, up by $1.3 billion. There were growth in cash and due to other banks and the investment portfolios.



10. FIVE YEAR PERFORMANCE SUMMARY (continued)

The Loan Portfolio

The net loan portfolio has increased by $3.0 billion, from $10.3 billion (September 30, 2012) to $13.3 billion (September 30, 2016). The major drivers to the increase in the loan portfolio were organic growth mainly in loans to corporate customers and consumers. The major contributors to the remaining loan growth over the five year historic period consumer, petroleum, finance and insurance and transport, storage and communication sectors. This was partly offset with a decline in the construction sector.

Non-performing loans as a percentage of total gross loans deteriorated to 3.89% at the close of 2016 as compared to 2015 (3.39%). However, improvement was noted over the five year period moving from 4.56% in 2012 to 3.89% in 2016.

Loan loss provision

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 loan loss provision model, is an expense recognised in the income statement. The total provision for the Group at the end of September 2016 amounted to $341.2 million, which represents 2.5% of total loans and 0.64 times coverage on the value of total non-performing loans. (2015 - $293.6 million provision; 2.1% of total loans and 0.61 times coverage). During 2016, general provisioning increased by $52.8 million, as the Group continues to demonstrate a prudent risk management approach in the current economic conditions.

Investment portfolio

Available for sale investments increased by $2.3 billion, from $9.2 billion in 2012 to $11.5 billion in 2016. The increase was mainly due to the purchasing of liquid assets (treasury bills) and GORTT bonds.

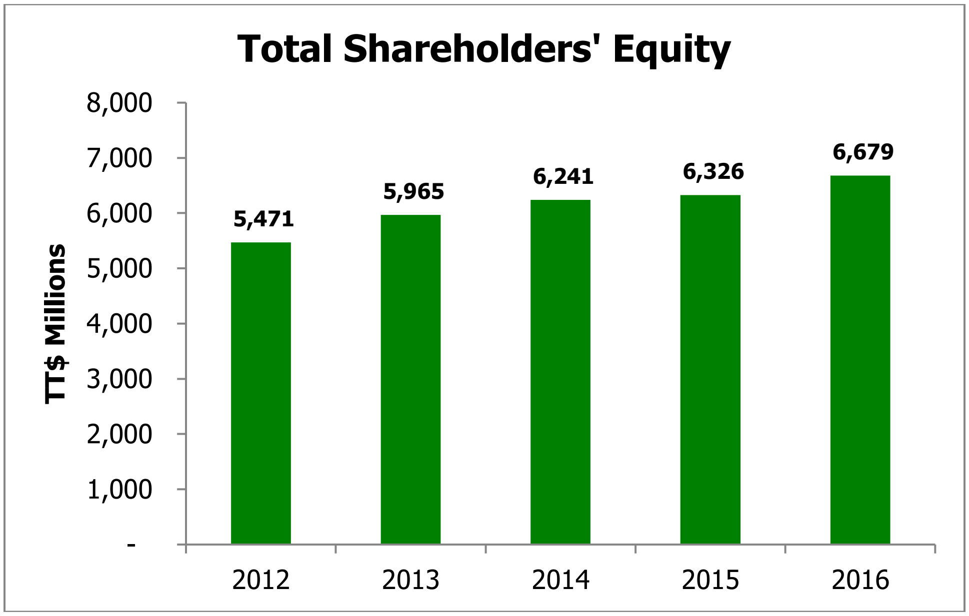
Provision for taxation

In 2012, the Group recorded a taxation charge for the year of $267.8 million. This was due to management re-assessing its tax strategy in relation to the pursuit of tax benefits to be derived from derivative instruments. This change in strategy, which was done after careful evaluation of all relevant factors and in consultation with its tax advisors, but prior to the filing of its 2011 corporation tax return, resulted in a difference between the tax liability as per the tax return for 2011 and the estimate of the tax provision recognised in the financial statements for the year ended September 30, 2011 as well as changes to the deferred income tax estimates. This change in estimate, amounting to an additional tax charge of $128.3 million, was recognised in the income statement in 2012 in accordance with the relevant International Financial Reporting Standards.

The effective tax rate has increased from 18.2% in 2013 to 22.0% in 2016. This is partly due to the maturity of tax exempt instruments during the period.

10. FIVE YEAR PERFORMANCE SUMMARY (continued)

Shareholders' Equity



Over the five year period, total shareholders' equity increased by $1.2 billion to $6.7 billion, due to the accumulation of net profits over the five year period of $2.5 billion, offset by a dividend of $1.3 billion paid to shareholders over the same period.

As at the fiscal 2016 year end, the Group was well capitalised with a Tier 1 capital adequacy ratio of 48.72%, which is well above the capital adequacy requirement of 8%.

Appendix 8 presents the Unaudited Condensed Consolidated Interim Financial Statements for the three months ended 31 December 2016 which comprise the statement of financial position, the statements of income, comprehensive income, changes in equity and cash flows for the three months then ended, and a summary of significant accounting policies.

11. MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS FOR THE FISCAL YEAR 30 SEPTEMBER 2016

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 2016.

The Group, defined as the First Citizens Bank Limited (the "Bank") and its subsidiaries, conducts a broad range of banking and financial services activities including corporate and commercial banking, retail and electronic banking, investment banking, and investment management services. The Bank is a subsidiary of First Citizens Holdings Limited ("Holdings"), a company owned by the Government of Trinidad & 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.

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

Critical Accounting Policies

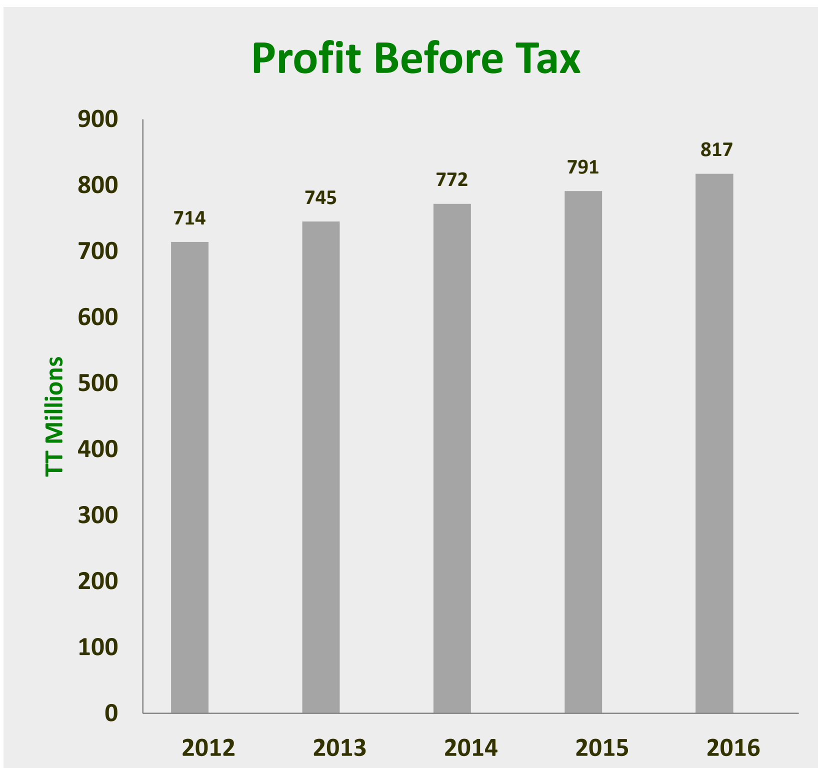
The accounting and reporting policies of the Group conform to International Financial Reporting Standards (IFRS). Developments related to these standards are actively monitored and disclosure is provided in accordance with International Financial Reporting Standards and local industry best practice.

11. MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS FOR THE FISCAL YEAR 30 SEPTEMBER 2016 (continued)

Summary of Operations

At the end of the financial year ended 30 September 2016, First Citizens Group reported a profit before tax of $817.4 million. This profit represented $26.6 million or 3.4% growth over the $790.8 million earned in September 2015. Total net income increased by 13.1 % to approximately $2.0 billion whereas operating or core profit increased by $26.7 million to $801.5 million (2015- $774.8 million). Profit after Tax amounted to $637.2 million as compared to $630.4 million in 2015.

Overall total assets increased by 3.5 % from $37.5 billion to $38.9 billion in 2016. The Group's funding base increased from $27.7 billion to $30.9 billion. The Group's customers' loans and other advances increased by 1.9% from $15.1 billion to $15.4 billion, investments also increased from $12.29 billion to $12.97 billion.



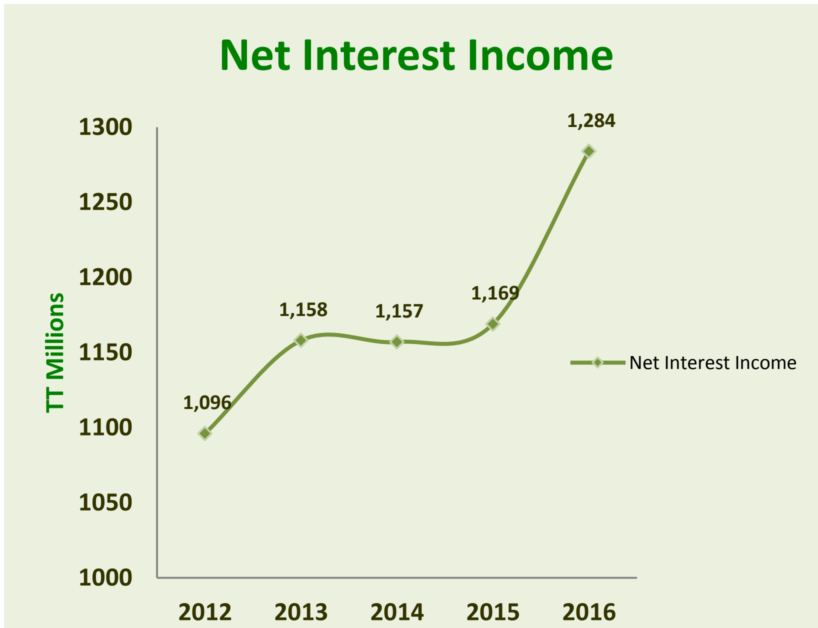
The Group continues to identify threats to the financial sector and formulate strategies to mitigate risks. The local economy continues to experience contraction in the energy and non-energy sectors. These factors considered in the context of excess liquidity within the domestic market, and increasing inflation environment required First Citizens to take proactive measures to manage our loan and investment portfolios.

Net Interest Income

Net interest Income has increased to $1.28 billion or a 9.8% increase from $1.17 billion in 2015. Net interest income continues to be the most significant contributor to the Group's net income, accounting for 64.3% of the Group's total income.

11. MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS FOR THE FISCAL YEAR 30 SEPTEMBER 2016 (continued)

Net Interest Income (continued)



Over the financial year ended 30 September 2016, interest income increased by $101.0 million or 7.0 % to $1,551.5 million, the major contributors being investment interest income which accounted for $85.0 million or 16.2% increase and loan interest income which increased by $43.8 million. This was partly offset by a decrease in loan note interest income by $27.7 million. The increase in investment interest income was due mainly to higher yields on the investment portfolio which moved from 4.13% in 2015 to 4.36 % in 2016. Loan interest income increase was due to an increase in the average portfolio balance, which was offset by declining yields on the loans portfolio from 6.53% in 2015 to 6.39% in 2016.

Interest expense decreased by $13.8 million or 4.9 % to $267.8 million. This decrease was due mainly to a decrease in bond payables interest expenses, partly offset by an increase other funding (repo) interest expenses and deposits interest expenses. The decrease in the bond payable interest expense was due mainly to the repayment of the US$175 million international fixed rate bond.

11. MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS FOR THE FISCAL YEAR 30 SEPTEMBER 2016 (continued)

The following table 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 September 30,2015 vs September 30,2016				Year Ended September 30,2014 vs September 30,2015			
	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	68,734	14,372	1,883	84,989	39,703	(71,792)	(5,074)	(37,163)
Loans to customers	72,489	(26,427)	(2,286)	43,776	79,513	(46,459)	(4,563)	28,491
Loan Notes	(38,301)	18,783	(8,195)	(27,713)	(7,559)	(4,850)	367	(12,041)
Total increase in interest income	102,922	6,728	(8,598)	101,052	111,657	(123,101)	(9,270)	(20,713)
Interest Expense Attributable to:								
Customers' Deposits	7,019	952	94	8,065	(11)	(5,829)	1	(5,839)
Other funding instruments	(3,309)	6,895	(230)	3,357	606	49,109	608	50,323
Due to other banks	7,242	(855)	(1,138)	5,248	2,467	15	12	2,494
Debt securities in issue	(14,892)	(18,107)	2,551	(30,448)	(22,120)	(65,644)	7,822	(79,942)
Total increase in interest expense	(3,940)	(11,115)	1,277	(13,778)	(19,058)	(22,349)	8,443	(32,964)
Increase/(decrease) in net interest income	106,862	17,843	(9,875)	114,830	130,715	(100,752)	(17,713)	12,251

Non-Interest Income

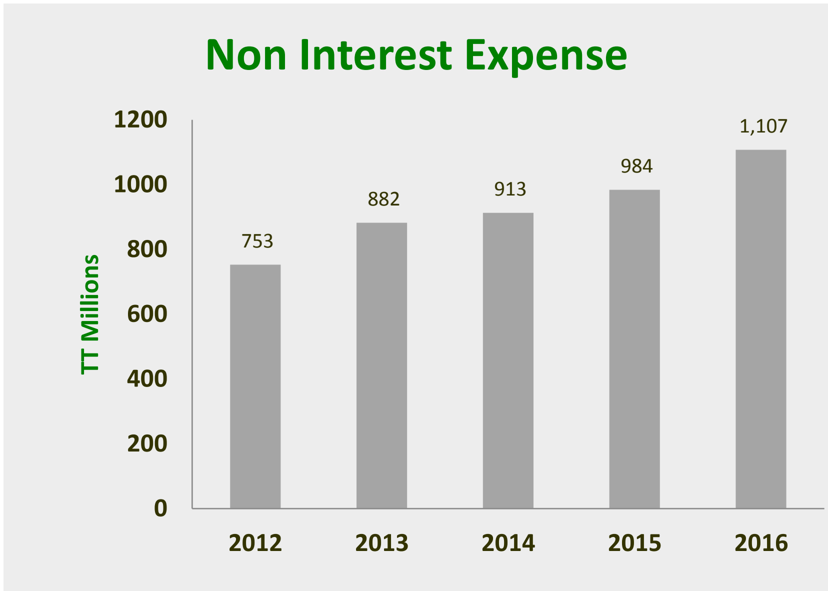
In the year 2016, non-interest income increased by 19.7 % to $711.3 million, accounting for 35.6% of total revenues (2015: 33.7%). The major contributors to this growth were derived from increased contributions in the categories of foreign exchange gains and credit related fees.

Non-Interest Expense

Total non-interest expense increased by $123.3 million or 12.5%, amounting to $1,107.4 million at the end of September 2016. This increase was mainly due to the increase in salaries and staff expenses ($98.7 million). Within this period, great focus was put on institutional strengthening, which resulted in filling several key senior positions, along with negotiated salary increases for both non managerial and managerial staff.

11. MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS FOR THE FISCAL YEAR 30 SEPTEMBER 2016 (continued)

Non-Interest Expense (continued)

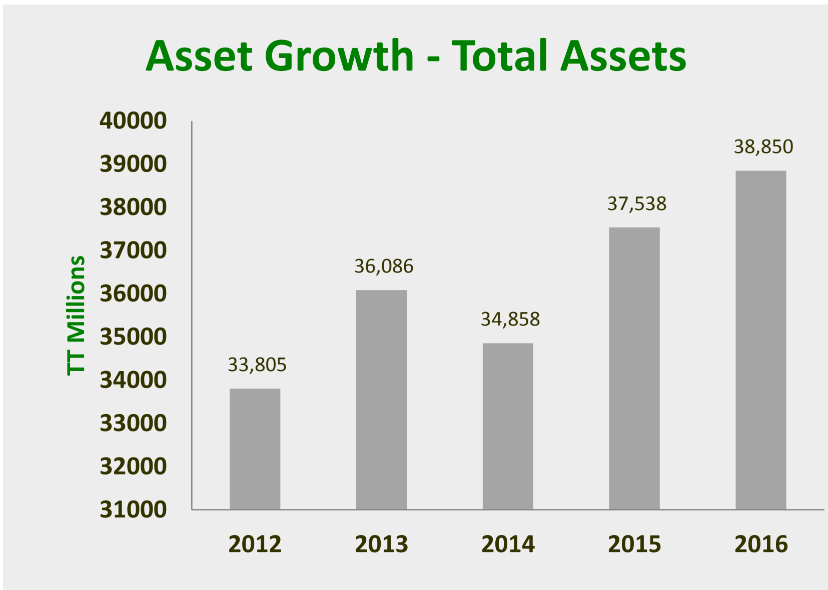


The Group's efficiency ratio, the ratio of non-interest expenses (excluding impairment provision) to total income increased to 55.5% in 2016. The Group continues to renew its commitment towards increasing efficiency of utilisation of resources and controlling its expense levels, while delivering superior customer service.

11. MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS FOR THE FISCAL YEAR 30 SEPTEMBER 2016 (continued)

Assets and Liabilities

Total Assets were $38.9 billion as at the end of September 2016, an increase of $1.4 billion or 3.5%. Significant growth was shown in cash and due from other banks and the investment portfolios.



The Loan to Customers Portfolio

As at 30 September 2016, the gross loan portfolio decreased by $0.45 billion to $13.7 billion, although the Group booked over $3.6 billion in new loans facilities. This was mainly due to maturities and syndication of some existing facilities. Loans decreased within the three sectors led by construction ($1,430.7 million), personal ($262.6 million) and other business services ($204.3 million). There were increases in the other sectors, such as mortgages ($509.0 million), petroleum ($347.3 million), finance & Insurance ($338.2 million) and consumers ($211.3 million).

Non-performing loans as a percentage of total gross loans deteriorated to 3.89 % at the close of 2016 compared 3.39% in 2015. 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 limits.

Loan Loss Provisions

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 loan loss provision model, is an expense recognized in the income statement. Total provision for the Group at the end of September 2016 amounted to $341.2 million, which represents 2.5% of total loans and 0.64 times coverage on the value of total non-performing loans. General provisioning increased by $52.8 million, as Group continues to demonstrate a prudent risk management approach in the current economic conditions.

Other Loans and Receivables

Other Loans and Receivables increased during the year to $2.0 billion from $1.3 billion, an increase of 62.3%.

11. MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS FOR THE FISCAL YEAR 30 SEPTEMBER 2016 (continued)

Investment Portfolio

Available for sale financial assets increased during the year to $11.5 billion from $10.5 billion. This increase of $1.0 billion or 9.8% was mainly driven by the purchase of GORTT bonds and treasury bills.

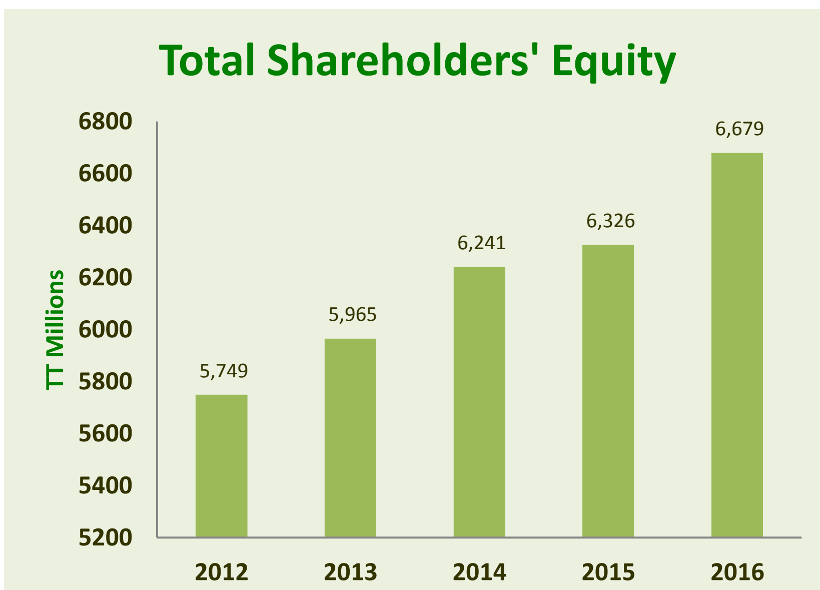
Provision for Taxation

The Group recorded a taxation charge for the year of $180.2 million compared to $160.3 million in 2015. The increase in the effective taxation rate to 22.0% (2015 - 20.3%) was partially due the maturity of tax exempt instruments during 2016.

Shareholders' Equity

Total shareholders' equity increased by $0.35 billion over the last financial year to $6.7 billion. The increase in the Group's capital base was as a result of the increase in net profit for the year and the reserves of $71.0 million arising from the depreciation of the TT dollar, offset by dividend of $354.8 million paid to shareholders.

The Group and its subsidiaries are subject to various capital requirements administered by banking regulators. Such regulators require that the Bank maintain minimum amounts and ratios of total and Tier 1 capital (as defined in the regulation) to risk weighted assets (as defined). This standard corresponds with International Basel standards wherein there is a minimum capital adequacy ratio of 8%. This is a risk-based capital measure which recognises the inherent credit risk in off-balance transactions. As at the year's end, the Group was well capitalized with a capital adequacy ratio of 48.72%.



11. MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS FOR THE FISCAL YEAR 30 SEPTEMBER 2016 (continued)

Risk Management

The Group has recognized the need to place greater emphasis on creating a strong risk management culture in order to understand, manage and evaluate risks versus the rewards being earned. The Enterprise Risk function is currently divided into 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, its core methodology for managing risk on an enterprise-wide basis; The requirements of the Basel Capital Accord as applied in this jurisdiction; and

Other local and international best practices in risk management.

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

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

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.

Credit Risk Management

The Credit Administration function is responsible for the development and 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 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 three months in arrears (six months in the case of residential mortgages). This process can be initiated even earlier if the loan is deemed uncollectable in accordance with the terms of the facility.

11. MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS FOR THE FISCAL YEAR 30 SEPTEMBER 2016 (continued)

Market Risk Management

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

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

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 maturity changes in response to changes in market interest rates, changes in the shape of the yield curve and changes in the spread. The yield curve provides the foundation for computing the fair value of future cash flows. It is based on current market yields on applicable reference bonds that are traded in the marketplace. Market yields are converted to spot interest rates ('spot rates' or 'zero coupon rates') by eliminating the effect of coupon payments on the market yield.
The Group's objective in this area is to manage the sensitivity of its earnings and overall value to fluctuations in the yield curve. To achieve this goal, the Group sets limits in terms of amount, term, issuer and depositor as well as the following:

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

Computer 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 the VaR the Group also performs stress testing of the investment portfolio. The market risks arising from the investment portfolio are monitored by Risk Management and are reported to ALCO and the Senior Management.

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 its strong 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.

11. MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS FOR THE FISCAL YEAR 30 SEPTEMBER 2016 (continued)

Operational Risk Management

Operational risk is the risk to earnings or capital arising from problems with service or product delivery. It is a function of internal controls, information systems, employee integrity and operating processes.

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.

Management of Internal Controls

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

Frequent internal assessments ensure the quality of these processes; these are subject to an independent external quality assessment every five years. The next schedule external review is due in 2017. The Group's internal audit process continues to receive the highest rating accreditation. This affirms the department's independence, objectivity and professional care in giving assurance on risk management practices, governance initiatives and compliance with policies, procedures, regulations and legislation. The Audit Committee continues to oversee the operations of the department, ensuring the highest quality of communications to management and action items are identified for areas of weakness identified.

Compliance Risk

Compliance risk is the risk of legal or regulatory sanctions, financial loss, or loss to reputation the Group may suffer as a result of its failure to comply with all applicable laws, regulations, code of conduct and standards of good practice. 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, establish and maintain effective programs to monitor compliance, prevent and detect lapses and recommend any necessary corrective action to fully meet the statutory and regulatory requirements and compliance best practice standards in all jurisdictions in which the Group operates in addition to "Group wide" adherence to compliance programs. The employee hotline, which allows staff members a confidential medium for making queries or for reporting known or suspected compliance breaches for investigation, continue in operation and is being utilised by staff. All departments and subsidiaries within the Group prepare monthly statutory compliance reports for the Compliance Unit, which in turn submits a summary to the various Boards or the Risk Committees of the Boards, where applicable.

Conclusion

The First Citizens Group continued to perform strongly in 2016 with solid growth in Total Asset, and Shareholders' Equity. Despite the challenges of continued depressed economic activity, internationally, regional and locally, the Group continues to position itself as a strong financial institution. Coupled with sound management and corporate governance, the First Citizens Group continues to be well positioned to maintain its position as one of the most competitive financial institutions in the region.

12. OUTLOOK AND BUSINESS PROSPECTS

The outlook for the global economy is mixed given the surprises witnessed in the political arena over the past year. The policy direction of the recently inaugurated US President Donald Trump will likely have implications for the prospects for the US as well as the rest of the world. The Brexit vote will also affect the outlook for the UK and by extension Europe. This fosters uncertainty in the global outlook which affects Caricom as sustained growth in this region is highly dependent on the global economy (the UK and US in particular). Local monetary and fiscal policies remain geared towards stimulating economic activity. The forecasts for GDP growth in 2017 is varied, with the IMF at 2.3% and the Economic Commission for Latin America and the Caribbean (ECLAC) at 0.5%. Given the condition of the local and regional economies, the Group will continue to focus on robust risk management to ensure that the growth and stability of the Group will continue. The Group will continue to focus on its core range of services during 2017 and further intends to strengthen First Citizens' brand by enhancing the customer experience. Furthermore, the acquisition in 2012 of First Citizens Bank (Barbados) Limited, and the establishment of a representative office in Costa Rica is expected to support the growth of the business regionally and in Latin America and position the Group for future expansion.

In order to achieve First Citizens' goals, the following will continue to be implemented:

- ***Increase market penetration*** – by achieving a larger market share in stronger segments of the Trinidad and Tobago economy, in particular, the construction and distribution sectors. Management will continue to meet with key corporate clients and the governments within the region to seek new investment opportunities or products. The Group proposes to provide advisory, investment management and capital market options to government, state and small medium enterprises across the region. A number of viable projects have been identified where the Group could potentially play a role in structuring and further originating and distributing. The Group has established a strong pipeline of transactions and relationships in the Central American region.

- ***Deliver exceptional customer service experience*** – by anticipating the preferences and needs of our various customer segments and providing tailored products & services to meet their individual needs. We will be the financial partner of choice, proactively supporting our customers' service needs effectively via convenient, secure and multifaceted channels. We've recognized the customers' desire for quick transactions and rich advice at our secure, conveniently located facilities but also to have access wherever and whenever their needs arise. As such we expanded beyond our physical footprint to provide an external sales force to visit with our clients while simultaneously continuing our investment in technologies that put no boundaries on time or space to interface with our bank, First Citizens. In such measure we will build rewarding and sustainable relationships with our customers demonstrating our commitment that "We Put You First".

- ***Diversify financial services*** **-** by closely evaluating and capitalizing on opportunities that will provide shareholder value via organic & exponential growth in our traditional lines of business; geographic expansion into burgeoning territories; and through selective alliances and acquisition. We will continue to grow our business through retail banking as well as by providing capital markets services, asset management services, private client and wealth management services and brokerage services. The Group's intention is to harness the potential of a Customer Relationship Management (CRM) model for managing interactions with customers and sales prospects therefore identifying opportunities to acquire, retain and deepen customer relationships. Locally the Group continues to explore the opening of new branches in high traffic areas alongside concentrated efforts to pursue increased business with institutions in the territories in which the Group currently operates as well as establishing a presence in additional countries in the Caribbean and Latin America. Strategic alliances with, or acquisitions of, or investments in, banks and other businesses in the Caribbean and Latin American regions is in line with the Groups' long term strategic outlook.

12. OUTLOOK AND BUSINESS PROSPECTS (continued)

- ***Highly engaged employees*** – by cultivating a workplace whereby our over 2,000 staff members are encouraged to give of their best each day, are committed to the organization's goals and values, and motivated to contribute to the success of First Citizens. We will invest in cultivating an empowered, trained and tooled workforce in an environment that fosters an enhanced sense of their own well-being. First Citizens will harness its technology drive to benefit its internal customers as it has done for our external customers. We have established key leadership competencies that shall serve to clearly drive behaviour that will foster a responsive, energized and customer focused team. We have honed in on core values that serve to reinforce the established code of conduct and demonstrate our commitment to excellence in all that we do; commitment to delighting our customers; and to operating with integrity all through our most critical pillar of success, our people.

13. RISK FACTORS

First Citizens' business, financial condition, operating results and prospects could be materially and adversely affected if the risks below occur. The following information is a summary of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in the Prospectus including the "Outlook and Business Prospects" section of the Prospectus (Section 12). These risks and uncertainties are not the only ones facing First Citizens. Other risks and uncertainties that First Citizens does not presently consider to be material, or of which First Citizens is not presently aware, may become important factors that affect First Citizens' future financial condition and results of operations. The occurrence of any of the risks discussed below could materially and adversely affect the business, financial condition, financial performance or cash flows of First Citizens. Potential investors in the shares of First Citizens should carefully consider these risks before investing in the shares and take advice from a stockbroker or other appropriate professional.

FACTORS RELATING TO TRINIDAD & TOBAGO AND THE REGULATORY ENVIRONMENT

Economic, social and political conditions in Trinidad and Tobago may have an adverse effect on First Citizens' business, operational results and financial condition

First Citizens and most of its subsidiaries are located in Trinidad and Tobago, and a substantial part of its operations, properties and most of its customers are in Trinidad and Tobago. As a result, its business, operational results, financial condition and prospects are currently materially dependent upon economic, political and other conditions and developments in the country.

The Trinidad and Tobago economy has historically and, in recent years, been affected by the global economic and financial conditions, most notably the crisis in 2008 and 2009. In 2008 and through early 2009, the global financial services industry was materially and adversely affected by significant declines in the values of nearly all asset classes and by a significant lack of liquidity. The global markets during this period were characterized by substantially increased volatility and an overall loss of investor and public confidence. While the markets have generally stabilized and improved from the lows of 2009/ 2010, many asset valuations have not returned to pre-crisis levels. Energy prices, specifically, have remained depressed amid a persistent glut in global supply. During the past year, there were major political shake-ups, which would have implications for the outlook for the global economy, namely 'Brexit', which saw UK voters opting out of the European Union, as well as the election of Donald Trump as the 45th President of the United States. Trump's economic and trade policies will be integral in shaping the financial and economic landscape of 2017.

The Trinidad and Tobago economy has entered a period of economic decline triggered by a large commodity terms of trade shock. The macroeconomic environment has deteriorated sharply the last quarter of 2014, subsequent to the 42% plunge in the oil price. Economic activity is estimated to have contracted 6.7% (year on year) in the first half of 2016, led by a 10.8% decline in the energy sector. Estimates also show that the non-energy sector fell 4.3%, given the spill over implications from the energy sector. This compares to a contraction of 0.6% recorded in both 2015 and 2014. For 2017, the Central Bank forecasts that the real gross domestic product (GDP) will expand 2% in 2017, while the IMF projects growth of 2.3%, ECLAC significantly more conservative with growth of just 0.5%. Labour market conditions have worsened, with the unemployment rate increasing to 4.4% in the second quarter of 2016, compared to 3.2% recorded in the same period a year earlier.

The quality of the Group's loans to customers and other assets and its overall financial performance are consequently closely linked to the economic conditions in Trinidad and Tobago. Any continued slowdown or contraction affecting the local economy, whether or not part of more global economic trends or dislocations, could negatively affect the ability of its customers to service their loans in accordance with their terms or its ability to retain a stable deposit base to support its operations.

13. RISK FACTORS (continued)

FACTORS RELATING TO TRINIDAD & TOBAGO AND THE REGULATORY ENVIRONMENT (continued)

Economic, social and political conditions in Trinidad and Tobago may have an adverse effect on First Citizens' business, operational results and financial condition (continued)

If the economy of Trinidad and Tobago worsens because of, for example, any or all of the following occurring:
- lower economic activity;
- higher unemployment;
- a sustained lower level of oil, natural gas or petrochemical prices;
- depreciation of the TT dollar;
- increased inflation; or
- an increase in domestic and international interest rates,

This could lead to an increase in the Group's delinquency and/or non-performing facilities which could materially reduce earnings.

Trinidad & Tobago Government policies, actions and judicial decisions could negatively affect the local economy and, as a result, First Citizens' business operational results and financial condition

First Citizens' business, operational results, financial condition and prospects, as well as the market price of the ordinary shares, may also be significantly affected by changes in GORTT policies and actions and judicial decisions involving a broad range of matters, including interest rates, exchange rates, inflation rates, taxation, banking and pension fund regulations and other political or economic developments affecting Trinidad and Tobago. GORTT traditionally has played a central role in the development of Trinidad and Tobago's petroleum and energy sector, the country's most important economic sector, and continues to exercise significant influence over many other aspects of the economy.

First Citizens' business and operational results may also be affected by social conditions in Trinidad and Tobago. For example, Trinidad and Tobago continues to experience a high crime rate. Increased crime has contributed to some uncertainty in the business community, which has negatively affected private sector investments and, consequently, the demand for loans.

These and other future developments in the economy of Trinidad and Tobago and Government policies may reduce local demand for its banking and other financial services or products, and adversely affect First Citizens' business, financial condition, operational results or prospects.

First Citizens is subject to extensive regulation by Government regulatory authorities

First Citizens and its subsidiaries are subject to extensive regulation in the countries in which they operate. First Citizens is regulated under the FIA, Financial Institutions [Prudential Criteria] Regulations [1994], together with the Central Bank Act and supervised primarily by the Central Bank. First Citizens has little control over the regulatory structure, which governs, among others, the following aspects of its operations:

- minimum capital requirements;
- compulsory reserve requirements;
- lending limits and other credit restrictions;
- periodic reports; and
- securities regulatory requirements.

13. RISK FACTORS (continued)

First Citizens is subject to extensive regulation by Government regulatory authorities (continued)

First Citizens is also registered with the TTSEC as a reporting issuer and a broker-dealer authorized to do brokerage and trading in government bonds and, therefore, is also regulated under the SA, 2012 and its Bylaws as amended.

The regulatory structure governing banks and financial services companies in Trinidad and Tobago and the other jurisdictions where First Citizens' subsidiaries are located are continuously evolving. Existing laws and regulations could be amended, the manner in which laws and regulations are enforced or interpreted could change, and new laws or regulations could be adopted. Changes in regulation could materially adversely affect its business, results of operations, financial condition or prospects.

First Citizens is subject to control by GORTT, which appoints the majority of the board of directors and has the ability to determine the outcome of corporate actions or decisions, including actions or decisions which may adversely impact the interests of other shareholders

77.18% of First Citizens' share capital is indirectly owned by GORTT, and after the issue GORTT will retain, via its interest in FCHL, an approximate 57.88% holding in First Citizens (excluding the interests that are held by NIBTT and CBTT). GORTT, by virtue of its shareholding in FCHL, is entitled to elect all the Directors and has exercised its right in the past. GORTT has not been actively involved in the day-to-day operations and has permitted the Directors and management to exercise responsibility for the business in accordance with the laws governing financial institutions and public companies. Changes in the composition of GORTT may directly impact First Citizens. GORTT has the power to determine, directly or indirectly, the outcome of essentially all corporate actions or decisions to be taken by First Citizens or its subsidiaries. The composition of the Board typically changes entirely or substantially following a change of Government. First Citizens' Board appoints the board of directors for First Citizens' other subsidiaries. First Citizens cannot assure prospective investors that the interests of, or actions taken by GORTT will be consistent with the interests of the other holders of ordinary shares.

FACTORS RELATING TO BANKING OPERATIONS

First Citizens continues to engage in significant "related party" transactions with GORTT and Government-related entities, so that financial and other developments concerning GORTT are likely to impact financial condition and results of operations

First Citizens has engaged, and will continue to engage, in extensive related party transactions with GORTT related entities. As at December 31, 2016 it held loan notes (which are not tradable) totaling approximately $410.9 million. These loan notes were issued to First Citizens by Taurus Services Limited, a separate and distinct Government-owned entity, in exchange for its transfer to it of non-performing loans and notes in September 1994 and October 2000. The loan notes with Taurus Services Limited and FCHL accrue interest at a rate of 4.5% below prime with a floor rate of 11.5% per annum.

In addition to these transactions, as of December 31, 2016, approximately 47.3% of its interest-bearing assets, and 36.0% of its consolidated assets, represented direct obligations of GORTT or are GORTT or Government-related entities. The obligations of, or guarantees issued by, GORTT or Government-related entities represents approximately 21.4 % of its total loan portfolio, and approximately 59.7 % of its total investment securities (including Government loan notes which are not tradable). For example, First Citizens holds as investment securities various instruments of, or guaranteed by, GORTT, which totaled approximately $8.95 billion as of December 31, 2016. First Citizens has also made loans of approximately $3.04 billion as of December 31, 2016 to Government-related entities and other borrowers whose loans are guaranteed by GORTT.

13. RISK FACTORS (continued)

FACTORS RELATING TO BANKING OPERATIONS (continued)

First Citizens continues to engage in significant "related party" transactions with GORTT and Government-related entities, so that financial and other developments concerning GORTT are likely to impact financial condition and results of operations *(continued)*

Approximately 27.0% of its consolidated liabilities represented obligations owed to Government-related entities. GORTT and Government-related entities have, among other things, made substantial deposits with First Citizens ($8.06 billion as of December 31, 2016), and Government-related entities hold significant amounts of its other funding instruments ($805.4 million in the aggregate as of the same date). Government-related entities also own all of First Citizens' preference shares in addition to the ordinary shares.

Effective January 31, 2009, First Citizens, at GORTT's request, assumed $1.77 billion (and an additional $99.5 million over the following years) in corporate and retail deposit liabilities, consisting of time deposits in both local and foreign currency maturing from February 2009 to December 2013, which were transferred to First Citizens from CLICO Investment Bank in connection with the liquidation of that financial institution. To cover these deposit liabilities, the Central Bank issued promissory notes to First Citizens having an aggregate principal balance of $1.86 billion. These notes were repaid in March 2016.

In February 2009, as a consequence of financial difficulties being experienced by CL Financial Limited and its subsidiaries, First Citizens, at GORTT's request, assumed control of CMMB (now called First Citizens Investment Services Limited) and certain of its subsidiaries including CMMB Securities and Asset Management Limited (now called First Citizens Brokerage and Advisory Services Limited). In connection with its acquisition of CMMB, First Citizens received a $300 million capital investment from GORTT, and First Citizens invested the sum of $500 million into CMMB. In addition, GORTT entered into a broad indemnification agreement (the "Liquidity Support Agreement") with First Citizens protecting First Citizens from losses arising from the acquisition. At the time of its acquisition, the portfolio assets of CMMB included approximately $1.8 billion in debt instruments issued by CL Financial Limited, which held the controlling interest in CLICO Investment Bank at the time of the its acquisition. As at December 31, 2016, the fixed income portfolio contains approximately $836 million of CL Financial Limited debt instruments, and First Citizens has until November 2017 to claim for reimbursement from GORTT under the Liquidity Support Agreement.

Adverse changes in the value of certain of its assets and liabilities could adversely impact First Citizens' business, results of operations earnings

First Citizens has a large portfolio of financial instruments that it measures at fair value in keeping with applicable International Financial Reporting Standards ("IFRS") guidelines. The fair values of these financial instruments include adjustments for market liquidity, credit quality and other transaction-specific factors, where appropriate. Sustained or material declines in the market price of the assets and liabilities held could similarly result in impairment or realized or unrealized losses. Any significant decline in the market prices or values of the instruments held could materially adversely affect First Citizens' business, results of operations and financial condition.

Asset values also directly impact revenues in its asset management business. First Citizens receives asset-based management fees based on the value of its clients' portfolios or investments in funds managed by First Citizens and, in some cases, First Citizens also receives incentive fees based on increases in the value of such investments. Declines in asset values can reduce the value of its clients' portfolios or fund assets, which in turn can result in lower fees earned by First Citizens for managing such assets.

13. RISK FACTORS (continued)

First Citizens faces intense competition from domestic banks and local subsidiaries of foreign banks

The banking and financial services industry in Trinidad and Tobago is highly competitive. First Citizens faces significant competition in substantially all areas of its operations from domestic competitors and local subsidiaries of leading international banks. First Citizens' principal competitors are Republic Bank Limited RBC Royal Bank Trinidad and Tobago Limited (a subsidiary of Royal Bank of Canada); Scotiabank Trinidad and Tobago Limited (a subsidiary of Scotiabank); and Citibank (Trinidad and Tobago) Limited (a subsidiary of Citigroup). Most of its competitors have been in existence much longer than First Citizens. Financial Institutions are increasingly facing competition from other local non-bank institutions, such as credit unions, insurance companies, unit investment trusts, merchant and investment banks and finance companies, which are providing financial services previously provided only by banks. These institutions are generally not subject to the same degree of regulation and supervision in Trinidad and Tobago as banks, although insurance companies are also subject to supervision by the Inspector of Financial Institutions.

Any failure by First Citizens to compete effectively with existing and future market participants in Trinidad and Tobago and, to a lesser degree, elsewhere in the Caribbean and Central America may have a material adverse effect on its business, results of operations, financial condition or prospects.

In addition, First Citizens is facing increased competition from leading international commercial banking and financial services institutions which offer products and services to multinational and major local corporations that conduct business in Trinidad and Tobago. Competition may negatively affect First Citizens by, among other things:

- limiting its ability to develop its client base (particularly relationships with top-tier corporate banking customers), to broaden its range of banking and financial services and products, and to expand its operations;
- reducing profit margins on the banking and other financial services and products First Citizens offers; and
- making it difficult to attract and retain experienced managers and other personnel needed to develop business.

First Citizens is subject to fluctuations in interest rates and foreign exchange rates, which could negatively affect its financial performance in future fiscal years or periods

First Citizens' profitability is dependent, to a large extent, on its net interest income, which is the difference between interest income paid on loans and investments and interest expense paid to depositors and other parties from whom First Citizens borrows funds. Like most financial institutions, the bank is affected by changes in general interest rate levels, which are trending upward in Trinidad and Tobago and globally, and by other economic factors beyond its control. Interest rate risk arises primarily from timing differences in the duration or re-pricing of First Citizens' assets and liabilities. First Citizens is most affected by changes in TT dollar Repo rate, Mortgage Market Reference rate and U.S. dollar LIBOR because many of its loans and deposits re-price based on these interest rate indices. Significant changes in these indices may affect First Citizens' financial performance. Any substantial and prolonged increase in market interest rates could reduce its customers' ability to borrow money or adversely affect their ability to repay their outstanding loans by increasing their credit costs. First Citizens' investment portfolio can also suffer losses as a result of increases in domestic and U.S. dollar interest rates, as increases in interest rates result in lower market valuation of fixed income securities in its investment portfolio. Any of these events could adversely affect First Citizens' operational results or financial condition.

13. RISK FACTORS (continued)

First Citizens is subject to fluctuations in interest rates and foreign exchange rates, which could negatively affect its financial performance in future fiscal years or periods *(continued)*

First Citizens faces exposure to fluctuations in foreign exchange rates arising from holding financial assets in currencies other than those in which financial liabilities are expected to settle. First Citizens actively seeks to manage its balance sheet positions to minimize exposure to a mismatch between foreign currency denominated assets and liabilities. The types of instruments exposed to foreign exchange rate risk include, for example, foreign currency denominated loans and investment securities and foreign currency denominated debt. At December 31, 2016, First Citizens had a positive net US dollar exposure of approximately US$324.3 million, a positive net Canadian dollar exposure of approximately CAD$0.87 million, a positive net Sterling exposure of approximately GBP$0.368 million and a positive net Euro exposure of approximately EUR$0.202 million.

First Citizens' businesses have been and may continue to be adversely affected by changes in the levels of market volatility

First Citizens engages in limited trading operations for its own account and for the accounts of its customers. However, in order to increase its non-interest income and to respond to the needs of some customers, it intends to further develop its trading operations in the areas of debt securities, money market securities, foreign exchange transactions and, to a lesser extent, equity securities. The future success of First Citizens existing and planned trading businesses will depend on market volatility to provide trading opportunities. Decreases in volatility may reduce these opportunities and adversely affect the results of these business lines. On the other hand, increased volatility, while it can increase trading opportunities, also increases risk and may expose First Citizens to increased risks in connection with its trading operations or cause First Citizens to reduce the size of these operations in order to avoid increasing its risk. In periods when volatility is increasing, but asset values are declining significantly, it may not be able to sell assets at all or it may only be able to do so at steep discounts to the prices it was paid for, and at which it values, those assets. In such circumstances First Citizens may be forced to either take on additional risk or to incur losses in order to decrease its risk.

First Citizens completed expansions into Barbados and Costa Rica and First Citizens plans to continue expanding its banking and financial services operations in the Caribbean region and Latin America. There is therefore the risk that future acquisitions and/or the integration of acquired operations could impact financial performance

As part of its strategy, First Citizens plans to seek increased business with major companies in the Caribbean region and Latin America and, over the long term, pursue selective alliances and acquisitions in the region. Upon the acquisition of Caribbean Money Market Brokers Limited (now called First Citizens Investment Services Limited) in February 2009, First Citizens commenced operations for the first time in Barbados, St. Lucia and St. Vincent and the Grenadines. First Citizens also established a representative office in Costa Rica in January 2012 and completed the acquisition of the Butterfield Bank (Barbados) Limited in August 2012.

First Citizens may also enter into customer or other relationships in these and other countries outside of Trinidad and Tobago, which could expose it to risks with which First Citizens has limited or no experience. In entering these markets First Citizens may become subject to the effects of economic, political and other conditions and developments in these countries, which could affect its financial performance.

Moreover, First Citizens is regulated by local and regional regulatory authorities in the aforementioned countries and with future expansions may become subject to laws and regulations with which it has historically had little experience. First Citizens must necessarily base any assessment of a potential acquisition on assumptions with respect to operations and other matters that may prove to be incorrect. Accordingly, First Citizens' previous acquisitions and future initiatives to expand outside of Trinidad and Tobago may not produce the anticipated synergies or perform in accordance with expectations and/or could have a material adverse effect on its business, results of operations, financial condition or prospects.

13. RISK FACTORS (continued)

First Citizens may incur losses as a result of ineffective risk management processes and strategies

First Citizens seeks to monitor and control its risk exposure through an Enterprise Management framework encompassing a variety of separate but complementary financial, credit, market, operational, compliance and legal reporting systems, internal controls, management review processes and other mechanisms. While First Citizens employs a broad and diversified set of risk monitoring and risk mitigation techniques, those techniques and the judgments that accompany their application cannot anticipate every economic and financial outcome or the specifics and timing of such outcomes. First Citizens faces numerous risks in making any loans, including risks with respect to the period of time over which the loans may be repaid, risks resulting from changes in economic and industry conditions, risks inherent in dealing with individual borrowers and risks resulting from uncertainties as to the future value of collateral. The risk of nonpayment of loans is inherent in banking. Although First Citizens attempts to minimize its credit risk through credit policies, procedures, practices and audit functions, it cannot assure that these policies and procedures are adequate or that they will appropriately adapt to any new markets. Any failure by First Citizens to effectively implement and follow its risk management procedures may result in higher risk exposures which could materially affect its business, results of operations and financial condition. Thus, it may, in the course of its activities, incur losses. Market conditions in recent years have involved unprecedented dislocations and highlight the limitations inherent in using historical data to manage risk.

First Citizens' trading operations are subject to material risks inherent in trading activities. First Citizens has established control procedures and risk management policies in connection with its trading operations with a view to managing these risks. However, its procedures and policies might not be appropriately designed to prevent its operational results and financial condition from being materially and adversely affected by movements and volatility in market prices for securities and in foreign currency exchange rates. In addition, its procedures and policies may not be sufficient to prevent its traders from entering into unauthorized transactions that have the potential to damage its financial condition. Accordingly, First Citizens cannot assure that it will achieve its objectives with respect to its trading operations or that these trading operations will not negatively affect its results of operations and financial condition in future periods.

First Citizens' financial condition and operational results would be adversely affected if its allowance for loan losses is not sufficient to absorb actual losses

As is common in the banking industry worldwide, a portion of the Group's loans will become non-performing, and some of these loans may only be partially repaid or may never be repaid at all. The Group's allowance for loan losses totaled $317.1million or 2.61% of total loans as of December 31, 2016, and the Group believes that this amount is adequate to absorb any losses inherent in its loan portfolio. However, estimates of loan losses are inherently judgmental and their accuracy depends on the outcome of a wide range of future events. The Group may need to make significant and unanticipated increases in its loss allowances in the future, which would materially affect its operational results and financial condition.

A decline in the value of real estate in Trinidad and Tobago could cause part of First Citizens' loan portfolio to become under-collateralized, which would, in turn, require additional loan loss provisions and negatively affect its operational results and financial condition

The market value of real estate can fluctuate in a short period of time as a result of market conditions in the geographic area in which the real estate is located. If the value of the real estate in Trinidad and Tobago that constitutes collateral for First Citizens' loan portfolio were to decline materially, a significant part of its loan portfolio could become under-collateralized. If the loans that are collateralized by real estate become troubled during a time when market conditions are declining or have declined, First Citizens may not be able to realize the amount of security that it anticipated at the time of originating the loan, which could have a material adverse effect on its loan loss provision and its operational results and financial conduit.

13. RISK FACTORS (continued)

First Citizens' investing businesses may be adversely affected by the poor investment performance of its investment products

Poor investment returns in First Citizens' asset management business, due to either general market conditions or underperformance (measured against the performance of benchmarks or of its competitors) by funds or accounts that First Citizens manages, affects its ability to retain existing assets and to attract new clients or additional assets from existing clients. This could adversely affect the asset management fees that are earned on assets under management or the commissions that First Citizens earns for selling other investment products or from its brokerage activities.

Any reduction in First Citizens' credit rating could increase the cost of its funding from, and restrict its access to, the capital markets and have a material adverse effect on its operational results and financial condition

First Citizens is currently rated investment grade by Standard & Poor's. The international rating agency regularly evaluates First Citizens, and their ratings of its long-term and short-term debt are based on a number of factors, including financial strength, as well as factors not entirely within its control, such as conditions affecting the financial services industry generally.

In light of the difficulties in the financial services industry and the financial markets generally, or as a result of events affecting First Citizens more specifically, it may not be able to maintain its current credit rating. A reduction in its credit rating could adversely affect its liquidity, widen its credit spreads or otherwise increase its borrowing costs and limit First Citizens' access to the capital markets. Termination of First Citizens' trading contracts could cause it to sustain losses and impair its liquidity by requiring First Citizens to find other sources of financing or to make significant cash payments or securities transfers. Additionally, First Citizens currently has uncommitted credit lines related to its correspondent banking and repo trading operations, the terms of which may be adversely affected or which could be terminated entirely as a result of a reduction in its credit rating.

First Citizens could suffer losses as a result of the actions of or deterioration in the commercial soundness of other financial services institutions and counterparties

First Citizens' ability to engage in routine trading and funding transactions could be adversely affected by the actions and commercial soundness of other market participants. First Citizens has exposure to many different industries and counterparties, and routinely executes transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds and other institutional clients.

Financial services institutions and other counterparties are inter-related because of trading, funding, clearing or other relationships. As a result, defaults by, or even rumors or questions about, one or more financial services institutions, or the financial services industry generally, have led to market-wide liquidity problems and could lead to future losses or defaults by First Citizens or by other institutions. Many of these transactions expose First Citizens to credit risk in the event of default of a counterparty or client. In addition, its credit risk may be impacted when the collateral held by First Citizens cannot be realized upon or is liquidated at prices not sufficient to recover the full amount of the loan or derivatives exposure due to First Citizens. There is no assurance that any such losses would not materially and adversely affect its operational results.

13. RISK FACTORS (continued)

Changes in accounting standards or inaccurate estimates or assumptions in the application of accounting policies could adversely affect its financial results.

First Citizens' accounting policies and methods are fundamental to how it records and reports its financial condition and results of operations. Some of these policies require use of estimates and assumptions that may affect the reported value of its assets or liabilities and financial results and are critical because they require management to make difficult, subjective and complex judgments about matters that are inherently uncertain. Accounting standard setters and those who interpret the accounting standards (such as the TTSEC, banking regulators and independent auditing firms) may amend or even reverse their previous interpretations or positions on how accounting standards should be applied. These changes can be hard to predict and can materially impact how First Citizens records and reports its financial condition and operational results.

First Citizens' future success will depend, to a degree, upon its ability to implement and use new technologies

The financial services industry is undergoing rapid technological change, with frequent introductions of new technology-driven services and products. In addition to improving the ability to serve customers, the effective use of technology increases efficiency and enables financial institutions to reduce costs. First Citizens' future success will depend, in part, upon its ability to address the needs of its customers by using technology to provide services and products that will satisfy customer demands for convenience, as well as to create additional efficiencies in its operations. First Citizens may not be able to effectively implement new technology-driven services and products or be successful in marketing these services and products to its customers.

Any failure in the operation, or breach in security, of First Citizens' computer systems may undermine customer confidence or give rise to liability, which would, in turn, adversely affect its business, results of operation, financial condition and prospects

First Citizens' businesses are highly dependent on its ability to process and monitor, on a daily basis, a large number of transactions. The computer systems and network infrastructure used by First Citizens could be vulnerable to unforeseen problems. First Citizens' operations are dependent upon its ability to protect its systems against damage from fire, power loss, telecommunications failure or a similar catastrophic event. First Citizens' financial, account, data processing or other operating systems and facilities may fail to operate properly or become disabled as a result of events that are wholly or partially beyond its control, such as a spike in transaction volume or unforeseen catastrophic events, adversely affecting its ability to process these transactions or provide these services. Any damage or failure that causes an interruption in its operations could have an adverse effect on its financial condition and results of operations.

First Citizens' operations rely on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. Given the high volume of transactions at First Citizens, certain errors may be repeated or compounded before they are discovered and rectified. The occurrence of one or more of such events could potentially jeopardize, its clients', its counterparties' or third parties' confidential and other information processed and stored in, and transmitted through, its computer systems and networks, or otherwise cause interruptions or malfunctions in, its clients', its counterparties' or third parties' operations, which could result in significant losses or reputational damage.

In addition, First Citizens' operations are dependent upon its ability to protect its computer systems and network infrastructure against damage from physical break-ins, security breaches and other disruptive problems. First Citizens' computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other malicious code, and other events that could have a security impact.

13. RISK FACTORS (continued)

First Citizens is dependent upon members of its senior management, and the loss of their services could have an adverse effect on First Citizens' operations

First Citizens' success depends, to a significant extent, upon the performance of members of its senior management, including its chief executive officer and its deputy chief executive officers. The loss of the services of members of its senior management could have an adverse effect on First Citizens' business. First Citizens cannot assure that it will be successful in retaining their services. In order to retain the services of members of its senior management and attract experienced officers, First Citizens would, among other things, have to provide them with competitive compensation. If First Citizens is unable to retain its key personnel and retain and attract experienced executive officers, it may not be able to implement its strategies and, accordingly, its business, results of operations, financial condition or prospects may be negatively affected.

First Citizens' compensation arrangements for these and other employees are based on a compensation scale for Government-owned entities promulgated by GORTT and, in addition, subject to GORTT approval, which may not be granted on a timely basis or at all.

First Citizens' operations could be affected by industrial action

First Citizens expects to conclude negotiations with the Barbados Workers Union for the period 2013 – 2018. In terms of negotiations in St. Lucia, the Bank and the National Workers Union are about to conclude negotiations for the period 2016 – 2019. If these negotiations are not resolved, there is the potential to face disruption of its operations due to industrial action.

The Group is subject to income taxation in various jurisdictions which could have a material impact on First Citizens' financial results

The Group is subject to income tax in various jurisdictions. 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. These judgments, which are on inherently uncertain taxation matters are often complex and subjective. 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 and can materially impact the financial results of First Citizens.

14. RELATED PARTY TRANSACTIONS

The breakdown of related party transactions as at 30 September 2016 is included in Appendix 5.

A description of First Citizens' related party transactions was included under Risk Factors in Section 13.

15. DIRECTORS' REPORT

We confirm that to the best of our knowledge and belief, after due inquiry by us, that in the period following the last audited financial statements, 30 September, 2016, to the date of this Prospectus:

- The business of First Citizens has, in our opinion, been satisfactorily maintained;
- There have not been, in our opinion, any circumstances arising which have adversely affected the trading or the value of the assets of First Citizens;
- The current assets of First Citizens appear in the books at values which are believed to be realizable in the ordinary course of business;
- Except in the ordinary course of business, there are no contingent liabilities, with the exception of those presented under Section 16 ('"Legal Proceedings'), which have arisen by reason of guarantees or indemnities given by First Citizens; and
- There have been no significant changes affecting the financial position of First Citizens.

ANTHONY ISIDORE SMART

COURTENAY WILLIAMS

FRANKA COSTELLOE

RYAN PROUDFOOT

IAN NARINE

SAVITREE SEEPERSAD

DAVID INGLEFIELD

JAYSELLE MC FARLANE

TROY GARCIA

IDREES OMARDEEN

INGRID MELVILLE

09 March 2017

16. LEGAL PROCEEDINGS

First Citizens is involved in a number of legal proceedings in the ordinary course of business. Except as set forth below, First Citizens is not involved in any litigation or other legal or regulatory proceedings, the outcome of which would, individually, or in the aggregate, have a material adverse effect on First Citizens.

Nature of Claim	Current Status	Parties	Potential Liability
Appeal No. P206 of 2015 Notice of appeal filed by British American Insurance Company Limited (BAICO) on 18th August 2015, against the written judgment of the Honourable Mr. Justice Boodoosingh dated July 8, 2015, in respect of the liquidation of bonds that were assigned to CMMB (now called FCIS) by BAICO T&T for a reverse repo that was issued by CMMB to BAICO T&T. The judgment being appealed was given in a High Court action **(CV 2011-03501)** in which the Claimant claimed: (1) A declaration that it was entitled to certain bonds (2) Delivery of the bonds or the value of $7.5M (3) Damages for conversion of the Bonds (4) Damages for breach of trust (5) Payment of the proceeds of account #CTA 102005462 This matter is covered under the Government indemnity.	FCIS won the case in the High Court, that Court having found that the Claimant's claims were not proved and having dismissed them. BAICO has since appealed the judgment. If BAICO is successful in the appeal, then FCIS will have to reinstate the liability owed by BAICO T&T which was previously offset by the bonds. If BAICO T&T are unable to settle this obligation then it will be claimed under clause 5 (iii) of the Liquidity Support Agreement dated the 15 May 2009 (as amended) and made between Republic of Trinidad and Tobago, the Central Bank of Trinidad and Tobago and First Citizens Bank Limited. The appeal is pending before the Court of Appeal. Written submissions have been filed and served by both parties. The parties are awaiting a date of hearing.	British American Insurance Company Limited – Appellant FCIS Respondent	US$9,000,000.00

16. LEGAL PROCEEDINGS (continued)

Nature of Claim	Current Status	Parties	Potential Liability
Appeal No. T043 of 2016 An appeal against the judgment of the Honourable Madam Justice Pemberton dated March 4, 2015. The judgment being appealed against was given in a High Court action (CV 2011 02339) in which the Claimant sought to have a mortgage over certain land in Tobago made in favour of First Citizens Bank Limited set aside, and also claimed an injunction restraining First Citizens from exercising its mortgagee's power of sale over the mortgaged property.	The Claimant's action was dismissed in the High Court. The Claimant appealed the judgment and its appeal is pending before the Court of Appeal. The parties have filed their written submissions and are awaiting a date of hearing. Prior to the institution of the High Court proceedings First Citizens Bank Limited had entered into an agreement for sale of the mortgaged property. The Purchaser has agreed to maintain the status quo pending the hearing and determination of the appeal.	Nature of Resorts Limited – Appellant First Citizens Bank Limited - Respondent	Greater than TT$10,000,000.00

C – ADDITIONAL INFORMATION

17. STATEMENT OF RIGHTS

Section 139 (1) of the SA, 2012 a purchaser of a security distributed under a Prospectus has a right of action for damages against each of the persons set out in this section for any loss or damage sustained by him by reason of any misrepresentation in the Prospectus and each such person shall be liable for any such loss or damage.

Section 140 (1) of the SA, 2012, provide purchasers with remedies for rescission and repayment of the price that has been paid in respect of the security if the prospectus or any amendment contains a misrepresentation.

Section 75(2) of the SA, 2012, provide purchasers with the right to withdraw from an agreement to purchase securities, provided that this right is exercised within two business days after receipt of a prospectus and any amendment.

The purchaser should refer to the SA, 2012 and the By-Laws there under, for the particulars of these rights or consult with a legal adviser

18. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection between the times 8:00am and 4:00pm at the office of the Lead Stockbroker (FCBAS – 17 Wainwright Street, St. Clair, Port of Spain) or from First Citizen's website:

(a) Certificate of Continuance, the Articles of Continuance, the By-Laws, and the Articles of Amendment and Special Resolution relating to the increase in authorized share capital and related matters.

(b) Five year Summary Consolidated Financial Statements to 30 September, 2016 and related Accountant's Report.

(c) Unaudited Condensed Consolidated Interim Financial Statements for the three months ended 31 December 2016

(d) Letters of Consent for inclusion of Accountant's Reports by PricewaterhouseCoopers.

(e) Receipt for the Prospectus from the TTSEC (available on First Citizens' website)

(f) Historical audited financial statements for the years ending 30 September, 2012 to 30 September, 2016 (available on First Citizens' website)

19. CERTIFICATE OF FIRST CITIZENS

The foregoing constitutes full, true and plain disclosure of all material facts relating to First Citizens and the securities distributed by this Prospectus as required by the Securities Act, 2012 and the By-Laws thereunder.

KAREN DARBASIE
GROUP CHIEF EXECUTIVE OFFICER

SHIVA MANRAJ
GROUP CHIEF FINANCIAL OFFICER

ANTHONY ISIDORE SMART
CHAIRMAN

COURTENAY BRAEMAR WILLIAMS
DEPUTY CHAIRMAN

20. CERTIFICATE OF THE OFFEROR

The foregoing constitutes full, true and plain disclosure of all material facts relating to First Citizens and the securities distributed by this Prospectus as required by the SA, 2012 and the By-Laws thereunder.

ANTHONY ISIDORE SMART
CHAIRMAN

COURTENAY WILLIAMS
DIRECTOR

JAYSELLE Mc FARLANE
DIRECTOR

CHERRY-ANN LE GENDRE
DIRECTOR

FIRST CITIZENS BANK LIMITED

21. CONSENT LETTER

The Directors
First Citizens Bank Limited
9 Queen's Park East
Port of Spain

6 March 2017

Dear Sirs

Re: Consent letter

In accordance with the Securities Legislation, we consent to being named in and to authorise the use of the following reports in the Prospectus to be filed by First Citizens Bank Limited with the Trinidad and Tobago Securities Exchange Commission on 6 March 2017.

- Audit opinion dated 12 December 2016 on the consolidated financial statements of First Citizens Bank Limited and its Subsidiaries for the year ended 30 September 2016;
- Accountants' Report dated 6 March 2017 on the consolidated summary financial statement extracts of First Citizens Bank Limited and its Subsidiaries for the five years ended 30 September 2016;
- Accountants' report dated 6 March 2017 on the condensed consolidated interim financial statements of First Citizens Bank Limited and its Subsidiaries for the three months ended 31 December 2016.

We have read the Prospectus and have no reason to believe there are any mis-representations in it that:

- may be derived from the financial statements of First Citizens Bank Limited and its Subsidiaries which we have reported on; or
- are within our knowledge as a result of our audit of the financial statements of First Citizens Bank Limited and its Subsidiaries.

We also confirm in accordance with the Securities Legislation that we have no interest in First Citizens Bank Limited and its Subsidiaries and are independent of First Citizens Bank Limited and its Subsidiaries in all respects.

Yours faithfully

PricewaterhouseCoopers

PricewaterhouseCoopers

BA Hackett (Senior Partner), L Awai, F Aziz Mohammed, H Mohammed, NA Panchoo, SW Ramirez, A West

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

22. PURCHASE APPLICATION INFORMATION

APPLICATION FOR ORDINARY SHARES

Application to purchase ordinary shares under the Offer must be made on the application form included under Appendix 9 of this Prospectus ("Purchase Application Form"). Copies of the Prospectus and Purchase Application Forms are available from FCBAS or from any branch of First Citizens or from any of the other authorized stockbrokers. Each Purchase Application Form must be completed in accordance with the terms thereof and lodged with a payment in full of $32.00 per share with FCBAS or any other authorized stockbroker. A valid account with the TTCD is required as no paper certificates will be issued.

It is strongly recommended that persons with an existing TTCD account submit an application through their broker. Persons with a TTCD account with FCBAS can submit an application at any office of FCBAS or for amounts less than $90,000, at any branch of First Citizens. Persons without a TTCD account can visit FCBAS or any of the authorized stockbrokers to open a TTCD account and submit their application. Refer to Appendix 10 for a checklist of information/requirements to open a TTCD account.

A separate remittance must accompany each Purchase Application Form and any Purchase Application Form which does not comply with the requirements set out in that form may be refused. Cheques must be made payable to "FCBAS - FIRST APO" or to an authorized stockbroker. Applications shall not be binding if written notice of the applicant's intention to withdraw his/her application is provided to FCBAS or any authorized stockbroker, within two business days after submission of the application. This written notice should be addressed to and delivered to FCBAS or any authorized stockbroker.

The Offeror, reserves the full and unconditional right to accept or reject any application or to accept any application in part only. If any application is not accepted, or is accepted for less ordinary shares than those applied for, the remittance of the Offer Price or the excess amount, as the case may be, will be returned as soon as possible by electronic funds transfer Automated Clearing House ("ACH") at the risk of the applicant.

Ownership of the securities offered will be in dematerialized form i.e. the record of title of ownership will be maintained in electronic form by the Company in the TTCD. Therefore, it is not the intention to issue share certificates to shareholders.

THE OFFER

This Offer is made on the basis that the applicant offers to purchase from the Offeror at the Offer Price the number of ordinary shares indicated in their application (or any smaller number in respect of which their application is accepted) in First Citizens on the Terms and Conditions of application.

Once the applicant expresses interest in the purchase (by way of the application for purchase) it will be on the basis that his/her/its application cannot be revoked, provided that the applicant has not notified of their intent to withdraw his/her application to the Lead Broker or any authorized Stockbroker, in writing, within two business days after the submission of the application and that the cheque or draft accompanying his/her/its application will be honoured on first presentation.

If a Purchase Application Form is not completed correctly, or if the accompanying Managers' Cheque, draft or electronic payment, as applicable, is for the wrong amount, it may still be treated as valid. In these circumstances, it is First Citizens' (as agent of the Offeror) decision as to whether to treat such an application as valid, and how to construe, amend or complete it shall be final. The applicant will not, however, be treated as having offered to purchase more ordinary shares in First Citizens than is indicated on its application for ordinary shares.

22. PURCHASE APPLICATION INFORMATION (continued)

ACCEPTANCE OF OFFER

The Offeror may accept an application to purchase (if such application is received, valid, processed and not rejected) or notify the TTSE of the basis of allocation (in which case the acceptance will be on that basis). The acceptance may be in respect of the whole or any part of an application and accordingly, the number of ordinary shares in First Citizens in an application to purchase may be scaled down. If the Offeror, accepts an application to purchase (in whole or in part), there will be a binding contract under which the applicant will be required to purchase the ordinary shares in respect of which their application has been accepted.

PAYMENT FOR THE ORDINARY SHARES

This Offer is made on the basis that the applicant will undertake to pay the Offer Price for the ordinary shares in First Citizens in respect of which their application for purchase is accepted. The Manager's Cheque or bankers' draft accompanying an application may be presented for payment before acceptance of an application, but this will not constitute acceptance of an application either in whole or in part. Electronic payments will be accepted for amounts in excess of $500,000 subject to appropriate anti-money laundering disclosures. Payment received will be held pending acceptance of the application and applied only upon acceptance. Following full payment of the Offer Price, First Citizens, as agent of the Offeror, will arrange for the ordinary shares which the applicant has agreed to purchase to be transferred to the applicant via the Trinidad and Tobago Central Depository (TTCD).

If an application is invalid, is rejected or is not accepted in full, any proceeds of the Manager's Cheque, bankers' draft or electronic payment accompanying that application (or, if an application is accepted in part, the unused balance of those proceeds) will be refunded to the applicant without interest in accordance with the timeline set out above.

ALLOCATIONS

The results of the allocation methodology are expected to be announced by April 25 2017. Applicants will be notified of the percentages of the Offer that was given to each category of applicant as well as the percentage of their original application that each applicant received. If an application is successful in whole or in part, the applicant will be sent notification in writing to the address noted on the quoted TTCD account of the number of ordinary shares allocated to them. In the event of excess demand, the applicant may be allocated fewer ordinary shares than applied for or in some cases, none at all. If an application is not accepted, all monies paid on application will be returned (without interest). If an application is accepted in part, the applicant will receive (without interest) a refund of the balance of the monies paid on application.

The application for purchase may be rejected by the Offeror, acting in good faith, for the reasons including but not limited to the following:

- If the application for purchase is incomplete;
- If it is discovered that the applicant has submitted multiple applications, such that the applicant's name appears on more than one application whether individually or jointly, and whether submitted directly by the applicant or through a custodian acting on his/her behalf; or the applicant is also a shareholder in a Non-Public Company, where the company is also an applicant;
- If the applicant's identity is fictitious and not supported by valid identification;
- If the applicant is not classified into one of the approved categories of applicants; and
- If the application for purchase, as presented, contravenes any existing law or statute.

Under no circumstances will more than 48,495,665 ordinary shares be allotted in total.

The right is reserved to present for payment all Manager's Cheques or personal cheques received but this will be avoided where practicable in respect of applications for which it is not expected to make an allocation. All cheques must be honoured on first presentation.

22. PURCHASE APPLICATION INFORMATION (continued)

ALLOCATIONS (continued)

It is anticipated that individual applicants who subscribe for 2,000 shares or less will each be allocated 100% of their share application save and except if the individual category is substantially oversubscribed.

Subject to the foregoing, applications by individuals for shares will be distributed in accordance with the provisions below.

If the Offer is oversubscribed, consistent with the policy of promoting the widest possible participation in share ownership, priority to receive the allocation applied for up to the limits noted (as a percentage of the maximum Offer) shall be given as stated in the Allocation Table below on the following basis:

- In the event that any one category is oversubscribed, all successful applicants will receive a prorated number of shares above such applicant's expected allocation based on the total number of shares applied for in that category, the number of shares applied for by the respective applicant and the total number of shares set out to be allocated to that category.
- In the event that any one category is undersubscribed, all applicants in such category will be allocated 100% of the shares for which the applicant applied.
- Where an undersubscribed category results in there being unallocated shares in such category, such shares will be allocated to the remaining categories (in descending order of priority as set out in the table below), until the applications in that category have been fulfilled or there are no more unallocated shares.

ALLOCATION TABLE

	Investor Class	Allocation %	No. of Shares
1.	Employee Share Ownership Plan (ESOP)[6]	5	2,424,783
2.	Individual investors	55	26,672,615
3.	Registered mutual funds including The Trinidad & Tobago Unit Trust Corporation	10	4,849,567
4.	Registered pension and other trust funds, Credit Unions and Cooperatives And National Enterprises Limited	15	7,274,350
5.	NIBTT and other national insurance schemes of other countries	10	4,849,567
6.	Other companies	5	2,424,783

TRANSFER OF SHARES

It is expected that the transfer of shares to successful applicants will be done in accordance with the timelines specified in *Section 3: Details of the Distribution* of this Prospectus. The shares will be transferred from the Offeror's TTCD account to the successful applicant's TTCD account via a put-through, pursuant to Rule 210 (3)(ii)[7] of the TTSE Rules dated June 6, 2011. An application has been made to the TTSE for the transfer of these shares to be done via a put-through.

[6] The ESOP is expected to be established and implemented by the Offer Opening date, subject to the approval of the Board of Inland Revenue and other approvals

[7] Rule 210(3)(ii) of the TTSE Rules "When the Board receives a request from a broker on behalf of the Government to effectuate a transaction for the purposes of divestment or restructuring, the Board will allow the transaction to be put-through the market".

22. PURCHASE APPLICATION INFORMATION (continued)

NOTIFICATION OF ALLOCATIONS

It is expected that the Purchase Application Forms will be processed and successful applicants for the Offer will be notified in writing of their allocations not later than April 25 2017 together with any refund of monies received, as appropriate.

NO MULTIPLE APPLICATIONS

Multiple applications and suspected multiple applications may be rejected at the full and absolute discretion of the Offeror.

Applications will be deemed to be considered multiple applications:

(i) if the applicant's name appears on more than one application whether individually or jointly, and whether submitted directly by the applicant or through a custodian acting on his/her behalf; or

(ii) if the applicant is also a shareholder in a Non-Public Company, where the company is also an applicant.

In the case of multiple applications, the first application, in date and in time, for the applicant which has been fully processed, will be accepted and all other multiple applications may be rejected at the full and absolute discretion of the Offeror.

WARRANTIES

The applicant is required to warrant in the application for purchase that:

- Where the applicant is an individual, that he or she is not under 18 years of age on the date of application.
- In making the application, the applicant is relying only on the Prospectus, subject to independent advice, and not on any other information or representation outside of the Prospectus concerning the ordinary shares of the Offer. The applicant will agree in the application for purchase that no person responsible for the Prospectus or any part of it will have any liability for any such other information or representation.
- If the laws of any place outside the Republic of Trinidad and Tobago are applicable to an application, the applicant has complied with all such laws and neither First Citizens nor its agents will infringe any laws outside the Republic of Trinidad and Tobago as a result of the acceptance of an application to purchase or any actions arising from the applicant's rights and obligations under the terms and conditions of application, and the Articles and By-Laws of First Citizens.
- If the person signing the application is not the applicant, that person warrants that he has authority to do so on behalf of the applicant and that this authority is vested in him by virtue of any power of attorney, a copy of which accompanies the Purchase Application Form.
- The declarations on the Purchase Application Form are true and correct.
- The rights and remedies of First Citizens and the Offeror under the terms and conditions of application are in addition to any rights and remedies which would otherwise be available to either of them, and the exercise or partial exercise of one will not prevent the exercise of others.
- Details uploaded to the TTCD accounts, electronic funds transfers made and/or all documents sent will be at the applicant's risk. The information provided by the applicant in the Purchase Application Form will be used for all future correspondence (written or electronic).

22. PURCHASE APPLICATION INFORMATION (continued)

WARRANTIES (continued)

- The applicant will agree to be bound by the Articles and By-Laws of First Citizens once the ordinary shares they have agreed to purchase have been transferred to them.

- An application by the applicant, any acceptance of that application and the contract resulting therefrom, will be governed by and construed in accordance with the laws of the Republic of Trinidad and Tobago.

TAXATION

Shareholders will be subject to Trinidad and Tobago taxation as summarized below:

Resident Shareholders

Resident individuals who own shares in First Citizens will be exempt from Income Tax and Business Levy on dividends received from First Citizens by virtue of Sections 8(1)(w) and 5A(2)(a) respectively of the Income Tax Act. Resident corporate shareholders will be exempt from Corporation Tax and Business Levy on dividends paid by First Citizens by virtue of Sections 6(1)(a) and 3A(2)(c) respectively of the Corporation Tax Act. However, individual shareholders who own their shares through a partnership and corporate shareholders will be liable for green fund levy on dividends received.

Capital Gains

There is no capital gains tax regime in T&T, however, chargeable short term capital gains are charged to tax as income or profits. A short term capital gain is a gain that occurs on the sale of a capital asset within twelve (12) months of its acquisition. However, where that gain arises on the sale of securities, including shares it will fall outside the charge to tax if it arises in T&T. Where, however, the individual or corporate shareholder is deemed to be trading in the shares, any gain on the disposal of the shares may be subject to Income Tax or Corporation Tax.

Non-resident Shareholders

Non-resident shareholders who own shares in First Citizens will be subject to withholding tax on dividends paid at the standard rate of tax of either 10%, or if the shareholder is a parent company 5%, or at such lower treaty rate as may apply. The Caricom Double Taxation Treaty exempts all persons resident in a Caricom country which has ratified the Treaty from withholding tax on those dividends and any further tax in their country of residence. Applicants should seek tax advice from professional sources on their specific circumstances.

EXPENSES AND COMMISSIONS

The Stockbrokers, Advisors and Bankers to First Citizens have been appointed by First Citizens on behalf of the Offeror. Expenses and Commissions of the Offer are to be borne by First Citizens and paid out of the sale proceeds.

CONSENT OF PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers has given their written consent to include the Auditors' Report on the consolidated financial statements of First Citizens for the year ended September 30, 2016, and the Accountants' Report on the five year consolidated summary financial history of First Citizens, in this Prospectus in the form and context in which these documents are included and PricewaterhouseCoopers has not withdrawn such consent.

APPENDICES

APPENDIX 1 – INTELLECTUAL PROPERTIES

First Citizens owns a number of Trademarks/ Service marks, which are leveraged across all types of banking services. The expiry dates of these ranges between 2018 and 2026.

Registered as Mark No.	Name of Trademark Service Mark	Application Effective Date	Expiry Date
28129 in Class 41 in respect of programs to promote knowledge and awareness of the environment; to promote educational competitions relating to the environment	Care – Citizens in Action to Restore the Environment	March 25, 1998	March 24, 2018
28207 in Class 36 in respect of All types of Banking Services	Old Logo – First Citizens Bank & Device	April 17, 1998	April 16, 2018
B23859 in Class 36 in respect of All types of Banking Services	Chequing & Device – "All types of Banking Services"	April 25, 1995	April 24, 2019
30503 in Class 36 in respect of All types of Banking Services	fcb-e-bank.com & Device	March 2, 2000	March 1, 2020
B31225 in Class 36 in respect of All types of Banking Services	First Swipe & Device	October 5, 2000	October 4, 2020
31223 in Class 36 in respect of All types of Banking Services	Vacation Lifestyle & Device	October 5, 2000	October 4, 2020
24431 in Class 36 in respect of All types of Banking Services	First Citizens M.I.D.A.S.	August 18, 2005	August 17, 2025
36351 in Class 36 in respect of All types of Banking Services	New Logo – First Citizens	August 18, 2005	August 17, 2025
25835 in Class 36 in respect of All types of Banking Services	First Express & Device	August 29, 2006	August 28, 2026
30776 in Class 36 in respect of All types of Banking Services	62 First Banking from Any Phone & Device	May 26, 2010	May 25, 2020
36350 in Class 36 in respect of All types of Banking Services	"All types of Banking Services"	August 18, 2005	August 17, 2025
28208 in Class 36 in respect of All types of Banking Services	Device	April 17, 2008	April 16, 2018
23839 in Class 36 in respect of All types of Banking Services	Classic Reward	April 19, 2015	April 18, 2025
33587 in Class 36 in respect of All types of Banking Services	M.I.D.A.S Real Time. Online Cash Management System and DEVICE	December 20, 2012	December 19, 2022
B33588 in Class 36 in respect of All types of Banking Services	First Online and DEVICE	December 20, 2012	December 19, 2022
32560 in Class 41 in respect of All types of Banking Services	First Citizens Maestro Extraordinaire Awards and Device	December 28, 2011	December 27, 2021

APPENDIX 2 – OWNED AND LEASED PROPERTIES

First Citizens owns the land and building comprising its headquarters, 3 other operations centers, the learning center, a manager's residence in Tobago and 12 of its branches. The Bank leases the remainder of the land and buildings comprising 9 branches. The details of all owned and leased properties are shown in the following tables:

Freehold properties

Ref #	Property
1	Corporate Centre, No. 9 Queens Park East and No. 52A Jerningham Ave
2	Nos. 44-46 Maraval Road and No.59 Picton Street, Newtown, Port of Spain
3	No. 17 Wainwright Street, St. Clair (Building is owned by Bank but land is leased)
4	Nos. 80-84 Charlotte St and No. 58 Duke Street, Port of Spain
5	No. 62 Independence Square, Port of Spain
6	No. 16 Park Street, Nos. 99-103 Henry St and Nos. 104-106 Frederick St, Port of Spain
7	Nos. 45-47 Abercromby Street and No. 50 St. Vincent Street, Port of Spain
8	No. 8 Hollis Avenue, Arima
9	Nos. 23-27 Eastern Main Road, San Juan
10	Corner of Atlantic Avenue and Orinoco Drive, Point Lisas Industrial Estate, Point Lisas
11	Lots A and B Market Street, Chaguanas
12	No. 36 Main Road, Point Fortin
13	*High Street, Princes Town (Building is owned by Bank but land is leased)
14	Corner High and Penitence St, San Fernando
15	Corner of Trincity Central Road and St. Clair Boulevard, T
16	Lot No. 9 Sunrise Corporate Park, Trincity
17	Mayaro Guayaguayare Road, Mayaro (Near L.P. #194)
18	Scarborough Mall
19	Lot#12, Courland Development, St. Patrick, Tobago
20	#1 Broad Street, Bridgetown, Barbados
21	#5 Sans Souci, Castries, St. Lucia

Freehold properties are carried at fair value based on valuations performed by independent valuators and amounted to $386.9 million at September 2016. These valuations were performed using the direct comparable approach and the open market basis. The former uses recent sales of similar properties in order to determine the current fair value, while the latter approach considers current market conditions to determine open market values.

APPENDIX 2 – OWNED AND LEASED PROPERTIES (continued)

Leasehold properties

The key details of these lease arrangements for First Citizens and its subsidiaries follow:

Location	*Duration of Lease*	*Start Date*	*End Date*
First Citizens Bank Limited			
#44 Western Main Road, Diego Martin	5 years	January 1, 2015	December 31, 2019
Movietowne, Invaders Bay	5 years	July 1, 2006	June 30, 2011**
121 Henry St, POS	Monthly Tenancy		
One Woodbrook Place, POS	15 years	May 1, 2011	April 30, 2026
76 Boundary Road, El Socorro	5 years	December 1, 2013	November 30, 2018
46 Boundary Road, El Socorro	3 years	June 1, 2014	May 31, 2017
46 Boundary Road, El Socorro	3 years	December 1, 2012	November 30, 2015**
Eastern Main Road, Sangre Grande	5 years	June 1, 2014	May 31, 2019
Carib Chem Complex, Churchill Roosevelt Hway & Cyrus Road, El Socorro	2 years	September 1, 2014	August 31, 2016**
#24 & Eastern Main Rd, Tunapuna	10 years	January 14, 2013	January 13, 2023
1st Floor, DHL Building, Chanka Trace, El Socorro	5 years	March 1, 2015	February 29, 2020
Montrose Main Road, Chaguanas	5 years	December 1, 2014	November 30, 2019
Montrose Main Road, Chaguanas (Car Park)	5 years	April 4, 2015	March 31, 2020
30 Marie Street, Chaguanas (Car Park)	5 years	July 1, 2015	June 30, 2020
Yufe Building, Market Street Extension, Chaguanas	10 years	September 1, 2010	August 31, 2021
#127 Milford Road, Canaan, Tobago	3 years	September 1, 2010	August 31, 2013**
The Courtyard, LP #839 Windward Road, Roxborough, Tobago	3 years	October 1, 2009	August 30, 2012**
Southern Main Road & Noel St, Couva	5 years	April 1, 2011	March 31, 2016**
Super Pharm Building, 2 South Trunk Road, La Romain	5 years	April 1, 2013	March 31, 2018
Southern Main Road, Marabella	15 years	July 1, 2010	June 30, 2025
66 High Street, Siparia	3 years	March 1, 2013	February 28, 2016 **
Penal Rock Road, Penal	10 years	April 4, 2012	March 31, 2022
Bureau de Change, Piarco	Month to Month		
First Citizens Investment Services Limited			
#46 Lady Hailes Avenue, San Fernando	5 years	October 1, 2014	September 30, 2017
The One, St. Welches, Barbados	5 years	June 1, 2016	May 31, 2021
Griffith Corporate Center, Beachmont Kingstown, St. Vincent	3 years	June 1, 2011	May 31, 2014

APPENDIX 2 – OWNED AND LEASED PROPERTIES (continued)

Leasehold properties (continued)

Location	***Duration of Lease***	***Start Date***	***End Date***
First Citizens Bank (Barbados) Limited			
1st Floor, Carlisle House, Bridgetown	3 years	August 1, 2011	October 31, 2014***
Carlisle House – Annex, Bridgetown	3 years	November 1, 2012	October 31, 2015***
Big B Banking Centre, Penonne Plaza, Worthing Christ Church	2 yrs + 2 yrs	November 1, 2012	October 31, 2016
JB's Banking Centre, Sargent's Village, Christ Church	2 yrs + 2 yrs	November 1, 2012	October 31, 2016
Somerly Banking Centre, Worthing, Christ Church	15 years	September 17, 2009	September 16, 2024
Cedar Court, Wildey Business Park, St Michael	8 years	March 31, 2012	March 31, 2020
Trident House, Lower Broad Street, Bridgetown	Month to Month		
Carlton Supermarket, Black Rock, St. Michael	Month to Month		
FCCR First Citizens Costa Rica S.A.			
Oficentro Eurocenter 1, Barreal de Heredia Costa Rica	3 years	March 1, 2015	February 28, 2018

** Leases are currently being re-negotiated

First Citizens Bank Limited And Its Subsidiaries

Statement of Management Responsibility

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of First Citizens Bank Limited and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position as at 30 September 2016, the consolidated income statement, statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Group keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Group's assets, detection/prevention of fraud, and the achievement of Group operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

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

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

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

Group Chief Executive Officer
12 December 2016

Group Chief Financial Officer
12 December 2016

pwc

Independent Auditor's Report

To the shareholders of
First Citizens Bank Limited

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of First Citizens Bank Limited (the Bank) and its subsidiaries (together, the Group), which comprise the consolidated statement of financial position as at 30 September 2016 and the consolidated income statement, statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of First Citizens Bank Limited and its subsidiaries as at 30 September 2016, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers
12 December 2016
Port of Spain
Trinidad, West Indies

BA Hackett (Senior Partner), L Awai, F Aziz Mohammed, H Mohammed, NA Panchoo, SW Ramirez, A West

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FIRST CITIZENS BANK LIMITED AND ITS SUBSIDIARIES

APPENDIX 5 – AUDITED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2016

Consolidated Statement of Financial Position
(Expressed in Trinidad and Tobago dollars)

	Notes	30 September 2016 $'000	30 September 2015 $'000 Restated
	41		
Assets			
Cash and due from other banks	6	4,708,544	2,221,519
Statutory deposits with Central Banks	7	3,971,466	4,423,255
Financial assets			
- Available-for-sale	8(a),41	11,483,930	10,459,790
- Held to maturity	8(b)	1,242,923	1,606,273
- Fair value through profit or loss	8(c),41	239,958	227,957
- Loans and receivables less allowances for losses:			
Loans to customers	9	13,331,941	13,830,535
Other loans and receivables	10	2,048,661	1,261,932
Loan notes	11	442,198	2,158,054
Finance leases	12	340	588
Other assets	13	357,181	396,964
Investment accounted for using equity methods	14	171,149	158,570
Due from parent company		3,580	2,935
Tax recoverable		61,595	69,366
Property, plant and equipment	15	542,222	486,325
Intangible assets	16	244,667	234,251
Total assets		38,850,355	37,538,314
Liabilities			
Customers' deposits	17	25,022,867	20,994,527
Other funding instruments	18	4,489,574	4,749,618
Due to other banks		459,470	200,911
Creditors and accrued expenses	19	452,650	2,970,784
Taxation payable		30,695	22,169
Retirement benefit liability	20	29,453	20,159
Bonds payable	21	1,400,000	1,927,574
Deferred income tax liability	22	228,342	268,682
Notes due to parent company	23	58,000	58,000
Total liabilities		32,171,051	31,212,424
Capital And reserves attributable to the parent company's equity holders			
Share capital	24	643,557	643,557
Statutory reserves	25	677,698	675,726
Retained earnings	26	4,206,938	3,926,505
Other reserves	27	1,151,111	1,080,102
Total shareholders' equity		6,679,304	6,325,890
Total equity and liabilities		38,850,355	37,538,314

The notes on pages 124 to 198 are an integral part of these consolidated financial statements.

On 12 December 2016, the Board of Directors of First Citizens Bank Limited authorised these consolidated financial statements for issue.

Director Director

APPENDIX 5 – AUDITED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2016

Consolidated Income Statement
(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 30 September 2016 $'000	2015 $'000
Interest income	28	1,551,539	1,450,487
Interest expense	29	(267,777)	(281,555)
Net interest income		1,283,762	1,168,932
Fees and commissions	30	430,716	414,768
Gains from investment securities, net		36,494	27,465
Other Income	31	244,120	152,185
Total net income		1,995,092	1,763,350
Impairment loss on loans, net of recoveries	9	(86,976)	(5,909)
Impairment loss on other financial assets, net of recoveries	32	754	1,360
Administrative expenses	33	(700,450)	(594,366)
Other operating expenses	34	(406,910)	(389,647)
Operating profit		801,510	774,788
Share of profit in associate	14	11,655	12,297
Share of profit in joint ventures	14	4,210	3,696
Profit before taxation		817,375	790,781
Taxation	35	(180,153)	(160,343)
Profit for the year		637,222	630,438
Earnings per share			
Basic		$2.52	$2.50
Weighted average number of shares			
Basic		251,353,562	251,353,562

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

APPENDIX 5 – AUDITED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2016

Consolidated Statement of Comprehensive Income
(Expressed in Trinidad and Tobago dollars)

	Year ended 30 September 2016 $'000	2015 $'000
Profit for the year	637,222	630,438
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Re-measurement of defined benefit obligation	17,160	(51,305)
Revaluation of property, plant and equipment, net of tax	35,401	25,249
	52,561	(26,056)
Items that may be reclassified to profit or loss		
Change in fair value of held to maturity assets, net of tax	(3,772)	(4,011)
Exchange difference on translation	61,686	(1,580)
Transfer of net realised gain to current year income	(36,494)	(27,465)
Change in fair value of available for sale assets, net of tax	(2,972)	(184,756)
	18,448	(217,812)
Total other comprehensive income for the year	71,009	(243,868)
Total comprehensive income for the year	708,231	386,570

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

APPENDIX 5 - AUDITED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2016

Consolidated Statement of Changes in Equity
(Expressed in Trinidad and Tobago dollars)

	Share capital $'000	Statutory reserve $'000	Fair value reserve $'000	Re-measurement of defined benefits $'000	Revaluation surplus $'000	Other reserve $'000	Retained earnings $'000	Total $'000
Balance as at 1 October 2015	643,557	675,726	824,606	112,204	125,887	17,405	3,926,505	6,325,890
Profit for the year	--	--	--	--	--	--	637,222	637,222
Other comprehensive income for the year	--	--	(43,238)	17,160	35,401	61,686	--	71,009
Transfer to statutory reserve	--	1,972	--	--	--	--	(1,972)	--
Dividends	--	--	--	--	--	--	(354,817)	(354,817)
Balance at 30 September 2016	643,557	677,698	781,368	129,364	161,288	79,091	4,206,938	6,679,304
Balance as at 1 October 2014	643,557	672,768	1,040,838	163,509	100,638	18,985	3,601,058	6,241,353
Profit for the year	--	--	--	--	--	--	630,438	630,438
Other comprehensive income for the year	--	--	(216,232)	(51,305)	25,249	(1,580)	--	(243,868)
Transfer to statutory reserve	--	2,958	--	--	--	--	(2,958)	--
Dividends	--	--	--	--	--	--	(302,033)	(302,033)
Balance at 30 September 2015	643,557	675,726	824,606	112,204	125,887	17,405	3,926,505	6,325,890

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

APPENDIX 5 – AUDITED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2016

Consolidated Statement of Cash Flows
(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 30 September 2016 $'000	2015 $'000 Restated
Profit before taxation		817,375	790,781
Adjustments to reconcile profit to net cash provided by operating activities:			
Share of profit in associate		(11,655)	(12,297)
Share of profit in joint ventures		(4,210)	(3,696)
Interest income		(1,551,539)	(1,450,487)
Interest received		1,519,610	1,449,347
Interest expense		267,777	281,554
Interest paid		(260,143)	(280,021)
Depreciation	15	49,522	49,448
(Gain)/loss on disposal of property, plant and equipment		219	(1,557)
Gain on sale of available-for-sale financial assets		(36,494)	(27,465)
Amortisation of premium on investment securities		5,652	21,949
Amortisation of bond issue cost		1,720	3,205
Amortisation of intangible asset	16	26,447	20,871
Impairment loss on other financial assets		(754)	(1,360)
Net pension expense	20	59,828	50,044
Net movement in allowance for loan loss		47,596	(13,097)
Cash flows from operating activities before changes in operating assets and liabilities		930,951	877,219
Net change in loans to customers		450,998	(2,663,702)
Net change in finance leases		248	230
Net change in customers' deposits		4,028,340	104,728
Net change in other funding instruments		(260,044)	(58,442)
Net change in other assets		71,712	(100,629)
Net change in due from parent company		(645)	(110)
Net change in statutory deposits with Central Bank		451,789	985,549
Dividends received		1,115	316
Net change in creditors and accrued expenses		(2,525,768)	2,526,668
Pension contributions paid	20	(27,654)	(23,359)
Taxes paid		(164,733)	(195,326)
Net cash flows from operating activities		2,956,309	1,453,142

APPENDIX 5 – AUDITED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2016

Consolidated Statement of Cash Flow (continued)
(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 30 September 2016 $'000	2015 $'000 Restated
Cash flows from investing activities			
Purchase of financial assets			
- Available for sale	8(a)	(12,944,352)	(8,036,410)
- Held to maturity	8(b)	(26,749)	(20,341)
- Other loans and receivable	10	(723,988)	-
- Fair value through profit or loss	8(c)	--	(227,875)
Proceeds from sale of investments			
- Available for sale	8(a)	12,029,927	5,950,831
- Other loans and receivable	10	--	1,131
Proceeds from maturity/redemption of held to maturity	8(b)	443,944	203,768
Repayment on loan notes receivable		1,715,856	296,947
Net change in short-term investments		(1,054,882)	311,888
Proceeds from disposal of property, plant and equipment		1,937	7,150
Purchase of intangible assets	16	(27,035)	(22,884)
Purchase of property, plant and equipment and intangibles	15,	(114,956)	(57,822)
Net cash flows from investing activities		(700,298)	(1,593,617)
Cash flows from financing activities			
Net change in debt securities		(527,574)	(18,195)
Ordinary dividend paid		(351,895)	(299,111)
Preference dividend paid		(2,922)	(2,922)
Net cash flows from financing activities		(882,391)	(320,228)
Effect of exchange rate changes		(200,036)	(1,294)
Net increase/(decrease) in cash and cash equivalents		1,173,854	(461,997)
Cash and cash equivalents at beginning of period		1,720,431	2,182,428
Cash and cash equivalents at end of period		2,894,015	1,720,431

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

APPENDIX 5 – AUDITED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2016

Notes to The Consolidated Financial Statements
30 September 2016
(Expressed in Trinidad and Tobago dollars)

1 General information

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

The Bank is a subsidiary of First Citizens Holdings Limited (Holdings), a company owned by the Government of the Republic of Trinidad and Tobago (GORTT), and its registered office is located at 9 Queen's Park East, Port of Spain. First Citizens Holdings has 77.2 % controlling interest. The remainder of the shares are listed on the Trinidad and Tobago Stock Exchange and are publicly traded.

On 12 September 1993, the Workers' Bank (1989) Limited, National Commercial Bank of Trinidad and Tobago Limited and Trinidad Co-operative Bank Limited under and by virtue of vesting orders made by the Minister of Finance under section 49 of the Financial Institutions Act, 1993, were transferred to and became vested in the Bank.

All entities which were transferred to, or from which specific assets or liabilities were transferred to the Bank, were wholly owned or controlled by the Government of the Republic of Trinidad and Tobago (GORTT). Therefore, the transfers were recorded as a combination of interests under common control whereby all assets and liabilities transferred to the Bank were transferred at their carrying amounts in the accounts of the transferred or transferring entities at the dates of the respective transfers.

The Group currently comprises the following entities:

Entity	Nature of operations	Country of incorporation	Ownership interest
First Citizens Asset Management Limited	Investment & asset management services for corporate benefit plans, mutual funds and other parties	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	Investment & asset management services and repo business	Trinidad & Tobago	100%
First Citizens Securities Trading Limited	Financial management services and repo business	Trinidad & Tobago	100%
First Citizens (St. Lucia) Limited	Selected banking and financial service operations	St. Lucia	100%
First Citizens Trustee Services Limited	Provision of trustee, administration and bond paying agency 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%
Trinidad and Tobago Interbank Payment System Limited	Automated clearing house	Trinidad & Tobago	14%
St. Lucia Electricity Services Limited	Provision of electrical power to consumers	St. Lucia	19%

APPENDIX 5 – AUDITED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2016

Notes to The Consolidated Financial Statements
30 September 2016
(Expressed in Trinidad and Tobago dollars)

2 **Summary of significant accounting policies**

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

a. *Basis of preparation*

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretation Committee (IFRS IC) applicable to companies reporting under IFRS. The consolidated financial statements are prepared under the historical cost convention as modified by the revaluation of freehold premises, available-for-sale financial assets, financial assets designated at fair value through profit or loss, financial liabilities at fair value through profit and loss and derivative financial instruments.

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, amendment and interpretations which are effective and have been adopted by the Group in the current period.

- IAS 19 – *Amendment to IAS 19,'Employee benefits', regarding defined benefit plans (effective annual periods on or after 1 July 2014 although endorsed for annual periods on or after 1 February 2015) -* These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

- *Annual improvements 2012 (effective annual periods on or after 1 July 2014 although endorsed for annual periods on or after 1 February 2015);-* These amendments include changes from the 2010-12 cycle of the annual improvements project, that affect 7 standards:
  - IFRS 3, 'Business Combinations'
  - IFRS 8, 'Operating segments'
  - IFRS 13, 'Fair value measurement'
  - IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets'
  - Consequential amendments to IFRS 9,'Financial instruments', IAS 37,'Provisions, contingent liabilities and contingent assets', and
  - IAS 39, Financial instruments –Recognition and measurement'.

- Annual improvements 2013 (effective annual periods on or after 1 July 2014 although endorsed for annual periods on or after 1 January 2015) :- The amendments include changes from the 2011-2-13 cycle of the annual improvements project that affect 3 standards:
  - IFRS 1, 'First time adoption'
  - IFRS 3, 'Business combinations' and
  - IFRS 13, 'Fair value measurement'

APPENDIX 5 – AUDITED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2016

Notes to The Consolidated Financial Statements
30 September 2016
(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 for accounting periods beginning on or after 1 January 2015 and have not been early adopted by the Group:

- IFRS 10 - Consolidated Financial Statements - (Amendment effective 1 January 2016). This amendment clarifies the accounting for loss of control of a subsidiary when the subsidiary does not constitute a business.
- IAS 12 Income Taxes (Amendment effective 1 January 2017). Recognition of Deferred Tax Assets for Unrealised Losses –This amendments is to clarify the following aspects:
    - Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or use.
    - The carrying amount of the asset does not limit the estimation of probable future taxable profits.
    - Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
    - An entity assesses a deferred tax assets in combination with other deferred assets. Where tax law restricts the utlisation of tax losses, an entity would assess a deferred tax assets in combination with other deferred tax assets of the same type.
- IFRS 9 - 'Financial instruments part 1: Classification and measurement' (effective 1 January 2018). IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. The completed standard was issued in July 2014, with an effective date of 1 January 2018. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The additional amendments in July 2014 introduced a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. This amendment completes the IASB's financial instruments project and the Standard. The Group is yet to assess IFRS 9's full impact.
- IFRS 15 - Revenue from Contracts with Customers (effective 1 January 2018). This standard provides a single, principles 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.
- IFRS 16 - Leases (effective 1 January 2019). This standard specifies how an IFRS reporter will recognise, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months and less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance.

APPENDIX 5 – AUDITED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2016

Notes to The Consolidated Financial Statements
30 September 2016
(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:*

- IFRS 11 – Joint Arrangements- (Amendment effective 1 January 2016). This amendment requires an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to:
  - Apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11.
  - Disclose the information required by IFRS 3 and other IFRSs for business combinations.
  - The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured.
- IAS 16 - Property, Plant and Equipment and IAS 38 Intangible Assets (amendment effective 1 January 2016) This amendment is to:
  - clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment.
  - introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.
- IAS 28 – Investments in Associates and Joint Venture - (Amendment effective 1 January 2016). This amendment clarifies the accounting for loss of control of a subsidiary when the subsidiary does not constitute a business.

The Group is in the process of assessing the impact of the new and revised standards not yet effective on the Financial Statements.

b. *Consolidation*

(i) *Principles of consolidation*

The consolidated financial statements include the accounts of the Bank and its wholly owned subsidiaries as outlined in Note 1. The financial statements of the consolidated subsidiaries used to prepare the consolidated financial statements were prepared as of the parent company's reporting date. The consolidation principles are unchanged as against the previous years'.

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

APPENDIX 5 – AUDITED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2016

Notes to The Consolidated Financial Statements
30 September 2016
(Expressed in Trinidad and Tobago dollars)

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

b. *Consolidation (continued)*

(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.

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 accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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.

(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 applied IFRS 11 to all joint arrangements as of 1 January 2012. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. 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.

APPENDIX 5 – AUDITED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2016

Notes to The Consolidated Financial Statements
30 September 2016
(Expressed in Trinidad and Tobago dollars)

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

b. *Consolidation (continued)*

(v) *Investment in joint ventures (continued)*

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 equals 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 equals 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.

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 functional and presentation currency. The exchange rate between the TT dollar and the US dollar as at the date of these statements was TT$ 6.6553 =US$1.00 (2015 - TT$6.2986= 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$3.3883 = BB$1 (2015 - TT$3.1852 = BB$1.00), which represent the Group's cover rate.

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

c. *Foreign currency translation (continued)*

(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 available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss and other changes in carrying amount are recognised in other comprehensive income. Translation differences on non-monetary items such as equities classified as available-for-sale financial assets are included in other comprehensive income.

(iii) *Group companies*

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

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
(b) income and expenses for each income statement are translated at average cover exchange rates for the financial year, and
(c) all resulting exchange differences are recognised in other comprehensive income.

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

d. *Derivative financial instruments*

Derivative financial instruments including swaps are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

e. *Financial assets and financial liabilities*

(i) *Financial assets*

The Group classifies its financial assets in the following categories: financial assets designated as at fair value through profit or loss, loans and receivables, held to maturity and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- Those that the Group intends to sell immediately or in the short term and those that the entity upon initial recognition designates at fair value through profit or loss;
- Those that the entity upon initial recognition designates as available-for-sale;
- Those assets for which the holder may not recover all of its initial investment, other than because of credit deterioration, which shall be classified as available for sale.

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2 Summary of significant accounting policies (continued)

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

(b) Available-for-sale financial assets

Available-for-sale financial assets are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held to maturity investments or financial assets at fair value through profit or loss.

(c) Financial assets at fair value through profit or loss

This category includes financial assets designated by the Group as fair value through profit or loss upon initial recognition.

(d) Held to maturity

Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity dates where management has the positive intention and the ability to hold to maturity.

(ii) *Recognition and measurement*

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated income statement within 'Other (losses)/gains – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement as 'Gains from investment securities, net'.

(iii) *Financial liabilities*

The Group measures financial liabilities at amortised cost. Financial liabilities measured at amortised cost include deposits from banks or customers, bonds payables, debt securities in issue, other funding instruments and notes due to related parties.

(iv) *Recognition and de-recognition of financial instruments*

The Group uses trade date accounting for regular way contracts when recording financial assets transactions. Financial assets that are transferred to third parties but do not qualify for derecognition are presented as assets pledged as collateral if the transferee has the right to sell or re-pledge them.

Financial assets are derecognised when the contractual right to receive the cashflows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred.

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

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Notes to The Consolidated Financial Statements
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2 **Summary of significant accounting policies (continued)**

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

(v) *Determination of fair value*

For financial instruments traded in an active market, the determination of fair values of financial assets and liabilities is based on quoted market prices or dealer price quotations.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and these prices represent actual and regular occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions. When a market becomes inactive, the valuation technique is the Group's internally developed model which is based on discounted cashflow analysis.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data and unobservable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques using input existing at the year end.

The Group uses an internally developed model which is generally consistent with other valuation models used in the industry. Valuation models are used to value unlisted debt securities and other debt securities for which the market has become or is illiquid. Some of the inputs of this model may not be market observable and are therefore based on assumptions.

f. *Impairment of financial assets*

(i) *Assets carried at amortised cost*

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. Additionally, no provisioning for impairment is recognised for assets that are supported by government guarantees even if the exposure is classified as "Non Performing".

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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

f. *Impairment of financial assets (continued)*

(i) *Assets carried at amortised cost (continued)*

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Group's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist. Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses to the Group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the amount of the reversal is recognised in the consolidated income statement in impairment loss on loans net of recoveries.

(ii) *Assets classified as available-for-sale*

The Group assesses at the year end whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

Debt securities are evaluated based on the criteria in Note 2.e.i.b). If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

(iii) *Renegotiated loans*

Loans that are either subject to collective impairment assessment or individually significant and whose terms have been negotiated are no longer considered to be past due but are treated as new loans.

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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). Non financial 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*

Leases are accounted for in accordance with IAS 17 and IFRIC 4. They are divided into finance leases and operating leases.

Leases in which a significant portion of the risks and methods of ownership are retained by another party, the lessor, are classified as operating leases. Leases of assets where the Group has substantially all the risk and rewards of ownership are classified as finance leases.

(i) *The Group as the lessee*

The Group has entered into operating leases where the total payments made under operating leases are charged to the consolidated income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the period has expired, any penalty payment made to the lessor is recognised as an expense in the period in which termination takes place.

When assets are held subject to a finance lease, an asset and liability is recognised in the consolidated statement of financial position at amounts equal at inception to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and the outstanding liability so as to achieve a constant rate on the finance balance outstanding.

The interest element of the finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

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

j. *Lease transactions (continued)*

(ii) *The Group as the lessor*

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

k. *Property, plant and equipment*

Freehold premises are shown at fair value based on assessments performed by management or by independent valuators every three years, less subsequent depreciation for buildings. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the assets and the net amount is restated to the revalued amount of the asset.

All other property, plant and equipment are stated at historical cost less depreciation. The valuation of freehold premises is reviewed annually to ensure it approximately equates to fair value. The valuations of freehold premises are re-assessed when circumstances indicate there may be a material change in value.

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.

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.

Leasehold improvements and equipment are recorded at cost less accumulated depreciation.

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' 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 sell and value in use. Gains and losses on disposal of property, plant 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.

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

l. *Income tax*

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

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

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

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax 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 not 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 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 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.

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

m. *Employee benefits*

(i) *Pension plans*

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

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet 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.

(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.

n. *Cash and cash equivalents*

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

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. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, or when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cashflows considering all contractual terms of the financial instrument (for example, prepayment options), but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cashflows for the purpose of measuring the impairment loss.

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Notes to The Consolidated Financial Statements
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2 Summary of significant accounting policies (continued)

p. *Fee and commission income*

Fees and commissions are recognised on an accrual basis, when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct cost) and recognised as an adjustment to the effective interest rate on the loan. Loan syndication fees are recognised as revenue when the syndication has been completed and the Group has retained no part of the loan package for itself or has retained part at the same effective interest rate as the other participants. Commissions and fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts usually on a time apportionate basis.

Asset management fees related to investment funds are recognised rateably over the period the service is provided and accrued in accordance with pre-approved fee scales. The same principle is applied for wealth management, financial planning and custody services that are continuously provided over an extended period of time. Performance linked fees or fee components are recognised when the performance criteria are fulfilled.

q. *Dividend income*

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

r. *Borrowings*

Borrowings are recognised initially at fair value, being their issue proceeds 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.

t. *Dividend distribution*

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

u. *Preference shares*

Preference shares are non-convertible and non-redeemable 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.

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

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. Intangible assets with an indefinite useful life are not amortised. At each date of the consolidated statement of financial position, intangible assets are reviewed for indications of impairment or changes in estimated future economic benefits. If such indications exist, the intangible assets are analysed to assess whether their carrying amount is fully recoverable. An impairment loss is recognised if the carrying amount exceeds the recoverable amount.

The Group chooses to use the cost model for the measurement after recognition.

Intangible assets with indefinite useful life are tested annually for impairment and whenever there is an indication that the asset may be impaired.

(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.

(ii) *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.

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

w. *Intangible assets (continued)*

(iii) *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 recognised as assets when the following criteria are met:-

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

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

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 3.4).

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.

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3 Financial risk management

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

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

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. To assist the Board of Directors in fulfilling its duties, two Board Sub-Committees are in place to monitor and report to the Board of Directors on the overall risks within the Group - the Board Enterprise Risk Management Committee and the Board Credit Committee; and two Senior Management Committees – the Senior Management Enterprise Risk Management Committee and the Asset Liability Committee.

The Group Enterprise Risk Management Unit, headed by the Group Chief Risk Officer , reports to both Sub-Committees through the Senior Management Enterprise Risk Management Committee. This unit is responsible for the management, measurement, monitoring and control of credit, market and operational risks for the Group through the Group Credit Risk Administration Unit, Group Market Risk Unit, Group Operational Risk and Controls Unit. The unit 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 Group Asset Liability Committee's (ALCO) 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 and market risks. The ALCO is also supported in some specific areas of activity by the Group Market Risk Committee.

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, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. In addition, 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 Audit Committee.

The most significant types of risk are credit risk, liquidity risk, market risk and operational risk. Market risk includes currency risk, interest rate risk and other price risks including commodity and equity risk.

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3 **Financial risk management (continued)**

a. *Credit risk*

Credit exposure arises principally in lending activities that lead to loans and advances and in investment activities that bring debt securities and other bills into the Group's asset portfolio. Credit risk also occurs in off balance sheet financial instruments such as loan commitments. This risk relates to the possibility that a counter party will cause a financial loss to the Group by failing to discharge an obligation. All the Group's lending and investment activities are conducted with various counter parties and it is in pursuing these activities that the Group becomes exposed to credit risk.

It is expected that these areas of business will continue to be the principal ones for the Group in the future and with loans and advances currently comprising a significant portion of the Group's assets and being responsible for a substantial portion of the revenue generated, it is anticipated that the Group will continue to be exposed to credit risk well into the future. The management of credit risk is therefore of utmost importance to the Group and an appropriate organisational structure has been put in place to ensure that this function is effectively discharged for the Group's business; management therefore carefully manages its exposure to credit risk. Exposure to credit risk is managed through appropriate credit policies, procedures, practices and audit functions, together with approved limits. Exposure is also mitigated by obtaining collateral and corporate and personal guarantees.

(i) *Credit risk management*

In its management of credit risks, the Group has established an organisational structure which supports the lending philosophy of the Group. This structure comprises the Board of Directors, the Board Credit Committee (BCC), Senior Management Enterprise Risk Management Committee (SMERMC), the Group Chief Risk Officer (CRO), the Group Credit Risk Administration Unit and the Group 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 CRO monitors the effectiveness of credit policies and procedures and may direct changes to strategies to improve the effectiveness of policies. The major focus of the Group Credit Risk Administration Unit 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 written Credit Policy Manual. This document sets out in detail the current policies governing the lending function and provides a comprehensive framework for prudent risk management of the credit function. Major areas of focus are General Credit Policy Guidelines, Exercise of Lending Authority, Credit Review Process, Credit Risk Rating and Classification System, among others.

(ii) *Credit risk measurement*

As part of the on-going process of prudent risk management, the Group's policy is to risk rate credit facilities at the time of approval and on a regular basis. The rating process partitions the portfolio into un-criticised (higher quality loan assets) and criticised sections (the lower quality/impaired assets evaluated under the Credit Classification System). The Credit Classification System is in place to assign risk indicators to credits in the criticised portfolio and engages the traditional categories utilised by regulatory authorities.

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3 **Financial risk management (continued)**

a. *Credit risk (continued)*

(iii) Credit classification system

(a) Loans to customers

The Group's Credit Classification System is outlined as follows:

Criticised Loans

Rating	Description
Pass	Standard
SM	Special Mention
SS	Substandard
D	Doubtful
L	Loss

(b) Debt securities and other bills

The Group utilises external ratings from local and international credit rating agencies or their equivalent in risk rating credit risk exposures for debt securities and other bills.

(c) *Other loans and receivables*

In measuring credit risk of debt securities and receivables at a counterparty level, the Group assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty. Securities of the Group are segmented into three rating classes or grades. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary.

Group's internal ratings scale and mapping of external ratings

Group's rating	Description of the grade	External rating: Standard & Poor's equivalent
A, B+	Investment grade	AAA, AA, A, BBB
B, C	Speculative grade	BB, B, CCC, C
D	Default	D or SD

The ratings of the major rating agency shown in the table above are mapped to our rating classes based on the long-term average default rates for each external grade. The Group uses the external ratings where available to benchmark our internal credit risk assessment.

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3 **Financial risk management (continued)**

a. *Credit risk (continued)*

(iv) *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 one borrower, groups of borrowers, industry and country segments. The Group monitors its concentration of credit exposure so that no single borrower or industry default will have a material impact on the Group. These limits are implemented and monitored by the Credit Administration Department via the stipulations of 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 its standard 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 for the Group for this purpose. The model utilises a scale incorporating scores of 1 to 8 with 1 being the least risky. These have been consolidated into four (4) bands of exposure limits which have been set in relation to the total credit portfolio with a smaller limit being assigned to the more risky industries.

(c) *Country exposure limits*

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

(d) *Collateral*

The principal collateral types for loans and advances are:

- Cash deposits;
- Mortgages over residential properties;
- Charges over business assets such as premises and accounts receivable;
- Charges over financial instruments such as debt securities and equities; and
- Government guarantees and indemnities

The Group does not take a second or inferior collateral position to any other lender on advances outside the lending value calculated as per the Group's stipulated guidelines. The Group recognises that the value of items held as collateral may diminish over time resulting in loans being less protected than initially intended. To mitigate the effect of this, margins are applied to collateral in evaluating coverage. The Group assesses the collateral value of credits at the point of inception and monitors the market value of collateral as well as the need for additional collateral during periodic reviews of loan accounts as per the Credit Policy.

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3 **Financial risk management (continued)**

a. *Credit risk (continued)*

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

(e) *Liquidity support agreement*

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

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

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

Under the terms of the LSA, the Bank had until 14 May 2015 to claim for losses in respect of balances due from CL Financial and its affiliates and a claim was submitted on 8 May 2015 in respect of unrecovered exposures as at that date and a request was made by the Bank to the GORTT for an extension of the indemnification under the LSA.

GORTT, by letter dated May 29, 2015 granted an eighteen (18) month extension of the LSA consequent upon the Bank providing certain information to the Ministry of Finance and Economy by 30 September 2015, which information was submitted by the Bank to the GORTT in fulfillment of same. Subsequent to the balance sheet date, the GORTT and CBTT signed the supplemental agreement to the LSA formalising the eighteen (18) month extension with effect from 15 May 2015.

GORTT and CBTT have signed another supplemental agreement for a further twelve (12) month extension with effect from November 15 2016. As at 30 September 2016, balances covered but not yet claimed amounted to TTD 215.4M and USD 91.6M (2015 TTD 206.8M and USD 88.6M).

(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.

(v) Impairment and provisioning policies

The Group's impairment provision policy is covered in detail in Note 2(f).

The Group's policy requires the review of individual financial assets that are above materiality thresholds at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at the year end on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account.

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3 **Financial risk management (continued)**

a. *Credit risk (continued)*

(v) Impairment and provisioning policies (continued)

Collectively assessed impairment allowances are provided for: (i) portfolios of homogenous assets that are individually below materiality thresholds; and (ii) losses that have been incurred but have not yet been identified, by using the available historical experience, experienced judgment and statistical techniques. The quarterly assessment of the impairment allowances are approved by the Audit Committee of the Board.

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

	Gross maximum exposure 2016 $'000	Restated gross maximum exposure 2015 $'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	4,708,544	2,221,519
Statutory Deposit with Central Bank	3,971,466	4,423,255
Financial assets		
Available-for-sale	11,452,596	10,423,406
Held to maturity	1,242,923	1,606,273
Loans to customers	13,673,124	14,124,121
Other loans and receivables	2,052,930	1,267,020
Loan notes	442,198	2,158,054
Finance leases	340	588
Other assets	316,915	365,783
Due from parent company	3,580	2,935
Credit commitments	568,223	507,033
Acceptances	33,155	23,009
Total credit risk exposure	38,465,994	37,122,996

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.

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3 **Financial risk management (continued)**

a. *Credit risk (continued)*

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

Loans to customers and other financial assets are summarised as follows:

30 September 2016

	Loans to customers $'000	Other loans and receivables $'000	Financial assets available for sale $'000	Held to maturity $'000	Loan notes $'000	Finance leases $'000
Neither past due nor impaired	10,993,115	1,214,093	11,444,343	1,242,923	442,198	340
Past due but not impaired	2,149,947	827,872	--	--	--	--
Individually impaired	532,925	10,965	8,253	--	--	--
Gross	13,675,987	2,052,930	11,452,596	1,242,923	442,198	340
Unearned interest	(2,863)	--	--	--	--	--
Less: Allowance for impairment	(341,183)	(4,269)	(8,253)	--	--	--
Net	13,331,941	2,048,661	11,444,343	1,242,923	442,198	340

Restated 30 September 2015

	Loans to customers $'000	Other loans and receivables $'000	Financial assets available for sale $'000	Held to maturity $'000	Loan notes $'000	Finance leases $'000
Neither past due nor impaired	10,976,166	491,298	10,415,596	1,606,273	2,158,054	588
Past due but not impaired	2,462,031	764,816	--	--	--	--
Individually impaired	688,514	10,906	7,810	--	--	--
Gross	14,126,711	1,267,020	10,423,406	1,606,273	2,158,054	588
Unearned interest	(2,590)	--	--	--	--	--
Less: Allowance for impairment	(293,586)	(5,088)	(7,810)	--	--	--
Net	13,830,535	1,261,932	10,415,596	1,606,273	2,158,054	588

Included in receivable past due but not impaired are loans and receivable due to CL Financial and its affiliates which has not yet been claimed under the LSA. The amount outstanding stood at TTD 215.4 million and USD 91.6 million as at 30 September 2016 (2015: TTD 206.8 million and USD 88.6 million). Interest continues to accrue on these amounts.

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3 **Financial risk management (continued)**

a. *Credit risk (continued)*

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

(a) *Neither past due nor impaired*

The credit quality of the portfolio of loans to customers and other financial assets that were neither past nor impaired on an individual basis can be assessed by reference to the internal rating system adopted by the Group.

30 September 2016

	Loans to customers		
	Individual $'000	**Corporate $'000**	**Total $'000**
Standard	3,156,942	5,920,161	9,077,103
Special mention	219,562	1,696,450	1,916,012
	3,376,504	7,616,611	10,993,115

30 September 2015

	Loans to customers		
	Individual $'000	**Corporate $'000**	**Total $'000**
Standard	3,047,888	6,434,339	9,482,227
Special mention	165,248	1,328,691	1,493,939
	3,213,136	7,763,030	10,976,166

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3 **Financial risk management (continued)**

a. *Credit risk (continued)*

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

(a) *Neither past due nor impaired (continued)*

The composition of the portfolio of loans to customers that were neither past due nor impaired on an individual basis is illustrated below by loan type and borrower categorisation. All facilities are inclusive of unearned interest.

30 September 2016

	Individual (retail customers) $'000	Corporate $'000	Total $'000
Instalment loans	994,607	16,439	1,011,046
Demand loans	216,856	6,881,879	7,098,735
Overdrafts	5,119	149,066	154,185
Credit cards	384,335	14,580	398,915
Mortgages	1,775,587	554,647	2,330,234
Loans to customers	3,376,504	7,616,611	10,993,115
Portfolio provision	(46,210)	(83,283)	(129,493)
Loans net of impairment	3,330,294	7,533,328	10,863,622
Total fair value of collateral	5,442,935	4,633,275	10,076,210

30 September 2015

	Individual (retail customers) $'000	Corporate $'000	Total $'000
Instalment loans	888,133	18,240	906,373
Demand loans	216,979	7,007,066	7,224,045
Overdrafts	7,344	180,064	187,408
Credit cards	345,827	15,214	361,041
Mortgages	1,754,853	542,446	2,297,299
Loans to customers	3,213,136	7,763,030	10,976,166
Portfolio provision	(42,458)	(57,323)	(99,781)
Loans net of impairment	3,170,678	7,705,707	10,876,385
Total fair value	5,382,199	4,104,776	9,486,975

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3 **Financial risk management (continued)**

a. *Credit risk (continued)*

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

(b) *Past due but not impaired*

Loans to customers less than 90 days past due and 180 days for mortgage facilities are not considered impaired, unless other information is available to indicate the contrary. Gross amount of loans to customers and other financial assets that were past due but not impaired on an individual basis are as follows:

30 September 2016	Up to 30 days $'000	30 to 60 days $'000	60 to 90 days $'000	> 90 days $'000	Total $'000
Individual (retail customers)					
Instalment loans	174,412	18,847	5,244	--	198,503
Demand loans	69,235	24,917	13,000	2,382	109,534
Overdrafts	3,266	17	82	--	3,365
Credit cards	4,398	9,337	3,797	--	17,532
Mortgages	653,317	76,660	51,925	23,264	805,166
Sub-Total	904,628	129,778	74,048	25,646	1,134,100
Corporate					
Other Loans	452,729	17,317	8,743	41	478,830
Mortgages	495,755	24,781	16,481	--	537,017
Sub-Total	948,484	42,098	25,224	41	1,015,847
Total loans to customers	1,853,112	171,876	99,272	25,687	2,149,947
Fair value of collateral					
Individual (retail customers)	1,237,831	154,685	117,565	37,975	1,548,056
Corporate	1,627,904	134,672	38,409	50	1,801,035
Total fair value of collateral	2,865,735	289,357	155,974	38,025	3,349,091
Impairment allowance					
Individual (retail customers)	(8,322)	(1,417)	(716)	(244)	(10,699)
Corporate	(15,178)	(631)	(194)	--	(16,003)
Total impairment allowance	(23,500)	(2,048)	(910)	(244)	(26,702)
Other loans and receivables	--	--	--	827,872	827,872

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3 **Financial risk management (continued)**

a. *Credit risk (continued)*

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

(b) *Past due but not impaired (continued)*

30 September 2015	Up to 30 days $'000	30 to 60 days $'000	60 to 90 days $'000	> 90 days $'000	Total $'000
Individual (retail customers)					
Instalment loans	171,885	15,383	3,872	47	191,187
Demand loans	71,672	18,064	4,744	2,558	97,038
Overdrafts	3,742	196	40	--	3,978
Credit cards	5,466	6,968	3,578	2,361	18,373
Mortgages	577,558	69,068	11,690	18,567	676,883
Sub-Total	830,323	109,679	23,924	23,533	987,459
Corporate					
Demand loans	913,000	29,149	11,002	--	953,151
Mortgages	459,707	58,018	3,696	--	521,421
Sub-Total	1,372,707	87,167	14,698	--	1,474,572
Total loans to customers	2,203,030	196,846	38,622	23,533	2,462,031
Fair value of collateral					
Individual (retail customers)	1,176,089	159,825	71,617	34,808	1,442,339
Corporate	1,506,571	199,977	27,540	--	1,734,088
Total fair value of collateral	2,682,660	359,802	99,157	34,808	3,176,427
Impairment allowance					
Individual (retail customers)	(8,051)	(1,400)	(392)	(300)	(10,143)
Corporate	(7,886)	(273)	(65)	--	(8,224)
Total impairment allowance	(15,937)	(1,673)	(457)	(300)	(18,367)
Other loans and receivables	--	--	--	764,816	764,816

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3 **Financial risk management (continued)**

a. *Credit risk (continued)*

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

(c) *Individually impaired*

	Individual (retail customers)					Corporate		
	Instalment $'000	Demand Loans $'000	Overdrafts $'000	Credit Cards $'000	Mortgages $'000	Demand Loans $'000	Mortgages $'000	Total $'000
30 September 2016								
Loans to customers	32,976	55,515	1,115	26,461	69,393	304,640	42,825	532,925
Fair value of collateral	14,067	128,513	16	--	92,789	542,449	47,181	825,015
Impairment allowance	(26,268)	(12,199)	(753)	(19,675)	(19,928)	(92,869)	(13,419)	(185,111)
30 September 2015								
Loans to customers	23,295	54,146	604	24,402	57,976	497,387	30,703	688,513
Fair value of collateral	12,011	105,917	194	--	78,786	679,053	34,830	910,791
Impairment allowance	(20,060)	(11,039)	(545)	(17,254)	(10,536)	(108,183)	(7,771)	(175,388)

Upon initial recognition of loans to customers, the fair value of collateral is based on valuation techniques commonly used for the corresponding assets. In the subsequent periods, the fair value is updated by reference to market price or indices of similar assets.

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3 **Financial risk management (continued)**

a. *Credit risk (continued)*

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

(d) Loans to customers renegotiated

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payment. Restructuring policies and practices are based on indicators or criteria that, in the judgment of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans. In some cases, restructuring results in the assets continuing to be impaired but in a number of cases restructuring is geared to facilitate a correction of the root cause of impairment which eventually improves collectability of the assets.

(viii) *Credit quality of available for sale and held to maturity securities and other loans and receivables*

The table below represents an analysis of available for sale and held to maturity securities and other loans and receivables, by internal, external and equivalent rating agency designation.

30 September 2016

S&P	Other loans & receivables $'000	Available for sale securities $'000	Held to maturity $'000
Investment grade	963,375	10,014,844	593,885
Speculative grade	1,085,286	1,429,499	649,038
	2,048,661	11,444,343	1,242,923

Restated 30 September 2015

S&P	Other loans& receivables $'000	Available for sale securities $'000	Held to maturity $'000
Investment grade	981,720	9,490,856	839,466
Speculative grade	280,212	924,740	766,807
	1,261,932	10,415,596	1,606,273

(ix) *Repossessed collateral*

Repossessed properties are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. The Group does not assume title of these assets, and as a result, they are not included in the consolidated statement of financial position.

APPENDIX 5 – AUDITED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2016

Notes to The Consolidated Financial Statements
30 September 2016
(Expressed in Trinidad and Tobago dollars)

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

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

The following table breaks down the Group's main credit exposure as categorised by industry sectors of counter parties excluding Statutory Deposit with Central Bank:-

	2016 Gross maximum exposure $'000	Restated 2015 Gross maximum exposure $'000
Financial assets:		
Consumer	2,601,152	2,390,624
Agriculture	18,082	9,049
Petroleum	541,285	596,454
Manufacturing	386,635	353,686
Construction	3,358,413	4,835,323
Distribution	283,897	259,266
Hotels and guest houses	528,074	532,766
Transport, storage and communications	1,223,091	1,038,308
Finance, insurance and real estate	4,175,349	4,564,030
Other business services	1,281,325	1,429,658
Personal services	26,415	288,978
Real estate mortgages	3,619,700	3,197,802
Government related	10,823,933	10,082,931
Finance leases	340	588
Financial institutions	4,708,544	2,224,454
Other assets	316,915	365,783
	33,893,150	32,169,700

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 prices. 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 exposures to market risk into either trading or non-trading portfolios.

The market risks arising from trading and non-trading activities are measured separately by the Group Market Risk Unit who submit reports to the SMERMC on a regular basis and also reports via the Group Enterprise Risk Management Unit to the Board Enterprise Risk Management Committee to enable Board oversight of market risk issues. Additionally, on a monthly basis, the Group's Pricing Committee reviews and approves the yield curves used to value all investment securities and reports on this into the Group ALCO. This Committee also provides for the consideration of 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 also consist of interest rate, foreign exchange and equity risks arising from the Group's financial assets available-for-sale.

APPENDIX 5 – AUDITED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2016

Notes to The Consolidated Financial Statements
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3 **Financial risk management (continued)**

b. *Market risk (continued)*

(i) *Currency risk*

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

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

Foreign currency exposure for financial assets, financial liabilities and off balance sheet items

	TT$ $'000	US$ $'000	Other $'000	Total $'000
As at 30 September 2016				
Financial assets				
Cash and due from other banks	257,362	3,691,247	759,935	4,708,544
Statutory deposits with Central Banks	3,870,373	37,424	63,669	3,971,466
Financial assets:				
- Available-for-sale	8,552,111	2,089,006	842,813	11,483,930
- Held to maturity	511,188	82,697	649,038	1,242,923
- Fair value through profit or loss	7	88	239,863	239,958
- Loans and receivables less allowances for losses:				
- Loans to customers	8,435,600	3,429,760	1,466,581	13,331,941
- Other loans and receivables	742,876	1,058,847	246,938	2,048,661
Other assets	277,257	46,042	33,883	357,182
Loan notes	442,198	--	--	442,198
Due from parent	3,580	--	--	3,580
Investment accounted for using equity methods	30,035	141,114	--	171,149
Total financial assets	23,122,587	10,576,225	4,302,720	38,001,532
Financial liabilities				
Customers' deposits	17,179,191	5,470,790	2,372,886	25,022,867
Other funding instruments	1,270,621	1,732,769	1,486,184	4,489,574
Due to other banks	--	--	459,470	459,470
Notes due to parent	58,000	--	--	58,000
Bonds payable	1,400,000	--	--	1,400,000
Creditors and accrued expenses	(1,174,898)	1,537,919	89,629	452,650
Total financial liabilities	18,732,914	8,741,478	4,408,169	31,882,561
Net on balance sheet position	4,389,673	1,834,747	(105,449)	6,118,971
Off balance sheet items	164,985	64,044	680	229,709
Credit commitments	230,152	--	338,071	568,223

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3 **Financial risk management (continued)**

b. *Market risk (continued)*

(i) *Currency risk (continued)*

	TT$ $'000	US$ $'000	Other $'000	Total $'000
Restated As at 30 September 2015				
Financial assets				
Cash and due from other banks	526,879	1,109,896	584,744	2,221,519
Statutory deposits with Central Banks	4,335,455	2,070	85,730	4,423,255
Financial assets:				
- Available-for-sale	7,852,553	1,972,016	635,221	10,459,790
- Held to maturity	530,576	349,638	726,059	1,606,273
- Fair value through profit or loss	8	227,949	--	227,957
- Loans and receivables less allowances for losses:				
- Loans to customers	216,579	795,923	249,430	1,261,932
- Other loans and receivables	8,929,828	3,589,088	1,311,619	13,830,535
- Loan notes	1,544,313	613,741	--	2,158,054
Other assets	292,079	69,769	35,116	396,964
Investment accounted for using equity methods	79,983	78,587	--	158,570
Total financial assets	24,308,253	8,808,677	3,627,919	36,744,849
Financial liabilities				
Customers' deposits	15,080,125	3,902,518	2,011,884	20,994,527
Other funding instruments	1,716,278	3,033,255	85	4,749,618
Due to other banks	--	--	200,911	200,911
Bonds payable	906,550	1,021,024	--	1,927,574
Creditors and accrued expenses	2,893,799	29,488	47,497	2,970,784
Total financial liabilities	20,596,752	7,986,285	2,260,377	30,843,414
Net on balance sheet position	3,711,501	822,392	1,367,542	5,901,435
Off balance sheet items	146,415	11,508	191	158,114
Credit commitments	230,289	31,493	245,251	507,033

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 250 basis points against the US$, the profit would decrease by $43.2 million. The average change for the last three (3) years was 167 basis point (2015: 5.2 basis points). The change for 2016 was 566 basis points.

(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 takes on exposure to the effects of fluctuations in the prevailing level of market interest rates on both its fair value and cash flow risks.

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3 **Financial risk management (continued)**

b. *Market risk (continued)*

(iii) Interest rate risk

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.

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

As at 30 September 2016	Up to 1 month $'000	1 to 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Total $'000
Financial Assets							
Cash and due from other banks	3,038,550	497,071	898,466	--	--	274,456	4,708,543
Statutory deposits with Central Banks	344,111	--	310,026	--	--	3,317,329	3,971,466
Financial assets:							
- Available-for-sale	387,804	238,420	2,276,777	3,752,705	4,788,553	39,671	11,483,930
- Held to maturity	75,819	9,433	8,994	807,715	340,962	--	1,242,923
- Fair value through profit or loss	--	--	--	171,220	68,643	95	239,958
- Loan to customers and finance leases	2,277,008	1,079,774	2,780,967	4,636,835	2,898,880	(341,182)	13,332,282
- Other loans and receivables	154,590	990,928	39,532	264,269	599,342	--	2,048,661
- Loan notes	73,208	74,240	150,915	69,144	73,700	992	442,199
Other assets	2,159	22	--	--	--	354,999	357,180
Due from parent company	--	--	--	--	--	3,580	3,580
Total financial assets	6,353,249	2,889,888	6,465,677	9,701,888	8,770,080	3,649,940	37,830,722
Financial liabilities							
Customers' deposits	19,657,295	1,486,380	2,953,304	374,051	6,285	545,555	25,022,870
Other funding instruments	654,559	1,025,644	2,146,450	415,557	247,364	--	4,489,574
Due to other banks	267,790	--	--	166,826	--	24,854	459,470
Bonds payable	--	--	--	1,400,000	--	--	1,400,000
Notes due to parent company	--	--	--	--	--	58,000	58,000
Creditors and accrued expenses	15,932	--	--	--	--	436,718	452,650
Total financial liabilities	20,595,576	2,512,024	5,099,754	2,356,434	253,649	1,067,127	31,882,564
Interest sensitivity gap	(14,242,327)	377,864	1,365,923	7,345,455	8,516,431		

Notes to The Consolidated Financial Statements
30 September 2016
(Expressed in Trinidad and Tobago dollars)

3 **Financial risk management (continued)**

b. *Market risk (continued)*

(iii) *Interest rate risk (continued)*

Restated As at 30 September 2015	Up to 1 month $'000	1 to 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Total $'000
Financial Assets							
Cash and due from other banks	1,352,865	168,081	211,144	--	--	489,429	2,221,519
Statutory deposits with Central Banks	824,510	322,696	524,786	--	--	2,751,263	4,423,255
Financial assets:							
- Available-for-sale	862,807	1,523,228	931,146	2,422,355	4,675,979	44,275	10,459,790
- Held to maturity	12,906	--	350,842	659,618	582,907	--	1,606,273
- Fair value through profit or loss	--	--	--	63,198	164,677	82	227,957
- Loan to customers and finance leases	3,475,003	1,242,054	3,853,492	3,284,981	1,971,774	3,819	13,831,123
- Other loans and receivables	4,348	816,243	8,033	340,841	92,467	--	1,261,932
- Loan notes	709,455	--	1,006,401	294,798	147,400	--	2,158,054
Other assets	9,983	--	--	--	--	386,981	396,964
Due from parent company	--	--	--	--	--	2,935	2,935
Total financial assets	7,251,877	4,072,302	6,885,844	7,065,791	7,635,204	3,678,784	36,589,802
Financial liabilities							
Customers' deposits	17,549,794	811,494	2,013,589	230,979	843	387,827	20,994,526
Other funding instruments	932,875	1,135,972	2,416,022	264,749	--	--	4,749,618
Due to other banks	20,954	--	--	157,899	--	22,058	200,911
Bonds payable	406,550	--	1,021,024	--	500,000	--	1,927,574
Notes due to parent company	--	--	--	--	--	58,000	58,000
Creditors and accrued expenses	2,697,844	--	--	--	--	272,941	2,970,785
Total financial liabilities	21,608,017	1,947,466	5,450,635	653,627	500,843	740,826	30,901,414
Interest sensitivity gap	(14,356,140)	2,124,836	1,435,209	6,412,164	7,134,361		

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.

A 100 basis point increase in interest rates will cause a decrease in profit of $17.9 million (2015 - $29.8 million) and a decrease in reserves of $337.3 million (2015: $449.9 million).

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3 **Financial risk management (continued)**

b. *Market risk (continued)*

(iv) *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 available-for-sale securities with fair value movements recognised in shareholders' equity. Management has determined that the impact of the price risk on equity instruments classified as available for sale is immaterial at the end of both periods reported.

c. *Liquidity risk*

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

Liquidity risk management process

The Group's liquidity management process is carried out by the Treasury and International Trade Centre and monitored by the Group's Asset and Liability Committee (ALCO). 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.

APPENDIX 5 – AUDITED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2016

Notes to The Consolidated Financial Statements
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3 **Financial risk management (continued)**

c. *Liquidity risk (continued)*

(i) *Financial assets and liabilities*

The table below analyses financial assets and liabilities of the Group into relevant maturity groupings based on the remaining period at the year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

As at 30 September 2016	Up to 1 month $'000	1 to 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Financial liabilities						
Customers' deposits	20,195,251	1,494,716	2,984,060	386,681	7,140	25,067,848
Other funding instruments	661,405	1,030,445	2,184,857	466,718	252,002	4,595,427
Due to other banks	320,346	--	5,430	166,383	--	492,159
Bonds payable	--	--	53,900	1,682,980	--	1,736,870
Notes due to parent company	58,000	--	--	--	--	58,000
Creditors and accrued expenses	447,907	4,753	--	--	--	452,650
Total financial liabilities	21,682,909	2,529,914	5,228,247	2,702,762	259,142	32,402,954
Total financial assets	6,742,760	3,179,019	7,541,616	13,407,588	14,589,598	45,460,581
Liquidity gap	(14,940,149)	649,105	2,313,369	10,704,826	14,330,456	13,057,627

As at 30 September 2015	Up to 1 month $'000	1 to 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Financial liabilities						
Customers' deposits	18,126,821	655,738	2,022,386	236,844	967	21,042,756
Other funding instruments	937,448	1,141,069	2,446,016	276,658	--	4,801,191
Due to banks	43,035	--	--	--	166,146	209,181
Bonds payable	520,932	--	1,144,970	62,643	525,445	2,253,990
Notes due to parent company	58,000	--	--	--	--	58,000
Creditors and accrued expenses	2,970,785	--	--	--	--	2,970,785
Total financial liabilities	22,657,021	1,796,807	5,613,372	576,145	692,558	31,335,903
Total financial assets	9,098,591	4,660,442	9,902,437	10,123,798	13,997,810	47,783,078
Liquidity gap	(13,558,430)	2,863,635	4,289,065	9,547,653	13,305,252	16,447,175

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Notes to The Consolidated Financial Statements
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3 **Financial risk management (continued)**

c. *Liquidity risk (continued)*

(ii) *Assets held for managing liquidity risk*

The Group holds a diversified portfolio of cash and high-quality highly-liquid securities to support payment obligations and contingent funding in a stressed market environment. The Group's assets held for managing liquidity risk comprise:

- Cash and balances with central banks;
- Certificates of deposit;
- Government bonds and other securities that are readily acceptable in repurchase agreements with central banks; and
- Secondary sources of liquidity in the form of highly liquid instruments in the Group's investment portfolios.

(iii) *Off-Balance sheet items*

The table below analyses the contingent liabilities and commitments of the Group into relevant maturity groupings based on the remaining period at the year end to the contractual maturity date.

As at 30 September 2016	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
Loan commitments	7,370	--	560,853	--	--	568,223
Acceptances	11,653	7,980	13,522	--	--	33,155
Guarantees	87,449	5,653	13,097	74,075	21	180,295
Letters of credit	8,653	1,281	7,500	620	-	18,054
Operating leases	2,379	4,762	21,538	59,413	31,099	119,191
Capital commitments	--	--	19,477	--	--	19,477
Total	117,504	19,676	635,987	134,108	31,120	938,395

As at 30 September 2015	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
Loan commitments	261,782	--	245,251	--	--	507,033
Acceptances	2,602	1,181	19,226	--	--	23,009
Guarantees	79,118	1,115	23,735	17,089	21	121,078
Letters of credit	5,263	681	7,500	583	--	14,027
Operating leases	510	1,016	29,505	75,215	61,662	167,908
Capital commitments	--	--	15,930	--	--	15,930
Total	349,275	3,993	341,147	92,887	61,683	848,985

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 2016 totalled $30.3 billion (2015 - $30.9 billion).

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3 Financial risk management (continued)

e. *Operational risk*

Operational risk is the risk of direct or indirect loss arising from system failure, human error, fraud and external events. The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and innovation. The Group manages this risk by developing standards and guidelines in the following areas:-

- Appropriate segregation of duties and access
- Reconciling and monitoring of transactions
- Documentation of controls and procedures
- Training and development of staff
- Reporting of operational losses and proposed remedial actions
- Development of contingency plans
- Information security
- Assessments of the processes
- Business continuity planning

f. *Capital management*

The Group's objectives when managing capital, which is a broader concept than the equity on the face of the statement of financial position, are:-

- To comply with the capital requirement set by the regulators in the differing jurisdictions in which the Group operates;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits for other stakeholders;
- To ensure that the Group can remain solvent during periods of adverse earnings or economic decline; and
- To ensure that the Group is adequately capitalised to cushion depositors and other creditors against losses.

Capital adequacy and the use of regulatory capital are monitored monthly by the Group ALCO, employing techniques based on the guidelines developed by the Basel Committee on Banking Regulations and Supervisory practices, as implemented by the Central Bank of Trinidad and Tobago for supervisory purposes. The required information is filed with the Central Bank of Trinidad & Tobago on a monthly basis.

The Central Bank of Trinidad & Tobago requires each financial institution to:-

- Maintain a ratio of qualifying capital to risk adjusted assets of not less than the minimum standard of 8%.
- Core capital must not be less than fifty percent (50%) of qualifying capital i.e. supplementary capital must not exceed core capital.

The Group's regulatory capital is comprised of:-

- Tier 1 (Core) Capital:-share capital, retained earnings and reserves created by appropriations of retained earnings.
- Tier 2 (Supplementary) Capital – qualifying subordinated loan capital, impairment allowances and unrealised gains arising on the fair valuation of available-for-sale securities and property, plant and equipment.

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3 **Financial risk management (continued)**

f. *Capital management (continued)*

Tier 1 (Core) Capital

	2016 $'000	2015 $'000
Share capital	539,957	539,957
Statutory reserve	677,697	675,726
Retained earnings	4,206,938	3,926,505
Less: Intangible assets	(227,344)	(199,307)
Total Tier 1	5,197,248	4,942,881
Tier 2 (Supplementary) Capital		
Preference shares	103,600	103,600
Fair value reserves	1,039,450	988,576
Eligible reserve provision	167,116	162,817
Total Tier 2 Capital	1,310,166	1,254,993
Total Capital	6,507,414	6,197,874
Ratios		
Risk adjusted assets	13,357,562	12,879,428
Qualifying capital to risk adjusted assets	48.72%	48.12%
Core capital to qualifying capital	79.87%	79.75%

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3 **Financial risk management (continued)**

g. *Fair value of financial assets and liabilities*

(i) *Financial instruments not measured at fair value*

The following table summarises the carrying amounts and fair values of those financial assets and liabilities presented on the Group's consolidated statement of financial position at an amount other than their fair value.

	Carrying value		Fair value	
	2016	2015	2016	2015
Financial assets	$'000	$'000	$'000	$'000
Cash and due from other banks	4,708,544	2,221,519	4,708,544	2,221,694
Statutory deposits with Central Banks	3,971,466	4,423,255	3,971,466	4,423,300
Financial assets:-				
- Loans to customers	13,331,941	13,830,535	14,738,972	14,836,734
- Held to maturity	1,242,923	1,606,273	1,265,879	1,657,802
- Other loans and receivables	2,048,661	1,261,932	2,055,834	1,249,316
- Loan notes	442,198	2,158,054	554,110	2,331,769
- Finance leases	340	588	541	632
Other assets	357,182	396,964	357,182	396,964
Due from parent	3,580	3,580	2,935	2,935
Financial liabilities				
Customers' deposits	25,022,867	20,994,526	25,159,502	21,044,134
Other funding instruments	4,489,574	4,749,618	4,327,032	4,791,125
Bonds payable	1,400,000	1,927,574	1,405,869	1,946,701
Notes due to parent	58,000	58,000	58,000	58,000
Due to other banks	459,470	200,911	459,470	200,911
Creditors and accrued expenses	452,650	2,970,784	452,650	2,970,784

All fair values fall into level 3 of the fair value hierarchy except for Held to Maturity investments which are level 2.

The fair values of the Group's financial instruments are determined in accordance with International Accounting Standard (IAS) 39 "Financial instruments: Recognition and Measurement". See note 4 for further details of these fair value measurements.

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 and statutory deposits with Central Banks.

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.

Held to maturity investments

Fair value for held-to-maturity 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 held to maturity portfolio is computed for disclosure purposes only.

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3 **Financial risk management (continued)**

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

(i) *Financial instruments not measured at fair value (continued)*

Other loans and receivables

Other loans and receivables are net of provisions for impairment. The estimated fair value of receivables represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value. Receivables are generally for a period of less than one year.

Loan notes

The fair value of these notes are calculated using discounted cash flow analyses of comparable government borrowing rates for the terms indicated.

Customer deposits

Due to their liquidity and short-term maturity, the carrying values of some customer deposits approximate their fair value. The fair value of the other customer deposits are 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, 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 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.

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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 2016 **Financial assets**	**Level 1** **$'000**	**Level 2** **$'000**	**Level 3** **$'000**	**Total** **$'000**
Financial assets designated at fair value				
- Debt securities	--	--	239,958	239,958
	--	--	239,958	239,958
Available-for-sale financial assets:				
- Investment securities – debt	653,324	9,703,687	1,087,332	11,444,343
- Investment securities – equity	30,770	310	8,507	39,587
	684,094	9,703,997	1,095,839	11,483,930
Total financial assets	684,094	9,703,997	1,335,797	11,723,888

Restated as at 30 September 2015 **Financial assets**	**Level 1** **$'000**	**Level 2** **$'000**	**Level 3** **$'000**	**Total** **$'000**
Financial assets at fair value				
- Equity securities	--	--	227,957	227,957
	--	--	227,957	227,957
Available-for-sale financial assets:				
- Investment securities – debt	677,907	8,808,786	928,903	10,415,596
- Investment securities – equity	36,541	280	7,373	44,194
	714,448	8,809,066	936,276	10,459,790
Total financial assets	714,448	8,809,066	1,164,233	10,687,747

Transfers of debt securities to Level 3 were due to observable inputs being less readily available. There were no transfers between Level 1 and Level 2 during the year.

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3 **Financial risk management (continued)**

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

(ii) *Fair value hierarchy (continued)*

Reconciliation of Level 3 items are as follows:-

	30 September 2016				Restated 30 September 2015			
	Debt securities $'000	Equity $'000	Designated at fair value $'000	Total $'000	Debt securities $'000	Equity $'000	Designated at fair value $'000	Total $'000
Opening balance	928,903	7,373	227,957	1,164,233	99,623	7,501	104	107,228
Exchange	--	100	13,173	13,273	--	--	--	--
Purchased	393,311	--	--	393,311	897,866	123	227,875	1,125,864
Settlement	(380,745)	--	--	(380,745)	(70,121)	--	--	(70,121)
Transfer into or out of level 3	123,005	--	--	123,005				
Total losses - OCI	22,858	1,034	(1,172)	22,720	1,535	(251)	(22)	1,262
Closing balance	**1,087,332**	**8,507**	**239,958**	**1,335,797**	**928,903**	**7,373**	**227,957**	**1,164,233**

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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 available for sale financial instruments*

The Group uses the discounted cash flow method to determine the fair value of available-for-sale 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 amount of available-for-sale financial assets would decrease by $337.3 million if the discount rate used in the discounted cash flow analysis is increased by 100 basis points from management's estimates (2015 - $449.9 million). For level 3 investments other than CLNs, a 1% increase in the credit spread will result in a $16.2m decrease in the fair value of those investments.

b. *Fair value through Profit and loss financial instruments*

The fair value through profit and loss portfolio is determined by broker prices (see Note 3d (ii)). The current portfolio consist mainly of credit linked notes which are not actively traded. The fair value of these instruments are determined by the brokers using a variety of variables, some of which are not observable, making it impractical to compute a sensitivity. These include the broker's bid ask spread, the broker's funding cost and the Credit Default Swap (CDS). The bid ask spread is an adjustment for the market maker margin on a buy or sell trade, the broker funding cost is the cost of funding as at the trade date. The CDS is a financial contract whereby a buyer of corporate or sovereign debt in the form of bonds attempts to eliminate possible loss arising from default by the issuers of the bonds. It uses the credit rating of the severing entity and takes into consideration the probability of default and the recovery value for each of the cash flows over the term of the agreement. The broker's bid ask spread and funding cost are unique to each broker. The CDS for the underlying (GORTT or RSA debt) are not readily available because each broker creates a pricing model using a proxy to derive the (CDS). The brokers are the sole pricing agents and market participants at any given date for the instruments.

c. *Estimation of the impairment loss on the loan portfolio*

The Group estimates the impairment loss on its loan portfolio by comparing the present value of the future cashflows to the carrying amounts in the consolidated financial statements. The Group makes assumptions about the amount and timing of future cashflows as well as the loss experience of the portfolio. The loss experience considers both the recovery rate on the portfolio as well as the probability of default by the customer. Management considers both the market and economic conditions at the year end and may modify the loss experience on the portfolio if necessary, to reflect current conditions. The Group uses five (5) years of historical data in its assessment.

Future cashflows for the individually significant loans and loans in arrears are estimated based on credit reviews performed by management and management's estimate of the value of the collateral held.

If the Group's estimation of the loss experience on the portfolio of loans not considered individually impaired were adjusted by 100 basis points upwards, the impairment provision for loans and receivables would increase by $1.4 million (2015 - $0.9 million), and if the historical period is adjusted from 5 years to 3 years, the provision will decrease by $8.6 million (2015 – increase by $8.5 million).

d. *Impairment losses of debt securities*

The Group reviews its debt securities portfolios to assess impairment at least on an annual basis. In determining whether an impairment loss should be recorded in the statement of income, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of debt securities before the decrease can be identified with an individual receivable in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. The Group also makes judgements on the mitigating factors impacting the probability of impairment losses.

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4 Critical accounting estimates and judgements (continued)

e. *Held to maturity investments*

The Group follows the IAS 39 guidance on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held to maturity. This classification requires significant judgment. In making this judgment, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to reclassify the entire category of $1,266.million (2015: $1,658 million) as available for sale. The investments would therefore be measured at fair value not amortised cost. If the entire held-to-maturity investments are tainted, the carrying value of investments would decrease by $22.9 million (2015: $18.0million), with a corresponding entry in the fair value reserve in shareholders' equity.

f. *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 variance 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.

g. *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 exist, 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 (see Note 20.j for sensitivity).

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4 **Critical accounting estimates and judgements (continued)**

h. *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 Bank determines the amount within a range of reasonable fair value estimates. In making the judgement, the Bank 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 market, 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.

The valuations are based on current market conditions and thus may change in the future.

i. *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 will be no impairment of goodwill.

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5 Segment analysis

For management purposes, the Group is organised 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.

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.

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5 **Segment analysis (continued)**

a. *Segment results of operations*

The segment information provided to the Executive Management for the reportable segments for the year ended 30 September 2016 is as follows:-

Year ended 30 September 2016	**Retail banking $'000**	**Corporate banking $'000**	**Treasury & investments banking $'000**	**Trustee & asset management $'000**	**Group functions $'000**	**Total $'000**
Net interest income	510,462	458,320	316,304	3,023	903	1,289,012
Inter-segment net interest income	52,909	(34,515)	(18,394)	--	--	--
Net fee and commission income	157,433	32,897	31,354	210,294	3,421	435,399
Foreign exchange gains	42,448	2,971	178,654	1,780	399	226,252
Other income	17,038	(10,659)	258,150	3,599	(6,626)	261,502
Total income	780,290	449,014	766,068	218,696	(1,903)	2,212,165
Loan impairment charges	(16,150)	(9,159)	(55,957)	--	--	(81,266)
Depreciation and amortisation expense	(14,101)	(743)	(8,002)	(1,594)	(25,841)	(50,281)
Administrative expenses	(236,156)	(23,628)	(219,213)	(23,828)	(149,090)	(651,915)
Other operating expenses	(299,764)	(17,892)	(45,379)	(19,648)	(35,942)	(418,625)
Total non-interest expenses	(566,171)	(51,422)	(328,551)	(45,070)	(210,873)	(1,202,087)
Profit before taxation	214,119	397,592	437,517	173,626	(212,776)	1,010,078
Income tax expense	(653)	(517)	(139,234)	(43,470)	--	(183,874)
Profit for the year	213,466	397,075	298,283	130,156	(212,776)	826,204
As at 30 September 2016						
Total assets	7,627,844	9,796,447	22,453,182	461,888	445,704	40,785,065
Total liabilities	16,189,552	4,354,262	12,776,840	102,646	14,216	33,437,516

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5 **Segment analysis (continued)**

a. *Segment results of operations (continued)*

Year ended 30 September 2015	Retail banking $'000	Corporate banking $'000	Treasury & investments banking $'000	Trustee & asset management $'000	Group functions $'000	Total $'000
Net interest Income	479,617	371,951	315,610	2,904	833	1,170,915
Inter-segment net interest income	57,362	(31,221)	(26,141)	--	--	--
Net fee and commission income	143,982	16,701	46,198	211,436	3,816	422,133
Foreign exchange gains	41,042	2,186	76,368	43	873	120,512
Other income	168	24	701,058	4,375	33	705,658
Total income	722,171	359,641	1,113,093	218,758	5,555	2,419,218
Loan impairment charges	(11,416)	8,934	(2,067)	--	--	(4,549)
Depreciation and amortisation expense	(29,788)	(652)	(8,922)	(1,155)	(23,522)	(64,039)
Administrative expenses	(188,911)	(11,755)	(170,815)	(21,257)	(136,090)	(528,828)
Other operating expenses	(246,911)	(27,002)	(69,202)	(18,656)	(34,614)	(396,385)
Total non-interest expenses	(477,026)	(30,475)	(251,006)	(41,068)	(194,226)	(993,801)
Profit before taxation	245,145	329,166	862,087	177,690	(188,671)	1,425,417
Income tax expense	(1,166)	(226)	(35,490)	(42,450)	(82,490)	(161,822)
Profit for the year	243,979	328,940	826,597	135,240	(271,161)	1,263,595
As at 30 September 2015						
Total assets	6,977,892	10,470,563	24,992,527	358,345	484,375	43,283,702
Total liabilities	16,748,444	3,497,569	15,985,026	65,984	9,862	36,306,885

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5 **Segment analysis (continued)**

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

Year ended 30 September 2016	Total management reporting $'000	Consolidation and adjustments $'000	Total consolidated $'000
Net interest income	1,289,012	(5,250)	1,283,762
Non-interest income	923,153	(211,823)	711,330
Impairment losses	(81,266)	(4,956)	(86,222)
Non-interest expenses	(1,120,821)	13,461	(1,107,360)
Operating profit	1,010,078	(208,568)	801,510
Share of profit of associates and joint ventures accounted for by the equity method	--	15,865	15,865
Income tax expense	(183,874)	3,721	(180,153)
Profit for the year	826,204	(188,982)	637,222
As at 30 September 2016			
Total assets	40,785,065	(1,934,710)	38,850,355
Total liabilities	33,437,516	(1,266,465)	32,171,051

Year ended 30 September 2015			
Net interest income	1,170,915	(1,983)	1,168,932
Non interest income	1,248,303	(653,885)	594,418
Impairment losses	(4,549)	--	(4,549)
Non-interest expenses	(989,252)	5,239	(984,013)
Operating profit	1,425,417	(650,629)	774,788
Share of profit of associates and joint ventures accounted for by the equity method	--	15,993	15,993
Income tax expense	(161,822)	1,479	(160,343)
Profit for the year	1,263,595	(633,157)	630,438
As at 30 September 2015			
Total assets	43,283,702	(5,745,388)	37,538,314
Total liabilities	36,306,885	(5,094,461)	31,212,424

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6 Cash and due from other banks

	2016 $'000	2015 $'000
Cash and bank balances	2,766,748	1,597,982
Short-term investments	1,941,796	623,537
	4,708,544	2,221,519
Short-term investments:		
- Maturity within 3 months	586,737	323,360
- Maturity over 3 months	1,355,059	300,177
	1,941,796	623,537

The average effective interest rate on short-term bank deposits was 0.1.0% (2015 –0.65%); these deposits have an average maturity of 90 days (2015: 90 days).

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

Cash and bank balances	2,766,748	1,597,982
Short-term investments – maturity within 3 months	586,737	323,360
Due to other banks	(459,470)	(200,911)
	2,894,015	1,720,431

7 Statutory deposits with central bank

Under the provisions of Financial Institutions Act 2008 (Trinidad and Tobago), the Bank and its subsidiary (First Citizens Asset Management 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 2016, the current ratio was 17% for First Citizens Bank Limited and 9% for First Citizens Asset Management Limited. 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 2006, the Central Bank introduced another compulsory deposit account, which amounted to $652 million as at year end (2015: $2,751.2 million) and carries an average interest rate of 0.56% (2015: 0.47%) per annum. Interest is to be paid semi-annually.

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 2016, the ratio was 15% of total domestic customer deposit balances (comprising 10% government securities and 5% cash) plus 2% of total foreign customer deposit balances.

As at 30 September 2016 the Bank and its qualifying subsidiaries were in compliance with these requirements.

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8 (a) **Financial assets available-for-sale**

	2016 $'000	2015 $'000 Restated
Securities of/or guaranteed by the Government of the Republic of Trinidad and Tobago	6,727,686	6,739,260
Listed investments	1,622,099	1,160,542
Unlisted investments	3,142,398	2,567,798
	11,492,183	10,467,600
Impairment allowance	(8,253)	(7,810)
	11,483,930	10,459,790
Debt securities		
Listed	1,591,387	1,123,604
Unlisted	9,852,956	9,291,992
	11,444,343	10,415,596
Equity securities		
Listed	31,079	36,821
Unlisted	8,508	7,373
	39,587	44,194
Total securities	11,483,930	10,459,790
Current portion	2,908,555	3,317,265
Non current portion	8,575,375	7,142,525
	11,483,930	10,459,790

Investment securities totalling $4,203 million (2015 - $4,660 million) are pledged to secure the repurchase agreements (see Note 18). Interest rates on these repos range from 0.15% to 7.7% in 2016 (2015 – 0.15% to 7.7%).

	2016	2015
Balance at beginning of the year	10,459,790	8,649,403
Exchange differences	121,210	2
Additions	12,944,352	8,264,285
Disposals	(11,993,433)	(5,945,753)
Reclassifications (note 41)	--	(227,875)
Impairment allowance	--	22,387
Net fair value gains	(47,989)	(302,659)
Balance at end of year	11,483,930	10,459,790

Fair value gains/(losses) based on:

	2016	2015
Quoted market prices	(24,580)	(65,098)
Other techniques	(23,409)	(237,561)
	(47,989)	(302,659)

The movement in the impairment allowance is as follows:

	2016	2015
Allowance at beginning of the year	7,810	7,810
Exchange difference	443	--
Charge for the year	--	--
Accounts written off during the year	--	--
Allowance at the end of year	8,253	7,810

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8 (b) Financial assets held to maturity

	2016 $'000	2015 $'000
Securities of/or guaranteed by the Government of the Republic of Trinidad and Tobago	487,853	508,545
Unlisted investments	679,251	343,032
Listed investments	75,819	754,696
	1,242,923	1,606,273
Current portion	94,246	363,749
Non current portion	1,148,677	1,242,524
	1,242,923	1,606,273
Balance at beginning of the year	1,606,273	1,792,818
Exchange differences	66,220	(344)
Additions	26,749	20,341
Maturity/redemption	(443,944)	(203,768)
Impairment	--	13,862
Amortisation of reserve	(17,752)	(22,320)
Amortisation of discounts/(premiums)	5,377)	5,684
Balance at end of year	1,242,923	1,606,273

8 (c) Financial assets at fair value through profit and loss

	2016 $'000	2015 $'000 Restated
Debt securities:		
- Unlisted	239,958	227,957
At beginning of year	227,957	104
Exchange differences	13,173	--
Additions (note 41)	--	227,875
Gains from changes in fair value	(1,172)	(22)
At end of year	239,958	227,957

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.

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9 Loans to customers

	2016 $'000	2015 $'000
Performing loans	13,140,658	13,645,349
Non-performing loans	532,466	478,772
	13,673,124	14,124,121
Allowance for loan losses	(341,183)	(293,586)
	13,331,941	13,830,535

Loans analysed by sector

	2016 $'000	2015 $'000
Consumer	2,588,768	2,377,430
Agriculture	18,082	9,048
Petroleum	534,175	186,842
Manufacturing	381,610	346,170
Construction	2,442,638	3,873,394
Distribution	283,897	259,266
Hotels and guest houses	525,587	526,934
Transport, storage and communications	897,541	924,554
Finance, insurance and real estate	1,697,392	1,359,211
Other business services	879,128	1,083,426
Personal services	26,415	288,978
Real estate mortgage	3,397,891	2,888,868
	13,673,124	14,124,121
Current portion	5,968,157	8,690,414
Non current portion	7,704,967	5,433,707
	13,673,124	14,124,121

Allowance for loan losses

	2016 $'000	2015 $'000
Allowance at beginning of the year	293,586	306,684
Exchange difference	1,947	--
Charge for the year	91,906	17,213
Loans written off during the year	(46,256)	(30,311)
Allowance at the end of year	341,183	293,586

Impairment loss on loans net of recoveries

	2016 $'000	2015 $'000
Charge for the year	91,906	17,213
Amounts recovered during the year	(4,930)	(11,304)
	86,976	5,909

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10 Other loans and receivables

	2016 $'000	2015 $'000
Corporate	2,037,064	1,250,423
Individuals	15,866	16,597
Total other loans and receivables	2,052,930	1,267,020
Impairment allowance	(4,269)	(5,088)
	2,048,661	1,261,932
Current portion	1,105,300	832,576
Non current portion	943,361	429,356
	2,048,661	1,261,932
Balance at beginning of the year	1,261,932	1,263,093
Exchange differences	61,858	(30)
Net disposals	723,988	(1,163)
Net movement in allowance	883	32
Balance at end of year	2,048,661	1,261,932

The movement in the impairment allowance is as follows:

	2016	2015
Allowance at beginning of the year	5,088	5,120
Exchange differences	64	--
(Recovery)/charge for the year	(883)	(32)
Allowance at the end of year	4,269	5,088

11 Loan notes

The loan notes due to the Group comprise the following:

(i) Taurus Services Limited	410,914	479,399
(ii) First Citizens Holdings Limited (Holdings)	31,284	36,499
(iii) Central Bank of Trinidad and Tobago	--	1,642,156
	442,198	2,158,054

(i) This represents several interest bearing notes issued by Taurus Services Limited as consideration for assets sold to Taurus Services Limited as part of the restructuring of the three former banks and Government support for the Company on its formation (See Note 1).

The terms of the original notes, dated 30 September 1994, were as follows:

- Tenor of 15 years with effect from 30 September 1994;
- Interest rate of 4.5% below prime with a floor rate of 11.5% per annum;
- A moratorium of 5 years on principal payments; and
- Government guarantee.

On 1 October 2000, a new agreement was entered into whereby the GORTT made a bullet payment to reduce part of the interest accrued. The unpaid portion of the interest up to that date of $150 million was capitalised. Thereafter, accrued interest was capitalised semi-annually until 30 September 2002 (the end of the moratorium) and this totalled $198.4 million. The new principal balance outstanding on the restructured loan notes as at 30 September 2004 which includes all capitalised interest to date amounted to $1,267 million.

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11 **Loan notes (continued)**

(i) The terms of this new agreement are as follows:

- Tenor of 22 years with effect from 1 October 2000;
- Interest rate of 4.5% below prime with a floor rate of 11.5% per annum;
- A moratorium of 2 years on both principal and interest;
- Payment of principal and interest in semi-annual intervals thereafter; and
- Government guarantee.

To date, these notes have been serviced in accordance with the new agreement. These notes are not transferable. On 8 November 2007, the Group was informed of the GORTT's intention to early repay these notes. To date, there have been no further developments.

(ii) This represents the balance on a loan note issued by Holdings as consideration for $40 million redeemable preference shares in the Bank and a non-interest bearing note in the amount of $58 million issued by the Bank. The original terms of the note were as follows:

- Tenor of 15 years with effect from 30 September 1994;
- Interest rate of 4.5% below prime with a floor rate of 11.5% per annum; and
- Government guarantee.

On 1 October 2000, a new agreement was entered into whereby unpaid interest up to that date of $11.2 million was capitalised. Thereafter, accrued interest was capitalised semi-annually until 30 September 2002 (the end of the moratorium) and this totalled $17.9 million. The new principal balance outstanding on the restructured loan note as at 30 September 2004 which includes all capitalised interest to date amounted to $96.5 million.

The terms of this new agreement are as follows:

- Tenor of 22 years with effect from 1 October 2000;
- Interest rate of 4.5% below prime with a floor rate of 11.5% per annum;
- A moratorium of 2 years on both principal and interest;
- Payment of principal and interest in semi-annual intervals thereafter; and
- Government guarantee.

To date, this note has been serviced in accordance with the agreements. This note is not transferable.

(iii) This balance represents four pro-notes due from the Central Bank of Trinidad & Tobago (CBTT), received as consideration for the CLICO Investment Bank (CIB) fixed deposits portfolio transferred to the Group, as part of the liquidation of that financial institution, as at 1 February 2009. These notes were repaid in March 2016.

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12 Finance leases

	2016 $'000	2015 $'000
Gross lease receivable	340	588
Unearned finance charges	--	--
Net investment in finance leases	340	588
The gross investment in finance lease receivable is analysed as follows:		
- Up to one year	40	249
- One year to five years	300	339
	340	288
The net investment in finance leases may be analysed as follows:		
- Up to one year	40	249
- One year to five years	300	339
	340	588

13 Other assets

	2016	2015
Prepayments	40,266	31,181
Accounts receivable	106,152	186,950
Accrued interest	210,763	178,833
	357,181	396,964

14 Investment accounted for using equity methods

	2016	2015
Investment in Joint Venture	29,901	26,661
Investment in Associate	141,248	131,909
	171,149	158,570

a. *Investment in joint ventures*

	2016	2015
i) Infolink Services Limited (ISL)	28,831	25,671
ii) Trinidad & Tobago Interbank Payment System Limited (TTIPS)	1,070	990
	29,901	26,661
Beginning of the year	26,661	24,117
Share of profit after tax	4,211	3,696
Dividend received from Joint Ventures	(971)	(1,152)
At end of year	29,901	26,661

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14 Investment accounted for using equity methods (continued)

a. *Investment in joint ventures (continued)*

(i) 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 September 2016.

(ii) This investment represents 14.29% in the equity capital of Trinidad & Tobago Inter-bank Payment System Limited whose principal activity is operation of an automatic clearings house. TIP's reporting period is October. The financial information below reflects the results as at August 2016.

Name	Country of incorporation	Assets $'000	Liabilities $'000	Revenues $'000	Profits $'000	% Interest held
2016						
ISL	Trinidad & Tobago	120,025	4,702	31,405	16,519	25
TTIPS	Trinidad & Tobago	7,912	421	3,625	669	14.29
2015						
ISL	Trinidad & Tobago	105,412	2,727	25,803	14,447	25
TTIPS	Trinidad & Tobago	7,247	319	2,705	589	14.29

b. *Investment in associate*

	2016 $'000	2015 $'000
Beginning of the year	131,909	124,734
Share of reserve movement	1,554	2,252
Share of profit after tax	11,655	12,297
Exchange differences	4,450	--
Dividend received from associate	(8,320)	(7,374)
At end of year	141,248	131,909

St Lucia Electricity Services Limited is listed on the Eastern Caribbean Securities Exchange, The investment in associate at 30 September 2016 includes goodwill of $4.6 million (2015- $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 2016, are as follows:

Name	Country of incorporation	Assets $'000	Liabilities $'000	Revenues $'000	Profits $'000	% Interest held
2016						
St. Lucia Electricity Services Limited	St. Lucia	1,357,784	642,981	273,978	24,897	19.11
2015						
St. Lucia Electricity Services Limited	St. Lucia	1,309,903	644,484	566,562	64,273	19.11

The fair value of the investment in associate at 30 September 2016 is $141.2 million (2015: $131.9 million).

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15 Property, plant and equipment

	Freehold premises $'000	Leasehold premises $'000	Motor vehicles & equipment $'000	Work in progress $'000	Total $'000
Year ended 30 September 2016					
Opening net book amount	326,269	52,948	69,286	37,822	486,325
Additions	51,508	6,276	33,492	23,680	114,956
Disposals	--	--	(2,156)	--	(2,156)
Transfer	--	241	18,197	(18,438)	--
Reclassified to intangible assets (note16)	--	--	(9,828)	--	(9,828)
Revaluation surplus	2,447	--	--	--	2,447
Depreciation charge	(3,882)	(8,635)	(37,005)	--	(49,522)
Closing net book amount	376,342	50,830	71,986	43,064	542,222
At 30 September 2016					
Cost/valuation	395,849	139,180	472,410	43,064	1,050,503
Accumulated depreciation	(19,507)	(88,350)	(400,424)	--	(508,281)
Net book amount	376,342	50,830	71,986	43,064	542,222
Year ended 30 September 2015					
Opening net book amount	288,868	51,927	71,625	36,876	449,296
Additions	424	2,153	33,172	22,073	57,822
Disposals	(3,600)	(32)	(1,035)	--	(4,667)
Transfer	10,544	10,583	--	(21,127)	--
Revaluation surplus	33,322	--	--	--	33,322
Depreciation charge	(3,289)	(11,683)	(34,476)	--	(49,448)
Closing net book amount	326,269	52,948	69,286	37,822	486,325
At 30 September 2015					
Cost/valuation	341,893	132,663	432,705	37,822	945,083
Accumulated depreciation	(15,624)	(79,715)	(363,419)	--	(458,758)
Net book amount	326,269	52,948	69,286	37,822	486,325

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15 **Property, plant and equipment (continued)**

a. *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 3.7(b).

Level 3	2016 $'000	2015 $'000
Land and building	370,442	320,369
Building on Lease Land	5,300	5,300
Freehold Land	600	600
	376,342	326,269

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. There were no transfers between levels 1 and 2 for recurring fair value measurements during the year.

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

As at 30 September, 2016, the Group's freehold premises were stated at revalued amounts determined by management. 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.

At the end of each reporting period, management update their assessment of the fair value of each property, taking into account the most recent independent valuations. Management determine a property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available Management consider information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences;
- discounted cash flow projections based on reliable estimates of future cash flows.

(iii) *Transfer between level 2 and 3 and change in valuation techniques*

There were no transfers between levels 2 and 3 for recurring fair value measurements nor change in the valuation technique during the financial year.

Level 3 fair values of land and retail units have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

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

	2016 $'000	2015 $'000
Cost	258,943	206,985
Accumulated depreciation	(85,124)	(81,242)
Net book amount	173,819	125,743

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16 **Intangible assets**

	Goodwill $'000	Software $'000	Other intangible assets $'000	Total $'000
As at 30 September 2016				
Acquisition cost	174,836	237,913	36,284	449,033
Accumulated amortisation and impairment	--	(188,617)	(15,749)	(204,366)
Net book amount	174,836	49,496	20,535	244,667
Period ended 30 September 2016				
Opening net book amount	174,836	34,944	24,472	234,252
Additions	--	27,035	--	27,035
Reclassified from property ,plant and equipment (note15)	--	9,828	--	9,828
Amortisation charge	--	(22,511)	(3,937)	(26,448)
Closing net book amount	174,836	49,296	20,535	244,667
As at 30 September 2015				
Acquisition cost	174,836	200,415	36,284	411,535
Accumulated amortisation and impairment	--	(165,471)	(11,813)	(177,284)
Net book amount	174,836	34,944	24,471	234,251
Year ended 30 September 2015				
Opening net book amount	174,836	29,918	28,409	233,163
Additions	--	22,884	--	22,884
Disposal	--	(925)	--	(925)
Amortisation charge	--	(16,933)	(3,938)	(20,871)
Closing net book amount	174,836	34,944	24,471	234,251

Goodwill is reviewed annually for impairment, or more frequently when there are indicators that impairment may have occurred. There was no impairment identified in 2016 (2015: nil).

Impairment test for goodwill

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

Goodwill	**2016 $'000**	**2015 $'000**
First Citizens Investment Services (FCIS)	156,886	156,886
First Citizens Barbados Limited (FCBB)	17,949	17,949
	174,835	174,835

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.

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16 Intangible assets (continued)

The key estimates used in the value –in use calculations are as follows:

	2016		2015	
	FCIS	FCBB	FCIS	FCBB
Estimates Used in the Value for Use				
Net Interest Margin Growth	3.75%	6.95%	1.40%	6.38%
Growth Rate	5.25%	7.00%	4.89%	6.92%
Discount Factors	3.45%	7.75%	2.60%	7.75%

These assumptions were used for the analysis of each cash generating unit. Management determined the net interest margin and growth rate based on past performance and its expectations of the market developments.

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 September 30 2016, revealed that the recoverable amounts for the cash generating units are $5.2B for FCIS, being 236% of its carrying amount, and $0.5B for FCBB or 115% of its carrying amount.

17 Customers' deposits

Deposits are analysed by sector as follows:	2016 $'000	2015 $'000
Public institutions	8,397,207	5,985,807
Private institutions	8,442,327	7,008,174
Consumers	8,183,333	8,000,546
	25,022,867	20,994,527
Current portion	24,409,595	20,762,135
Non current portion	613,272	232,392
	25,022,867	20,994,527

Deposits due to customers only include financial instruments classified as liabilities at amortised cost. Deposits amounting to $5.5 billion (2015: $4.2 billion) are at fixed rates. All other deposits amounting to $19.5 billion (2015: $16.8 billion) are at variable rates.

As at year end, the unprocessed CIB deposit liabilities held was $14.5 million (2015: $14.0 million).

18 Other funding instruments

	2016 $'000	2015 $'000
Loan participation	6,980	9,247
Repurchase agreements	4,202,844	4,659,842
Funds under management	32,386	80,529
USD Fixed Rate Note	247,364	--
	4,489,574	4,749,618
Other funding instruments are analysed by sector as follows:		
Public institutions	1,840,853	2,540,400
Private institutions	1,685,255	1,425,560
Consumers	963,466	783,658
	4,489,574	4,749,618
Current portion	3,794,117	4,484,870
Non-current portion	695,457	264,748
	4,489,574	4,749,618

Interest rates on these repos range from 0.15% to 7.70% in 2016 (2015: 0.15% to 7.7%).

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19 Creditors and accrued expenses

	2016 $'000	2015 $'000
Other liabilities	315,121	205,748
Interest payable	53,031	45,396
Due to GOTT	22,889	18,141
Funds payable to bondholders	61,609	11,835
Due to NGC (Proceeds from TTNGL IPO)	--	2,689,664
	452,650	2,970,784

The amount due to GORTT relates to what is owed by the Bank with respect to payments made on claims which were subsequently recovered pursuant to Liquidity Support Agreement outlined in note 3 a. (iv) (e).

20 Retirement benefit asset

	2016 $'000	2015 $'000
a. *Net liability in balance sheet*		
Present value of obligation	(1,254,103)	(1,232,361)
Pension plan assets at fair value	1,224,650	1,212,202
Value of deficit	(29,453)	(20,159)
Net defined benefit liability	(29,453)	(20,159)

b. *Movement in present value of defined benefits obligation:*

	2016 $'000	2015 $'000
Beginning of year	1,232,361	1,134,832
Current year service cost	58,516	53,460
Interest cost	60,844	56,012
Members contributions	13,493	11,397
Re-measurements		
- Experience adjustments	36,616	6,211
- Actuarial (gains) from change in financial assumptions	(116,366)	--
Benefits paid	(31,361)	(29,551)
Defined benefit obligation at end of year	1,254,103	1,232,361

c. *The defined benefit obligation is allocated between the Plan's members as follows:*

	2016	2015
- Active	73%	73%
- Deferred members	7%	7%
- Pensioners	20%	20%

The weighted average duration of the defined benefit obligation at year end was 19.4 years

95% of the benefits for active members are vested
35% of the defined benefit obligation for active members is conditional on future salary increases

d. *Movement in fair value of plan assets:*

	2016 $'000	2015 $'000
Beginning of year	1,212,202	1,209,765
Interest income	60,820	60,588
Return of plan assets, excluding interest income	(56,870)	(62,196)
Company's contributions	27,654	23,359
Members contributions	13,493	11,397
Benefits paid	(31,361)	(29,551)
Expense allowance	(1,288)	(1,160)
Fair value of plan assets at end of year	1,224,650	1,212,202
Actual return on plan asset	3,950	(1,608)

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20 Retirement benefit asset (continued)

e. *Asset allocation*

	2016 $'000	2015 $'000
Local and regional equity securities	382,733	386,486
Oversea equities (outside CARICOM)	197,155	180,745
TT$ denominated bonds	557,909	546,633
US$ denominated bonds	8,704	1,431
Cash and cash equivalents	77,929	96,698
Other (annuities, mortgages etc.)	220	209
Fair value of plan assets at end of year	1,224,650	1,212,202

All asset values as at 30 September 2016 were based on unaudited accounts provided by First Citizens Trustee Services Limited. Overseas equities have quoted prices in active markets. Local 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 80% of the assets must be invested in Trinidad & Tobago and no more than 50% in equities) and the availability of suitable investments.

There are no asset-liability matching strategies used by the Plan.

f. *Expenses recognised in profit or loss*

	2016 $'000	2015 $'000
Current service costs	58,516	53,460
Net interest on net defined benefit liability/asset	24	(4,576)
Administrative expenses	1,288	1,160
Net pension income	59,828	50,044

g. *Re-measurements*

	2016 $'000	2015 $'000
Return on plan assets, excluding interest income	56,870	62,196
Experience (gains)/losses	(79,750)	6,211
Total amount recognised in other comprehensive income	(22,880)	68,407

h. *Reconciliation of opening and closing balance sheet entries*

	2016 $'000	2015 $'000
Opening defined benefit (liability)/asset	(20,159)	74,933
Net pension cost	(59,828)	(50,044)
Re-measurements recognised in other comprehensive income	22,880	(68,407)
Company contribution paid	27,654	23,359
Closing defined benefit (liability)/asset	(29,453)	(20,159)

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20 Retirement benefit asset (continued)

	2016 $'000	2015 $'000
i. *Summary of principal assumptions as at 30 September*		
Discount rate	5.5%	5.0%
Average individual salary increases	5.5%	5.5%
Future pension increases	1.5%	1.5%

Assumptions regarding future mortality are based on published mortality tables. The life expectancies underlying the value of the defined benefit obligation as at 30 September 2016 are as follows:

	2016	2015
Life expectance at age 60 for current pension in years		
- Male	21.0	21.0
- Female	25.1	25.1
Life expectance at age 60 for current members age 40 in years		
- Male	21.4	21.4
- Female	25.4	25.4

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 as at 30 September 2015 would have changed as a result of a change in the assumptions used.

	1% pa decrease	1% pa increase
Discount rate	(185,000)	250,000
Future salary increases	83,000	(70,000)
Future pension increase	152,000	(119,000)

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at 30 September 2016 by $19.0 million (2015: $21.8 million).

These sensitivities were calculated by re-calculating the defined benefit obligations using the revised assumptions.

k. *Funding*

The Bank meets the balance of the cost of funding the defined benefit Pension Plans and the Bank 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 Bank expects to pay $28.0 million to the Pension Plans during 2016/17.

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21 Bonds payable

	2016 $'000	2015 $'000
(i) Fixed Rate Bond TTD$500 Million	--	406,550
(ii) First Citizens (St Lucia) Limited USD$175 million Bond	--	1,021,024
(iii) Fixed Rate Bond TTD$400 Million (Series 1)	400,000	400,000
(iv) Fixed Rate Bond TTD$100 Million (Series 2)	100,000	100,000
(v) Fixed Rate Bond TTD$900 Million	900,000	--
	1,400,000	1,927,574
Current portion	--	1,427,574
Non current portion	1,400,000	500,000
	1,400,000	1,927,574

(i) TTD Fixed Rate Bond – In October 2008, this bond for $500 million was issued, of which a related party purchased $93.45 million. This bond is unsecured and carries a fixed rate of 8.45% with a tenor of seven (7) years. Interest is payable semi-annually in arrears. Principal was repaid on maturity in October 2015.

(ii) First Citizens (St. Lucia) Limited USD$175 million Bond. In February 2011, this bond was issued on the international financial market through a private placement, of which a related party purchased $21.60 million. This bond is unsecured and carries a fixed rate of interest of 4.903% with a tenor of five (5) years. Interest is payable semi-annually in arrears. The principal was repaid on maturity in February 2016.

(iii) TTD Fixed Rate Bond Series 1 – In August 2014, this bond for $400 million was issued. This bond is unsecured and carries a fixed rate of 3.10 % with a tenor of seven (7) years. Interest is payable semi-annually in arrears. Principal will be repaid in a bullet payment at maturity.

(iv) 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.

(v) 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. Interest is payable semi-annually in arrears. Principal will be repaid in a bullet payment at maturity. A onetime call option exists on the 5th anniversary subject to the minimum notice of 60 days.

22 Deferred income tax

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 12.5%, 25% and 32% (2015 – 12.5%, 25% and 30%).

	2016 $'000	2015 $'000
The movement on the deferred income tax account is as follows:		
At beginning of year	(268,682)	(349,456)
Impact of revaluation adjustments recorded directly to shareholders' equity:		
- Revaluation on available-for-sale financial assets	12,664	70,687
- Revaluation on held to maturity	1,244	1,055
- Revaluation on property, plant and equipment	32,954	(8,402)
Revaluation of property, plant and equipment - Associates	--	(563)
- Remeasurement of defined benefit liability	(5,720)	17,102
Credit to consolidated statement of income (note 35)	(802)	895
At end of year	(228,342)	(268,682)

APPENDIX 5 – AUDITED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2016

Notes to The Consolidated Financial Statements
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22 Deferred income tax (continued)

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

	Balance at 1.10.15 $'000	(Charge)/credit to income statement $'000	(Charge)/credit to other comprehensive income $'000	Balance at 30.09.16 $'000
Deferred income tax assets				
Tax losses carried forward	252	(252)	--	--
Provisions	(97)	1,082	--	985
Fair value measurement of assets through profit or loss	85	258	--	343
	240	1,088	--	1,328
Deferred income tax liabilities				
Retirement benefit asset	(26,520)	8,044	--	(18,476)
Remeasurement of defined benefit liability	(37,401)	--	(5,720)	(43,121)
Fair value measurement of available for sale	(110,948)	--	12,664	(98,284)
Fair value measurement of held to maturity	(6,230)	--	1,244	(4,986)
Intangible asset recognised on business combination	(9,154)	1,480	--	(7,674)
Zero coupon instruments	(21,478)	(3,106)	--	(24,584)
Accelerated tax depreciation	(17,447)	(3,439)	--	(20,886)
Unrealised exchange and other gains	193	(4,869)	--	(4,676)
Revaluation gain on property, plant and equipment	(36,666)	--	32,954	(3,712)
Revaluation of PPE – Associates	(3,271)	--	--	(3,271)
	(268,922)	(1,890)	41,142	229,670
Net deferred income tax liability	(268,682)	(802)	41,142	228,342

APPENDIX 5 – AUDITED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2016

Notes to The Consolidated Financial Statements
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22 Deferred income tax (continued)

	Balance at 1.10.14 $'000	(Charge)/credit to income statement $'000	(Charge)/credit to other comprehensive income $'000	Balance at 30.09.15 $'000
Deferred income tax assets				
Tax losses carried forward	252	--	--	252
Provisions	252	(349)	--	(97)
Unrealised exchange and other gains	472	(279)	--	193
Fair value measurement of assets through profit or loss	398	(313)	--	85
	1,374	(941)	--	433
Deferred income tax liabilities				
Retirement benefit asset	(33,192)	6,672	--	(26,520)
Remeasurement of defined benefit liability	(54,503)	--	17,102	(37,401)
Fair value measurement of available for sale	(181,635)	--	70,687	(110,948)
Fair value measurement of held to maturity	(7,285)	--	1,055	(6,230)
Intangible asset recognised on business combination	(10,634)	1,480	--	(9,154)
Zero coupon instruments	(18,159)	(3,319)	--	(21,478)
Accelerated tax depreciation	(14,450)	(2,997)	--	(17,447)
Revaluation gain on property, plant and equipment	(28,264)	--	(8,402)	(36,666)
Revaluation of PPE – Associates	(2,708)	--	(563)	(3,271)
	(350,830)	1,836	79,879	(269,115)
Net deferred income tax liability	(349,456)	895	79,879	(268,682)

23 Notes due to parent company

	2016 $'000	2015 $'000
First Citizens Holdings Limited	58,000	58,000

The amount due to Holdings is a non-interest bearing note with no specified maturity date, issued in part consideration for a note acquired from Holdings (see Note 11 (ii)).

24 Share capital

The total authorised number of shares are issued and fully paid. Twenty percent (20%) of these shares are trading on the local stock exchange.

	2016 $'000	2015 $'000
251,353,562 ordinary shares of no par value	539,957	539,957
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
	643,557	643,557

The Class A preference shares are non-convertible, 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, but are non participatory, non-voting, non convertible and non-redeemable.

APPENDIX 5 – AUDITED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2016

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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 Reserve Fund until the amount standing to the credit of the Reserve Fund is not less than the stated capital or assigned capital of the Bank.

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 Retained earnings

The retained earnings is the accumulated net income that is retained by the group at a particular point of time, such as at the end of the reporting period. At the end of that period, the net income (or net loss) at that point is transferred from the Profit and Loss Account to the retained earnings account.

27 Other reserves

(i) *Fair value reserve*

The fair value reserve comprises the cumulative net change in the fair value of the available for sale financial assets, net deferred tax, until the assets are derecognised or impaired.

(ii) *Revaluation reserve*

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

(iii) *Re-measurement of defined benefit reserve*

The remeasurements of the defined benefit represents 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, as well as in a separate component in equity in the consolidated financial statements.

28 Interest income	2016 $'000	2015 $'000
Loans to customers	881,929	838,153
Financial assets (available for sale, held to maturity and FVTPL)	609,544	524,555
Loan notes	60,066	87,779
	1,551,539	1,450,487

29 Interest expense

Customers' deposits	79,197	71,132
Other funding instruments	108,727	104,732
Notes due to parent company	4,610	--
Bonds payable	75,243	105,691
	267,777	281,555

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Notes to The Consolidated Financial Statements
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30 **Fees and commissions**

	2016 $'000	2015 $'000
Credit related fees	45,328	29,610
Transaction service fees/commissions	162,712	158,472
Portfolio and other management fees	222,676	226,686
	430,716	414,768

31 **Other Income**

Foreign Exchange Transaction gains less losses	141,170	133,253
Foreign Exchange Translation gains less losses	85,080	(12,741)
Other income	17,870	31,673
	244,120	152,185

32 **Impairment loss on other financial assets**

Directly written off/(write back) to income	(754)	(1,360)
	(754)	(1,360)

33 **Administrative expenses**

Wages and salaries	513,947	425,069
Pension expenses (note 20 f.)	59,828	50,044
Other administrative expenses	53,688	53,047
Depreciation	72,987	66,206
	700,450	594,366

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

	2016 Employees	2016 %	2015 Employees	2015 %
First Citizens Bank Limited	1,443	82	1,418	83
Subsidiaries	314	18	298	17
	1,757	100	1,716	100

34 **Other operating expenses**

	2016 $'000	2015 $'000
Property expenses	79,299	72,698
Technical and professional	19,739	20,555
Advertising expenses	19,924	22,936
Hardware and software maintenance	32,848	27,627
Deposit insurance (see below)	33,331	34,138
Other operating expenses	221,769	211,693
	406,910	389,647

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.

APPENDIX 5 – AUDITED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2016

Notes to The Consolidated Financial Statements
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35 Taxation

	2016 $'000	2015 $'000
Current tax	175,735	170,073
Prior period (over)/under provision	5,220	(8,835)
Deferred tax (Note 22)	(802)	(895)
	180,153	160,343

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

	2016 $'000	2015 $'000
Profit before taxation	817,375	790,781
Tax calculated at 25%	204,344	197,695
Income exempt from tax	(65,457)	(73,187)
Expenses not deductible for tax purposes	33,323	48,788
Recognition of previously unrecognised tax losses		--
Prior year under provision	5,220	(8,835)
Effects of different tax rates in other countries (i)	2,723	(4,118)
	180,153	160,343

(i) This represents the difference in tax charged in St Lucia at 1% versus Trinidad and Tobago at 25%.

36 Dividends

	2016 $'000	2015 $'000
Ordinary dividend paid - final (prior period)	186,002	153,326
Ordinary dividend paid - interim	165,893	145,785
Preference dividend paid	2,922	2,922
	354,817	302,033

37 Related party transactions and balances

a. *Directors and key management personnel*

	2016 $'000	2015 $'000
Salaries and other short-term employee benefits	45,673	28,610
Loans and receivables	22,427	18,778
Interest income	1,396	1,019
Customers' deposit	9,988	10,355
Interest expense	139	168
Other funding instruments	503	1,383
Interest expense	17	31

b. *Transactions with associate*

	2016 $'000	2015 $'000
Loans and receivables	41,596	55,113
Interest income	3,474	4,496

c. *Transactions with parent*

	2016 $'000	2015 $'000
Customers' deposit	4,239	2,408
Long term notes (Note 23)	58,000	58,000
Loan note (Note 11)	31,284	36,499
Interest income on loan notes	4,059	4,647
Due from parent	3,580	2,935

APPENDIX 5 – AUDITED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2016

Notes to The Consolidated Financial Statements
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37 **Related party transactions (continued)**

	2016 $'000	2015 $'000
d. Pension Plan		
Employer's contribution (Note 20.d)	27,654	23,329

e. *Government of the Republic of Trinidad and Tobago*

As stated in note 1, 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. In addition, the Central Bank agreed to put specific liquidity arrangements in place by way of pro notes to facilitate CIB fixed deposits transferred to the Bank in 2009.

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

	2016 $'000	2015 $'000
Assets		
Loan notes with Taurus Services Limited (Note 11 (i))	410,914	479,399
Loan note from Central Bank (Note 11 (iii))	--	1,642,156
Liabilities		
Due to GORTT (Note 19)	22,889	18,141
Interest income		
Loan notes with Taurus Services Limited	53,308	61,033
Loan note with the Central Bank	2,747	22,103

f. *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:

	2016 $'000	2015 $'000
Loans and receivables	2,955,349	2,775,833
Interest income	198,842	181,186
Customers' deposits	8,035,861	5,985,807
Interest expense	21,805	16,315
Financial assets - available for sale	8,118,103	6,739,260
Financial assets - held to maturity	487,853	508,545
Financial assets - Other Loans and Receivable	517,514	--
Investment income	274,759	233.079
Other funding instruments	--	885,084
Interest expense	--	3,650

APPENDIX 5 – AUDITED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2016

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38 Commitments

a. *Capital commitments*

	2016 $'000	2015 $'000
Capital expenditure approved by the Directors but not provided for in these accounts	19,477	15,390

b. *Credit commitments*

	2016 $'000	2015 $'000
Commitments for loans approved not yet disbursed	568,223	507,033

39 Contingent liabilities

a. *Litigation*

The Group is involved in claims and counterclaims arising from the conduct of its business. Based on the facts now known to the Group, the Directors believe that the outcome of these matters would not have a material adverse effect on the position of the Group.

b. *Customers' liability under acceptances, guarantees and letters of credit*

These represent the Group's potential liability, for which there are claims against its customer in the event of a call on these commitments.

	2016 $'000	2015 $'000
Acceptances	33,155	23,009
Guarantees	180,295	121,078
Letters of credit	18,054	14,027
	231,504	158,114

40 Lease rentals

The Group leased certain premises under non-cancellable operating leases expiring in various years up to 2026. The leases contain renewal options from five to twenty-five years. Rental expense incurred under lease agreements amount to $39.9 million for the year 2016 (2015: $37.4 million).

The future lease obligations under non-cancellable leases are summarised below:

	2016 $'000	2015 $'000
- Up to one year	28,679	31,031
- One year to five years	59,413	75,215
- Over five years	31,099	61,662
	119,191	167,908

APPENDIX 5 – AUDITED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2016

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41 Restatement of 2015 consolidated financial statements

At the balance sheet date 30 September 2015 the Company's aggregate investment in Credit Linked Notes (CLNs) was valued at TTD 227 million; these CLNs were issued by three (3) international brokers. A CLN is a security with an embedded Credit Default Swap (CDS) which allows the issuer of the CLN to transfer the credit risk of a specified reference entity to the investor. In exchange, fixed or floating coupons are paid to the investor over the life of the CLN. At maturity, the investor receives the par value of the investment if no credit event has occurred. Given the occurrence of a credit event, the investor would receive the recovery value of the reference obligation as determined by the (International Swaps and Derivatives Association) ISDA physical settlement matrix.

An embedded derivative is a feature within a contract, such that the cash flows associated with that feature behave in a similar fashion to a stand-alone derivative. IAS 39 Financial Instruments: Recognition & Measurement requires an embedded derivative, unless specified conditions are met, to be separated from its host contract and accounted for as a separate derivative. In the event the embedded derivative cannot be separated then the entire contract should be accounted for as a derivative with fair value gains or losses through the profit and loss. At the Balance sheet date 30 September 2016 management was unable to secure the independent Brokers prices to value the embedded derivatives separately for the entire portfolio of CLN's.

Consequently in accordance with the International Financial Accounting Standards (IFRS) the company has reclassified the Credit link notes from available for sale to financial assets at fair value through profit and loss. In accordance IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the reclassification meets the definition of a prior year error which triggers the restatement of the comparative figures within the prior period. At the Balance sheet date the value of the securities were $239 million (2015: $227 million). The fair value recognised in the profit and loss was $1.1 million (2015: nil).

The restatement did not have a material impact on the consolidated statement of comprehensive income or the earliest prior period presented since the instruments were purchased during the year ended 30 September 2015.

Effect on statement of financial position	**September 2015 $,000**
Available for Sale	
Available for sale as previously reported (note 8 a)	10,687,665
Reclass to fair value through profit and loss	(227,875)
Available for sale restated	**10,459,790**
Fair value through profit and loss as previously stated (note 8 c)	82
Reclass from available for sale	227,875
Fair value through profit and loss restated	**227,957**

42 Subsequent events

On 12 December 2016, the Board of Directors declared a final dividend payment of $0.67 per share payable to shareholders.

Subsequent to the balance sheet date, the GORTT and CBTT signed the supplemental agreement to the LSA formalising a further 12 month extension with effect from 15 November 2016 (Note 3.a.iv.e).

In October 2016, the Board of First Citizens St Lucia Limited, approved the winding up of the business operations effective 31 December 2016.

APPENDIX 6 – STATEMENT OF MANAGEMENT RESPONSIBILITY FOR THE PREPARARTION OF FINANCIAL INFORMATION FOR THREE MONTHS ENDED 31 DECEMBER 2016

Statement of Management Responsibility

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of First Citizens Bank Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, the consolidated income statement, statement of comprehensive income, changes in equity and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Group keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Group's assets, detection/prevention of fraud, and the achievement of Group operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these unaudited 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.

Group Chief Executive Officer
6 March 2017

Group Chief Financial Officer
6 March 2017

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FIRST CITIZENS BANK LIMITED

APPENDIX 7 – ACCOUNTANT'S REPORT ON THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 DECEMBER 2016

To the shareholders of
First Citizens Bank Limited

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of First Citizens Bank Limited and its Subsidiaries (the "Group') as at 31 December 2016 and the related condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the three month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with International Financial Reporting Standards. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements do not present fairly, in all material respects, the financial position of the Group as at 31 December 2016, and of its financial performance and its cash flows for the three month period then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

6 March 2017

BA Hackett (Senior Partner), L Awai, F Aziz Mohammed, H Mohammed, NA Panchoo, SW Ramirez, A West

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APPENDIX 8 – UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 DECEMBER 2016

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Unaudited December 2016 $'000	Unaudited December 2015 $'000	Audited September 2016 $'000
ASSETS			
Cash and Statutory Deposits	8,424,152	7,879,749	8,680,010
Financial Assets			
- Investments	15,303,833	12,636,993	15,015,472
- Loans and receivables less allowance for loan losses:			
Loans to customers	13,845,084	13,483,889	13,332,281
Loans Notes	442,198	984,690	442,198
			422
Other assets	454,325	481,516	,356
Investment in joint ventures & associates	171,986	160,588	171,149
Property, plant and equipment	551,006	483,122	542,222
Intangible asset	230,833	226,186	244,667
TOTAL ASSETS	**39,424,417**	**36,336,733**	**38,850,355**
LIABILITIES			
Customers' deposits and other funding instruments	30,163,115	26,750,830	29,512,441
Due to other banks	437,568	181,800	459,470
Creditors and accrued expenses	697,236	595,006	711,687
Defined benefit liability	36,069	28,169	29,453
Debt securities in issue	1,400,000	2,432,949	1,400,000
Notes due to related companies	58,000	58,000	58,000
TOTAL LIABILITIES	**32,791,988**	**30,046,754**	**32,171,051**
SHAREHOLDERS' EQUITY			
Share capital	643,557	643,557	643,557
Statutory reserve	677,698	675,726	677,698
Fair Value reserve	1,087,459	1,053,240	1,151,111
Retained earnings	4,223,715	3,917,456	4,206,938
SHAREHOLDERS' EQUITY	**6,632,429**	**6,289,979**	**6,679,304**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**39,424,417**	**36,336,733**	**38,850,355**

On 31 January 2017, the Board of Directors authorized these consolidated financial statements for issue.

Anthony Isidore Smart Director Courtenay B. Mark Director

APPENDIX 8 - UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 DECEMBER 2016 (continued)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Dec-16 $'000	Unaudited Dec-15 $'000	Audited Sep-16 $'000
Net interest income	**344,866**	**303,118**	**1,283,762**
Other income	179,737	191,814	711,330
Total Net Income	**524,603**	**494,932**	**1,995,092**
Impairment loss on loans and receivables net of recoveries	(30,328)	(28,809)	(86,222)
Operating expenses	(251,361)	(251,353)	(1,107,360)
Operating Profit	**242,914**	**214,770**	**801,510**
Share of profit in associate and joint ventures	4,674	5,252	15,865
Profit Before Taxation	**247,588**	**220,022**	**817,375**
Taxation	(62,404)	(40,147)	(180,153)
Profit For The Period	**185,184**	**179,875**	**637,222**
Other comprehensive income:			
Items that will not be classified to Profit or Loss			
Remeasurement of defined benefit liability	(8,624)	-	17,160
Revaluation of property, plant and equipment net of tax	-	-	35,401
	(8,624)	-	52,561
Items that may be reclassified to Profit or Loss			
Exchange difference on translation	5,310	20,636	61,686
Transfer of net realized gain to current year income	(6,522)	(12,539)	(36,494)
Amortization of gains on held to maturity assets	(877)	(1,013)	(3,772)
Revaluation of available-for-sale assets	(52,939)	(33,946)	(2,972)
	(55,028)	(26,862)	18,448
Total Other Comprehensive Income	**(63,652)**	**(26,862)**	**71,009**
Total comprehensive income for the year	**121,532**	**153,013**	**708,231**

APPENDIX 8 - UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 DECEMBER 2016 (continued)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Share Capital $'000	Statutory Reserve $'000	Other Reserve $'000	Retained Earnings $'000	Shareholders' Equity $'000
Balance at 1 October 2016	**643,557**	**677,698**	**1,151,111**	**4,206,938**	**6,679,304**
Total Comprehensive income	-	-	(63,652)	185,184	121,532
Dividends	-	-	-	(168,407)	(168,407)
Balance at 31 December 2016	**643,557**	**677,698**	**1,087,459**	**4,223,715**	**6,632,429**
Balance at 1 October 2015	**643,557**	**675,726**	**1,080,102**	**3,926,505**	**6,325,890**
Total Comprehensive income	-	-	(26,862)	179,875	153,013
Dividends	-	-	-	(188,924)	(188,924)
Balance at 31 December 2015	**643,557**	**675,726**	**1,053,240**	**3,917,456**	**6,289,979**
Balance at 1 October 2015	**643,557**	**675,726**	**1,080,102**	**3,926,505**	**6,325,890**
Total Comprehensive income			71,009	637,222	708,231
Dividends	-	-	-	(354,817)	(354,817)
Transfer to statutory reserve	-	1,972	-	(1,972)	-
Balance at 30 September 2016	**643,557**	**677,698**	**1,151,111**	**4,206,938**	**6,679,304**

APPENDIX 8 - UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 DECEMBER 2016 (continued)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOW

	Unaudited Dec-16 $'000	Unaudited Dec-15 $'000	Audited Sep-16 $'000
Cash Flow From Operating Activities			
Profit before taxation	247,588	220,022	817,375
Adjustments to reconcile profit to net cash provided by operating activities:	71,433	65,971	113,576
Cashflows from operating activities before changes in operating assets and liabilities	**319,021**	**285,993**	**930,951**
Changes in operating assets and liabilities:			
Net change in loans to customers	(542,757)	321,122	451,246
Net change in customers' deposits and other funding	650,674	1,006,685	3,768,296
Net change in other assets	(20,231)	(34,072)	44,528
Net change in statutory deposits with Central Bank	(225,922)	67,546	451,789
Net change in creditors and accrued expenses	(64,484)	(2,665,193)	(2,525,768)
Taxes paid	(23,835)	(41,444)	(164,733)
Net cash flow from operating activities	**92,466**	**(1,059,363)**	**2,956,309**
Cash Flows From Investing Activities			
Net change in investments	(365,035)	868,167	(1,221,218)
Net change in loan notes	--	1,173,364	1,715,856
Net change in short-term investments	229,574	(232,222)	(1,054,882)
Proceeds from disposal of property, plant and equipment	2	164	1,937
Purchase of property, plant and equipment	(13,548)	(6,205)	(141,991)
	(149,007)	**1,803,268**	**(700,298)**
Cash Flows From Financing Activities			
Net change in debt securities	--	500,000	(527,574)
Dividend paid	(168,407)	(188,924)	(354,817)
Net cash flow from financing activities	**(168,407)**	**311,076**	**(882,391)**
Effect of exchange rate changes	(4,356)	34,429	(200,036)
Net cash (decrease)/increase in cash and cash equivalents	(229,304)	1,089,410	1,173,584
Cash and cash equivalents at beginning of year	2,894,015	1,720,431	1,720,431
Cash and cash equivalents at end of period	2,664,711	2,809,841	2,894,015
REPRESENTED BY:-			
Cash and due from banks and Statutory Deposits	8,425,152	7,879,749	8,680,010
Statutory Deposits	(4,197,388)	(4,355,709)	(3,971,466)
Due to other banks	(437,568)	(181,800)	(459,470)
Short Term Investments (Maturity over 3 months)	(1,125,485)	(532,399)	(1,355,059)
	2,664,711	**2,809,841**	**2,894,015**

FIRST CITIZENS BANK LIMITED

APPENDIX 8 - UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 DECEMBER 2016 (continued)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 General Information

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

The Bank is a subsidiary of First Citizens Holdings Limited (Holdings), a company owned by the Government of the Republic of Trinidad and Tobago (GORTT). In 2013, First Citizens Holdings disposed of 20% of its ordinary share holdings interest, which is trading on the Trinidad and Tobago Stock Exchange.

On 12 September 1993, the Workers' Bank (1989) Limited, National Commercial Bank of Trinidad and Tobago Limited and Trinidad Co-operative Bank Limited under and by virtue of vesting orders made by the Minister of Finance under section 49 of the Financial Institutions Act, 1993, were transferred to and became vested in the Bank.

All entities which were transferred to, or from which specific assets or liabilities were transferred to the Bank, were wholly owned or controlled by the Trinidad and Tobago Government. Therefore, the transfers were recorded as a combination of interests under common control whereby all assets and liabilities transferred to the Bank were transferred at their carrying amounts in the accounts of the transferred or transferring entities at the dates of the respective transfers.

The Group currently comprises the following entities:

Entity	Nature of operations	Country of incorporation	Percentage ownership
First Citizens Asset Management Limited	Investment & asset management services for corporate benefit plans, mutual funds and other parties	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	Investment & asset management services and repo business	Trinidad & Tobago	100%
First Citizens Securities Trading Limited	Financial management services and repo business	Trinidad & Tobago	100%
First Citizens St. Lucia Limited	Selected banking and financial service operations	St. Lucia	100%
First Citizens Trustee Services Limited	Provision of trustee, administration and bond paying agency services	Trinidad & Tobago	100%
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%
Trinidad and Tobago Interbank Payment System Limited	Automated clearing house	Trinidad & Tobago	14.29%

APPENDIX 8 - UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 DECEMBER 2016 (continued)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2 Basis of preparation

The Interim financial statement for the three months period ended 31 December 2016, has been prepared in accordance with IAS 34 “Interim Financial Reporting”.

3 Significant Accounting Policies

The accounting policies adopted in the preparation of the interim financial statement are consistent with those followed in the preparation of the annual financial statements for the year ended 30 September 2016.

4 Commitments

	Unaudited Dec-16 $’000	Unaudited Dec-15 $’000	Audited Sep-16 $'000
Capital Commitments			
Capital expenditure approved by the Directors but not provided for in these accounts amount to:	18.207	17,591	19,477
Credit Commitments			
Commitments for loans approved not yet disbursed amount to:	488,891	397,343	568,223

5 Related Party Transactions

(a) Directors and key management personnel

Salaries and other short-term employee benefits	8,785	8,023	45,673
Loans and receivables	28,130	19,322	22,427
Interest income	423	279	1,396
Customers’ deposits	9,866	13,218	9,988
Interest expense	23	47	139
Other funding instruments	709	908	503
Interest expense	13	7	17

APPENDIX 8 - UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 DECEMBER 2016 (continued)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5 **Related Party Transactions (**continued**)**

	Unaudited Dec-16 $'000	Unaudited Dec-15 $'000	Audited Sep-16 $'000
(b) Transactions with associate			
Loans and receivables	33,463	47,756	41,596
Interest income	726	982	3,474
(c) Transactions and balances with Parent			
Customers' Deposit	133,438	147,982	4,239
Long-term notes Payable	58,000	58,000	58,000
Loan note Receivable	31,284	36,499	31,284
Interest income on loan notes	907	1,058	4,059
Due from parent	3,650	3,025	3,580
(d) Pension Plan			
Employer's contribution	6,891	6,311	27,654

(e) **Government of the Republic of Trinidad and Tobago**

On the formation of the Bank (see Note 1), 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 addition, the Central Bank agreed to put specific liquidity arrangements in place by way of a long-term loan. The current amount outstanding on these obligations and the related income and expenses are disclosed below:

	December 2016 $'000	December 2015 $'000	September 2016 $'000
Assets			
Loan notes with Taurus Services Limited	410,914	479,399	410,914
Notes receivable from Central Bank	--	468,793	--
Liabilities			
Due to GORTT	22,521	16,511	22,889
Interest Income			
Loan notes	11,911	13,896	53,308
Notes receivable from Central Bank	--	1,779	2,747

APPENDIX 8 - UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 DECEMBER 2016 (continued)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5 **Related Party Transactions** (continued)

(f) **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:

	December 2016 $'000	December 2015 $'000	September 2016 $'000
Loans to customers	3,039,781	3,079,197	2,955,349
Interest income	50,023	35,026	198,842
Customers' deposits	8,057,421	6,644,111	8,035,861
Interest expense	7,113	2,563	21,805
Investments	8,952,554	7,565,512	9,123,470
Investment income	94,283	74,581	487,853
Other funding instruments	805,421	1,441,342	--
Interest expense	4,504	4,117	--

6 **Contingent Liabilities**

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.

APPENDIX 8 - UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 DECEMBER, 2016 (Continued)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7 Segment Reporting

The segmental information provided to the Executive Management for the reportable segments are as follows:

Period ended 31 December 2016	Retail & Corporate Banking $'000	Treasury & Investments Banking $'000	Trustee & Asset Management $'000	Group functions $'000	Eliminations $'000	Total $'000
Total Net Income	334,872	152,405	45,606	(317)	(7,964)	524,603
Profit Before Taxation	175,016	89,009	35,959	(48,799)	(3,597)	247,588
Total Assets	17,873,754	22,477,421	482,973	395,821	(1,805,552)	39,424,417

Period ended 31 December 2015	Retail & Corporate Banking $'000	Treasury & Investments Banking $'000	Trustee & Asset Management $'000	Group functions $'000	Eliminations $'000	Total $'000
Total Net Income	295,866	148,121	58,562	1,233	(8,850)	494,932
Profit Before Taxation	163,916	61,697	47,978	(51,169)	(2,400)	220,022
Total Assets	17,796,804	20,881,314	367,233	262,137	(2,970,755)	36,336,733

Year ended 30 September 2016	Retail & Corporate Banking $'000	Treasury & Investments Banking $'000	Trustee & Asset Management $'000	Group functions $'000	Eliminations $'000	Total $'000
Total Net Income	1,229,304	766,068	218,696	(1,903)	(217,073)	1,995,092
Profit Before Taxation	611,711	437,517	173,626	(212,776)	(192,703)	817,375
Total Assets	17,424,291	22,453,182	461,888	445,704	(1,934,710)	38,850,355

APPENDIX 9 – PURCHASE APPLICATION FORM

PURCHASE APPLICATION FORM
OFFER FOR SALE BY FIRST CITIZENS HOLDINGS LIMITED OF
48,495,665 ordinary shares of no par value in FIRST CITIZENS BANK LIMITED at a price of $32.00 per share
(TO BE COMPLETED IN BLOCK LETTERS)

BROKER NAME ______ **TTCD DEPEND ACCOUNT NUMBER** ______ **JOINTLY HELD (Y/N)** ☐

TO BE COMPLETED BY COMPANY/NOMINEE/INSTITUTION APPLICANT

COMPANY/INSTITUTION OR NOMINEE AND RELATED COMPANY: ______

DATE OF INCORPORATION M M D D Y Y REGISTRATION NUMBER ______

TO BE COMPLETED BY INDIVIDUAL APPLICANTS/UNDERLYING NOMINEE HOLDER

PRIMARY ACCOUNT HOLDER: TITLE | FIRST NAME | MIDDLE NAME | LAST NAME

DATE OF BIRTH: M M D D Y Y

ID TYPE: DP | NAT ID | PP

CONTACT INFORMATION: TELEPHONE # ______ E-MAIL ADDRESS ______

JOINT ACCOUNT HOLDER # 1 TITLE | FIRST NAME | MIDDLE NAME | LAST NAME

ID TYPE: DP | NAT ID | PP TELEPHONE # ______ E-MAIL ADDRESS ______

JOINT ACCOUNT HOLDER # 2 TITLE | FIRST NAME | MIDDLE NAME | LAST NAME

ID TYPE: DP | NAT ID | PP TELEPHONE # ______ E-MAIL ADDRESS ______

JOINT ACCOUNT HOLDER # 3 TITLE | FIRST NAME | MIDDLE NAME | LAST NAME

ID TYPE: DP | NAT ID | PP TELEPHONE # ______ E-MAIL ADDRESS ______

APPLICATION DETAILS

INVESTOR TYPE: ☐ (Insert the number as outlined in part (k) in the Terms & Conditions on the reverse of this page) **NUMBER OF SHARES APPLIED FOR**: ______

CONSIDERATION: **TT$** ______ **CHEQUE #** ______

Cheques must be made to "FCBAS-FIRST APO" for the exact amount payable and must be drawn in the same name as the applicant or by order of the applicant.

REMITTANCE DETAILS (will be used for refunds where applicable)

NOTE: CURRENCY OF THE ACCOUNT FOR REMITTANCE MUST BE IN TT DOLLARS

NAME ON ACCOUNT: ______ BANK: ______

ACCOUNT NUMBER: ______ BRANCH: ______

ACCOUNT TYPE: CHEQUING/ CURRENT ☐ SAVINGS ☐

Disclaimer: The Lead Broker will not be held responsible for incorrect/incomplete/invalid banking instructions submitted.

I/we agree: (1) that the information stated above is true and correct and (2) to the terms & conditions on the reverse of this page.
I/We declare that I/We are not under 18 years of age on the date of application.
I/We declare that I/We have read the Prospectus and will not rely on any other information or representation outside the Prospectus. No person responsible for the Prospectus or any part of it will have any liability for any such other information or representation.

SIGNATURES/AUTHORISATION - COMPANY/NOMINEE/INSTITUTION APPLICANT

DIRECTOR ______ **SECRETARY** ______ COMPANY STAMP

SIGNATORY ______ **DATE & TIME** ______

SIGNATURES/AUTHORISATION- INDIVIDUAL APPLICANTS

PRIMARY ACCOUNT HOLDER ______ **JOINT ACCOUNT HOLDER # 1** ______ **DATE & TIME** ______

JOINT ACCOUNT HOLDER # 2 ______ **JOINT ACCOUNT HOLDER # 3** ______

OFFER CLOSES ON 24TH MARCH 2017 AT 4 PM

BROKER/DISTRIBUTOR SIGNATURE ______ **DATE & TIME** ______ BROKER/DISTRIBUTOR STAMP

Lead Broker Copy

PURCHASE APPLICATION FORM (Continued)

TERMS AND CONDITIONS

a. I/We agree that this application made by way of submitting a Purchase Application Form shall not be binding on me/us if I/we provide written notice to the Lead Broker or authorized stockbroker within two business days after submission of this application that I/we intend to withdraw my/our application. This written notice should be addressed and delivered to the Lead Broker or authorized stockbroker.

b. I/We apply for Shares as indicated in this form (or such lesser number of Shares as may be allotted to me/us) on the terms and conditions of the Prospectus. If the Shares are allotted to me/us, I/we hereby instruct the authorized stockbroker to proceed with any necessary actions in order to establish a valid account, as provided overleaf, with the Trinidad and Tobago Central Depository to receive the allotted Shares.

c. Multiple applications and suspected multiple applications may be rejected at the full and absolute discretion of the Offeror. Applications will be deemed to be considered multiple applications:
   i. if the applicant's name appears on more than one application whether individually or jointly, and whether submitted directly by the applicant or through a custodian acting on his/her behalf; or
   ii. if the applicant is also a shareholder in a Non-Public Company, where the company is the applicant.

   In the case of multiple applications, the first application, in date and in time, for the applicant which has been fully processed, will be accepted and all other multiple applications may be rejected at the full and absolute discretion of the Offeror.

d. Subject to (a) above, I/We undertake to buy the said number of Shares set out in the front of this application and shall not revoke this application.

e. (If the applicant is a Company) I/We attach or agree to provide a list of persons authorized to sign on behalf of the applicant.

f. (If the applicant is a Company, other than registered insurance companies, licensed financial institutions, and companies listed on regulatory exchanges, classified in category 6 in the table in clause k) I/We attach or agree to provide a list of registered shareholders as at the application date along with their respective date of birth or date of incorporation.

g. I/we certify that this application is the only application for Shares under the Offer submitted by me/us; and no application for Shares under the Offer is being submitted by a Custodian on my/our behalf.

h. If I am/we are completing this application as a custodian, I/we certify that :
   i. I/we hold the Shares directly or indirectly as a custodian for beneficial owners;
   ii. the beneficial owners for which I am/we are holding those Shares as custodian is set out in the front of this application
   iii. the beneficial owner on whose behalf I am/we are submitting this application is named on the front of this form and is an applicant who is qualified in one of the categories listed in (k) below, and that the beneficial owner has instructed me/us to apply for and accept, under this Offer, the number of shares set out on the front of this application.
   iv. the beneficial owner on whose behalf I am/we are submitting this application is not making an application on his/its own as an eligible investor.

i. I certify that all supporting documents (source of funds, etc.) submitted with this application are true and correct.

j. I/We understand that the trading value of the Shares is not guaranteed as they can fluctuate.

k. If the maximum Offer is oversubscribed, consistent with the Company's policy of promoting the widest possible participation in share ownership, priority to receive the allocation applied for up to the limits noted (as a percentage of the maximum Offer) shall be given in descending order of priority to the categories identified below:

1	Employee Share Ownership Plan	5.0%
2	Individual Investors	55.0%
3	Registered mutual funds including The Trinidad & Tobago Unit Trust Corporation	10.0%
4	Registered Pension and other trust funds, Credit Unions and Cooperatives and the National Enterprises Limited	15.0%
5	NIBTT and other national insurance schemes of other countries	10.0%
6	Other companies	5.0%

l. Applications may be rejected for the following reasons:
   i. If the application for purchase is incomplete;
   ii. If it is discovered that the applicant has submitted multiple applications, such that the applicant's name appears on more than one application whether individually or jointly, and whether submitted directly by the applicant or through a custodian acting on his/her behalf; or the applicant is also a shareholder in a Non-Public Company, where the company is the applicant;
   iii. If the investor's identity is fictitious and not supported by valid identification; and
   iv. If the investor is not classified into one of the approved categories of investors
   v. If the application for purchase, as presented, contravenes any existing law or statute.

NOTES

1. A Corporation may execute this application either under its common seal or under the hand of a duly authorized officer, who should state his capacity, and supply a list of authorized signatories. It should insert its registered or head office address.
2. If this form is signed under power of attorney, a duly certified copy thereof, must accompany this form.
3. No certificates for registered holdings will be issued. Quarterly statements will be sent by post to the applicant's address provided that there is activity on the Trinidad and Tobago Central Depository account during the quarter. If there is no activity, a statement will be sent out annually beginning December 2017.
4. When this Purchase Application Form is duly completed, it must be delivered to the Lead Broker:
   First Citizens Brokerage & Advisory Services Limited
   17 Wainwright Street
   St. Clair
5. A copy of the Prospectus can be obtained at First Citizens Brokerage & Advisory Services Limited, other authorized stockbrokers and at www.firstcitizenstt.com

APPENDIX 10 – TTCD ACCOUNT OPENING CHECKLIST

To apply for shares in this APO an applicant must have a brokerage account and must complete and submit a Purchase Application Form.

If applicants need to open a Brokerage Account, the following are the minimum requirements to complete the account opening process:

- Two forms of valid government issued photo identification (ID card, drivers permit, passport)
- Proof of address: a utility bill dated January/February 2017
- Proof of income: a job letter or payslip dated February 2017
- Proof of chequing or savings bank account number to complete dividend remittance details; Accounts must not be dormant or inactive
- Non-nationals of Trinidad and Tobago need to provide copies of the two forms of valid government issued photo identification, mentioned above, in full colour. These must be notarised by an appropriate representative to confirm that that they are true copies of the originals.
  Notarised copies of proof of address, proof of income and local bank account number must be provided, along with a bank reference letter

Brokerage account openings can be done at any broker and the above requirements may vary.
Companies wishing to open a brokerage account should contact their broker of choice for requirements.

If applicants already have a brokerage account and would like to submit an application, the following must be provided along with a purchase application form:

- Brokerage Account number
- Valid government issued photo identification of all parties to the brokerage account
- Proof of chequing or savings bank account number to complete remittance details; Accounts must not be dormant or inactive
- Payment with a TT dollar cheque, in the exact amount related to the number of shares subscribed. Cheques are to be made payable to "FCBAS – FIRST APO" and can be personal or manager/bank cheques and must be issued by any one of the holders or a combination of holders of the TTCD account. Third party cheques will not be accepted.
- Subscriptions valued at TT$90,000** or more will require a completed source of funds along with proof of same

Companies wishing to submit a purchase application form should contact their broker for requirements.

****Applications *valued at TT$90,000 or more must be submitted to the applicant's broker***

Purchase Application Forms are available from the Approved Distribution Agents:

- First Citizens Brokerage & Advisory Services Limited
- West Indies Stock Brokers Limited
- JMMB Securities (Trinidad and Tobago) Limited
- Sheppard Securities Limited
- Republic Securities Limited
- Bourse Brokers Limited
- Caribbean Stockbrokers Limited
- First Citizens Bank Branches*

First Citizens Bank Branches will accept applications valued at less than TT$90,000 only

Account Openings and Application Submissions at the Lead Distribution Agent **First Citizens Brokerage and Advisory Services Limited (FCBAS)** offices are **BY APPOINTMENT ONLY**:

- 17 Wainwright Street, St. Clair, Port of Spain: 622-3247 ext. 5976
- Lady Hailes Avenue, San Fernando: 657-2662 ext. 6207
- Email: brokerage@firstcitizenstt.com

Prospectus as well additional information can be viewed at www.firstcitizenstt.com

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First Citizens