First Citizens

We put you first

First Citizens Group Financial Holdings Limited

(A company incorporated in Trinidad and Tobago 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 10,869,565 ordinary shares in First Citizens Group Financial Holdings Limited of no par value at TT$50.00 per share payable in full on application.

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 Group Financial Holdings 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.

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27 June 2022

Vision

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

Mission

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

FIRST CITIZENS GROUP FINANCIAL HOLDINGS LIMITED

DEFINITIONS

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

ACH	Automated Clearing House
Amalgamation	the amalgamation of First Citizens Bank Limited with First Citizens Management Services Limited to form the new First Citizens Bank Limited
APO	Additional Public Offering
Articles	Articles of Incorporation of FCGFHL
ATM	Automatic Teller Machine
BATT	Bankers Association of Trinidad and Tobago
By-Laws	the by-laws of FCGFHL
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
COBIT	Control Objectives for Information and Related Technologies
COSO	Committee of Sponsoring Organisations of the Treadway Commission
Corporate Restructuring	the corporate restructuring of the First Citizens Group which was effected by the Amalgamation and the Vesting.
Corporation Sole	Minister of Finance (Incorporation) Act, Chap 69:03 of the Revised Laws of Trinidad and Tobago (section 3)
CSO	Central Statistical Office
Directors/Board of Directors	Directors of FCGFHL or First Citizens as the case may be where the context so requires
ERM	Enterprise Risk Management
EUR	Euros
FCBAS	First Citizens Brokerage and Advisory Services Limited
FCBBL	First Citizens Bank (Barbados) Limited

First Citizens/Bank	First Citizens Bank Limited as the entity pre-Amalgamation or First Citizens Bank Limited as the entity post-Amalgamation, where the context so requires
First Citizens Bank Limited	First Citizens Bank Limited, a company incorporated under the Companies Ordinance on the 9 March 1993, and duly continued under the Companies Act on the 24 April 1998, or First Citizens Bank Limited a company formed by the Amalgamation on the 15 October 2021, where the context so requires
First Citizens Subsidiaries	all of the subsidiaries of First Citizens, which are First Citizens Depository Services Limited (formerly First Citizens Asset Management Limited), First Citizens Trustee Services Limited, First Citizens Financial Services (St. Lucia) Limited, First Citizens Investment Services Limited, First Citizens Bank (Barbados) Limited, and FCCR First Citizens Costa Rica S.A.
FCCR	FCCR First Citizens Costa Rica S.A.
FCDSL	First Citizens Depository Services Limited
FCGFHL	First Citizens Group Financial Holdings Limited
FCHL	First Citizens Holdings Limited
FCIS	First Citizens Investment Services Limited
FCISBL	First Citizens Investment Services (Barbados) Limited
FCFSL	First Citizens Financial Services (St. Lucia) Limited
FCPIMS	First Citizens Portfolio and Investment Management Services Limited
FCTSL	First Citizens Trustee Services Limited
FIA	the Financial Institutions Act Chap. 79:09 of the Revised Laws of the Republic of Trinidad and Tobago, as amended from time to time
First Citizens Group/the Group	FCGFHL and its local and foreign direct and indirect subsidiaries for periods after the Amalgamation or First Citizens Bank Limited and its local and foreign direct and indirect subsidiaries for periods before the Amalgamation, where the context so requires
GBP	British Pound Sterling
GDP	Gross Domestic Product
GORTT/the Government	Government of the Republic of Trinidad and Tobago
Governmental Entity(ies)	(i) any international, multinational, national, federal, provincial, state, municipal, local or other governmental or public department, central bank, court, commission, board, bureau, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the foregoing, (iii) any quasi-governmental or self-regulatory or other private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above, or (iv) any stock exchange
IMF	International Monetary Fund
IPO	Initial Public Offering

Laws	any and all applicable (i) laws, constitutions, treaties, statutes, codes, ordinances, principles of common and civil law and equity, orders, decrees, rules, policies, regulations, guidelines, directives and municipal by-laws whether domestic, foreign or international, and (ii) judicial, arbitral, administrative, ministerial, departmental and regulatory judgments, orders, writs, injunctions, decisions, rulings, determinations, and awards of any Governmental Entity, in each case binding on or affecting the person referred to in the context in which the word is used.
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
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
Regulatory Approvals	those approvals, rulings, consents, authorisations, licences, exemptions, and other approvals of Governmental Entities or pursuant to Laws which must be obtained in order to consummate the transactions contemplated by the Corporate Restructuring in accordance with the Laws
Prospectus	this prospectus
Purchase Application Form	the application form set out in Appendix 7 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
SMEs	small to medium enterprises
SOFR	Secured Overnight Financing Rate
TCB	Trinidad Co-operative Bank Limited
The Offer	Offer by FCHL for the sale of 10,869,565 ordinary shares of no par value held in FCGFHL
The Offeror	First Citizens Holdings Limited or FCHL
The Offer Price	$50.00 per share
T&T	Trinidad and Tobago
TTCD	Trinidad and Tobago Central Depository
TTD/TT$	Trinidad and Tobago currency
TTIPS	Trinidad & Tobago Inter Bank Payment System Limited
TTSE	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 or US$	United States dollars
UWI	University of the West Indies
VAT	Value Added Tax
VaR	Value at Risk
Vesting	means the transfer to and the vesting in FCGFHL of the shares held by First Citizens in the First Citizens Subsidiaries in accordance with the Vesting Order, which is issued pursuant to Section 89 of the FIA in the case of the First Citizens Subsidiaries which are resident in Trinidad and Tobago, and in accordance with the laws of the relevant jurisdictions in the case of the First Citizens Subsidiaries which are resident outside of Trinidad and Tobago, except for FCCR.
Vesting Order	has the meaning set out in Section 89 of the FIA.
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:

(i) political, economic and other conditions and developments in Trinidad and Tobago the Caribbean and Central American region and globally;

(ii) 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;

(iii) changes in interest rates or exchange rates;

(iv) governmental, statutory, regulatory or administrative initiatives affecting banks, financial institutions and other businesses in Trinidad and Tobago, the Caribbean and Central American region and globally;

(v) actions or decisions made by the Government, as the Group's controlling shareholder;

(vi) economic, financial and other developments involving the Government which may have an adverse effect on the First Citizens Group;

(vii) competition from other banks, financial institutions, financial technology companies, and registered payment service providers;

(viii) 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;

(ix) the effectiveness of the Group's risk management processes and strategies;

(x) 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;

(xi) technological changes affecting FCGFHL's industry;

(xii) breaches or violations in the Group's computer systems and network infrastructure;

(xiii) political conflicts, wars or other armed conflicts, adverse climatic events, pandemics, and natural disasters; and

(xiv) 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. FCGFHL 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.

FIRST CITIZENS GROUP FINANCIAL HOLDINGS LIMITED

TABLE OF CONTENTS

FIRST CITIZENS GROUP FINANCIAL HOLDINGS LIMITED

A – GENERAL INFORMATION

1. CORPORATE INFORMATION

FIRST CITIZENS GROUP FINANCIAL HOLDINGS 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.firstcitizensgroup.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 SUBSIDARIES

First Citizens Bank Limited
Registered Office
9 Queen's Park East
Port of Spain
Tel: (868) 624-3178
Fax: (868) 624-5981
Website address: www.firstcitizensgroup.com

Board of Directors
Mr. Anthony Isidore Smart – Chairman
Mr. Courtenay Williams- Deputy Chairman
Ms. Franka Costelloe
Mr. Troy Garcia
Ms. Savitree Seepersad
Ms. Jayselle Mc Farlane
Mr. Idrees Omardeen
Mr. Ryan Proudfoot
Mr. David Inglefield
Ms. Ingrid Melville

Mrs. Lindi Ballah-Tull– Corporate Secretary

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

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

Mrs. Lindi Ballah-Tull– Corporate Secretary

1. **CORPORATE INFORMATION** (continued)

PRINCIPAL OPERATING SUBSIDARIES (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 Website address: www.firstcitizensgroup.com/tt/brokerage-and-advisory-services	Board of Directors Mr. Ryan Proudfoot – Chairman Mr. Robin Lewis Mr. Jason Julien Mr. Idrees Omardeen Mrs. Lindi Ballah-Tull – Corporate Secretary
FCCR First Citizens Costa Rica S.A. Oficentro Eurocenter 1, Barreal de Heredia, Costa Rica Tel: (506) 223-95581 Fax: (506) 223-95860 Website address: www.firstcitizensgroup.com	Board of Directors Mr. Anthony Isidore Smart – President Mr. Shiva Manraj Mr. Troy Garcia Ms. Franka Costelloe Ms. Ingrid Melville Mrs. Lindi Ballah-Tull Director/Corporate Secretary
First Citizens Depository Services Limited Registered Office 4th and 5th Floors, Albion Plaza 22-24 Victoria Avenue Port of Spain Trinidad, W.I. Tel: (868) 623-9092-7 Fax: (868) 625-2349 Website address: www.firstcitizensgroup.com/tt/business-banking/first-citizens-depository-services	Board of Directors Mr. Courtenay Williams – Chairman Ms. Jayselle Mc Farlane – Deputy Chairman Mr. Idrees Omardeen Mr. Troy Garcia Mr. Jason Julien Mr. Robin Lewis Mrs. Lindi Ballah-Tull – Corporate Secretary
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 Website address: www.firstcitizensgroup.com	Board of Directors Mr. Courtenay Williams – Chairman Mr. Shiva Manraj Mr. Dunstan Du Boulay Ms. Karen Darbasie Mr. Michael DuBoulay – 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 Website address: www.firstcitizensgroup.com/tt/first-citizens-investment-services	Board of Directors Mr. Anthony Isidore Smart – Chairman Mr. David Inglefield Mr. Ryan Proudfoot Mr. Idrees Omardeen Mr. Troy Garcia Ms. Karen Darbasie Prof. Sterling Frost Ms. Jayselle Mc Farlane Mrs. Lindi Ballah-Tull – Corporate Secretary

1. CORPORATE INFORMATION (continued)

PRINCIPAL OPERATING SUBSIDARIES (continued)

First Citizens Portfolio and Investment Management Services Limited Registered Office 17 Wainwright Street, St. Clair, Trinidad, W.I. Tel: (868) 622-3247 Fax: (868) 627-5496 www.firstcitizensgroup.com/tt/first-citizens-investment-services/	Board of Directors Mr. Anthony Isidore Smart - Chairman Mr. Idrees Omardeen Mr. Shiva Manraj Ms. Karen Darbasie Mr. Ryan Proudfoot Mrs. Lindi Ballah-Tull – Corporate Secretary
First Citizens Trustee Services Limited Registered Office 5th Floor East Albion Plaza 22-24 Victoria Avenue, 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 Ms. Franka Costelloe -Chairwoman Mr. Courtenay Williams Mr. Idrees Omardeen Ms. Ingrid Melville Ms. Jayselle Mc Farlane Prof. Sterling Frost Mr. David Inglefield Mrs. Lindi Ballah-Tull – Corporate Secretary

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.firstcitizensgroup.com
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.firstcitizensgroup.com/tt/brokerage-and-advisory-services
Legal Advisers:	Johnson, Camacho & Singh 5th Floor, Newtown Centre 30-36 Maraval Road Newtown, Port of Spain Tel: (868) 622-8959 / (868) 225-4527 Fax: (868) 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)

STOCKBROKERS AND DISTRIBUTORS

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.firstcitizensgroup.com/tt/brokerage-and-advisory-services
JMMB Securities (T & T) Limited	169 Tragarete Road Port of Spain Tel: (868) 224-5662, (868) 224-5667 Website: www.jmmbtt.com/investhome
NCB Merchant Bank (Trinidad and Tobago) Limited	6th Floor Newtown Centre 30-36 Maraval Road, Newtown Port of Spain Tel: (868) 622-4234 Fax: (868) 822-5137 Website: https://ncbmerchantbanktt.com/
Republic Wealth Management Limited	2nd Floor, Promenade Centre 72 Independence Square Port of Spain Tel: (868) 623-0435 Fax: (868) 623-0441 Website: https://republicwealthmanagement.com/
Sheppard Securities Limited	5/7 Sweet Briar Road St. Clair Tel: (868) 222-5192 Fax: (868) 625-4405 Website: www.sheppard.tt
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

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, electronic payments and digital banking, 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 Bank Limited was incorporated on the 9 March 1993, under the Companies Ordinance and duly continued under the Companies Act on the 24 April 1998, and was licensed by the Central Bank as a commercial bank and financial holding company under the FIA.

The substantial growth of First Citizens Bank Limited over the years has resulted in First Citizens Bank Limited performing the dual role of a licensed commercial bank and the holding company for the First Citizens Subsidiaries. The First Citizens Group embarked upon the Corporate Restructuring exercise in keeping with best practice to (1) segregate its banking operations in Trinidad and Tobago from the local and foreign operations of its non-banking subsidiaries as well as its foreign operations in the business of banking; and (2) create a financial holding company, which would be a separate legal entity from its banking and other companies.

On the 30 June 2021, at the annual meeting, the shareholders of First Citizens Bank Limited approved the Corporate Restructuring. The Corporate Restructuring is being undertaken in two Phases. Phase One which involved the Amalgamation was completed on the 15 October 2021, and Phase Two which involves the Vesting, is ongoing and scheduled to be completed in October 2022, provided all Regulatory Approvals are obtained.

As part of Phase One of the Corporate Restructuring, FCGFHL was incorporated on the 17 September 2021, for the purpose of effecting the Amalgamation. FCGFHL was issued with a permit to carry on the business of a financial holding company by the Central Bank pursuant to Section 70 of the FIA on the 5 October 2021.

On the 15 October 2021, First Citizens Bank Limited was amalgamated with First Citizens Management Services Limited to form First Citizens, and as a result of the Amalgamation, all of the issued and outstanding shares held by the shareholders in First Citizens Bank Limited were cancelled and exchanged for the equivalent number of shares in FCGFHL, which were listed on the TTSE on the 15 October 2021, thereby making FCGFHL the holding company of the First Citizens Group. First Citizens Bank Limited was delisted on the 15 October 2021.

The Central Bank issued a new Licence to First Citizens Bank Limited following the amalgamation under Section 16 of the FIA to carry on the business of banking on the 15 October 2021.

The current corporate structure of the Group is set out in Fig. 2.1 below.

OVERVIEW (continued)

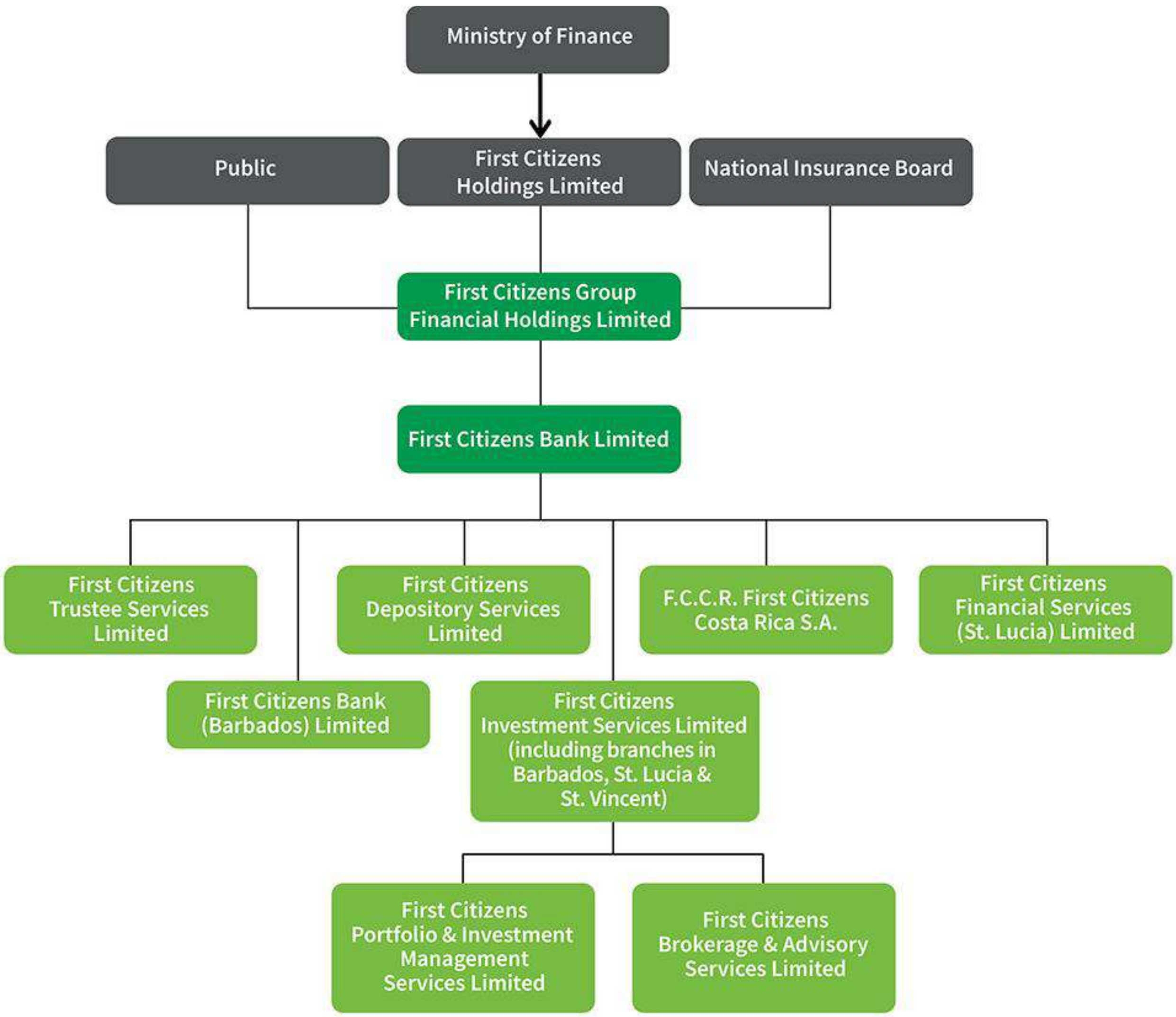


Fig 2.1 – The current corporate structure

OVERVIEW (continued)

Phase 2 of the Corporate Restructuring which involves the Vesting is ongoing and is expected to be completed by October 2022, provided all Regulatory Approvals are obtained.

The proposed corporate structure post Phase Two is set out below in Fig. 2.2:

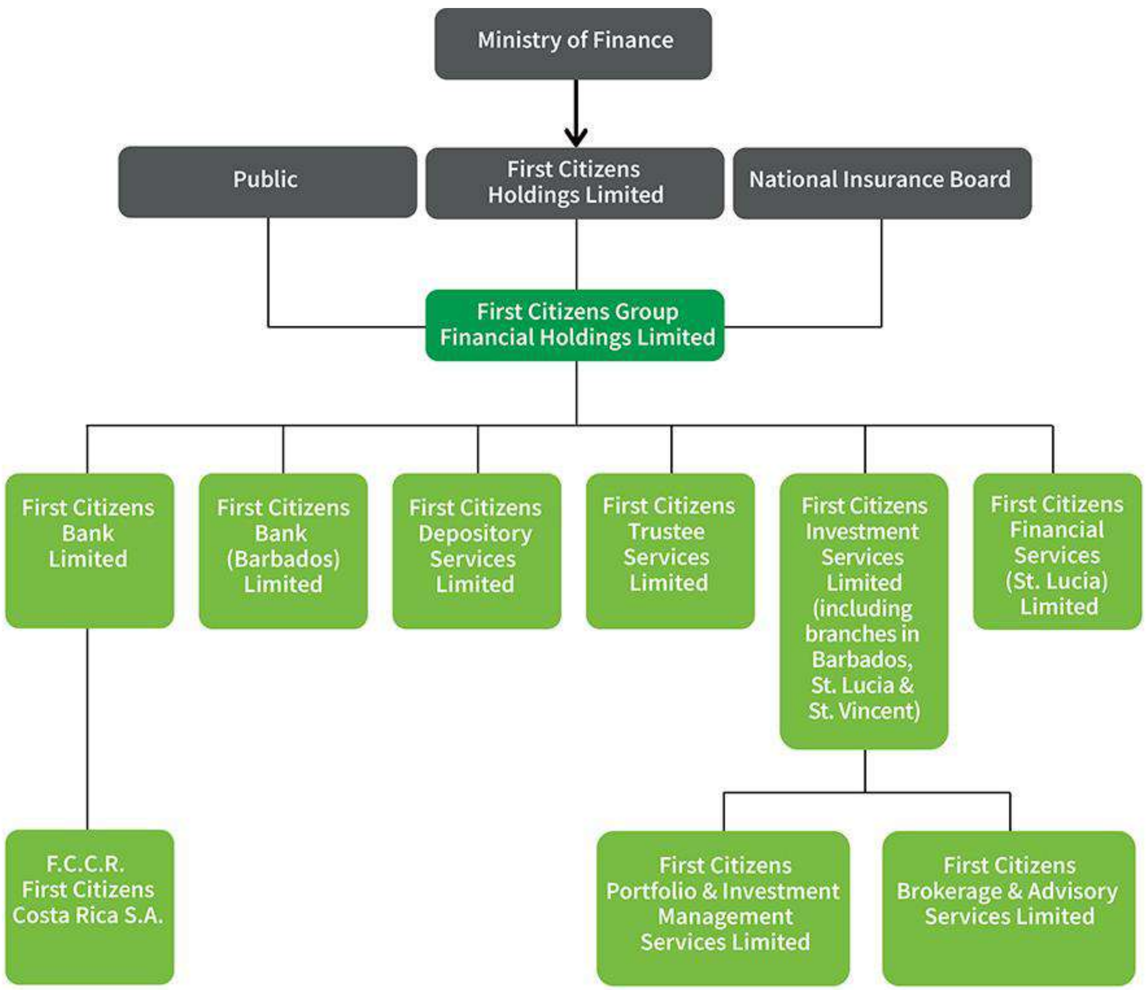


Fig 2.2 – The proposed corporate structure post Phase 2

2. INFORMATION SUMMARY (continued)

OVERVIEW (continued)

While FCGFHL is a recently formed corporate entity, its subsidiary, First Citizens is a company with over 28 years of operating history in the banking sector.

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 across both islands.

First Citizens is one of the highest-rated indigenous financial institutions in the English-speaking Caribbean, with credit ratings of BBB- A 3 from Standard and Poor's (October 2021). The Group has also attained numerous accolades with the most recent being 2021 Bank of the Year Trinidad and Tobago from *LatinFinance* and *The Banker Magazine*. First Citizens boasts of an asset base of TT$46.6 billion and recorded PBT of TT$902M for the fiscal year ended September 30, 2021.

Over the past 12 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 January 2012, the Group entered the Central American market by opening a representative office in Costa Rica.
- In March 2021, the Group acquired a 19.9% stake in Term Finance (Holdings) Limited, a web-based credit institution with operations in Trinidad, Barbados, Guyana, Jamaica and St. Lucia.

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, and Chatbot, which are set out below. It has also been recognised on several occasions for excellence in innovation, communications technology and e-commerce by the Trinidad and Tobago Chamber of Industry and Commerce. 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. On 9 March 2017, FCHL offered for sale 48,495,665 ordinary shares in First Citizens as an APO of shares at an offer price of $32.00 per share, which represented 19.3% of the total shareholding. For First Citizens, the IPO and 2017 APO assisted in widening its capital base to facilitate its future strategic expansion plans. First Citizens' shareholders have benefitted as follows:

	IPO	**APO**
Offer Price	$22.00	$ 32.00
Market Price as at March 2022	$53.00	$53.00
Return on Investment (ROI)	200.86%	89.31%
Average dividend yield	3.70	3.83

The resounding success of the IPO and the follow up APO is evident in the size of the investing public, the returns to the shareholders and the continued strength and performance of First Citizens. This is evident in FCFGHL's share price performance for 2021 which showed an appreciation of 44.8% versus the TTSE Composite (13.14%) and all T&T (17.61%) indices.

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 (2012-2021) 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
- Euromoney Award for Excellence 2016 - Best Bank Trinidad and Tobago
- Bank of the Year 2017 from *The Banker Magazine*
- Safest Bank in T&T 2017 from Global Finance
- Bank of the Year Caribbean 2020 from *Latin Finance*
- Bank of the Year 2021 – Trinidad and Tobago from *Latin Finance*
- Bank of the Year 2021- Trinidad and Tobago from *The Banker Magazine*

Summary Financial Data Five Year Summary of Selected Financial Data TT$ in million					
As at September 30	**2017**	**2018**	**2019**	**2020**	**2021**
Total Assets	38,958	42,045	43,382	47,446	46,606
Total Funding	31,212	34,265	35,159	38,780	37,466
Shareholders' Equity	6,752	6,622	7,152	7,421	7,945
Total Loans	14,435	16,015	18,624	19,040	18,083
Investments	15,690	15,128	15,876	16,464	15,704
Profit Before Tax	876	1,010	1,063	832	902
Non-Performing Loans/Total Loans (%)	2.70%	3.33%	2.46%	3.36%	3.97%
Efficiency Ratio (%)	53.16%	47.23%	54.81%	54.10%	59.44%
Capital/ Asset (%)	17.3%	15.7%	16.5%	15.6%	17.0%

For the year ended September 30, 2021, the Group recorded a profit before tax of $902.0 million, a CAGR of 0.7% from 2017.

This growth in earnings has been principally driven by:

1. 4.3% CAGR in Total Assets;
2. 5.8% CAGR in Total Loans;
3. CAGR of 0.2 % in Investments.

The Group continues to grow profits and is well capitalised with a capital/ assets ratio of 17.0%, as at September 30, 2021. As at that date, the Group's Capital Adequacy Ratio (ratio of Tier 1 capital (qualifying capital) to risk weighted assets) stood at 17.6%, which is over the required rate of 6%.

OVERVIEW (continued)

First Citizens continues to lead in digital transformation initiatives with the following achievements:

CHATBOT

First Citizens Chatbot solution, Ani, is yet another first within the industry and is presently positioned to serve the retail and investment client base.

Powered by artificial intelligence software, Ani is programmed to act as a virtual assistant in online banking and can simulate a conversation with a user in natural language through messaging applications, websites, mobile apps or through the telephone. First Citizens successfully completed Phase I which caters for their Online Banking channel users.

A Chatbot is often described as one of the most advanced and promising expressions of interaction between humans and machines. Chatbot's possibilities pave the way for convenient banking as a Virtual Assistant. It is available 24/7 and is programmed with hundreds of responses. There's no longer a need to call or wait in line for routine banking queries. A user can simply log in to Online Banking to chat with Ani at your comfort and convenience and receive instant responses on how to access:
- Balance inquiries
- Transaction inquiries
- Stop cheques
- Cheque status inquiries
- Cheque book ordering
- Responses to many more frequently asked questions

This was launched in February 2021 and has served almost 100,000 chats to date with a 99% success rate. Yes, Ani is still learning but she is indeed the future of banking.

Mobile Banking

The Mobile Banking platform consists of a Device Application which is available in both the Apple App Store and Google Playstore, SMS banking and Mobile Alerts (SMS, email & push notifications). This product allows customers to conduct their day-to-day banking without the need to visit the traditional brick and mortar retail branch.

The Mobile Banking platform offers the following functionalities:
- SMS Banking – Customers can send a text message to a secure short code (34778), and obtain their available balance, transaction history and initiate transfers between their own bank accounts.
- Mobile App – View their account balances from the palm of their hands, see their transaction history, create alerts, setup both custom and standard payees, make bill payments and transfers and obtain their real-time balance of credit card.
- Mobile Alerts – Receive real-time notifications by email, SMS or in-app push notifications which provides added security to customers.

Products & Services - EasyBiz

First Citizens officially launched the EasyBiz suite of e-commerce solutions.

SMEs have always played a vital role in the Trinidad and Tobago economy. According to the Central Statistical Office (CSO), SMEs represent over 85% of all registered companies, a significant number of this country's working population. Yet despite their importance, SMEs face significant challenges that inhibit them from growing and contributing more effectively to economic development, innovation, and entrepreneur ship in T&T. The EasyBiz suite will allow SMEs to gain a better position in terms of growth and profitability.

OVERVIEW (continued)

With the challenges faced within our local economy during this ongoing global COVID-19 pandemic, it is a matter of importance for First Citizens to enable itself to be positioned to effectively penetrate this market opportunity with online payment solutions. Easybiz is intended to be an affordable, secure and easy way for business to grow online, no matter the size, with a variety of options.

EasyBiz – Own Website -First Citizens utilizes its payment gateway for collection of payments. The gateway is engineered to support the most robust of acquiring programmes.

EasyBiz – Build your Web-store – First Citizens has worked with our business partners to offer an E-commerce in a Box solution specifically designed for SMEs.

EasyBiz – Payment Buttons - This business solution also enables SMEs to embed payment buttons on their social media (Facebook, Instagram and WhatsApp and emails) and to receive those payments in seconds. Users are not required to have any technical knowledge.

Digital Products - Kiosk

COVID-19 has driven a preference for self-service purchasing which has the potential to boost the self-service industry.
Market research has identified an increase in unattended self-service platforms (Car Park solutions, vending machines, fast food ordering systems etc.)
There are many benefits to businesses that provide payment services via a kiosk:

- It is easy to use and requires little or no service from customer representatives
- The machines are low maintenance, as they can be monitored remotely and require minimal training for staff. They therefore do not add extensively to training, overhead or inventory costs.
- They provide a great alternative for customers that are still skeptical about making payments online
- Kiosks are easy-to-use allowing transactions to be conducted quickly, eliminating the inconvenience of waiting in long lines.

Digital Products - Upgrade of ATM Network

First Citizens is in the process of expanding its ATM network with the deployment of the ATM software, NCR APTRA Advance NDC 5.1, which will run on Windows 10 Intelligent Deposit ATMs. These ATMs have been certified with both Visa and MasterCard for both chip and contactless. This will introduce a wide range of deposit, dispense and recycling options to meet the self-service banking needs of individual and small business banking customers.

CORPORATE STRUCTURE

FCGFHL is a publicly traded company, and its ordinary shares were listed on the TTSE on 15 October 2021. FCGFHL is a majority owned (64.43%) 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 initially First Citizens, and now as a result of the Corporate Restructuring, in FCGFHL.

The other major shareholders of FCGFHL are the National Insurance Board of Trinidad and Tobago (NIBTT) (8.07%), Trinidad and Tobago Unit Trust Corporation (TTUTC) (3.43%) and other institutional and individual investors (24.07%). First Citizens is a direct subsidiary of FCGFHL and FCGFHL has eight indirect, wholly owned operating subsidiaries as set out in diagram Fig 2.1 above), and upon the **completion of Corporate Restructuring**, the shares of these operating subsidiaries will be directly and indirectly owned by FCGFHL:

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

First Citizens also owns interests in one joint venture incorporated in Trinidad and Tobago, namely, Infolink Services Limited (25%). First Citizens also has a 19% investment in St. Lucia Electricity Services Limited, a company incorporated under the laws of St. Lucia, and 19.9% interest in Term Finance (Holdings) Limited, a company incorporated in Trinidad and Tobago.

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 retail banking locations, 4 commercial centres, 1 shared services campus, 1 learning centre and 119 ATMs. In Barbados, these services are provided via 5 branches, 1 sub-branch and 14 ATMs. In St. Lucia, these services are provided by 1 office, in St. Vincent and the Grenadines by 1 branch office and in Costa Rica by one representative office.

Regional Footprint Map

Other Financial Services

First Citizens provides other financial services including electronic payments and digital banking, 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 Depository Services Limited (FCDSL), and First Citizens Investment Services Limited (FCIS) (via its operations in Trinidad and Tobago, Barbados, St Lucia and St Vincent and the Grenadines).

BOARD OF DIRECTORS AND SENIOR OFFICERS

As at the date of this Prospectus, FCGFHL's current Board of Directors and Senior Management team are listed as follows:

Board of Directors

Name	**Position**
Mr. Anthony Isidore Smart	Chairman
Mr. Courtenay Williams	Director
Mr. Ryan Proudfoot	Director
Ms. Franka Costelloe	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

Management Team

Ms. Karen Darbasie	Group Chief Executive Officer
Mrs. Lindi Ballah-Tull	Group Corporate Secretary and Compliance Officer

As at the date of this Prospectus, First Citizens' current Board of Directors and Senior Management team are listed as follows:

Board of Directors

Name	**Position**
Mr. Anthony Isidore Smart	Chairman
Mr. Courtenay Williams	Deputy Chairman
Mr. Ryan Proudfoot	Director
Ms. Franka Costelloe	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

2. INFORMATION SUMMARY (continued)

BOARD OF DIRECTORS AND SENIOR OFFICERS (continued)

Executive Management Team

Ms. Karen Darbasie	Group Chief Executive Officer
Dr. Sterling Frost	Group Deputy Chief Executive Officer – Operations and Administration
Mr. Jason Julien	Group Deputy Chief Executive Officer – Business Generation

Senior Management Team (in alphabetical order)

Mr. Tariq Alli	General Manager – Corporate and Investment Banking
Mrs. Kirlyn Archie-Lewis	General Manager – Group Human Resources
Mrs. Lindi Ballah-Tull	Head – Legal, Compliance and Governance
Mrs. Gillian Benjamin	Head – Brand and Marketing (Ag.)
Mr. Felipe Castro	Regional Manager, Central America
Ms. Avril Edwards	General Manager – Digital and Electronic Services
Mrs. Cheryl-Ann La Roche	Chief Executive Officer – First Citizens Bank (Barbados) Limited
Mr. Kurt Headley	Head – Retail Banking
Mr. Keshwar Khodai	Head – Group Treasury and International Trade Centre
Mr. Robin Lewis	General Manager – Retail and Commercial Banking
Mr. Richard Look Kin	General Manager – First Citizens Investment Services
Mr. Shiva Manraj	Group Chief Financial Officer
Mr. Akhenaton Marcano	Assistant General Manager – Group Operational Risk and Controls
Mr. Ishwarlal Mongru	Head – Commercial Banking
Mrs. Neela Moonilal-Kissoon	Head – Integration Operations
Mr. Larry Olton	General Manager – Operations (Ag.)
Ms. Sana Ragbir	Group Chief Risk Officer
Mr. Anil Ramdhanie	Chief Information Officer
Mr. Christopher Sandy	General Manager – First Citizens Trustee Services Limited
Mr. Anthony St. Clair	Chief Internal Auditor – Group Internal Audit
Mr. Brian Woo	General Manager – First Citizens Depository Services Limited

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 FCGFHL or any member of the Group 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 October 4, 2021 Budget Statement, the Honourable Minister of Finance indicated GORTT's intention to make an offer for an additional sale of its shareholding in FCGFHL. 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 $9 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 FCGFHL is via FCHL which it owns. FCHL holds approximately 64.43% shareholding in First Citizens. It is 6.71% (10,869,565 ordinary shares) of this 64.43% shareholding (161,946,890 ordinary shares) which GORTT via FCHL, proposes to offer for sale to the public.

SHARE CAPITAL OF FCGFHL

Stated Capital Accounts

As at March 31, 2022 the stated capital of FCGFHL 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

FCGFHL 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[1]	161,946,890	64.43
NIBTT[2]	20,285,431	8.07
Other Shareholders	69,121,241	27.5
Total	251,353,562	100.0

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

The following table identifies the holders of preference shares as at March 31, 2022:

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 6.71% of its shareholding in FCGFHL comprising 10,869,565 ordinary shares of no par value at $50.00 per share payable in full on application. This Offer would represent 4.32% of FCGFHL's 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 FCGFHL.

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	151,077,325	60.11%
NIBTT	20,285,431	8.07%
Other Shareholders	69,121,241	27.50%
Shares subject to the Offer	10,869,565	4.32%
Total Shares	**251,353,562**	**100%**

[1] First Citizens Holdings Limited is 100% owned by GORTT
[2] 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

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 21 – *Purchase Application Information***.

DISTRIBUTION KEY DATES

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

• Commencement date for the Offer	June 28, 2022
• Final date for lodging applications (or later at the discretion of the Offeror)	July 22, 2022
• Transfer of proceeds from the sale of the shares	August 19, 2022
• Electronic transfer of refunds via ACH	August 19, 2022
• Expected transfer date of shares to successful purchasers	August 19, 2022
• Notification of allotment of securities	August 18, 2022

The Offer will open on June 28, 2022 at 9:00 am and will close at 4:00 pm on July 22, 2022 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 $50.00, payable in full at the time of application.

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

- The closing market price of FCGFHL's ordinary share on the last trading day prior to the date of approval of this Prospectus;
- The information set forth in this Prospectus and otherwise available to the brokers;
- The prospects for the industry in which First Citizens Group competes;
- The overall economic prospects of Trinidad and Tobago;
- The assessment of FCGFHL's management;
- FCGFHL's 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 FCGFHL, the Offeror and the brokers.

USE OF PROCEEDS

Total expenses of approximately $10.654 million are expected to be incurred in relation to this Offer.

The net proceeds from the Offer will be a minimum of approximately $0.5 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 the 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 FCGFHL 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 65% of net profit after tax but subject always to:

- The solvency requirements of the Companies Act;
- Any capital adequacy requirements under the FIA;
- Any banking or other funding covenants by which FCGFHL is bound from time to time; and
- 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
FCGFHL will pay dividends, subject to the above noted requirements, four times per year. Interim dividends for the financial year will be paid based on the three months' financial results to December 31st, March 31st and June 30th 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:

- 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;
- Subject to the rights, privileges, restrictions and conditions attaching to any other class or series of shares of FCGFHL, to receive dividends declared and payable by FCGFHL on the ordinary shares; and
- Subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of FCGFHL, to receive the remaining property of FCGFHL 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 FCGFHL or any other return of capital or distribution of assets of FCGFHL. In addition, there is an ability on the part of FCGFHL 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 FCGFHL on any such said distribution of assets or return of capital.

RIGHTS UPON DISSOLUTION OR WINDING-UP

FCGFHL's By-Laws, at paragraph 36 provide that in the event that FCGFHL is wound up, the liquidator may with the sanction of a special resolution of FCGFHL and any other sanction required by the Companies Act, the Regulations, the FIA and the Securities Legislation, divide amongst the members in specie or kind the whole or any part of the assets of FCGFHL (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

Schedule 7 of the Insurance Act , 2018, of the laws of Trinidad and Tobago provides, among other things, that ordinary shares of a company incorporated in Trinidad and Tobago will qualify as an eligible asset in which the Statutory Funds of Insurance Companies and Pension Fund Plans might invest, once the company meets certain conditions.

These conditions are that the company during a period of five years ending less than one year before the date of purchase thereof, has either:

(i) paid a dividend in each year upon its ordinary shares; or
(ii) 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.

B – FIRST CITIZENS BANK LIMITED

4. INFORMATION ABOUT THE FIRST CITIZENS GROUP

HISTORICAL INFORMATION

FCGFHL was incorporated on the 17 September 2021, for the purpose of effecting the Amalgamation and holding shares in First Citizens. FCGFHL is now the holding company of the Group and has no other operations.

First Citizens is a direct subsidiary of FCGFHL.

First Citizens was originally 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 capitalisation 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:

- Leveraging technology to create greater efficiency in its systems and procedures;
- Implementing risk management processes by implementing ongoing credit reviews of the non-performing loan portfolio and standardizing credit procedures;
- Reducing overhead costs while increasing revenues;
- Improving its image and service by focusing on customer service and enhancing First Citizens' image;
- 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;
- Deepening the human resource competence by taking steps to build a performance-oriented culture, intensifying training and taking other steps to improve morale;
- 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 programme; and
- 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 by virtue of Section 44G of the Central Bank Act, Chap. 79:02 of the Revised Laws of the Republic of Trinidad and Tobago.

4. INFORMATION ABOUT THE FIRST CITIZENS GROUP (continued)

HISTORICAL INFORMATION (continued)

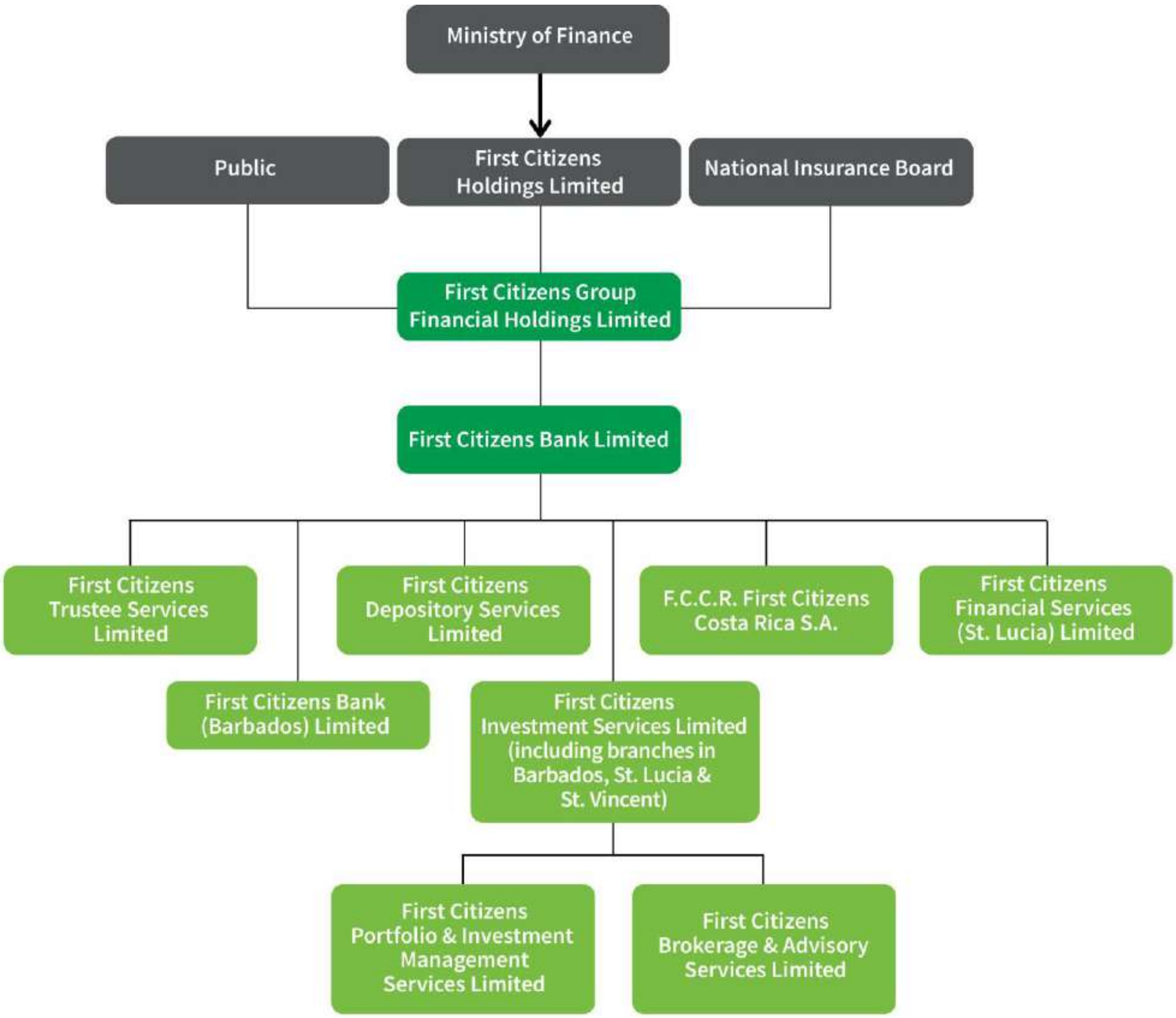
Since commencement of its operations in 1993 First Citizens has achieved a number of milestones. In 1994, it introduced the first international VISA Gold Card in Trinidad and Tobago. In 1995, it introduced the first online real-time cash management system that enabled real-time service networking of 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"*.

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 3 from Standard and Poor's (October 2021) 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.

On the 15 October 2021, First Citizens and First Citizens Management Services Limited amalgamated pursuant to the provisions of the Companies Act to form the amalgamated entity, First Citizens, to give effect to the Corporate Restructuring. Notwithstanding the Amalgamation, First Citizens continues to operate as it did prior to the Amalgamation.

4. INFORMATION ABOUT THE FIRST CITIZENS GROUP (continued)

The current structure of the First Citizens Group is set out in the organisational chart below, Fig. 4



Registered and/or Licensed under:

- FIA - FCGFHL, First Citizens, FCDSL, FCTSL, FCCR SA (a representative office of First Citizens)
- SA, 2012 – FCGFHL, First Citizens, FCDSL, FCISL, FCBAS, FCPIMS
- Securities Act, CAP 318 A of Barbados – FCISBL[3], and FCIS Barbados Branch
- Financial Institutions Act, CAP 324 A of Barbados - FCBBL
- International Business Companies Act; Banking license in St. Lucia under the International Banks Act 1999 –FCFSL.

[3] First Citizens Investment Services (Barbados) Limited ceased operations on 1 July 2019, but has not yet been wound up.

4. INFORMATION ABOUT THE FIRST CITIZENS GROUP (continued)

CORPORATE STRUCTURE (continued)

An overview of the recent financial performance of First Citizens is contained under Section 10– Management Discussion and Analysis of results for the fiscal year September 30, 2021, while Section 9– Five Year Performance Summary contains commentary on historical performance drivers.

FCGFHL has one direct subsidiary and eight indirect wholly owned subsidiaries including:

- FCDSL is incorporated in Trinidad and Tobago and is licensed under the FIA. It is currently a wholly owned subsidiary of First Citizens and a wholly owned indirect subsidiary of FCGFHL and offers investment management services to pension plans, collective investment schemes and other parties. FCDSL is also registered as a broker-dealer with the TTSEC under the SA, 2012.

- 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 Portfolio & Investment Management Services Limited (FCPIMS) – is incorporated in Trinidad and Tobago and is registered as a broker dealer under the SA, 2012. Its principal business includes the provision of financial management services, and other such business as is authorised under the SA, 2012. The company's registered office is 17 Wainwright Street, St. Clair, Port of Spain.

- 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.

- FCFSL 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. It is supervised by the Financial Regulatory Authority (FRA). The company's principal activities include selected banking and financial service operations.

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.

Term Finance (Holdings) Limited (TFHL) – TFHL was incorporated on the 7 August 2017 and its principal business activity is the conduct of lending to consumers and SMEs in Trinidad and Tobago, Barbados, Guyana, Jamaica and St. Lucia. First Citizens holds a 19.9% interest in this entity.

BUSINESS ACTIVITIES

While FCGFHL is not an operating company, First Citizens conducts a broad range of banking and financial service activities including electronic payments and digital banking, 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 and 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
- Digital banking
- Traditional savings accounts
- Private/personal banking
- Mobile Banking
- Call Centre Services
- Youth Accounts
- Planned Savings Programmes

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 Management, 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 Management 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 SOFR, 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

FCIS provides wealth management services (equity and bond brokerage services, online trading, equity and fixed income investment research, fixed income investments, mutual funds, portfolio management and advisory) to individual and institutional investor clients.

Asset Management

FCPIMS 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 March 31, 2022, FCPIMS managed plans with a combined market value of over $17 billion in assets under administration. These plans include FCPIMS's suite of mutual funds - the Abercrombie Fund, a TT dollar-denominated income mutual fund; the Paria Fund, a US$ 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. FCPIMS also manages institutional pension, savings and deferred annuity plans.

Trustee Services

FCTSL is licensed by the Central Bank to conduct trust and related business. FCTSL 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 FCDSL to reflect its core focus on custodian and depository services.

FCTSL's primary focus is on the corporate trust market, in particular, providing trustee services for mutual funds, pension plans and bond issues and other trust funds. In addition, FCTSL provides administrative agent services for syndicated loans and escrow agent services. As at September 30, 2021 FCTSL had $18.27 billion in assets under administration and has a client base of over eighty (80) corporate and institutional clients.

Securities Trading and Proprietary Portfolio

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. FCIS trades in all securities in both Barbados and the Organisation of Eastern Caribbean States, as a registered broker dealer with the Financial Services Commission and the Eastern Caribbean Securities Regulatory Commission respectively.

FCIS also maintains a proprietary portfolio of corporate and sovereign fixed income investments denominated in multiple currencies to earn interest income. The governance for this portfolio extends from FCIS' Risk Management Committee which approves the Investment Policy Statement on an annual basis. The Investment Policy Statement sets forth the various risk and return metrics and parameters for the securities which comprise this portfolio. Daily and monthly monitoring of the securities and the portfolio is carried out by the Group Market Risk Unit under the direction of the Group Chief Risk Officer.

CORPORATE GOVERNANCE

FCGFHL

FCGFHL is a non-operating entity and only has one committee, namely the Audit Risk and Compliance Committee.

The members of the Audit Risk and Compliance Committee for FCGFHL, are:

First Citizens Group Financial Holdings Limited	**Committee Members**
Idrees Omardeen– Chairperson	Jayselle Mc Farlane Ryan Proudfoot Savitree Seepersad

The terms of reference for the Audit Risk and Compliance Committee are set out below:

Responsibilities

The Committee will carry out the following responsibilities:

(i) Financial Reporting

- Gain an understanding of the current areas of greatest financial risk and how these issues are being managed.
- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Oversee the periodic financial reporting process implemented by management and review the interim financial statements, annual financial statements and preliminary announcements prior to their release.
- Review with management and the external auditors the results of the audit, including any difficulties encountered.
- Review the annual financial statements, and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles.
- Review other sections of the annual report and related regulatory filings before release and consider the accuracy and completeness of the information.
- Review with management and the external auditors all matters required to be communicated to the committee under generally accepted auditing Standards.
- Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement.
- Review interim financial reports with management and the external auditors, before filing with regulators, and consider whether they are complete and consistent with the information known to committee members.

(ii) Risk Management and Internal Control

- Evaluate whether management is setting the appropriate “control culture” by communicating the importance of internal control and management of risk.
- The Committee shall discuss FCGFHL’s policies with respect to risk assessment and risk management, including the risk of fraud. The Committee also shall discuss the FCGFHL’s

CORPORATE GOVERNANCE (continued)

major financial risk exposures and the steps management has taken to monitor and control such exposures.

- The Committee shall review with senior management the FCGFHL's overall anti-fraud programmes and controls.
- Consider the effectiveness of the company's internal control over annual and interim financial reporting, including technology security and control.
- Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

(iii) Internal Audit

- Review with management and the Chief Internal Auditor the charter, plans, activities, staffing and organizational structure of the internal audit activity.
- Review the proposed internal audit plan for the coming year and ensure that it addresses key areas of risk and that there is coordination with the external auditor. Approve the annual audit plan and any changes to the plan.
- Review the significant reports prepared by Internal Audit together with management's responses and follow up to these reports
- Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement or dismissal of the internal Chief Internal Auditor.
- Review the effectiveness of the internal audit activity, including compliance with the Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing.
- On a regular basis, meet separately with the Chief Internal Auditor to discuss any matters that the Committee or Internal Audit believes should be discussed privately.

(iv) External Audit

- Review the external auditors' proposed audit scope and approach for the current year in the light of the company's present circumstances and changes in regulatory and other requirements.
- On a regular basis, meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.
- Review policies for the provision of non-audit services by the external auditor and where applicable the framework for pre-approval of audit and non-audit services.
- Ensure the company has appropriate policies regarding the hiring of audit firm personnel for senior positions after they have left the audit firm.

(v) Risk and Compliance

- Review and assessing the integrity and adequacy of the risk management function for the Company. This includes:
  a. Ensuring that suitable mechanisms are in place to identify the evolving nature of the risks faced by FCGFHL and proactively addressing same.
  b. Requesting and receiving sufficient information from management to satisfy itself that the risk management framework is operating as intended.
  c. Commissioning root cause analyses into significant policy breaches or control breakdowns associated with the risk management framework.
- Review and assess the adequacy of the risk measurement methodologies.

CORPORATE GOVERNANCE (continued)

- Monitor the implementation of the Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT) Framework for risk and compliance management including the approval of the relevant programme, policies, and procedures.
- Review the effectiveness of the Company's system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) on any significant non-compliance and receiving and reviewing all necessary information to satisfy itself that the regulatory compliance framework is operating as intended.
- Review the reports and findings of any examinations by regulatory agencies, including the Management Action Plans, Deficiency Management Reports and other reports associated with the findings.
- Perform any other activities consistent with the Terms of Reference, relevant By-Laws, and governing law, as the Committee or the Board deems necessary or appropriate or deal with any matters that the Board of Directors may refer to the Committee.

(vi) *Reporting* Responsibilities

- Regularly report to the Board of directors about committee activities, issues, and related recommendations.
- Provide an open avenue of communication between internal audit, the external auditors, and the board of directors.
- Review any other reports the company issues that relate to the Committee's responsibilities.

(vii) *Other* Responsibilities

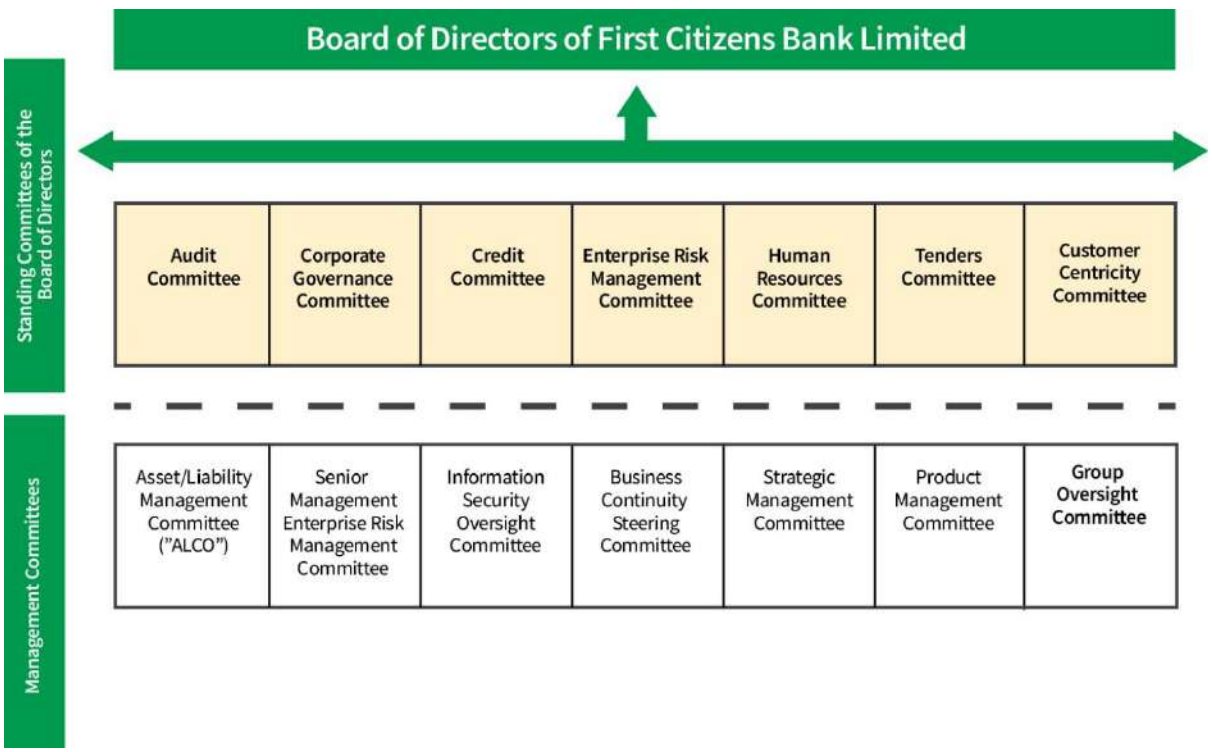
- Perform other activities related to this Terms of Reference as requested by the Board of Directors.
- Review and assess the adequacy of the Committee's Terms of Reference every three years, requesting Board Approval for proposed changes.
- Monitor management's response to regulatory, internal, and external audit reports/letters ensuring timely and appropriate resolution of all matters.

CORPORATE GOVERNANCE (continued)

First Citizens

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.



CORPORATE GOVERNANCE (continued)

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 the First Citizens 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.

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.

CORPORATE GOVERNANCE (continued)

Audit Committee (continued)

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.

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

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 Depository Services Limited Idrees Omardeen – Chairman	**Committee Members** Jayselle Mc Farlane Troy Garcia
First Citizens Trustee Services Limited Idrees Omardeen– Chairman	**Committee Members** Ingrid Melville David Inglefield
First Citizens Investment Services Limited Jayselle Mc Farlane – Chairman	**Committee Members** David Inglefield Karen Darbasie
First Citizens Bank (Barbados) Limited Gregory Hinkson – Chairperson	**Committee Members** David Inglefield Wayne Kirton

CORPORATE GOVERNANCE (continued)

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.

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
Dunstan Du Boulay
Gregory Hinkson

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.

4. The Credit Risk 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
David Inglefield
Troy Garcia

CORPORATE GOVERNANCE (continued)

Corporate Governance Committee (continued)

Customer Centricity Committee

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

Committee Members
David Inglefield - Chairman
Jayselle Mc Farlane
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.

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.

CORPORATE GOVERNANCE (continued)

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
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.

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

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

CORPORATE GOVERNANCE (continued)

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
Ingrid Melville

CORPORATE GOVERNANCE (continued)

MANAGEMENT COMMITTEES

Group Oversight Committee

The Group Oversight Committee ("GOC") of the First Citizens Group will consist of key members of the Senior Management of the Group. This team will be supplemented from time to time by the wider Senior Management team depending on the input required for specific agenda items.

The GOC is charged with the responsibility of overseeing the core strategic business of the Group.

Such oversight will be inclusive of, but not restricted to oversight of the following:

- The development and implementation of strategy and associated operational plans
- The development of policies
- The monitoring of operating and financial performance
- The assessment and control of risk
- The presentation and allocation of resources
- Monitoring competitive forces in each area of operation.

The standing members of the GOC will be the following:

- Group Chief Executive Officer
- Deputy CEO, Operations & Administration
- Deputy CEO, Business Generation
- Group Chief Risk Officer
- Group Chief Internal Auditor
- Group Chief Financial Officer
- General Manager – Human Resources
- General Manager - Operations
- Head – Legal, Compliance & Governance
- General Manager, Retail and Commercial Banking
- General Manager-First Citizens Investment Services Limited
- General Manager-Corporate and Investment Banking Unit

MANAGEMENT COMMITTEES (continued)

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 Oversight 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.

Strategic Management Committee

This committee was established to provide direction and oversight of the Group's strategic portfolio of projects/strategic initiatives, ensuring effectiveness, cohesion, accountability, and alignment to the Group's strategic plan. The main functions are identification and management of projects' interdependencies; review of risks and organizational capacity limitations; monitoring performance of the strategic portfolio of projects; and escalation of risks, issues and decisions to the Group Oversight Committee as needed.

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 Product Management Committee (which is responsible for bringing new products and services to market).

4. INFORMATION ABOUT THE FIRST CITIZENS GROUP (continued)

EMPLOYEES

FCGFHL has only two employees, the Group Chief Executive Officer, Mrs. Karen Darbasie and the Group Corporate Secretary and Compliance Officer – Mrs. Lindi Ballah-Tull.

The Group has 24 senior officers who are set out at page 55 below, and the Executive Management of the Group includes the Group Chief Executive Officer and the Group Corporate Secretary.

As of March 31, 2022, FCGFHL and its subsidiaries employed over 1,850 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 ultimate controlling shareholder of First Citizens, all salary rates, including those for senior management and the collective bargaining positions must be approved by the Government. The collective bargaining agreement covering non-management employees expired on December 31, 2020. Negotiations are yet to formally commence for the period 2021-2023.

The majority of the non-management employees at FCBBL are represented by the Barbados Workers Union. Negotiations for the period 2019-2021 are currently ongoing.

The non-management staff of FCIS-St. Lucia Branch are currently members of the National Workers' Union. First Citizens is currently in negotiations with the National Workers' Union for the period 2022-2024.

First Citizens' management actively seeks to maintain an industrial relations climate that facilitates business success.

First Citizens has developed competency models, inclusive of leadership, and has 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, as well as employee development. 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 which is complemented by its Learning Management System for on-demand and virtual instructor-led training. First Citizens has in place a number of talent development programmes, including management development, mentorship and succession management initiatives for its Executive and Senior Management Team, as well as other critical roles. First Citizens has also enacted a code of conduct applicable to all staff.

PROPERTIES

As at March 31 2022, First Citizens conducted business at 25 full service retail banking locations, 4 commercial centres, 1 shared services campus, 1 learning centre and 119 ATMs. In Barbados, these services are provided via 5 branches, 1 sub-branch and 14 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. First Citizens leases the remainder of the land and buildings.

5. DIRECTORS AND SENIOR OFFICERS

BOARD OF DIRECTORS

The Board of Directors of FCGFHL are:

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, FCCR 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 34 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 Board of 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 Master 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 and 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.

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.

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.

BOARD OF DIRECTORS (continued)

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.

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. Recognised as one of the leaders in the Caribbean on Strategic Business and Brand Development, in October 2003, he brought his considerable knowledge and experience to the ANSA McAL Group as a Parent Board Director and member of the 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, Mr. Inglefield 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
Karen Darbasie is an accomplished senior executive with over three (3) decades of experience in the financial services and telecommunications industries with a progressive leadership style underscored by excellence and vision. Prior to her appointment at First Citizens in April 2015 as Group Chief Executive Officer, Ms. Darbasie held several senior positions at a global financial institution based in Trinidad and Tobago, including Managing Director of the Merchant Bank, Country Treasurer and Markets Head. Her extensive academic background coupled with her vast local and international qualifications, which include a Bachelor of Science (BSc) degree in Electrical Engineering with First Class Honours from The University of the West Indies, a Master of Business Administration (MBA) with distinction from the University of Warwick and a Master of Science (MSc) with distinction from the University of Essex is bolstered by an innate technical business acumen.

Ms. Darbasie serves as a Director on several Subsidiary Boards within the First Citizens Group. A former Director of the Board of the American Chamber of Commerce of Trinidad and Tobago (AMCHAM) and St. Lucia Electricity Services Limited (LUCILEC) she currently serves as Chairman of Trinidad Nitrogen Company Limited, Director of the Bankers Association of Trinidad and Tobago and a member of the Board of Directors of United Way Trinidad and Tobago.

Lindi Ballah-Tull – Corporate Secretary and Compliance Officer

Mrs. Lindi Ballah-Tull is the Group Corporate Secretary/Head - Legal, Compliance and Governance of the First Citizens Group. She has 30 years' experience in the field of Corporate Law and Banking. Mrs. Ballah-Tull holds a Bachelor of Laws (LLB) Degree (Honours) from the University of the West Indies, Cave Hill, Barbados and a Legal Education Certificate (LEC) from the Hugh Wooding Law School, St Augustine, Trinidad and Tobago. She is a Director on the Board of the St. Lucia Electricity Services Limited following appointment by First Citizens Bank Limited on May 12, 2019, where she also serves as a member of the Audit Risk and Compliance Committee and as Chairperson of the Governance Committee. She holds membership in the Law Association of Trinidad and Tobago, the Corporate Governance Institute of Trinidad and Tobago and the Chartered Governance Institute of Canada.

The Board of Directors of First Citizens is the same as FCGFHL.

EXECUTIVE MANAGEMENT TEAM OF FIRST CITIZENS

Karen Darbasie – Group Chief Executive Officer
Karen Darbasie is an accomplished senior executive with over three (3) decades of experience in the financial services and telecommunications industries with a progressive leadership style underscored by excellence and vision. Prior to her appointment at First Citizens in April 2015 as Group Chief Executive Officer, Ms. Darbasie held several senior positions at a global financial institution based in Trinidad and Tobago, including Managing Director of the Merchant Bank, Country Treasurer and Markets Head. Her extensive academic background coupled with her vast local and international qualifications, which include a Bachelor of Science (BSc) degree in Electrical Engineering with First Class Honours from The University of the West Indies, a Master of Business Administration (MBA) with distinction from the University of Warwick and a Master of Science (MSc) with distinction from the University of Essex is bolstered by an innate technical business acumen.

Ms. Darbasie serves as a Director on several Subsidiary Boards within the First Citizens Group. A former Director of the Board of the American Chamber of Commerce of Trinidad and Tobago (AMCHAM) and St. Lucia Electricity Services Limited (LUCILEC) she currently serves as Chairman of Trinidad Nitrogen Company Limited, Director of the Bankers Association of Trinidad and Tobago and a member of the Board of Directors of United Way Trinidad and Tobago.

EXECUTIVE MANAGEMENT TEAM OF FIRST CITIZENS (continued)

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

Before joining the First Citizens Group in 2016 as Deputy Chief Executive Officer – Operations and Administration, he served as Director of Human Resources at the Miami-based Citibank Latin America Head Office. There, he had oversight of 12,000 employees across 13 countries in the Central American and Caribbean region, serving 1.2 million clients. His past directorships include financial institutions across Trinidad and Tobago, Panama, Nicaragua and Honduras. He currently serves on the Boards of several subsidiaries within and external to the First Citizens Group.

Dr. Frost has a Master's degree and a Doctorate in Business Administration from the Arthur Lok Jack Global School of Business, The University of the West Indies (The UWI). In February 2019, he was appointed Professor of Practice: Management Studies at The UWI, St. Augustine, in recognition of his professional competence, distinguished practice, notable teaching and service contributions. He is the recipient of The UWI Inaugural Distinguished Alumni Award conferred in 2011 on high-performing individuals who consistently operate at world-class levels. In 2021 the Institute of Banking and Finance of Trinidad and Tobago in its 31-year history of granting Fellowship Awards, honoured Dr. Frost as the first person to be conferred a Fellowship Award in the category of: Substantial Contribution towards the Advancement of Knowledge of the Theory of Banking and Finance.

Dr. Frost has consistently been committed to the transfer of knowledge and strategies for change that builds efficiencies across several sectors through his post graduate teaching contributions at The UWI - since 2002 to present. He is First Examiner and Adjunct Lecturer at The UWI - The Arthur Lok Jack Global School of Business, the Department of Management and the Department of Political Science, Faculty of Social Sciences for several courses in both undergraduate and postgraduate programmes. He specialises in the areas of Organisational Behaviour and Development, Human Resource Management, Cross-Cultural Management, Strategic Planning, Strategic Leadership, Strategic Performance Management and Change Management. He is also a University of California, Berkeley certified Executive Coach and a Prosci certified Change Practitioner.

He is committed to advancing optimal national development for all sectors through his contribution to various government, academic and civil society organisations as reflected in his Chairmanship of The Lydian Singers, as Chair of The UWI Faculty of Social Sciences Advisory Board, Chair of The UWI Institute for Gender and Development Studies External Advisory Board, Chair of The UWI Development and Endowment Fund, Chair of the Board of the Foundation for the Enhancement and Enrichment of Life (FEEL) and Chair of the First Citizens Foundation. He also serves as Deputy Chair of the Public Service Commission, Assessor/Advisor to the Industrial Court of Trinidad and Tobago and Director of the St Lucia Electricity Services Limited.

EXECUTIVE MANAGEMENT TEAM OF FIRST CITIZENS (continued)

Jason Julien – Group 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. Jason Julien is a Chartered Financial Analyst with over 20 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 (The UWI), an MBA from Edinburgh Business School, as well as top honours in IABF's 2018 Professional Certificate for Financial Advisors Programme (Cert. FA) in the Banking specialisation. He is currently enrolled in the Stonier Graduate School of Banking and 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 former member of the Finance Faculty at the Arthur Lok Jack Global 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 The 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 as well as the NextGen Board of the Inter-American Development Bank.

Mr. Julien has also served as the Vice-Chairman of the Capital Markets Development Committee of the Central Bank of Trinidad and Tobago and as Chairman of the Airports Authority of Trinidad and Tobago. He is currently a member of the Board of Directors of the Trinidad and Tobago Chamber of Industry and Commerce. Mr. Julien is also a Director on the Boards of several subsidiaries within the First Citizens Group.

SENIOR MANAGEMENT TEAM OF FIRST CITIZENS (in alphabetical order)

Tariq Alli – General Manager, Corporate and Investment Banking

Mr. Tariq Alli has 20 years of experience in corporate finance spanning capital markets, deal origination, syndication and structuring. He joined First Citizens in 2011 in the Capital Markets team and held the position of Assistant General Manager – Corporate and Investment Banking Unit from July 2017. Tariq was appointed General Manager in October 2021. He attained a BSc. in Accounting (Honours) from The University of the West Indies and an MBA (Distinction) from the Edinburgh Business School.

Kirlyn Archie-Lewis – General Manager, Group Human Resources

Mrs. Kirlyn Archie – Lewis assumed the position of Manager – Industrial Relations, Group Human Resources, with effect from July 2017, following her appointment as Manager – Recruitment and Selection effective November, 2011. Mrs. Archie-Lewis acted in the position of General Manager-Group Human Resources effective July, 2020 and was subsequently appointed to the role in October, 2021. Mrs. Archie-Lewis has over 18 years' experience in Human Resources and at the Senior Managerial Level. She possesses a Master's in Management Studies (UWI), Bachelor's in Management Studies (UWI), Advanced Diploma in Business Administration (ABE), Professional Diploma in Industrial Relations (Aurthur Lok Jack & Queens University) and a Certificate in Industrial Relations (Cipriani Labour College). She is also a Certified Professional of the Society of Human Resource Management (SHRM).

Lindi Ballah-Tull – Group Corporate Secretary/Head, Legal, Compliance and Governance

Mrs. Lindi Ballah-Tull is the Group Corporate Secretary/Head - Legal, Compliance and Governance of the First Citizens Group. She has 30 years' experience in the field of Corporate Law and Banking. Mrs Ballah-Tull holds a Bachelor of Laws (LLB) Degree (Honours) from the University of the West Indies, Cave Hill, Barbados and a Legal Education Certificate (LEC) from the Hugh Wooding Law School, St Augustine, Trinidad and Tobago. She is a Director on the Board of the St. Lucia Electricity Services Limited following appointment by First Citizens Bank Limited on May 12, 2019, where she also serves as a member of the Audit Risk and Compliance Committee and as Chairperson of the Governance Committee. She holds membership in the Law Association of Trinidad and Tobago, the Corporate Governance Institute of Trinidad and Tobago and the Chartered Governance Institute of Canada.

SENIOR MANAGEMENT TEAM OF FIRST CITIZENS (continued)

Gillian Benjamin – Head, Brand and Marketing (Ag.)
Ms. Gillian Benjamin assumed the position of Head, Brand and Marketing with effect from April 8, 2021. She brings to the job almost two decades of experience working as a professional marketing executive at senior levels in financial services, manufacturing and distribution entities. Her range of experience includes Brand Management, Strategic Marketing Planning & Execution, Business Development, Market Research & Insights, Strategic Communications & Stakeholder Relations and Customer Experience Management. Ms. Benjamin is a graduate of the University of the West Indies, St Augustine in Management Studies with honours, holds a Master in Business Administration (MBA) with distinction from the Arthur Lok Jack Graduate School of Business, and is a Prosci Certified Change Practitioner. She is a Director of the First Citizen Foundation and serves the Customer Centric Board Committee of the Group.

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's 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.

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 Master in Business Administration from Henley Brunel.

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 Master 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.

Cheryl-Ann La Roche – Chief Executive Officer, First Citizens Bank (Barbados)
Ms. Cheryl-Ann La Roche is the Chief Executive Officer of First Citizens Bank (Barbados) Limited. She has 39 years' experience in banking and was appointed to the current position effective 1st May 2021. Ms. La Roche holds an MBA-Leadership, Entrepreneurship, and Innovation-Anglia Ruskin University-England, Bachelor of Laws (LLB) Degree (Hons)-University of London and a Diploma in Banking-Institute of Banking and Finance-Trinidad and Tobago.

SENIOR MANAGEMENT TEAM OF FIRST CITIZENS (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 – General Manager, First Citizens Investment Services Limited
Mr. Richard Look Kin assumed the position of General Manager, First Citizens Investment Services Limited on October 1, 2020 and prior to this, he held the role of Group Chief Risk Officer. Mr. Look Kin has over 20 years' Risk Management experience inclusive of 17 years at the Senior Management Level. 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, and a CFA Charter from the CFA Institute He is also a director of Term Finance (Holdings) Limited.

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, FCCR First Citizens Costa Rica S.A. and serves in various capacities on numerous committees within the Group.

Akhenaton Marcano – Assistant General Manager, Credit Risk Management
Mr. Akhenaton Marcano has been employed with the Group since July 19, 2014 and is currently the Assistant General Manager, Group Operational Risk Management. Immediately prior to that he held the position of 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 Bachelor's Degree in Economics from the University of the West Indies.

Neela Moonilal-Kissoon –Head Integration Operations
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 Head Integration Operations. 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 OF FIRST CITIZENS (continued)

Larry Olton – General Manager, Operations (Ag.)
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 ranges from 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 – Group Chief Risk Officer
Ms. Sana Ragbir assumed the position of Group Chief Risk Officer with effect from October 01, 2020. She previously held the position of General Manager of First Citizens Investments Services Limited. Ms. Ragbir has over 20 years' banking experience, inclusive of 12 years' experience at the Senior Managerial Level. She has attended the Executive Development Program at Wharton School, University of Pennsylvania. 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.

Anil Ramdhanie – Chief Information Officer, Information and Communication Technology
Anil Ramdhanie is the Chief Information Officer (CIO) of the First Citizens Group. He has over 25 years' technology experience of which 18 years have been at a Senior Level in the Financial Services industry. Mr. Ramdhanie holds an Executive MBA as well as a Post Graduate Diploma in Management Information Systems from the Arthur Lok Jack Graduate School of Business, University of the West Indies, Trinidad, and a BSc. Hons in Computer and Information Systems from the University of London.
As the CIO, Mr. Ramdhanie provides the necessary leadership, management, and vision to ensure that the Information and Technology Communications (ICT) Department supports the technology operations of the Group, with emphasis on maintaining service level availability, and for driving key IT strategic initiatives impacting the Group and its regional offices.

Nesha Ramkhalawan – Assistant General Manager, Group Operational Risk and Controls
Ms. Nesha Ramkhalawan assumed the position of Assistant General Manager, Group Operational Risk and Controls on April 01, 2022. Immediately prior to this role, Ms. Ramkhalawan performed the role of the Assistant General Manager, Group Credit Risk Management, which she assumed on October 01, 2017, and before that served as the Corporate Manager, Group Market Risk. Ms. Ramkhalawan also has extensive experience in the areas of Investment Research and Portfolio Management having held several roles in the Group's subsidiaries that provide asset management and investment services. Cumulatively, she has over 19 years' experience in the financial services industry.

Ms. Ramkhalawan holds a Bachelor of Science in Management Studies from the University of the West Indies where she graduated with First Class Honours. She is also a Chartered Financial Analyst and is a current member of the CFA Society of Trinidad and Tobago and the international CFA Institute.

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.

5. DIRECTORS AND SENIOR OFFICERS (continued)

SENIOR MANAGEMENT TEAM OF FIRST CITIZENS (continued)

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.

Brian Woo – General Manager, First Citizens Depository Services Limited
Mr. Brian Woo assumed the position of General Manager, First Citizens Depository Services Limited with effect from 1 February 2021, and previously held the position of General Manager, Corporate and Investment Banking, with effect from February 01, 2015. 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.

COMPENSATION OF DIRECTORS AND OFFICERS OF THE BANK

In accordance with FCGFHL's By-Laws, the Directors are entitled to receive remuneration as the shareholders of FCGFHL, in a general meeting, may determine. The Directors may also award special remuneration to any Director undertaking any special services on FCGFHL'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.

In respect of First Citizens:

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, 2021, stood at $56.1 million.

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. FCGFHL has an insurance coverage for directors' and officers' liability.

APPOINTMENT OF DIRECTORS

The number of directors is set out in FCGFHL's 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 FCGFHL's shareholders by ordinary resolution at a meeting of shareholders called for that purpose.

DIRECTORS' INTEREST IN CONTRACTS

Under paragraph 9 of the By-Laws of FCGFHL, a director of FCGFHL who is a party to a material contract or proposed material contract with FCGFHL 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 FCGFHL, shall disclose in writing to FCGFHL 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:

i. is an arrangement by way of security for money loaned to, or obligations undertaken by him, for the benefit of FCGFHL or an affiliate of FCGFHL;

ii. is a contract that relates primarily to his remuneration as a Director, officer, employee or agent of FCGFHL or an affiliate of FCGFHL;

iii. is a contract for indemnity or insurance under Sections 101 to 105 of the Companies Act; or

iv. is a contract with an affiliate of FCGFHL

5. DIRECTORS AND SENIOR OFFICERS (continued)

DIRECTORS INTEREST

SHAREHOLDING FOR DIRECTORS, SENIOR OFFICERS, AND THEIR CONNECTED PARTIES

Below are the details of shareholdings of Directors and Senior Officers of FCGFHL and First Citizens in FCGFHL as at March 31, 2022, together with the shareholdings of their Connected Parties.

SHAREHOLDINGS OF DIRECTORS, SENIOR OFFICERS OF FCGFHL AND THEIR CONNECTED PARTIES OF SHARES IN FCGFHL

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

SHAREHOLDINGS OF DIRECTORS, SENIOR OFFICERS OF FIRST CITIZENS AND THEIR CONNECTED PARTIES OF SHARES IN FCGFHL

Director/Senior Officers	Ordinary Shareholdings	Connected Parties
Jason Julien	5,000	
Sterling Frost	1,000	
Richard Look Kin	1,228	1,153
Shiva Manraj	25,000	
Anthony St. Clair	5,000	
Robin Lewis	23,228	
Sana Ragbir	7,000	664

No Director has any material contract with FCGFHL 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 FCGFHL.

6. ECONOMIC OUTLOOK AND BANKING SECTOR OVERVIEW

ECONOMIC OUTLOOK

Trinidad and Tobago (Moody's: Ba2/ Stable, S&P: BBB-/ Negative)

Trinidad and Tobago's economy is forecasted to grow significantly in 2022, following a recessionary period that preceded, exacerbated by the COVID-19 pandemic. Based on revised CSO GDP data available to the Minister of Finance, Trinidad and Tobago's nominal GDP in 2021 is now recorded as TTD 170 Billion, compared to the previous estimate of TTD 150Billionn. Based on the CSO's data, nominal GDP for 2022 is projected at TTD 180Billion, above the pre-pandemic level. In its March 2022 Article IV Staff Report on Trinidad and Tobago, the IMF forecasts that real GDP will grow by 5.5% in 2022. The recovery in economic growth is expected to be driven by buoyant energy prices, which strengthened in 2021 but have risen further since the start of the Russia-Ukraine war which broke out in February 2022. Energy production, in both oil and gas, increased around the beginning of 2022, allowing further gains from the surge in prices. Domestically, after peaking in December 2021, Trinidad and Tobago's COVID-19 hospitalisation and death rates have fallen. This easing of the pandemic's worst effects allowed for a further reopening of business sectors and facilitated an uptick in economic activity in Q1 2022, lending further support to the recovery in the non-energy sector.

The national budget in October 2021 projected a deficit for fiscal year 2021/22 of TTD9.096 Billion or 5.8% of GDP. However, the Mid-Year Review Statement by the Minister of Finance indicated that for the first half of the fiscal year (1 October 2021 – 31 March 2022) a surplus of TTD654 Million was realised (compared to a projected TTD4.75 Billion deficit for the half-year). Revenues for the half-year were significantly higher based on higher-than-expected tax receipts, especially from the oil, gas and petrochemical sectors, and in accordance with the Heritage and Stabilisation Fund (HSF) Act, a deposit will be made into the HSF due to the excess of actual petroleum revenues over projected. Overall, the Government anticipates TTD4.5-5 Billion in extra revenue through FY2021/22, based on an average oil price of USD95-97/bbl and an average gas price of USD5/mmbtu.

Trinidad and Tobago's debt position has also improved in recent months. According to the Minister of Finance, Government has had no new domestic or external borrowing since December 2021. Moreover, the country's nominal debt now stands at TTD129.8 Billion, TTD 800 Million less than in December 2021, while due to the higher GDP figures and lower nominal debt, the country's debt-to-GDP ratio now stands at 72%, compared to 87% quoted in October's Budget. The inflation rate has been relatively low since 2017, mostly within the 0-2% range, however it has picked up within recent months with the year-on-year inflation rate at 4.1% in the 12 months to March 2022, according to the CBTT. Food prices, which increased by 7.9% in the 12 months to March 2022, were a key driver of the uptick in the overall price level. These inflationary pressures are expected to persist in the short-term as supply chains slowly return to full operations, and the conflict in Eastern Europe puts pressure on key commodity prices.

In March 2020, CBTT reduced its key policy rate (the repo rate) from 5% to 3.5%, an accommodative move intended to ease monetary conditions as the pandemic took hold. Since then, it has maintained this accommodative stance and the repo rate has remained unchanged. In its 25 March 2022 Monetary Policy Announcement, the Central Bank maintained its main policy rate, the repo rate at 3.5%. While noting the effects of external factors including the Russia-Ukraine war on price levels, and the general trend of rate hikes by central banks around the world, the CBTT decided to hold the rate steady, taking into account the nascent economic recovery observed in Q42021, which included rising energy sector output, improved business credit and fiscal revenues.

On 27 July 2021, S&P Global Ratings revised its outlook on the Republic of Trinidad and Tobago to negative from stable. At the same time, S&P Global Ratings affirmed its 'BBB-/A-3' long term and short-term foreign and local currency sovereign credit ratings on Trinidad and Tobago. According to S&P, the negative outlook reflects a one-in-three chance of a downgrade to the sovereign rating within the next 12 to 24 months. On 19 November 2021, Moody's Investors Service downgraded Trinidad and Tobago's long-term issuer and senior unsecured credit ratings to Ba2 from Ba1, and changed its outlook on the sovereign to stable from negative. The downgrade reflects the diminished ability of the T&T economy to absorb economic shocks following the pandemic, driven by a significant increase in general government debt from 62% in FY2018/19 to projected levels of 85%-90% in the next three years. Even on the assumption of strong growth in 2022-24 driven by

6. ECONOMIC OUTLOOK AND BANKING SECTOR OVERVIEW (continued)

ECONOMIC OUTLOOK (continued)

recovering hydrocarbon production and stronger prices, the credit profile of the country is expected to be weaker. Despite the recent credit rating downgrades, Trinidad and Tobago's external buffers remain relatively healthy. At the end of October 2021, the latest month for which data is available, the net asset value of the Heritage and Stabilisation Fund stood at USD5.58 Billion. At the end of April 2022, FX reserves stood at USD6.72 Billion representing 8.2 months of import cover.

Trinidad and Tobago (Moody's: Ba2/ Stable, S&P: BBB-/ Negative) (continued)

Table 1: Trinidad & Tobago, Selected Economic Indicators

	2017	2018	2019	2020	2021	2022p
Real GDP Growth	-2.7%	-0.7%	-0.2%	-7.4%	-1%	5.5%
Inflation Rate (Annual)	1.9%	1%	1%	0.6%	1.6%	2.8%
Unemployment Rate	4.4%	3.5%	4.3%	4.7%	7.0%	6.5%
Public Sector Debt to GDP	59.2%	58.4%	61.9%	79.6%	87.2%	88.4%
Commercial Banks: Prime Lending Rate	9%	9.25%	9.25%	7.5%	7.5%	

Source: Central Bank of Trinidad and Tobago, IMF, S&P.

6. ECONOMIC OUTLOOK AND BANKING SECTOR OVERVIEW (continued)

ECONOMIC OUTLOOK (continued)

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

The Barbados economy was brought to a virtual standstill as a result of the COVID-19 pandemic, with GDP contracting by 18% in 2020. The Central Bank of Barbados (CBB) in their review of the economy for 2021 indicated that Q4 2021 was the third consecutive quarter of growth, estimated at 11.5%. Real GDP growth as of end 2021 is estimated to be a modest 1.4%. Tourist arrivals for 2021 from major markets stood at 143,509 arrivals compared to 207,378 in 2020, a decline of 26% y-o-y and a mere 20% of 2019 levels. This discrepancy is due to Q1 2020 being pre-pandemic. The CBB estimates tourist arrivals will be around 78% of pre-pandemic levels for 2022, with a return to pre-pandemic levels in winter 2023. The recovery of tourism is also very sensitive and relies heavily on continued vaccination drives from key markets such as the United States and United Kingdom (which made up 74% of overall visitors in 2021), and domestically as well as the evolution of the pandemic. The IMF predicts GDP growth of 10.1% (2022), 4.2% (2023), and 2.9% (2024). The CBB forecasts GDP growth for 2022 at 14.2%.

The unemployment rate is estimated at 12.4% in 2021, down from 17.9% in 2020. For the 12-month period ending September 2021, approximately 13,000 jobs were recovered due to the resurgence in the tourism sector, slightly lowering the unemployment rate; the labour force participation rate also recovered, increasing to 62.3% as of Q321. The CBB forecasts that the labour market will return to pre-pandemic levels by end 2022.

The Current Account deficit was estimated at 13.3% GDP in 2021, compared to a deficit of 5.9% in 2020. This increase was due to weakened inbound tourism earnings, reduction in exports, and stronger imports between April and September. Fitch solutions expects the Current Account Deficit to narrow in 2022 due to a rebound in tourism, reaching 3.4% GDP. Deficits are also expected to persist in coming years; however, international assistance and strong external reserves will support stability. Throughout 2021, international reserves increased by BBD398M remaining at a healthy level. Net international reserves stood at BBD3.058Bn/USD1.529Bn as of February 2022, representing 40 weeks of import cover. Government Fiscal balance moved from a surplus of 3.6% GDP in FY 2019/20 to a deficit of 12.2% in FY 2020/21 as a result of the pandemic. As the economy restarts and restrictions ease, the deficit is expected to narrow for FY 2022/23 to 7.4% GDP.

Net Government debt for 2021 is forecasted at 130.4% of GDP, compared to 126.3% in 2020. External Debt saw a moderate increase in 2021 to 45.8% GDP, up from 42.4% in 2020. According to the CBB, the contraction in Barbados' GDP was responsible for 78% of the increase in the debt ratio relative to pre-COVID levels. Despite this, the IMF predicts the government's goal of a debt to GDP ratio of 60% to be achievable by FY 2036. The IMF predicts Barbados debt to decline moderately in the coming years to 114.6% GDP by FY 2024/25. The IMF concluded its sixth review of the BERT programme in November 2021, praising Barbados' reform while acknowledging the risks that remain from the pandemic as well as the volcanic activity in St. Vincent. Barbados met all its quantitative targets for the end of December. All structural targets were also met with the exception of the adoption of the Fair Credit Reporting Act which was delayed.

Table 2: Barbados, Selected Economic Indicators

	2019	2020	2021e	2022p
Real GDP Growth	-0.7%	-18%	1.4%	10.1%
Inflation	4.1%	2.9%	3.2%	5.4%
Average Unemployment	10.1%	17.9%	12.4%	12.9%
Fiscal Balance (Fiscal Year)	3.6%	-12.2%	-8.6%	-7.4%
Net Debt / GDP	110.3%	126.3%	130.4%	125.5%

Source: Central Bank of Barbados

6. ECONOMIC OUTLOOK AND BANKING SECTOR OVERVIEW (continued)

ECONOMIC OUTLOOK (continued)

St. Lucia (CariCRIS: CariBBB-)

The St. Lucia economy is heavily dependent on tourism, and as such has been hit hard by the pandemic. Following an estimated 20.4% contraction in 2020, the economy expanded at 7% in 2021. The economic recovery was spurred as the government relaxed many of its COVID-19 restrictions and as global demand surged. In the year through September 2021, stay-over visitors to St. Lucia increased 24.5% y-o-y, while tourist spending rose 96.3%. During that same period, however, stay-over travellers remained 60.9% below their levels from January-September 2019, and expenditures were 37.2% lower.

For 2022, growth in St. Lucia's main source markets (US, UK and Canada) and increasing travel demand amid easing concerns about COVID-19 will support tourism inflows. Tourist arrivals is estimated to increase by 47% in 2022, reaching 865,200. The St. Lucian economy is projected to expand 9.7% in 2022 mainly due to increasing tourism activity. Consequently, this is likely to prompt businesses to employ more workers, which will drive the recovery in domestic demand.

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

In 2022, real GDP will grow by 8.3% driven mainly by the reopening of the tourism sector. The relatively low vaccination rate (26.9% of total population as at 14 March 2022) may weigh on growth in the short-term. Nonetheless tourist arrivals through all mediums such as air and sea will contribute positively to the sector's growth. The rebound in tourism will depend heavily on the economic conditions in its key markets such as US, UK and Canada, which have all been plagued with record high inflation rates that significantly lowered real disposable income.

In St. Vincent, per capita income will rise to USD7,720 in 2022 from USD6,952 in 2021 as rising employment places upward pressure on wages. Higher commodity prices due to worldwide supply-chain disruptions and the ongoing invasion of Ukraine will place upward pressure on domestic prices in the short-term. Inflation will average 2.1% in 2022 and remain near that level in the years through to 2026. The uptick in commodity prices will inflate the total imports figure and result in a widening of the current account deficit to 15% of GDP in 2023 from 13.3% of GDP in 2022.

The nation's fiscal position deteriorated in the past years with net debt reaching as high as 98.2% of GDP in 2021. Damage done to the nation's infrastructure, housing and crops following the volcanic eruption coupled with pandemic-related expenditure led to the accumulation in net debt. In the coming years, net debt is projected to decline to around 79.3% of GDP in 2026, but remain much higher than the Eastern Caribbean Central Bank's (ECCB) target of 60% of GDP. Risks to the government's ability to lower debt will persist mainly due to the nation's vulnerability to climate shocks and limited prospects to diversify the economy.

Through the medium-term, investment conditions will weaken as total investment as a percentage of GDP declines from 35.5% in 2021 to 21.4% in 2025. Lower public sector investment through the period will be the main cause of the decline in total investment as the government seeks to repay loans from multilateral banks. The rebuilding of infrastructure since the losses incurred with the volcanic eruption in 2021, construction of the new airport and increased adoption of renewable energy for electricity generation will result in steady, albeit lower investment over the medium-term.

6. ECONOMIC OUTLOOK AND BANKING SECTOR OVERVIEW (continued)

ECONOMIC OUTLOOK (continued)

Costa Rica (Moody's: B2/Stable, S&P: B/Stable, Fitch: B/Stable)
Costa Rica continues to boast a strong democratic tradition of stable political institutions, high social indicators, and overall predictable, although slow policymaking. The economy recorded real GDP growth of 7.6% in 2021 following a 4.1% contraction amid the pandemic in 2020. The economic recovery was mainly due to surging export growth, strengthening domestic activity, and increased private investment. From 2022 onwards, growth is projected to moderate to 3.7% as Costa Rican exports are likely to expand at a moderate pace as global growth decelerates, additionally, tighter fiscal and monetary policy will temper consumption and investment in the coming quarters.

Inflation in the past has been below the central bank's target, however, has begun accelerating since mid-2021. Consumer price inflation averaged 1.7% in 2021 but closed the year at 3.3%. The central bank began a hiking cycle in December 2021 and has raised the policy rate on three occasions since, to 2.5% at the March meeting. Average annual inflation is projected to be 5.5% in 2022, higher than the inflation target of 3% +/- 1 percentage point, but is expected to move within this target range in 2023.

Costa Rica's fiscal improvement is expected to continue as additional revenue measures under discussion in the Legislative Assembly will be essential in keeping the authorities' programme on track to achieve a primary surplus target of 1% of GDP by 2023 and ensure public debt/GDP is firmly placed on a downward path. The Legislative Assembly approval of the Public Employment Bill will also be critical to strengthen the efficiency of government spending. Additionally, continued compliance with the fiscal rule remains pivotal in the fiscal consolidation efforts and its strict implementation will be essential for further fiscal consolidation.

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:

- Act as banker for and render economic, financial, and monetary advice to the Government.
- 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.
- 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.
- Undertake continuous economic, financial, and monetary research.
- 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.
- Issue and redeem currency notes and coins of Trinidad and Tobago.
- 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 Financial Institutions (Capital Adequacy) Regulations 2020. 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 10% 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, 2021, its qualifying capital to risk adjusted assets ratio stood at 18.02%. 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.

REGULATORY OVERVIEW (continued)

Capital Adequacy Requirements & Proposed Revisions (continued)

One key change in the regulatory system has been the 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.

As at January 2022, the CBTT has implemented the following two phases of implementation:

Phase 1 – Implemented increases to minimum capital adequacy ratios of 10% *(with an additional capital charge to be included for financial institutions that are categorized as systemically important),* enhancements to credit and operational risk approaches; and

Phase 2 - Supervisory review process which includes the implementation of an Internal Capital Adequacy Assessment Process.

The following is proposed to be implemented:

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

FCGFHL, First Citizens, FCDSL, FCIS, FCPIMS 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, authorise 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;

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

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

6. ECONOMIC OUTLOOK AND BANKING SECTOR OVERVIEW (continued)

REGULATORY OVERVIEW (continued)

FCGFHL 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.

THE BANKING INDUSTRY

The banking industry in Trinidad and Tobago is well-capitalised, well-regulated and is one of the main sources of stability in the local economy. Despite the prolonged economic downturn in the country since 2015, the commercial banking sector has remained profitable. The eight commercial banks (listed below) operate an extensive network of approximately 117 branches and is the single largest group of financial institutions in terms of assets (*Sources: CBTT, BATT*). There are an estimated 496 ATMs in operation as of December 2021: 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 serves the Caribbean.

A list of the Commercial banks licensed under the FIA, by the Central Bank, to operate in Trinidad and Tobago are set out below[4]:

- **First Citizens Bank Limited**
- Ansa Bank Limited (formerly Bank of Baroda Trinidad & Tobago Ltd)
- CIBC FirstCaribbean International Bank (Trinidad & Tobago) Limited
- Citibank Trinidad and Tobago Limited
- JMMB Bank Limited (formerly Intercommercial Bank)
- RBC Royal Bank Trinidad & Tobago Limited
- Republic Bank Limited
- Scotiabank Trinidad & Tobago Limited

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 loans
• 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

[4] *Source: Central Bank of Trinidad & Tobago*

6. ECONOMIC OUTLOOK AND BANKING SECTOR OVERVIEW (continued)

THE BANKING INDUSTRY (continued)

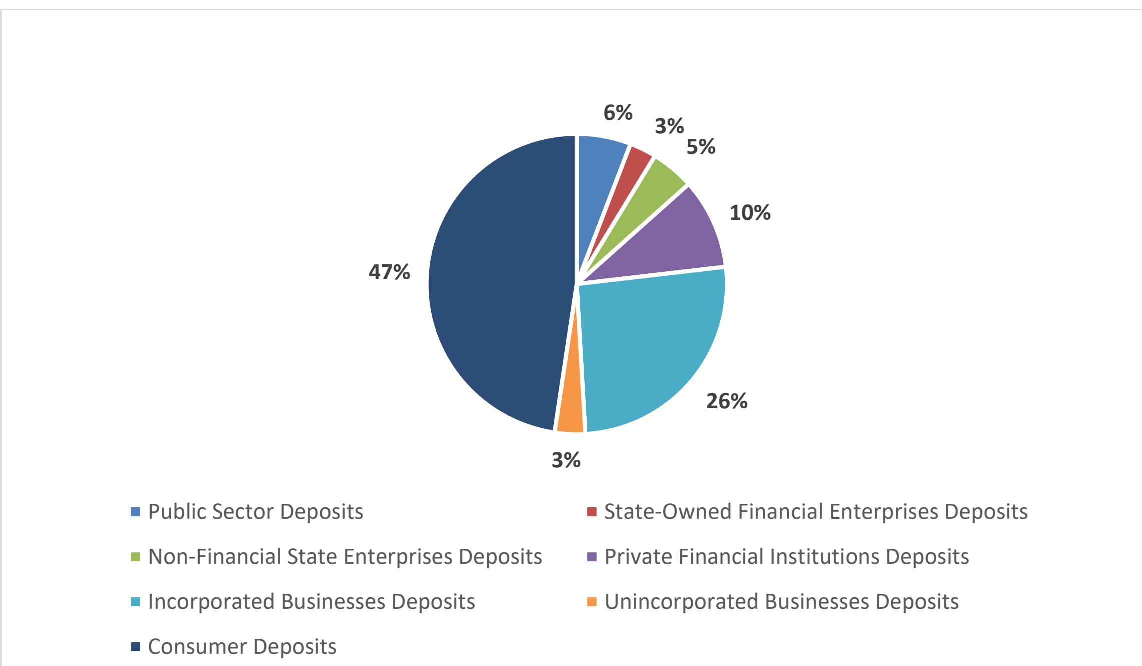
Only commercial banks are allowed to accept demand deposits, make short-term loans, and offer cheque facilities. The commercial banks have also developed their mobile and online banking services, and since the pandemic they have been accelerating the process of digital transformation, while some banks have reduced their physical footprint– the number of branches has declined from 136 in 2014 to 117 in 2020.

Apart from the commercial banks mentioned, 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, CIBC FirstCaribbean International Bank (Trinidad & Tobago) Limited, and Scotiabank Trinidad & Tobago Limited are publicly traded on the TTSE. Further, National Commercial Bank Financial Group Limited (NCBFG) is cross listed on the TTSE and operates a non-bank financial institution (NCB Merchant Bank Trinidad and Tobago Limited) in Trinidad and Tobago.

Deposits

For 2021, total deposits in the commercial banking system were reported by the CBTT at TTD122.9 billion. This represents a 0.23% decline in total deposits compared to December 2020. **Figure 6.1** below illustrates the breakdown of total commercial bank deposits by client type for 2021.

Figure 6.1: **Breakdown of Total Commercial Bank Deposits by Client Type**



Source: Central Bank of Trinidad & Tobago

6. ECONOMIC OUTLOOK AND BANKING SECTOR OVERVIEW (continued)

THE BANKING INDUSTRY (continued)

Loans

In 2021, the CBTT reported total commercial bank loans to be approximately TTD73.6 billion. A breakdown of the overall loan portfolio shows that total lending grew by 0.77% in 2021, while over the same period, lending to consumers fell by 0.25% and lending to business firms picked up by 3.27%. Meanwhile, lending to the public sector fell by 7.58% over the same period.

The services sector accounted for 51.3% of loan demand by the private sector in 2021 with finance, insurance and real estate constituting 24.5%. However, according to latest CBTT figures, there was a 1.77% decline in lending to this subsector by commercial banks. Similarly, other sectors that experienced a decline in lending over the same 12-month period were agriculture (-1.94%), manufacturing (-2.89%), printing and publishing (-24%), wood and related products (-26.6%), chemicals (-10.4%). There was significant growth in lending for sectors including petroleum (28.7%), food, drink, and tobacco (7.4%), construction (7.9%), transport, storage and communication (12.7%), electricity and water (45.6%).

Consumer lending in the commercial bank sector totalled roughly TTD35.3Bn in 2021. Since the onset of the pandemic there has been a rise in consumer refinancing loans, and this trend continued into 2021, with growth of 15.2% in this segment. On the other hand, lending for debt consolidation contracted by 5% in 2021, reversing the previous trend of growth in this segment. With respect to the public sector, total lending by commercial banks stood at TTD9.6Bn in 2021, with the finance, insurance & real estate sector accounting for 42.9% of loans outstanding, petroleum at 24.1% and construction representing 11.4%.

Prior to the pandemic, the industry's non-performing loans to gross loans ratio was on a downward trend. The ratio steadily declined from 5.4% in 2012 to 2.9% in 2019. However, within the past two years there has been an increase, reaching 3.2% in 2020, rising slightly to 3.3% in 2021. First Citizens' non-performing loans as a percentage of total loans are in line with the industry trend, declining from 4.56% in 2012 to 2.46% in 2019 before rising to 3.36% in 2020 and 3.97% in 2021.

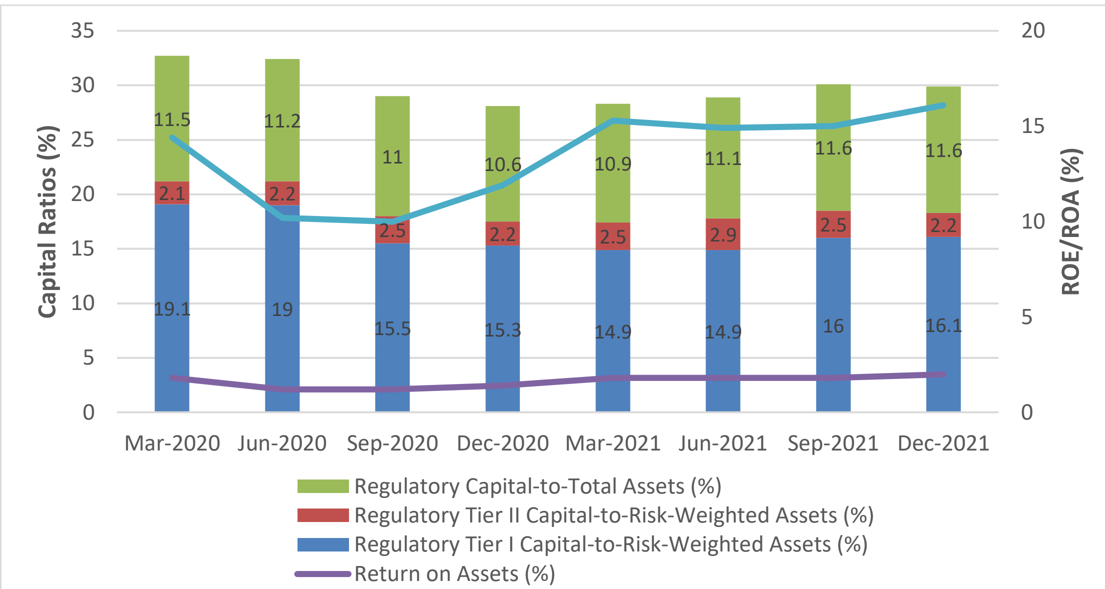
6. ECONOMIC OUTLOOK AND BANKING SECTOR OVERVIEW (continued)

THE BANKING INDUSTRY (continued)

BANKING SECTOR PERFORMANCE OVERVIEW

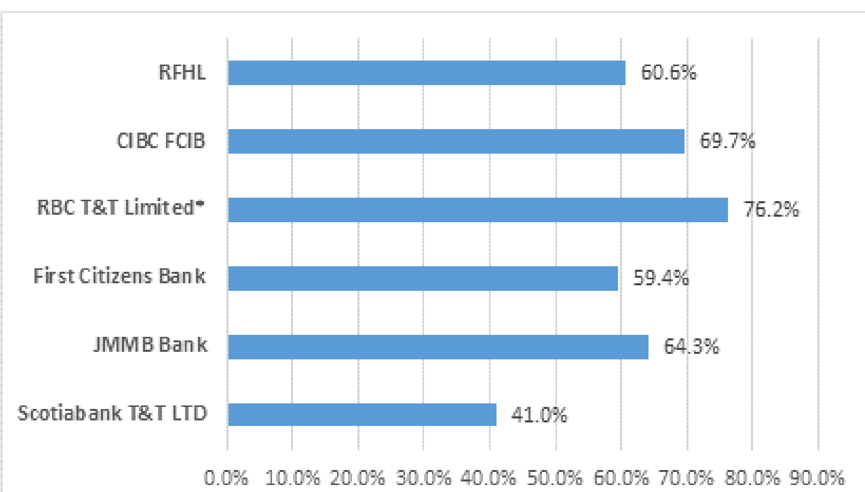
Financial Soundness Indicators

Figure 6.2: Commercial Banks Capital Ratios and Return on Equity & Assets: March 2020 – December 2021



Source: Central Bank of Trinidad & Tobago

Figure 6.3: Commercial Banks 2021 Efficiency Ratios



Source: Firms' 2021 Annual Reports.
** Data for RBC is for 2020.*
** 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)

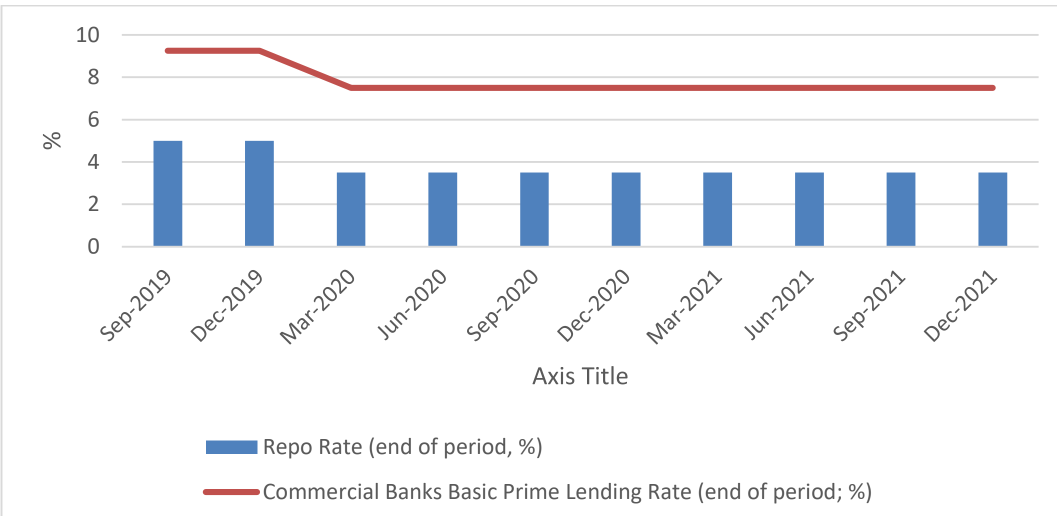
THE BANKING INDUSTRY (continued)

BANKING SECTOR PERFORMANCE OVERVIEW (continued)

Interest Rates

As **Figure 6.4** below demonstrates, the prime lending rate for commercial banks fell from 9.25% to 7.5% in March 2020, a level at which it has since remained. This reduction was facilitated by a cut in the Central Bank's repo rate from 5% to 3.5% in the same month, which has also remained unchanged. Following consultation with the BATT, the CBTT agreed to suspend the calculation of the Mortgage Market Reference Rate (MMRR) for a 2-year period beginning 1 October 2021. Over this period the MMRR will remain at 3%.

Figure 6.4: Quarterly repo rate and prime lending rate: 2019-2021



Source: Central Bank of Trinidad & Tobago

Table 6.1: Summary of Commercial Bank Interest Rates: 2015-2019

Rate	2015	2016	2017	2018	2019
Demand Loan Rate	7.52%	7.5%	7.5%	7.5%	7.5%
Ordinary Savings Deposit Rate	0.2%	0.2%	0.2%	0.2%	0.2%
Overdraft Loan Rate	7.54%	7.5%	7.5%	7.5%	7.5%
Real Estate Mortgage Loan Rate	7.5%	7.5%	7.5%	7.5%	7.5%
Term Loan Rate	7.52%	7.5%	7.5%	7.5%	7.5%

Source: Central Bank of Trinidad & Tobago

FIRST CITIZENSGROUP FINANCIAL HOLDINGS LIMITED

7. STATEMENT OF MANAGEMENT RESPONSIBILITY FOR THE PREPARATION OF FINANCIAL INFORMATION FOR FIRST CITIZENS BANK LIMITED AND ITS SUBSIDIARIES

Management is responsible for the following:

1. Preparing and fairly presenting the accompanying consolidated financial statements of First Citizens Bank Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 September 2017, 2018, 2019, 2020 and 2021, consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information;

2. Ensuring that the Group keeps proper accounting records;

3. Selecting appropriate accounting policies and applying them in a consistent manner;

4. Implementing, monitoring and evaluating the system of internal control that assures security of the Group's assets, detection/prevention of fraud, and the achievement of Group's operational efficiencies;

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

6. Producing reliable financial reporting that comply with laws and regulations, including the Companies Act and the Financial Institution Act (FIA) 2008; and

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

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

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

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

Karen Darbasie
Group Chief Executive Officer
27 June 2022

Shiva Manraj
Group Chief Financial Officer
27 June 2022

FIRST CITIZENS GROUP FINANCIAL HOLDINGS LIMITED

8. FIVE YEAR SUMMARY CONSOLIDATED FINANCIAL STATEMENTS TO 30 SEPTEMBER 2021 OF FIRST CITIZENS

SUMMARY CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 30 Sep-17 $'000	As at 30 Sep-18 $'000	As at 30 Sep-19 $'000	As at 30 Sep-20 $'000	As at 30 Sep-21 $'000
ASSETS					
Cash and Statutory deposits	7,072,779	9,025,002	7,183,543	10,097,285	11,026,823
Financial assets					
- Investments	15,689,687	15,128,356	15,876,476	16,464,240	15,704,488
- Loans and receivables less allowances for losses:					
Loans to customers	14,434,583	16,014,956	18,624,265	19,040,472	18,083,422
Loan notes	368,498	294,799	221,099	147,399	73,700
Other assets	410,094	573,242	464,807	569,818	689,580
Investment in joint ventures and associate	179,761	185,256	191,932	206,464	231,062
Property, plant and equipment	590,520	603,083	596,937	696,161	570,242
Intangible assets	212,356	219,871	222,688	223,859	226,292
TOTAL ASSETS	**38,958,278**	**42,044,565**	**43,381,747**	**47,445,698**	**46,605,609**
LIABILITIES					
Customers' deposits and other funding	28,307,772	29,886,485	30,025,701	33,143,099	32,929,309
Due to other banks	1,504,340	1,512,249	2,204,290	2,011,616	1,564,617
Creditors and accrued expenses	936,584	1,100,348	1,012,850	1,186,376	1,136,305
Bonds payable	1,400,000	2,865,766	2,928,855	3,625,194	2,971,971
Notes due to parent company	58,000	58,000	58,000	58,000	58,000
TOTAL LIABILITIES	**32,206,696**	**35,422,848**	**36,229,696**	**40,024,285**	**38,660,202**
CAPITAL AND RESERVES ATTRIBUTABLE TO THE PARENT COMPANY'S EQUITY HOLDERS					
Share capital	458,557	458,557	458,557	458,557	458,557
Statutory reserve	879,335	879,335	884,689	1,241,412	1,241,412
Retained earnings	4,306,459	4,381,936	4,712,675	4,610,815	4,924,472
Other reserves	1,107,231	901,889	1,096,130	1,110,629	1,320,966
TOTAL SHAREHOLDERS' EQUITY	6,751,582	6,621,717	7,152,051	7,421,413	7,945,407
TOTAL EQUITY AND LIABILITIES	**38,958,278**	**42,044,565**	**43,381,747**	**47,445,698**	**46,605,609**

FIRST CITIZENS GROUP FINANCIAL HOLDINGS LIMITED

FIVE YEAR SUMMARY CONSOLIDATED FINANCIAL STATEMENTS TO 30 SEPTEMBER, 2021 OF FIRST CITIZENS

SUMMARY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	YEAR ENDED				
	As at 30 Sep-17 $'000	**As at 30 Sep-18 $'000**	**As at 30 Sep-19 $'000**	**As at 30 Sep-20 $'000**	**As at 30 Sep-21 $'000**
Net Interest Income	1,418,351	1,558,950	1,633,294	1,626,696	1,499,752
Other income	568,223	657,831	642,523	607,952	641,743
Total Net Income	1,986,574	2,216,781	2,275,817	2,234,648	2,141,495
Impairment loss on loans and investments net of recoveries	(75,697)	(178,024)	14,476	(213,287)	12,554
Expenses	(1,056,092)	(1,046,969)	(1,247,439)	(1,209,013)	(1,272,903)
Operating Profit	854,785	991,788	1,042,854	812,348	881,146
Share of profit in associate and joint venture	21,597	18,238	19,921	19,297	20,869
Profit Before Taxation	876,382	1,010,026	1,062,775	831,645	902,015
Taxation	(234,450)	(336,333)	(311,046)	(224,779)	(234,733)
Profit For The Year	641,932	673,693	751,729	606,866	667,282
Other Comprehensive Income					
Exchange difference on translation	667	(2,201)	(10,325)	6,103	(9,713)
Revaluation of investments and property net of tax	(27,384)	(167,255)	180,953	76,671	57,047
Remeasurements of defined benefit obligations	(17,163)	2,567	25,916	(68,275)	172,990
Item reclassified to retained earnings	-	-	-	4,713	-
Total Other Comprehensive Income	(43,880)	(166,889)	196,544	19,212	220,324
Total Comprehensive Income for the year	598,052	506,804	948,273	626,078	887,606

FIRST CITIZENS GROUP FINANCIAL HOLDINGS LIMITED

FIVE YEAR SUMMARY CONSOLIDATED FINANCIAL STATEMENTS TO 30 SEPTEMBER 2021 OF FIRST CITIZENS (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 2016	**643,557**	**677,698**	**1,151,111**	**4,206,938**	**6,679,304**
Treasury Stock	(185,000)	--	--	--	(185,000)
Total comprehensive income for the year	--	--	(43,880)	641,932	598,052
Dividends	--	--	--	(340,774)	(340,774)
Transfer to statutory reserve	--	201,637	--	(201,637)	--
Balance at 30 September 2017	**458,557**	**879,335**	**1,107,231**	**4,306,459**	**6,751,582**
Balance at 1 October 2017	**458,557**	**879,335**	**1,107,231**	**4,306,459**	**6,751,582**
Change on initial application of IFRS 9	--	--	(38,453	(145,897)	(184,350)
Restated balance as at 1 October 2017	**458,557**	**879,335**	**1,068,778**	**4,160,562**	**6,567,232**
Total comprehensive income for the year	--	--	(166,889)	673,693	506,804
Dividends	--	--	--	(452,318)	(452,319)
Balance at 30 September 2018	**458,557**	**879,335**	**901,889**	**4,381,936**	**6,621,717**
Balance restated as at 1 October 2018	**458,557**	**879,335**	**901,889**	**4,381,936**	**6,621,717**
Total comprehensive income for the year	--	--	194,241	754,032	948,273
Dividends	--	--	--	(417,939)	(417,939)
Transfer to statutory reserve	--	5,354	--	(5,354)	--
Balance at 30 September 2019	**643,557**	**884,689**	**1,096,130**	**4,712,675**	**7,152,051**
Balance at 1 October 2019	**458,557**	**884,689**	**1,096,130**	**4,712,675**	**7,152,051**
Change on initial application of IFRS 16	--	--	--	(7,537)	(7,537)
Restated balance as at 1 October 2019	**458,557**	**884,689**	**1,096,130**	**4,705,138**	**7,144,514**
Total comprehensive income for the year	--	--	14,499	611,579	626,078
Dividends	--	--	--	(349,179)	(349,179)
Transfer to statutory reserve	--	356,723	--	(356,723)	--
Balance at 30 September 2020	**458,557**	**1,241,412**	**1,110,629**	**4,610,815**	**7,421,413**
Balance at 1 October 2020	**458,557**	**1,241,412**	**1,110,629**	**4,610,815**	**7,421,413**
Total comprehensive income for the year	--	--	210,337	677,269	887,606
Dividends	--	--	--	(363,612)	(363,612)
Balance at 30 September 2021	**458,557**	**1,241,412**	**1,320,966**	**4,924,472**	**7,945,407**

FIRST CITIZENS GROUP FINANCIAL HOLDINGS LIMITED
FIVE YEAR SUMMARY CONSOLIDATED FINANCIAL STATEMENTS TO 30 SEPTEMBER, 2021 OF FIRST CITIZENS (Continued)

SUMMARY CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEAR ENDED				
	30 September 2017 $'000	**30 September 2018 $'000**	**30 September 2019 $'000**	**30 September 2020 $'000**	**30 September 2021 $'000**
Profit before taxation	876,382	1,010,026	1,062,775	831,645	902,015
Adjustments to reconcile profit to net cash provided by operating activities:	116,004	136,094	(216,116)	167,825	94,624
Cashflows from operating activities before changes in operating assets and liabilities	992,386	1,146,120	846,659	999,470	996,639
Net change in loans to customers	(1,067,156)	(1,519,684)	(2,612,475)	(625,523)	974,337
Net change in customers' deposits and other funding	(1,204,669)	1,578,711	139,217	3,117,398	(213,790)
Net change in other assets	11,677	(138,673)	145,220	9,202	(56,133)
Net change in statutory deposits with Central Bank	583,764	(855,410)	735,533	(1,412,850)	333,289
Net change in creditors and accrued expenses	62,830	150,651	(127,391)	(52,010)	(87,291)
Taxes paid	(223,818)	(280,710)	(399,264)	(302,018)	(205,716)
Net cash flow from operating activities	(844,986)	81,005	(1,272,501)	1,733,669	1,741,335
Cash Flows From Investing Activities					
Net change in investments	(643,560)	19,445	(143,376)	(375,145)	1,002,148
Repayment on loan notes receivable	73,700	73,700	73,700	73,700	73,700
Net change in short-term investments	867,853	24,389	55,762	(800,487)	197,071
Proceeds from disposal of property, plant and equipment	985	3,566	1,175	8,029	35,405
Disposal of JV/Associates	-	-	-	-	921
Investment in joint venture/associate	-	-	-	-	(22,500)
Purchase of property, plant and equipment	(116,599)	(91,751)	(104,495)	(94,894)	(81,935)
Net cash flow from investing activities	182,379	29,349	(117,234)	(1,188,797)	1,204,810
Cash Flows From Financing Activities					
Net change in debt securities	-	1,465,766	63,089	696,339	(653,223)
Issue of shares	(185,000)	-	-	-	-
Repayment of lease liabilities	-	-	-	(20,626)	(34,949)
Dividend paid	(340,774)	(452,319)	(417,939)	(349,179)	(363,612)
Net cash flow from financing activities	(525,774)	1,013,447	(354,850)	326,534	(1,051,784)
Net (decrease)/increase in cash and cash equivalents	(1,188,381)	1,123,801	(1,744,585)	871,406	1,894,361
Cash and cash equivalents at beginning of year	2,894,015	1,693,532	2,806,825	1,064,619	1,957,698
Effect of exchange rate changes	(12,102)	(10,508)	2,379	21,673	12,536
Cash and cash equivalents at end of year	1,693,532	2,806,825	1,064,619	1,957,698	3,864,595
REPRESENTED BY:					
Cash and due from banks and statutory deposits (as per consolidated statement of financial position)	7,072,779	9,025,002	7,183,543	10,097,285	11,026,823
Statutory Deposits	(3,387,702)	(4,243,111)	(3,507,579)	(4,920,429)	(4,587,140)
Due to other banks	(1,504,340)	(1,512,249)	(2,204,290)	(2,011,616)	(1,564,617)
Short Term Investments (Maturity over 3 months)	(487,205)	(462,817)	(407,055)	(1,207,542)	(1,010,471)
	1,693,532	**2,806,825**	**1,064,619**	**1,957,698**	**3,864,595**

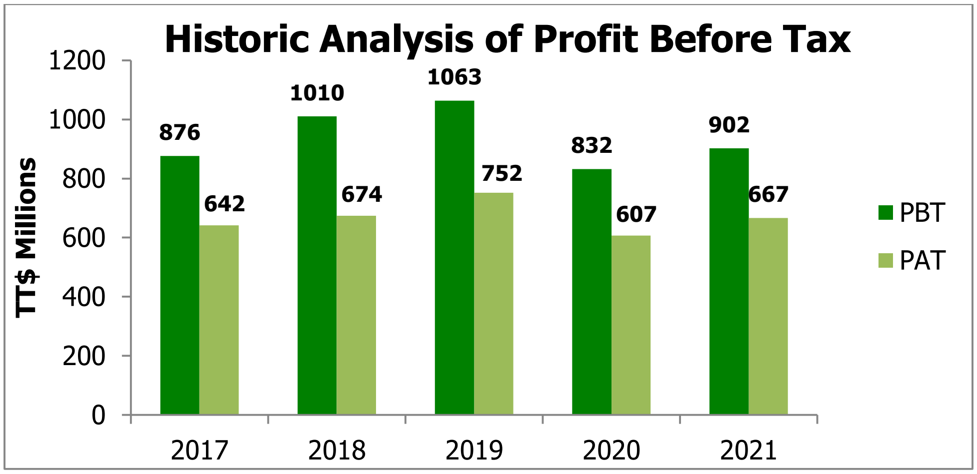
Basis of preparation

These summary consolidated financial statements have been derived from the consolidated financial statements for the years ended 30 September 2017, 2018, 2019, 2020 and 2021. During the five year period from 30 September 2017 to 30 September 2021, the Group adopted IFRS 9 in 2018 and IFRS 16 in 2020. The financial statements prior to these years were not adjusted to reflect the changes in these standards.

9. FIVE YEAR PERFORMANCE SUMMARY

Performance Overview

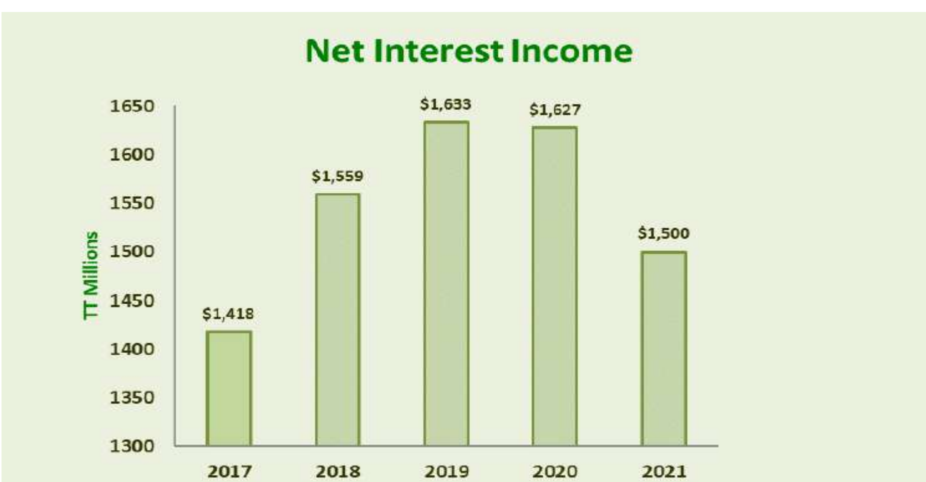
Profit before tax has increased year-over-year in the first three-year history (2017 to 2019). However, in 2020 the profit before tax declined and increased in 2021. The main factors driving these increases for period 2017 to 2019 were increases in net interest income, increases in other income (like fees and commissions), partially offset by increases in administrative and other operating expenses. The decline in 2020 was due to an increase in expected credited losses (ECL) charges due to COVID-19. Detailed commentary of the major underlying performance drivers by fiscal year is provided in the following sections



The Group continues to monitor the domestic and international economies and identify risks to the financial sector and formulate strategies to mitigate such risks. In particular, the impact of the Russia-Ukraine war on the post COVID-19 recovery. The major effects to the world economy are higher commodities prices, supply chain disruption and global inflation. This 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 70.0% of the Group's total net income for fiscal year 2021.



Net Interest Income (Continued)

Fiscal year 2018 vs 2017: Net interest income increased by $140.6 million to $1,558.9 million, primarily due to a $196.9 million increase in interest income which was largely attributable to an increase in the average loan portfolio, along with higher average yield, moving from 5.64% to 6.04%. This was partially offset by a $56.3 million increase in interest expense (2018 vs 2017) which was principally due to an increase in Bond payables and Due to other Banks interest expense, which was mainly due to the increase in the average balances in both portfolios.

Fiscal year 2019 vs 2018: The $74.3million increase y-o-y was due to a $147.2 million increase in interest income due mainly to an increase in the average investment portfolio balance, which was partly offset by an increase in interest expense of $72.9 million. This increase was mainly due to an increase in bonds payable, and customers' deposits interest expense, due to the increase in average portfolio and interest rate respectively.

Fiscal years 2020 to 2019: Net interest income decreased by $6.6 million. This was primarily due to an increase in interest expense of $19.5 million. This increase was due mainly to an increase in bond payable expenses. This was partially offset by an increase in interest income of $12.9 million, which was mainly due to declining yields for both the investment and loan portfolios.

Fiscal years 2021 to 2020: Net interest income decreased by $126.9 million to $1,499.7 million. This was primarily due to a decrease in interest income by $208.9 million, with the main contributor being loan income ($118.1million), due to lower yields, moving from 6.55% in 2020 to 5.99% in 2021. The decrease in Investment interest income ($82.2 Million) was also due to declining yields from 4.74% in 2020 to 4.25% in 2021.

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 2017 to 2021 non-interest income has grown by 12.9% or $73.5 million to $641.7million. The most significant contributors to this growth were gains on the disposal of investments 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, 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 2021 vs 2020, total non-interest expense increased by $63.9 million or 5.3%, amounting to $1,272.9 million at the end of September 2021. This increase is mainly due to the increase in impairment on non-financial asset ($39.2million) and operating expenses. The Group's efficiency ratio—the ratio of non- interest expenses (excluding impairment provision) to total income—increased to 59.4% in 2021. 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.

FIRST CITIZENS GROUP FINANCIAL HOLDINGS IMITED

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 2019 to 2021.

	Year Ended 30 September 2020 vs 30 September 2021				Year Ended 30 September 2019 vs 30 September 2020			
	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	(4,075)	(78,503)	417	(82,161)	33,842	(50,787)	(2,188)	(19,133)
Loans to customers	(11,432)	(107,673)	979	(118,126)	112,171	(65,660)	(6,051)	40,460
Loan Notes	(9,351)	1,241	(497)	(8,606)	(9,072)	975	(279)	(8,376)
Total increase in interest income	(24,858)	(184,935)	900	(208,893)	136,941	(115,472)	(8,518)	12,951
Interest Expense Attributable to:								
Customers' Deposits	6,299	(51,884)	(2,953)	(48,538)	7,379	(7,099)	(472)	(192)
Other funding instruments	(2,853)	(24,538)	623	(26,768)	(2,108)	2,408	(45)	255
Due to other banks	(8,887)	3,055	(464)	(6,295)	7,738	(5,955)	(800)	983
Debt securities in issue	913	(1,253)	(8)	(348)	15,772	2,414	316	18,503
Total increase in interest expense	(4,528)	(74,620)	(2,802)	(81,949)	28,781	(8,230)	(1,001)	19,549
Increase/(decrease) in net interest income	(20,330)	(110,315)	3,702	(126,944)	108,161	(107,242)	(7,517)	(6,598)

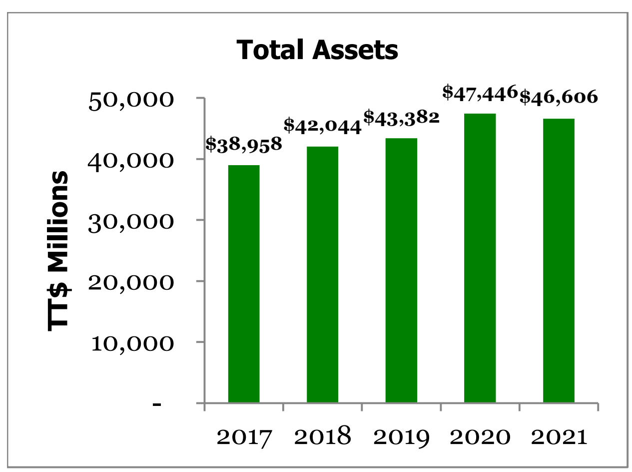
Assets

2018 vs 2017. The Group's total assets increased to $42.0 billion. This increase was mainly due to increases in loans to customers and other financial assets, specifically cash and statutory deposits with Central Bank.

2019 to 2018. Total assets increased in 2019 by $1.3 billion, due mainly to an increase in loans to customers ($2.6 billion) partly offset by a decrease in cash and statutory deposit in Central Bank.

2020 vs 2019. Total assets increased by $4.1 billion to $47.4 billion. This increase was mainly due to cash and due from other banks and statutory deposits with Central Bank.

2021 vs 2020. Total assets as at the end of September 2021 were $46.6 billion, a decline of $0.8 billion. There were declines in loans to customers and the investment portfolios, partly offset by an increase in cash and due from other banks.



The Loan Portfolio

The net loan portfolio has increased by $3.7 billion, from $14.4 billion (September 30, 2017) to $18.1 billion (September 30, 2021). 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 were consumer, petroleum, distribution, hotel and guest houses and finance and insurance sectors. This was partly offset with a decline in the construction and transport, storage, and communication sectors.

Non-performing loans as a percentage of total gross loans deteriorated to 3.97 % at the close of 2021 as compared to 2020 (3.36%). Over the five-year period it moved from 2.70% in 2017 to 3.97 in 2021.

Loan loss provision

The Group accounts for the credit risk associated with lending activities through its expected credit loss provisioning. This allowance, as determined through the application of the Group's IFRS 9 impairment model, is an expense recognised in the income statement. The total expected credit losses (ECL) for the Group at the end of September 2021 amounted to $440.5 million, which represents 2.38% of total loans and 0.60 times coverage on the value of total non-performing loans. (2020 - $457.8 million provision; 2.35% of total loans and 0.70 times coverage). During 2021, general ECL decreased by $17.3 million, as the loan portfolio decreased by $974.3 million.

Investment portfolio

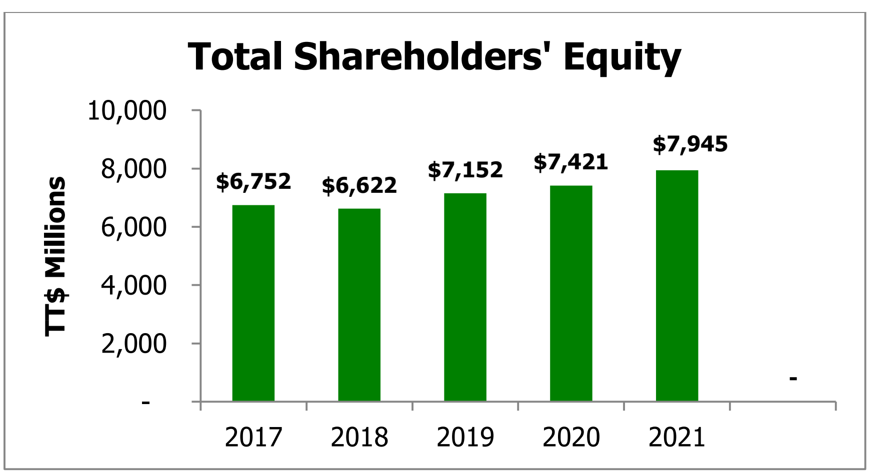
The investments remained flat at $ 15.7 billion from 2017 to 2021.

Provision for taxation

The Group's effective tax rate as at 30 September 2021 was 26.02%, a slight decline when compared to September 2017 (26.75%). In 2018 to 2020, the effective tax rate ranged between 27.03 to 33.0%. This was partly due to the maturity of tax-exempt instruments during the period.

Shareholders' Equity

Over the five-year period, total shareholders' equity increased by $1.2 billion to $7.9 billion, due to net profit over the five-year period of $ 3.3 billion, offset by a dividend of $1.9 billion paid to shareholders over the same period.



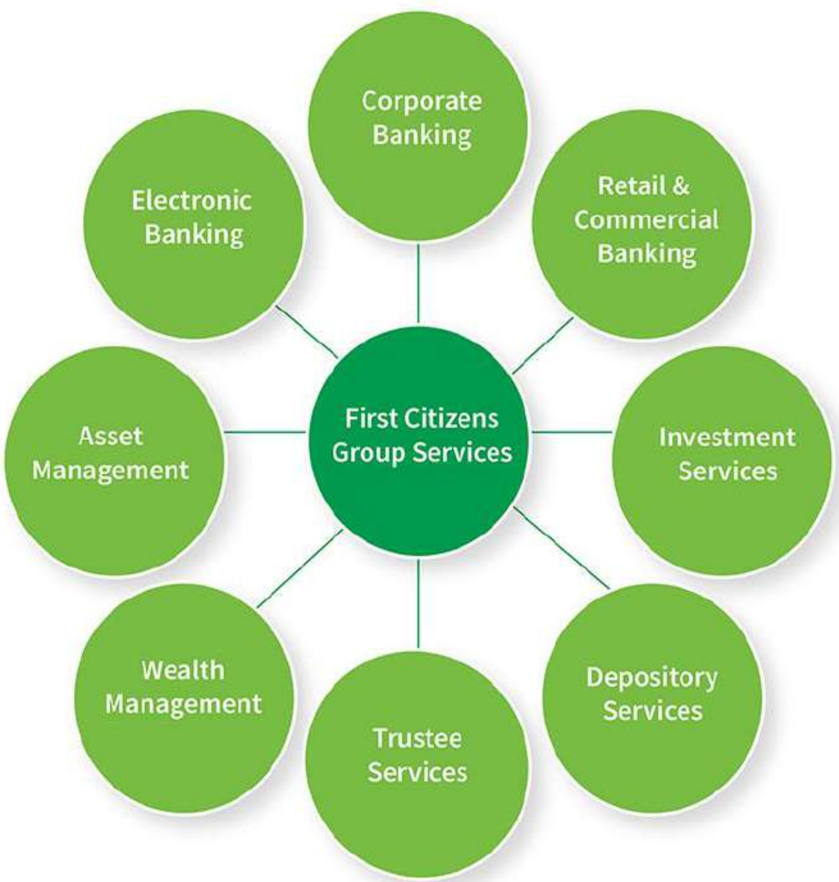
10. MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS FOR THE FISCAL YEAR 30 SEPTEMBER 2021

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 2021.

The Group, defined as FCGFHL, First Citizens 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. FCGFHL is a subsidiary of FCHL, a company owned by the Government.

On October 15, 2021, FCGFHL replaced the Bank as the 'de facto' holding company and listed entity for the Group and the shareholders of First Citizens became the shareholders of FCGFHL. As a result, First Citizens is now a subsidiary of FCGFHL.



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.

10. MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS FOR THE FISCAL YEAR 30 SEPTEMBER 2021 (continued)

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

Critical Accounting Policies

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

Summary of Operations

At the end of the financial year ended 30 September 2021, First Citizens Group reported a profit before tax of $902.0 million. This profit represented $70.4 million or 8.5% increase over the $831.6 million earned in September 2020.

10. MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS FOR THE FISCAL YEAR 30 SEPTEMBER 2021 (continued)

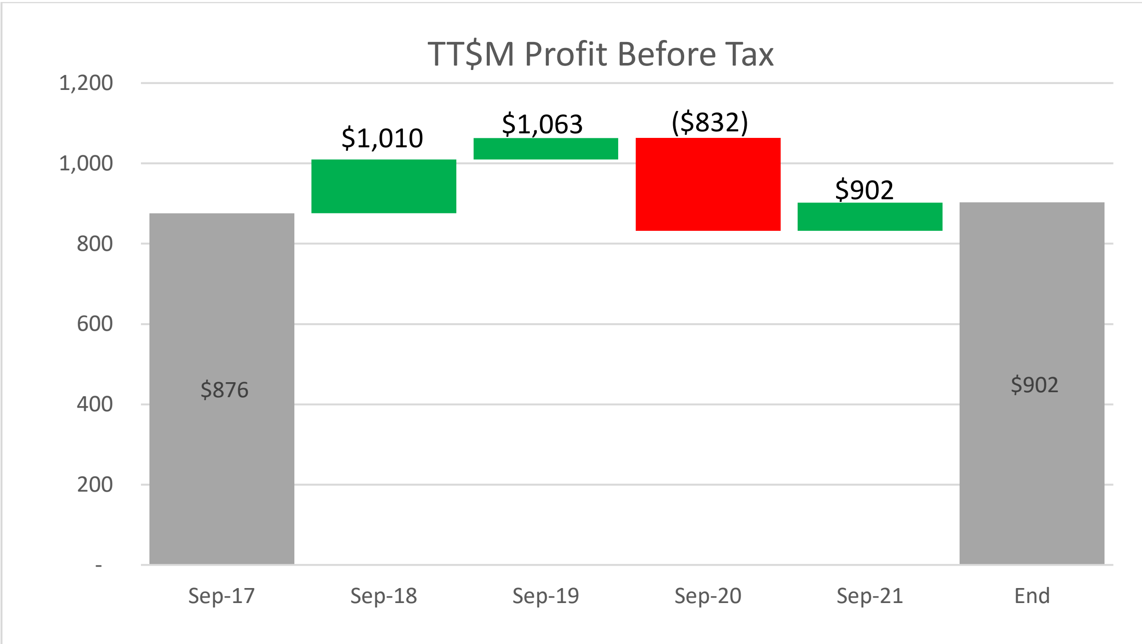


Figure 11.1 – Historical Profit before Tax

Total net revenue decreased by 4.2% to approximately $2.1 billion whereas operating or core profit increased by $68.7 million on to $881.1 million (2020 - $812.3 million). Profit after Tax amounted to $667.3 million as compared to $606.9 million in 2020, an increase of approximately 10.0%.

Overall, total assets decreased by 1.8% from $46.6 billion in 2021. The Group's funding base also decreased from $38.8 billion to $37.5 billion. Notwithstanding booking $4.4 billion in new loans, the Group reflected a decrease in customers' loans and advances of 5.0%, moving from $19.5 billion to $18.5 billion and investments decreased from $16.5 billion to $15.7 billion. This net decrease, despite new bookings of $4.4 billion, is a result of normal amortisations along with early repayment of some customers' facilities.

Net Interest Income

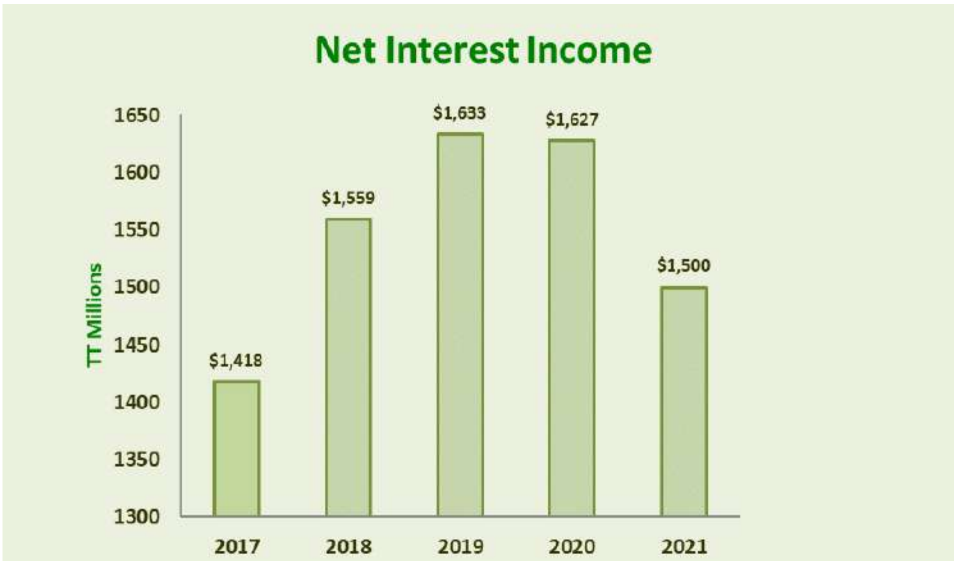
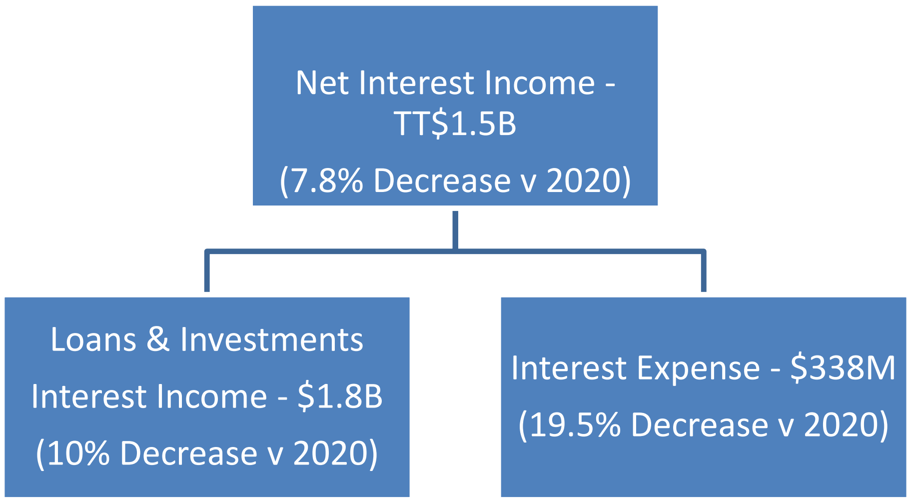


Figure 11.2 – Historical Net Interest Income

Net interest income continues to be the most significant contributor to the Group's net income, accounting for 70.0% (2020: 72.8%) of the Group's total income.

10. MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS FOR THE FISCAL YEAR 30 SEPTEMBER 2021 (continued)

Net Interest Income (continued)



Major Contributors to the decrease in net interest income are:

- Loan portfolio balance reduction - $0.8 billion
- Lower yields on loan portfolio from 6.36% (2020) to 5.99% (2021).
- Investment portfolio average balance decrease by $0.5 billion
- Decreased investment income yields to 4.12% (2021) from 4.48% (2020).

Offset by:

- Reduction in deposit interest expense by $48.5 million due to cost of funding reduction – 0.21% (2021); 0.4% (2020).
- Other funding (repo) interest expenses decreased by $33.6 million as a result of a decreased average portfolio.

10. MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS FOR THE FISCAL YEAR 30 SEPTEMBER 2021 (continued)

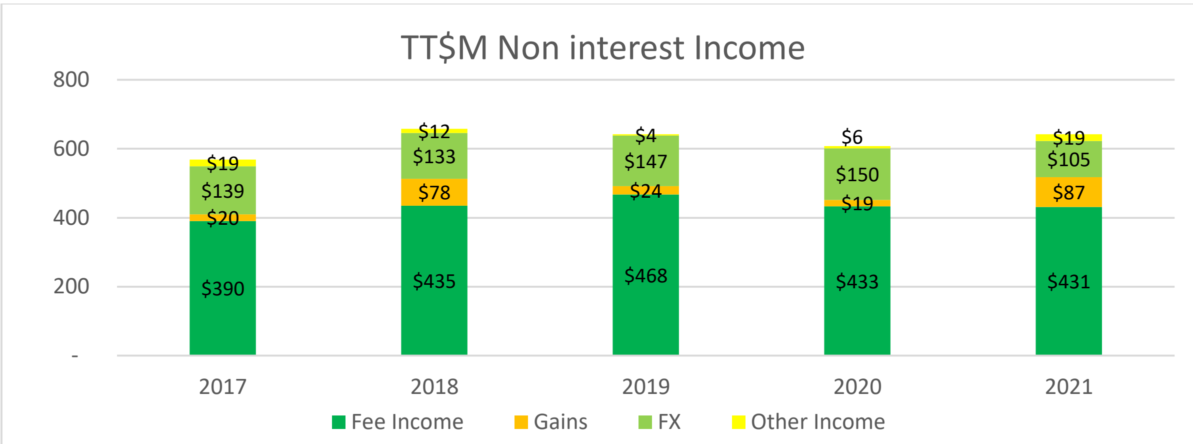
The following table sets forth a summary of changes in interest income and interest expense resulting from changes in volumes (average balances) and changes in rates:

	Year Ended 30 September 2020 vs 30 September 2021				Year Ended 30 September 2019 vs 30 September 2020			
	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	(4,075)	(78,503)	417	(82,161)	33,842	(50,787)	(2,188)	(19,133)
Loans to customers	(11,432)	(107,673)	979	(118,126)	112,171	(65,660)	(6,051)	40,460
Loan Notes	(9,351)	1,241	(496)	(8,606)	(9,072)	975	(279)	(8,376)
Total increase in interest income	(24,858)	(184,935)	900	(208,893)	136,941	(115,472)	(8,518)	12,951
Interest Expense Attributable to:								
Customers' Deposits	6,299	(51,884)	(2,953)	(48,538)	7,379	(7,099)	(472)	(192)
Other funding instruments	(2,853)	(24,538)	623	(26,768)	(2,108)	2,408	(45)	255
Due to other banks	(8,887)	3,056	(464)	(6,295)	7,738	(5,955)	(800)	983
Debt securities in issue	913	(1,253)	(8)	(348)	15,772	2,415	316	18,503
Total increase in interest expense	(4,528)	(74,619)	(2,802)	(81,949)	28,781	(8,231)	(1,001)	19,549
Increase/(decrease) in net interest income	(20,330)	(110,316)	3,702	(126,944)	108,161	(107,241)	(7,517)	(6,598)

Non-Interest Income

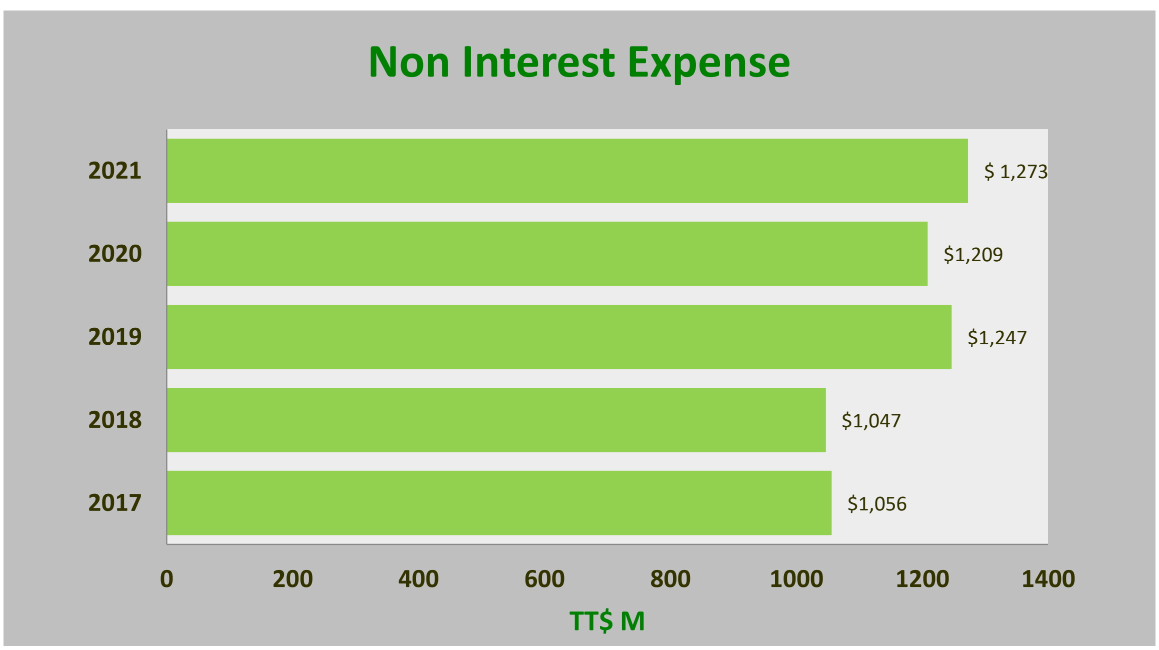
In the year 2021, non-interest income increased by 5.6% to $641.7 million, accounting for 30.0% of total revenues (2020: 28.2%). The major contributors to this increase were derived from increased contributions in the categories of gains from disposals of investments ($67.9 million) and other income ($12.4 million). These were offset by decrease in foreign exchange income ($44.6 million).

Non Interest Income (continued)



Non-Interest Expense

Within this period, the Group experienced an increase in non-interest expenses of $63.9 million or 5.3%, amounting to $1,272.9 million as at the end of September 2021. The Group recorded impairment losses on property of $39.2 million as a result of a reduction in the market value of our freehold properties. There was also an increase in technical and professional fees of $24.0 million, incurred for the restructuring of the Group and the proposed acquisition of Scotia's Guyana operations which is subject to regulatory approval in both Guyana and Trinidad and Tobago.



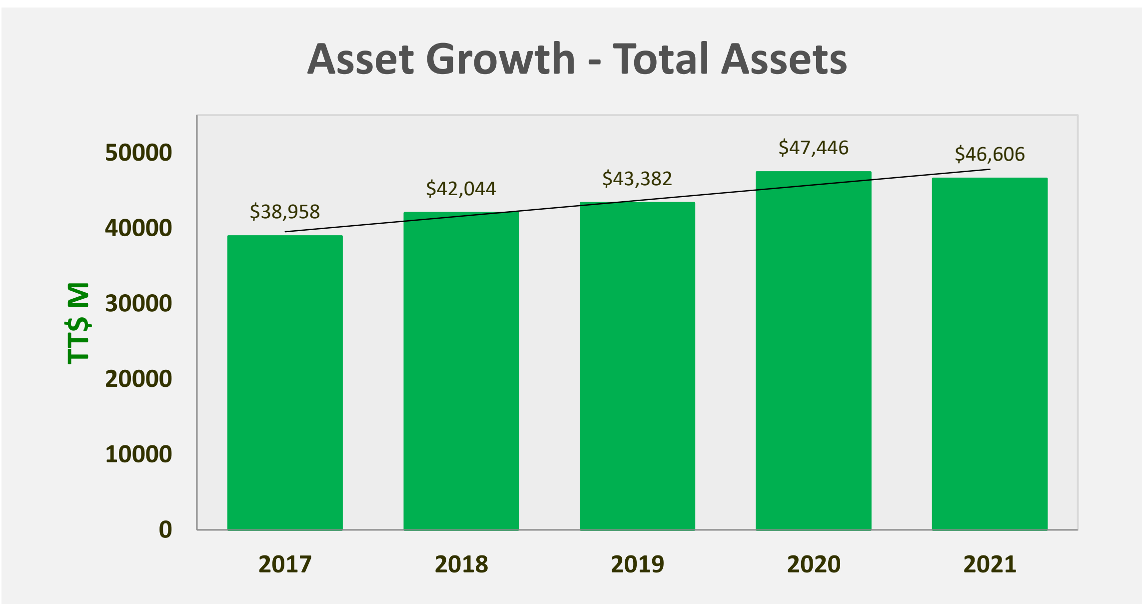
10. MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS FOR THE FISCAL YEAR 30 SEPTEMBER 2021 (continued)

Non-Interest Expense (continued)

The Group's efficiency ratio, the ratio of non-interest expenses (excluding impairment provision) to total income, stood at 59.4% in 2021. The Group continues to renew its commitment towards improving the efficiency of utilisation of resources and controlling its expense levels, while delivering superior customer service.

Assets and Liabilities

Total Assets were $46.6 billion as at the end of September 2021. There were decreases shown in loans to customers, investments, and the Group's CBTT deposits, offset by an increase in the cash position. Growth in loan and investment portfolios continued to be stymied by the economic disruption from the COVID-19 pandemic.

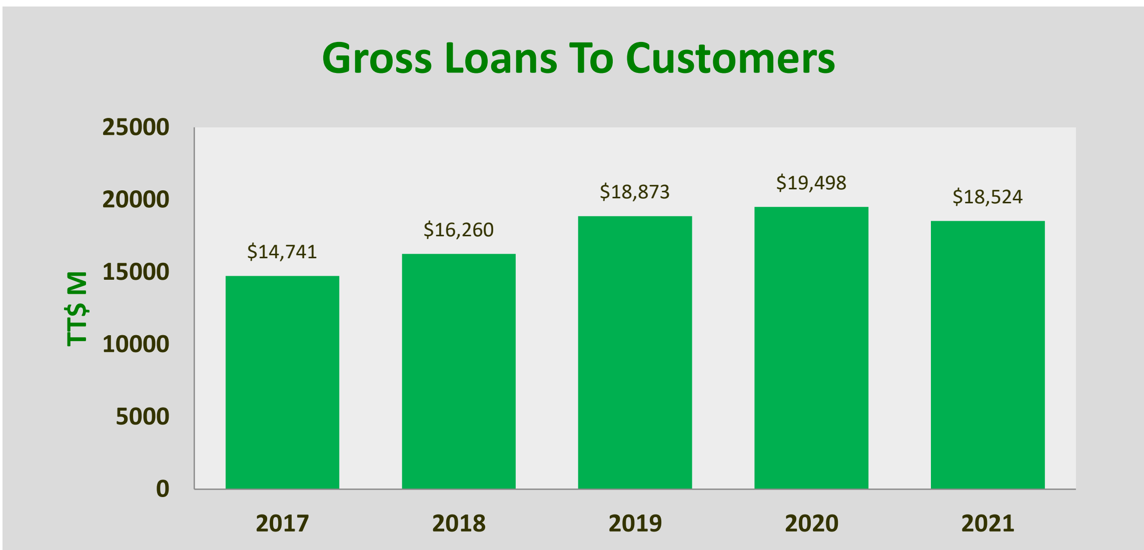


10. MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS FOR THE FISCAL YEAR 30 SEPTEMBER 2021 (continued)

The Loan to Customers Portfolio

As at 30 September 2021, the gross loan portfolio decreased by $1.0 billion to $18.5 billion. Loans decreased within five major sectors led by finance and insurance ($496.7 million), petroleum ($378.0 million), manufacturing ($216.4 million), consumers ($135.0 million), and distribution ($100.2 million). This was partly offset by an increase in other business ($346.5 million).

As a Group, non-performing loans as a percentage of total gross loans stood at 3.97% at the close of 2021 compared to 3.36% in 2020. The credit risk department and business units continue to effectively manage our delinquency, asset quality and credit exposure by setting and ensuring compliance with our credit policies.



Loan Loss Allowance

The Group accounts for the credit risk associated with lending activities through its allowance for bad and doubtful debts. This allowance, as determined through the application of the Group's expected credit loss model, which is an expense recognised in the income statement. Total allowance for the Group at the end of September 2021 amounted to $440.5 million, which represents 2.38% of total loans and 0.60 times coverage on the value of total non-performing loans. The decrease in the allowance is due to a reduction in our aggregate loan balances.

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

Investment Portfolio

Investments, fair valued through other comprehensive income, decreased by 5.3% during the year to $10.8 billion from $11.4 billion; and the investments in the amortised cost category decreased to $4.85 billion from $5.0 billion, a decrease of 3.0%.

Provision for Taxation

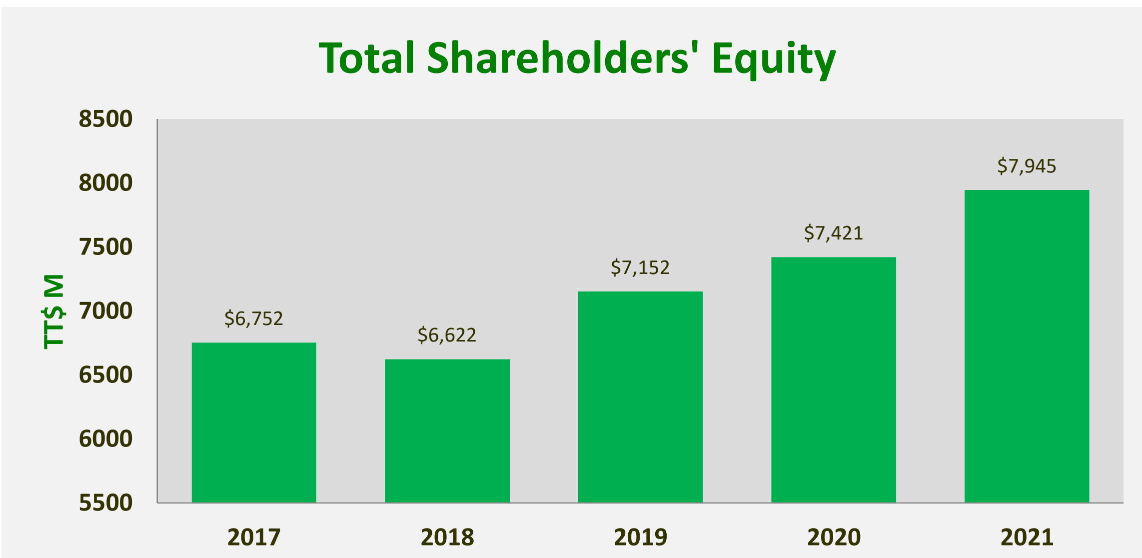
The Group recorded a taxation charge for the year of $234.7 million compared to $224.8 million in 2020, representing an effective taxation rate of 26.0% (2020 - 27.0%).

10. MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS FOR THE FISCAL YEAR 30 SEPTEMBER 2021 (continued)

Shareholders' Equity

Total shareholders' equity increased by $524.0 million over the last financial year to $7.95 billion. The increase in the Group's capital base was mainly due to the net profit for the year of $667.3 million, offset by dividend of $363.6 million paid to shareholders, along with an increase in the other reserve due to the remeasurement of the defined benefit obligation ($173.0 million).

The Group and its subsidiaries are subject to various capital requirements administered by banking regulators. Such regulators require that the Bank maintain minimum amounts and ratios of total and Tier 1 capital (as defined in the regulation) to risk weighted assets (as defined). This standard corresponds with International Basel standards wherein there is a minimum capital adequacy ratio of 10%. This is a risk-based capital measure which recognises the inherent credit, operational and market risk. As at the year's end, the Group was well capitalized with a capital adequacy ratio of 18.02% (2020: 18.35%).



Risk Management

The Group has recognized the need to place 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 currently encompasses three main risk monitoring areas: Credit, Market and Liquidity and Operational Risk.

- The Enterprise Risk Management framework integrates all aspects of risks across the Group and supports the various business units within the Group in the effective management of risks. It has been developed in accordance with:
- The Committee of Sponsoring Organisations of the Treadway Commission (COSO) – Enterprise Risk Management (ERM) Integrated Framework, as its core methodology for managing risk on an enterprise-wide basis.
- The requirements of the Basel Capital Accord as applied in the jurisdictions in which the Group operates; and
- Other local and international best practices in risk management.

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

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

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

Credit Risk Management

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

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

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

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

Market Risk Management

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

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

Asset/Liability Management

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

Interest Rate Risk Management

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

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

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

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

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

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

Liquidity Risk Management

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

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

Operational Risk Management

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

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

Internal Capital Adequacy Process (ICAAP)

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

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

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

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

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

- Knowledge of the risk environment
- Evidence and monitoring
- Calculation and reporting of the capital charge
- Review and challenge

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.

Management of Internal Controls (continued)

Frequent internal assessments ensure the quality of these processes; and these are subject to an independent external quality assessment every five years. The last such assessment was completed on the 22nd November 2017, and another becomes due and is scheduled to be completed on or before 30th September 2022. The Group's internal audit process continues to receive the highest rating accreditation of "Generally Conforms". This affirms the department's independence, objectivity and professional care in giving assurance on risk management practices, governance initiatives and compliance with policies, procedures, regulations and legislation. The Audit Committee continues to oversee the operations of the department, ensuring the highest quality of communications to management and action items are identified for areas of weakness identified.

Compliance Risk

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

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

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

Conclusion

The First Citizens Group continued to perform strongly in 2021 with solid growth in Total Asset, and Shareholders' Equity. Despite the challenges of continued depressed economic activity, internationally, regionally, and locally, the Group reinforced its position as a strong financial institution. Coupled with sound management and corporate governance, the First Citizens Group remains well positioned to preserve its position as one of the most competitive financial institutions in the region.

11. OUTLOOK AND BUSINESS PROSPECTS

At the beginning of the year, economic activity across the globe continued picking up as governments' COVID-19 vaccination drives boosted consumer confidence. Although robust fiscal and monetary stimulus packages were unwound, pent-up household demand in developed nations aided in the consumption-driven recovery witnessed in 2021. Supply-chain disruptions faced in 2021 due to microchip shortages, higher shipping costs on account of increased energy prices and the outbreak of new COVID-19 variants placed substantial upward pressure on the final prices of goods and services.

According to Fitch Ratings, global economic growth is projected at 3.6% for 2022, down from 4.3% forecasted earlier in the year. The downward revision was driven by the Russian invasion of Ukraine, which will weigh on economic activity. Food security is of the highest concern as the world's major wheat and fertiliser exporter, Russia, becomes cut off from global trade due to the vast and severe sanctions imposed on it by several major nations. It is expected that throughout the year, major central banks will increase their respective main policy rates in order to curb rising inflation; this monetary action may taper the growth momentum in their respective economies.

In Trinidad and Tobago, monetary and fiscal policies remain geared towards stimulating economic activity. The IMF forecasts GDP growth for Trinidad and Tobago will be 5.5% in 2022.

Strategically, 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 2022 and further intends to strengthen First Citizens' brand by enhancing the customer experience.

In order to achieve the Group's goals, the following will continue to be implemented:

- ***Digital transformation:*** By continuously modernising our technological infrastructure, automation of new and existing processes, and digitisation of documentation and work flows. This will improve how we do business, improve efficiency and ensure a frictionless customer journey.

- ***Digital products and services:*** By launching new electronic and digital channels, digital products and services, and omni-channel digital banking that will continue to provide connected customer experiences. We will constantly be innovating our services to provide an exceptional customer experience.

- ***Increase market penetration:*** By achieving a larger market share in stronger segments of the Trinidad and Tobago economy, and the wider Caribbean, in particular, the construction, distribution and green energy 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 SMEs 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 and 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 have recognised 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".

11. OUTLOOK AND BUSINESS PROSPECTS (continued)

- ***Diversify our financial performances:*** By closely evaluating and capitalizing on opportunities that will provide shareholder value via organic and 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 earnings, and market share through our various lines of business and complimentary 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. The Group continues to explore the opening of new branches where feasible, alongside concentrated efforts to pursue increased business 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.

- ***Highly engaged employees:*** By cultivating a workplace whereby our over 1,800 staff members are encouraged to give of their best each day, are committed to the organisation'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, energised 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.

12. RISK FACTORS

First Citizens Group's 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 11). These risks and uncertainties are not the only ones facing the First Citizens Group. Other risks and uncertainties that the First Citizens Group does not presently consider to be material, or of which the First Citizens Group is not presently aware, may become important factors that affect First Citizens Group's 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 the First Citizens Group. Potential investors in the shares of FCGFHL should carefully consider these risks before investing in the shares and take advice from a stockbroker or other appropriate professional.

FACTORS RELATING TO FCGFHL

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

64.43% of FCGFHL's share capital is indirectly owned by GORTT, and after the Offer GORTT will retain, via its interest in FCHL, an approximate 60.11% holding in FCGFHL. 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 FCGFHL. GORTT has the power to determine, directly or indirectly, the outcome of essentially all corporate actions or decisions to be taken by FCGFHL or its subsidiaries. The composition of the Board may change entirely or substantially following a change of Government. FCGFHL'S Board appoints the board of directors for First Citizens. FCGFHL 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.

Return on Investment and Cash Distributions are not guaranteed

FCGFHL's cash flow is dependent on the ability of First Citizens and the First Citizens Subsidiaries to pay dividends. Should First Citizens or the First Citizens Subsidiaries opt not to make distributions to its shareholder, or should future distributions by First Citizens or the First Citizens Subsidiaries be of a lower amount than historical dividend levels, the change may have a material adverse effect on FCGFHL's financial performance and its ability to distribute dividends.

There can be no assurance regarding the amount of cash flow and income generated by FCGFHL's investment in its subsidiaries. The ability of FCGFHL to make cash distributions to shareholders, and the actual amount distributed, will be entirely dependent on whether it will receive dividends from its subsidiaries in the future.

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

Trinidad and Tobago's economy is susceptible to exogenous shocks and is affected by global economic and financial conditions, most recently, the COVID-19 pandemic. In 2020 and, to a lesser extent 2021, the global financial services industry was materially affected by the turbulent economic conditions that stemmed from the pandemic. While there was significant and persistent volatility in the markets, the industry has demonstrated a high degree of resilience through the crisis. Fiscal and monetary authorities acted rapidly to support the economy, while strong prudential and capital adequacy practices in the domestic financial services industry have supported its resilience, relative to the financial crisis period of 2008-9.

Pre-dating the COVID-19 pandemic, the Trinidad and Tobago economy has been in an extended period of downturn with negative real GDP growth recorded in every year between 2016 and 2021. While oil prices averaged over USD90/bbl in the 2011-14 period, prices declined significantly from Q42014 onwards, and with global demand depressed by pandemic measures in 2020, the average price fell to USD39.30/bbl. Natural gas prices followed a similar pattern, with an average for around USD4/mmbtu in the 2011-14 period, followed by a sharp decline to the USD2.50 – USD3 range after the end of the commodities 'supercycle'. More recently, however, with the recovery of the global economy from the pandemic, energy prices have risen significantly and in 2021 oil averaged USD68/bbl while gas averaged USD3.9/mmbtu – their highest levels since 2014. While these factors portend well for the Trinidad and Tobago economy, the country's natural gas production has been in gradual decline from a peak of 4,144mmcf/day in 2013 to 3,044mmcf/day. Oil production has been in a longer decline – from a peak of 144,400 bbl/day in 2005 to 56,500bbl/day in 2020, though a small uptick in output is estimated for 2021.

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.

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.

12. RISK FACTORS (continued)

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 conditions 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.

First Citizens is also registered with the TTSEC as a reporting issuer and a broker-dealer authorised 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 conditions or prospects.

12. RISK FACTORS (continued)

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 March 31, 2022, it held loan notes (which are not tradable) totaling approximately $34.2 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, 2021, approximately 40.3% of its interest-bearing assets, and 28.9% 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 20.7% of its total loan portfolio, and approximately 55.5% 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 $9.7 billion as of December 31, 2021. First Citizens has also made loans of approximately $3.87 billion as of December 31, 2021, to Government-related entities and other borrowers whose loans are guaranteed by GORTT.

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 March 31, 2022), 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.

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 its acquisition. As at March 31, 2022, the fixed income portfolio contains approximately $836 million of CL Financial Limited debt instruments, and First Citizens has until February 2023 to claim for reimbursement from GORTT under the Liquidity Support Agreement.

FACTORS RELATING TO BANKING OPERATIONS (continued)

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 realised or unrealised 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 conditions.

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.

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 conditions 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:

(i) 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;

(ii) reducing profit margins on the banking and other financial services and products First Citizens offers; and

(iii) making it difficult to attract and retain experienced managers and other personnel needed to develop business.

12. RISK FACTORS (continued)

FACTORS RELATING TO BANKING OPERATIONS (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

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 SOFR because many of its loans and deposits re-priced 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.

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 March 31, 2022, First Citizens had a positive net US dollar exposure of approximately US$523 million, a positive net Canadian dollar exposure of approximately CAD$0.99 million, a positive net Jamaican exposure of approximately JM$8.5 billion, a negative net EC dollar exposure of EC$0.05M, a negative net Barbadian dollar exposure of approximately BB$0.07 million, and a negative net Sterling exposure of approximately GBP$27 thousand.

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 has further developed 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.

12. RISK FACTORS (continued)

FACTORS RELATING TO BANKING OPERATIONS (continued)

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. 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.

First Citizens further recognizes that for such acquisitions, regulatory approval is required. There is, therefore, reputational risks associated with failure to obtain regulatory approval as one of the prerequisites for completing such transactions. First Citizens will make public notifications as to the reasons that the transaction was not completed in order to inform its stakeholders, manage public perception and preserve its brand.

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.

FACTORS RELATING TO BANKING OPERATIONS (continued)

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 $440.5 million or 2.38% of total loans as of March 31, 2022, 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-collateralised, 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-collateralised. If the loans that are collateralised by real estate become troubled during a time when market conditions are declining or have declined, First Citizens may not be able to realise 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.

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 conditions

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.

12. RISK FACTORS (continued)

FACTORS RELATING TO BANKING OPERATIONS (continued)

First Citizens may not be able to access international funding through the global capital markets

First Citizens may not have access to international funding which could affect its liquidity position for significant foreign cash payments, growth in the international loan and investment portfolio and ability to repay foreign deposits.

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.

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.

FACTORS RELATING TO BANKING OPERATIONS (continued)

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 jeopardise, its clients, its counterparts 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 unauthorised access, computer viruses or other malicious code, and other events that could have a security impact.

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 conditions 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 is currently engaged in negotiations with the Barbados Workers Union for the period 2019 – 2021 and the St. Lucia National Workers Union for the period 2022 – 2024, respectively. There is the potential to face disruption of its operations if negotiations are not progressing. It is also noted that negotiations in Trinidad and Tobago with the Banking, Insurance and General Workers Union for the period 2021-2023 are yet to formally commence.

FACTORS RELATING TO BANKING OPERATIONS (continued)

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.

13. RELATED PARTY TRANSACTIONS

The breakdown of related party transactions as at 30 September 2021 is included in Appendix 3.

A description of First Citizens' related party transactions was included under Risk Factors in Section 12.

14. 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, 2021, to the date of this Prospectus:

1. The business of FCGFHL has, in our opinion, been satisfactorily maintained;
2. There have not been, in our opinion, any circumstances arising which have adversely affected the trading or the value of the assets of FCGFHL;
3. The current assets of FCGFHL appear in the books at values which are believed to be realizable in the ordinary course of business;
4. Except in the ordinary course of business, there are no contingent liabilities, which have arisen by reason of guarantees or indemnities given by FCGFHL; and
5. There have been no significant changes affecting the financial position of FCGFHL.

ANTHONY ISIDORE SMART

COURTENAY WILLIAMS

FRANKA COSTELLOE

RYAN PROUDFOOT

SAVITREE SEEPERSAD

INGRID MELVILLE

DAVID INGLEFIELD

JAYSELLE MC FARLANE

TROY GARCIA

IDREES OMARDEEN

27 June 2022

15. LEGAL PROCEEDINGS

FCGFHL is not involved in any legal proceedings.

C – ADDITIONAL INFORMATION

16. 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 of the SA 2012, for the particulars of these rights or consult with a legal adviser.

17. 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:

1. Certificate of Incorporation, the Articles of Incorporation, and the By-Laws.

2. Five-year Summary Consolidated Financial Statements to 30 September 2021, and related Independent Auditor's Report of First Citizens.

3. Unaudited Condensed Consolidated Interim Financial Statements for the six months ended 31 March 2022 of FCGFHL and the First Citizens Subsidiaries and related Accountant's Report.

4. Letters of Consent from PricewaterhouseCoopers.

5. Receipt for the Prospectus from the TTSEC (available on First Citizens' website at www.firstcitizensgroup.com)

6. Historical audited financial statements for the years ending 30 September 2017 to 30 September, 2021, for First Citizens (available on First Citizens' website)

18. CERTIFICATE OF FCGFHL

The foregoing constitutes full, true and plain disclosure of all material facts relating to FCGFHL 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

ANTHONY ISIDORE SMART
CHAIRMAN

COURTENAY WILLIAMS
DIRECTOR

JAYSELLE Mc FARLANE
DIRECTOR

FIRST CITIZENS GROUP FINANCIAL HOLDINGS LIMITED

19. CERTIFICATE OF THE OFFEROR

The foregoing constitutes full, true and plain disclosure of all material facts relating to First Citizens Holdings Limited 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

20. CONSENT LETTER

pwc

The Directors
First Citizens Group Financial Holdings Limited
9 Queen's Park East
Port of Spain

8 June 2022

We refer to the prospectus of First Citizens Group Financial Holdings Limited to be filed with the Trinidad and Tobago Securities and Exchange Commission in June 2022 relating to the sale and issue of 10,869,565 ordinary shares in First Citizens Group Financial Holdings Limited.

We consent to being named in and to the use, through incorporation by reference in the above-mentioned prospectus, of our report dated 29 November 2021 to the shareholders of First Citizens Bank Limited on the following consolidated financial statements of First Citizens Bank Limited and its Subsidiaries:

- consolidated statement of financial position as at 30 September 2021;
- consolidated income statement for the for the year then ended;
- consolidated statement of comprehensive income for the year then ended;
- consolidated statement of changes in equity for the year then ended;
- consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

We report that we have read the prospectus and all information specifically incorporated by reference therein and have no reason to believe that there are any misrepresentations in the information contained therein that are derived from the consolidated financial statements on which we have reported or that are within our knowledge as a result of our audit of such consolidated financial statements. We have complied with International Standard on Auditing 720 (Revised) - The Auditor's Responsibilities Relating to Other Information, in documents containing audited financial statements for an auditor's consent to the use of a report of the auditor included in an offering document, which does not constitute an audit or review of the prospectus.

PricewaterhouseCoopers

Port of Spain
Trinidad, West Indies

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

21. 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 7 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 stockbrokers or distributors. Each Purchase Application Form must be completed in accordance with the terms thereof and lodged with a payment in full of $50.00 per share with FCBAS or any other stockbroker or distributor. 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 stockbrokers to open a TTCD account and submit their application. Refer to Appendix 8 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 "FCGFHL APO" or to a stockbroker. Applications shall not be binding if written notice of the applicant's intention to withdraw his/her application is provided to FCBAS, within two business days after submission of the application. This written notice should be addressed to and delivered to FCBAS.

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 FCGFHL 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 FCGFHL 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 authorised 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 FCGFHL than is indicated on its application for ordinary shares.

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 FCGFHL 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 FCGFHL 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 **August 18, 2022**. 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:

- (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/its behalf; or the applicant is also a shareholder in a Non-Public Company, where the company is also an applicant;
- (iii) If the applicant's identity is fictitious and not supported by valid identification;
- (iv) If the applicant is not classified into one of the approved categories of applicants; and
- (v) If the application for purchase, as presented, contravenes any existing law or statute.

Under no circumstances will more than 10,869,565 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.

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:

(i) 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.

(ii) 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.

(iii) 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**
	Employee Share Ownership Plan (ESOP)	5.0	543,478
	Individual investors	55.0	5,978,261
	Registered mutual funds including The Trinidad & Tobago Unit Trust Corporation	10.0	1,086,957
	Registered pension and other trust funds, Credit Unions and Cooperatives And National Enterprises Limited	15.0	1,630,434
	NIBTT and other national insurance schemes of other countries	10.0	1,086,957
	Other companies	5.0	543,478

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.

[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".

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 August 18, 2022 together with any refund of monies received, as appropriate.

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:

- 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
- 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 FCGFHL 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 FCGFHL.

- 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 FCGFHL 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).

WARRANTIES (continued)

- The applicant will agree to be bound by the Articles and By-Laws of FCGFHL 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 FCGFHL will be exempt from Income Tax and Business Levy on dividends received from FCGFHL 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 FCGFHL 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 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 FCGFHL 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 Bank Limited for the year ended September 30, 2021, and the Accountants' Report on the unaudited condensed consolidated interim financial statements of First Citizens Group Financial Holdings Limited for the six months ended 31 March 2022, in this Prospectus in the form and context in which these documents are included and PricewaterhouseCoopers has not withdrawn such consent.

APPENDICES

FIRST CITIZENS BANK LIMITED AND ITS SUBSIDIARIES

APPENDIX 1 – STATEMENT OF MANAGEMENT RESPONSIBILITY FOR THE PREPARATION OF FINANCIAL INFORMATION FOR FISCAL YEAR ENDED 30 SEPTEMBER 2021 FOR FIRST CITIZENS BANK LIMITED AND ITS SUBSIDIARIES

Management is responsible for the following:

- Preparing and fairly presenting the accompanying consolidated financial statements of First Citizens Bank Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 September 2021, the consolidated income statement, consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;

- Ensuring that the Group keeps proper accounting records;

- Selecting appropriate accounting policies and applying them in a consistent manner;

- Implementing, monitoring and evaluating the system of internal control that assures security of the Group's assets, detection/prevention of fraud, and the achievement of Group's operational efficiencies;

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

- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act and the Financial Institution Act (FIA) 2008; and

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

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

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

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

Karen Darbasie
Group Chief Executive Officer
29 November 2021

Shiva Manraj
Group Chief Financial Officer
29 November 2021

APPENDIX 2 – INDEPENDENT AUDITOR'S REPORT

Independent auditor's report
To the Shareholder of First Citizens Bank Limited

Report on the audit of the consolidated financial statements

Our opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of First Citizens Bank Limited (the Bank) and its subsidiaries (together 'the Group') as at 30 September 2021, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited
The Group's consolidated financial statements comprise:

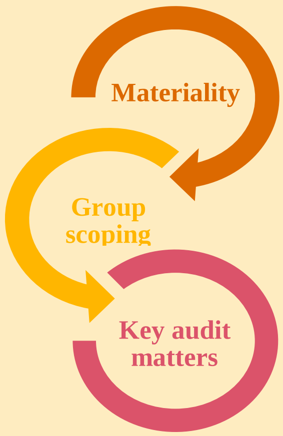
- the consolidated statement of financial position as at 30 September 2021;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

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

Overview



- Overall group materiality: TT$45.1 million, which represents 5% of profit before taxation.

- The group audit included full scope audits of three significant components; two domiciled in Trinidad and Tobago and one in Barbados.
- The group audit covered 89% of profit before taxation and 97% of total assets.

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

Audit scope

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

How we tailored our group audit scope

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

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

- First Citizens Bank Limited
- First Citizens Investment Services Limited and its subsidiaries
- First Citizens Bank (Barbados) Limited

In establishing the overall group audit strategy and plan, we determined the type of work needed to be performed at the components by the Group engagement team and by component auditors. Where the work was performed by component auditors, we determined the level of involvement needed by the Group engagement team. Our group scoping provided coverage of approximately 89% of profit before taxation and 97% of total assets of the Group. We performed consolidated risk assessment analytical procedures over the remaining components.

Materiality

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

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

Overall Group materiality	TT$45.1 million
How we determined it	5% of profit before taxation.
Rationale for the materiality benchmark applied	We chose profit before taxation as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is within a range of acceptable benchmark thresholds.

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

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
IFRS 9 'Financial Instruments' – Incorporation of Forward-Looking Information into the Expected Credit Loss Model for Loans to Customers and Investment Securities *Refer to notes 3.a.(vi), 8(a), 9 and 10 to the consolidated financial statements for disclosures of related accounting policies and balances.* In assessing impairment on financial assets, IFRS 9 prescribes a forward-looking expected credit loss ("ECL") impairment model which takes into account reasonable and supportable forward-looking information. As at 30 September 2021, the Group's loans to customers totalled TT$18.5 billion. The Group's investment securities measured at amortised cost and fair value through other comprehensive income (FVOCI) totalled TT$15.7 billion. In aggregate, the above exposures represent 73% of total assets. The associated provision for impairment, which incorporates forward-looking information calculated under the ECL impairment model, amounted to TT$440.5 million for loans to customers and TT$40.2 million for investment securities. To incorporate forward-looking information into the model, the Group performed historical analyses and identified the key economic variables which impacted credit risk and expected credit losses for each portfolio. These variables are determined differently for loans to customers and investment securities.	Our approach to addressing the matter, with the assistance of our credit modelling experts, involved the following procedures, amongst others: - Updated our understanding of management's ECL model, including whether there were any changes to source data and assumptions. - Compared the consistency of the macroeconomic indicators with those used in the comparative period. For loans to customers, we: - Assessed the reasonableness of the Group's methodology for determining economic scenarios and the probability weightings applied. - Evaluated the reasonableness of inputs into the downside scenarios as a result of COVID-19, by agreeing the forward-looking economic information, in particular unemployment rate, real GDP growth, inflation rates and country specific factors to external sources published or pronounced by reputable third parties. - Recalculated management's ECL based on the scorecard model, including the weighted adjustment factor, which was applied to the loans to customers' portfolios. - Sensitised the probability weightings used in the ECL calculation.

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
IFRS 9 'Financial Instruments' – Incorporation of Forward Looking Information into the Expected Credit Loss Model for Loans to Customers and Investment Securities For loans to customers, a scorecard model was developed, using macroeconomic factors and weightings which are based on management's judgement and experience. The main factors were unemployment rate, real GDP growth, inflation and a country specific factor. Management assessed unemployment to have the most significant impact on the retail portfolio, whilst real GDP growth was determined to have the highest impact and weighting on the corporate/commercial loan portfolio. Outlooks were determined for each of these variables to derive a weighted adjustment factor that was applied to the loan portfolios to reflect this forward-looking information. For investment securities, management performed a scenario analysis to determine the impact of future economic conditions on each of the countries in which the Group held securities. After testing multiple economic indicators, a main macroeconomic variable (MEV) was determined, which was then statistically linked to the credit risk of the relevant sovereign security via regression analysis. To address the impact of COVID-19, management adopted a bivariate model to determine two MEVs for key sovereigns. Credit ratings were forecast for the next three years using these macroeconomic scenarios. The weightings applied to the forecasted ratings were 60% for year 1, and 20% each for years 2 and 3. These weightings were determined based on management's judgement and experience. We focused on this area due to the number of significant assumptions made by management regarding possible future economic scenarios and the increased uncertainty impacting these assumptions due to COVID-19, which would impact the determination of the impairment provisions as a whole using the ECL impairment models.	For investments securities, we: - Obtained a listing of the macroeconomic indicators used to derive the main MEV utilised in management's regression analysis for the four sovereign countries with the most significant ECL on investment securities: o Agreed a sample of historical MEVs used in the scenarios to external source information where available. o Recalculated a correlation coefficient between the historical MEVs and the sovereign credit risk rating and reperformed the regression analysis. o Recalculated a second correlation coefficient between the selected MEVs and several rating indicators to identify the indicators with the highest correlation and reperformed the regression analysis. o Tested the accuracy of the forecasts for the selected MEVs and the selected rating indicators for the next three years by comparing to external source information. o Sensitised the macroeconomic factors for sovereigns with significant investment concentration. The results of our procedures indicated that the judgement and assumptions used by management in determining forward-looking information were, in our view, not unreasonable.

Other information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Sean Ramirez.

Port of Spain,
Trinidad, West Indies
29 November 2021

First Citizens Bank Limited And Its Subsidiaries

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

	Notes	As at 30 September 2021 $'000	2020 $'000
Assets			
Cash and due from other banks	6	6,439,683	5,176,856
Statutory deposits with Central Banks	7	4,587,140	4,920,429
Investment securities			
- Fair value through other comprehensive income	8(a)	10,828,972	11,439,974
- Fair value through profit or loss	8(b)	23,720	22,853
- Amortised cost	9	4,851,796	5,001,413
Loans and receivables less allowances for losses:			
- Loans to customers	10	18,083,422	19,040,472
- Loan notes	11	73,700	147,399
Other assets	12	468,633	474,628
Investments accounted for using equity method	13	231,062	206,464
Tax recoverable		79,814	95,190
Property and equipment	14	570,242	696,161
Defined benefit asset	21	141,133	--
Intangible assets	15	226,292	223,859
Total assets		46,605,609	47,445,698
Liabilities			
Customers' deposits	16	28,967,442	28,917,234
Other funding instruments	17	3,961,867	4,225,865
Due to other banks	18	1,564,617	2,011,616
Creditors and accrued expenses	19	634,304	670,764
Lease liabilities	20	83,097	110,576
Taxation payable		59,763	12,595
Defined benefit liability	21	--	121,263
Bonds payable	22	2,971,971	3,625,194
Deferred income tax liability	23	359,141	271,178
Notes due to parent company	24	58,000	58,000
Total liabilities		38,660,202	40,024,285
Shareholder's equity			
Share capital	25	458,557	458,557
Statutory reserves	26	1,241,412	1,241,412
Retained earnings	27	4,924,472	4,610,815
Other reserves	28	1,320,966	1,110,629
Total shareholders' equity		7,945,407	7,421,413
Total equity and liabilities		46,605,609	47,445,698

The notes on pages 143 to 245 are an integral part of these consolidated financial statements.

On 29 November 2021, the Board of Directors of First Citizens Bank Limited authorised these consolidated financial statements for issue.

Anthony Isidore Smart ______________________ Director ______________________ Director

First Citizens Bank Limited And Its Subsidiaries

Consolidated Income Statement
(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 30 September 2021 $'000	2020 $'000
Interest income calculated using the effective interest method	29	1,838,356	2,047,249
Interest expense	30	(338,604)	(420,553)
Net interest income		1,499,752	1,626,696
Fees and commissions	31	431,040	432,945
Gains from disposal of FVOCI investment securities		86,867	18,941
Other income	32	123,836	156,066
Total net revenue		2,141,495	2,234,648
Credit impairment losses on loans	10	(408)	(216,667)
Credit impairment writeback on investment securities	33	12,962	3,380
Administrative expenses	34	(778,810)	(753,939)
Other operating expenses	35	(494,093)	(455,074)
Operating profit		881,146	812,348
Share of profit in joint ventures	13(a)	3,063	3,479
Share of profit in associates	13(b)	17,806	15,818
Profit before taxation		902,015	831,645
Taxation	36	(234,733)	(224,779)
Profit after taxation		667,282	606,866
Profit attributable to			
Owners to parent		429,929	391,003
Non-controlling interest		237,353	215,863
		667,282	606,866
Earnings per share			
Basic		$2.64	$2.40
Weighted average number of shares			
Basic		251,353,562	251,353,562

The notes on pages 143 to 245 are an integral part of these consolidated financial statements.

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

	Year ended 30-September	
	2021 **$'000**	**2020** **$'000**
Profit for the year	667,282	606,866
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Items reclassified to retained earnings	--	4,713
Re-measurement of net defined benefit obligation	172,990	(68,275)
Net gains on investments in equity instruments designated at fair value through other comprehensive income	8,286	10,663
Revaluation of property and equipment	(25,927)	5,016
	155,349	(47,883)
Items that may be reclassified to profit or loss		
Amortisation of loss on amortised cost assets originally held at available for sale, net of tax	(591)	(4,420)
Exchange difference on translation	(9,713)	6,103
Net gain on financial debt instruments measured at fair value through other comprehensive income	162,140	84,353
Gains arising on disposal of debt instruments reclassified to profit or loss	(86,861)	(18,941)
	64,975	67,095
Total other comprehensive income for the year	220,324	19,212
Total comprehensive income for the year	887,606	626,078

The notes on pages 143 to 245 are an integral part of these consolidated financial statements.

First Citizens Bank Limited And Its Subsidiaries

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

	Share capital $'000	Statutory reserves $'000	Fair value reserve $'000	Re-measurement of defined benefits obligation $'000	Revaluation surplus $'000	Other reserve $'000	Retained earnings $'000	Total shareholders' equity $'000
Balance as at 1 October 2020	458,557	1,241,412	793,786	72,409	171,099	73,335	4,610,815	7,421,413
Profit for the year	--	--	--	--	--	--	667,282	667,282
Other comprehensive income for the year	--	--	82,974	172,990	(25,927)	(9,713)	--	220,324
Total comprehensive income for the year	--	--	82,794	172,990	(25,927)	(9,713)	667,282	887,606
Revaluation surplus on disposal of property items reclassified to retained earnings	--	--	--	--	(9,987)	--	9,987	--
Transactions with owners								
Dividends	--	--	--	--	--	--	(363,612)	(363,612)
Balance at 30 September 2021	458,557	1,241,412	876,760	245,399	135,185	63,622	4,924,472	7,945,407
Balance as at 1 October 2019	458,557	884,689	722,131	140,684	166,083	67,232	4,712,675	7,152,051
Change on initial allocation of IFRS 16	--	--	--	--	--	--	(7,537)	(7,537)
Restated Balance as at 1 October 2019	458,557	884,689	722,131	140,684	166,083	67,232	4,705,138	7,144,514
Profit for the year	--	--	--	--	--	--	606,866	606,866
Other comprehensive income for the year	--	--	71,655	(68,275)	5,016	6,103	4,713	19,212
Total comprehensive income for the year	--	--	71,655	(68,275)	5,016	6,103	611,579	626,078
Transactions with owners								
Transfer to statutory reserve	--	356,723	--	--	--	--	(356,723)	--
Dividends	--	--	--	--	--	--	(349,179)	(349,179)
Balance at 30 September 2020	458,557	1,241,412	793,786	72,409	171,099	73,335	4,610,815	7,421,413

The notes on pages 143 to 245 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 30 September 2021 $'000	2020 $'000
Profit before taxation		902,015	831,645
Adjustments to reconcile profit to net cash provided by operating activities:			
Share of profit in associates		(17,806)	(15,818)
Share of profit in joint ventures		(3,063)	(3,479)
Interest income		(1,838,356)	(2,047,235)
Interest received		1,900,549	1,949,937
Interest expense		338,604	420,553
Interest paid		(353,005)	(419,284)
Depreciation	14	80,490	76,772
Gain on disposal of property and equipment		(8,816)	(4,653)
Gain on sale of investment securities		(86,867)	(18,947)
Amortisation of investment securities		(20,003)	(37,402)
Amortisation of bond issue cost		1,850	1,798
Amortisation of intangible asset	15	27,277	22,849
Net movement in impairment allowance on other financial assets		(9,940)	(25,032)
Net pension expense	21	61,978	58,450
Impairment on property		39,019	-
Net movement in allowance for loan loss		(17,287)	209,316
Cash inflows from operating activities before changes in operating assets and liabilities		996,639	999,470
Net change in loans to customers		974,337	(625,523)
Net change in customers' deposits		50,208	3,066,544
Net change in other funding instruments		(263,998)	50,854
Interest paid on lease liabilities		(6,995)	(8,869)
Net change in other assets		(56,198)	8,697
Net change in statutory deposits with Central Bank		333,289	(1,412,850)
Dividends received		65	505
Net change in creditors and accrued expenses		(22,060)	7,969
Pension contributions paid	21	(58,236)	(51,110)
Taxes paid		(205,716)	(302,018)
Net cash inflows used in operating activities		1,741,335	1,733,669

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

	Notes	2021 $'000	2020 $'000
		Year ended 30 September	
Cash flows from investing activities			
Purchase of investment securities			
- Fair value through other comprehensive income	8(a)	(9,183,363)	(8,968,805)
- Amortised cost	9	(485,113)	(409,153)
- Fair value through profit or loss	8(b)	(400)	(419)
Proceeds from sale of investment securities			
- Fair value through other comprehensive income	8(a)	9,996,673	8,614,390
- Fair value through profit or loss	8(b)	-	19
Proceeds from maturity/redemption of amortised cost investment securities	9	674,351	388,823
Repayment on loan notes receivable		73,700	73,700
Net change in short-term investments		197,071	(800,487)
Proceeds from disposal of property and equipment		35,405	8,029
Purchase of intangible assets	15	(31,825)	(24,020)
Disposal of investment in joint venture		921	--
Purchase of investment in associate		(22,500)	--
Purchase of property and equipment	14	(50,110)	(70,874)
Net cash inflows/(outflows) from investing activities		1,204,810	(1,188,797)
Cash flows from financing activities			
Net change in bond payable	22	(653,223)	696,339
Repayment of lease liabilities		(34,949)	(20,626)
Ordinary dividend paid		(360,690)	(346,257)
Reference dividend paid		(2,922)	(2,922)
Net cash (outflows)/inflows from financing activities		(1,051,784)	326,534
Net increase in cash and cash equivalents		1,894,361	871,406
Cash and cash equivalents at beginning of period		1,957,698	1,064,619
Effect of exchange rate changes		12,536	21,673
Cash and cash equivalents at end of period	6	3,864,595	1,957,698

The notes on pages 143 to 245 are an integral part of these consolidated financial statements.

1 General information

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

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 64.43% 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.

On 30 June 2021, the Bank's shareholders approved the corporate restructuring of the First Citizens Group to establish a group holding company to directly hold all subsidiaries including the Bank, provided approval is received from the regulators. The Bank's shareholders will become shareholders of the new group holding company, in the same percentage shareholding as they currently hold in the Bank. The new group holding company will replace the Bank as the listed company of the First Citizens Group on the Trinidad and Tobago Stock Exchange.

The Group currently comprises the following entities:

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

The Group also has investments in the following entities:

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

2 **Summary of significant accounting policies**

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

a. *Basis of preparation*

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

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

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

- Amendments to IAS 1 and IAS 8 - Definition of Material (Effective 1 January 2020). The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

- Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform (Effective 1 January 2020). The amendments in *Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)* clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

- Amendment to IFRS 3 –Amendments in *Definition of a Business (Effective 1 January 2020). The amendments are changes to Appendix A Defined Terms, the application guidance, and illustrative examples of IFRS are:-*
  - clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and substantive process that together significantly contribute to the ability to create outputs
  - narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
  - add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
  - remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
  - add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

- Amendments to IFRS 16- *COVID-19-Related Rent Concessions (Effective 1 June 2020).* The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

There was no material impact on the adoption of these revised standards.

2. Summary of significant accounting policies (continued)

a. *Basis of preparation (continued)*

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

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

- Amendments to IAS 16 – Property, Plant and Equipment – Proceeds before intended use (Effective 1 January 2022). The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

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

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

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current (Effective 1 January 2023). The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

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

- Amendments IAS1, IAS 39 and IFRS Practice Statement 2 –Disclosure of Accounting Policies (Effective 1 January 2023). The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

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

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

a. *Basis of preparation (continued)*

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

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

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

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

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 Bank's reporting date. The consolidation principles are unchanged as against the previous years'.

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

(ii) *Investment in subsidiaries*

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

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

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

b. *Consolidation (continued)*

(iii) *Business combinations and goodwill*

Acquisition-related costs are expensed as incurred.

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

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

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

(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 October 2012. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of 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.

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.

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

b. *Consolidation (continued)*

(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 presentation currency. The exchange rate between the TT dollar and the US dollar as at the date of these statements was TT$6.6926 = US$1.00 (2020 - TT$6.7124 = US$1.00), which represent the Group's mid rate. The exchange rate between the TT dollar and the Barbados dollar as at the date of these statements was TT$3.4102 = BB$1 (2020 - TT$3.4203 = BB$1.00), which represent the Group's mid rate.

(ii) *Transactions and balances*

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

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

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

c. *Foreign currency translation (continued)*

(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. Fair values are obtained from quoted market prices, discounted cash flow models and options pricing models as appropriate. All derivatives are carried as assets when their fair value is positive and as labilities when negative.

e. *Financial assets and financial liabilities*

(i) *Financial assets*

The Group classifies its financial assets based on the following business models:
- Hold to collect
- Hold to collect and sell or
- Fair value through profit or loss

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

Hold to Collect - Amortised cost

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

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

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

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

(i) *Financial assets (continued)*

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

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

Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the "income statement" within "Gains on disposal of investments securities" in the period in which it arises, unless it arises from debt instruments that were classified at fair value or which are not held at fair value through profit or loss, in which case they are presented in Investment Interest Income. Interest income from these financial assets is included in "Interest income" using the effective interest rate method.

(a) *Debt instruments*

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

Classification and subsequent measurement of debt instruments depend on:
(i) the Group's business model for managing the asset; and
(ii) the cash flow characteristics of the asset.

Group's business model

The business model reflects how the Group manages the assets in order to generate cash flows. An assessment is made at a portfolio level and includes an analysis of factors such as:
- The stated objective and policies of the portfolio and the operation of those in practice. More specifically whether the Group's objective is solely to collect the contractual cash flows from the assets or to collect both the contractual cash flows and cash flows arising from the sale of the assets.
- Past experience on how the cash flows for these assets were collected.
- Determination of performance targets for the portfolio, how evaluated and reported to key management personnel.
- Managements' identification of and response to various risks, which includes but not limited to, liquidity risk, market risk, credit risk, interest rate risk.
- Management considers, in classifying its assets, the level of historical sales and forecasted liquidity requirements.

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

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

- *Financial assets (continued)*

(a) *Debt instruments (continued)*

Group's business model (continued)

Arising out of the assessment, the Group's business models were identified as follows:

Hold to Collect	**Hold to Collect & Sell**	**Fair value through profit or loss**
Corporate and Commercial Loans	OMO	Actively Traded (Capital Gains) Portfolio
Retail Loans	Treasury Notes	Floating NAV Funds*
Credit Cards	Bonds Issued by or guaranteed by Government of Trinidad & Tobago	Fixed NAV Funds** - cash & cash equivalents
Bonds Issued by or guaranteed by Government of Trinidad & Tobago (GORTT)	Eurobonds	
Non-Eurobonds maturing in greater than 3 years at recognition	Treasury Bills	
Loans & receivables	Canadian Treasury Bills	
Securities sold under repurchase agreements to clients and brokers	Non-Eurobonds maturing in less than 3 years at recognition	
Long Term Borrowings from brokers in the form of Total Return Swaps		
Medium Term Notes		

Solely payments of principal and interest (SPPI)

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

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

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

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

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

(i) *Financial assets (continued)*

(b) *Equity instruments*

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

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

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

(c) *Impairment*

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

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

(d) *Modification of loans*

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

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

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

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

(i) *Financial assets (continued)*

(d) *Modification of loans (continued)*

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

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

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

(e) *Derecognition other than on a modification*

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

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

(i) Has no obligation to make payments unless it collects equivalent amounts from the assets;
(ii) Is prohibited from selling or pledging the assets; and
(iii) Has an obligation to remit any cash it collects from the assets without material delay.

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

2 Summary of significant accounting policies (continued)

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

(i) *Financial assets (continued)*

(f) *Write-off*

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

(ii) *Financial liabilities*

(a) *Classification and subsequent measurement*

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

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

(b) *Derecognition*

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

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

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

f. *Financial guarantee contracts and loan commitments*

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

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

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

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

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

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.

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

j. *Lease transactions*

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

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

(i) *The Group as the lessee*

From October 1 2019, the Group recognises leases as a right-of-use asset and a lease liability at the date at which the leased asset is available for use by the Group. The right of use is initially measured at the cost, which comprises the initial amount of the lease liability, any initial direct cost incurred, an estimate of any cost to dismantle and remove the asset or to restore the asset and less any lease incentive received.

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

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

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

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

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

(ii) *The Group as the lessor*

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

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

k. *Property and equipment*

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

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

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation and amortisation are computed on all assets except land.

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

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

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

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

2 Summary of significant accounting policies (continued)

l. *Income tax*

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the 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.

m. *Employee benefits*

(i) *Pension plans*

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

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

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

m. *Employee benefits (continued)*

(ii) *Profit sharing and bonus plans*

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

(iii) *Employee share ownership plan*

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

n. *Cash and cash equivalents*

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

o. *Interest income and expense*

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

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

For financial assets that are credit impaired (stage 3), interest income is calculated by applying the effective interest rate (EIR) to the carrying value net of the expected credit loss provision. For financial assets classified as Purchased or Originated Credit Impaired (POCI), interest income is calculated by applying a credit-adjusted EIR (based on an initial expectation of credit losses) to the amortised cost of these POCI assets. Credit-Adjusted Effective Interest Rate (CAEIR) is lower than the effective interest rate as the cash flows of the instruments are adjusted downwards for the impact of expected credit losses.

p. *Fee and commission income*

In accordance with IFRS 15 Revenue from Contracts with Customers, fee and commission income is recognised on a single principle based five-step model to be applied to all contracts with customers. The five steps in the model are as follows:

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

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

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

p. *Fee and commission income (continued)*

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

(i) *Retail and corporate banking services*

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

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

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

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

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

(ii) *Treasury and investment banking*

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

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

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

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

Revenue related to transactions is recognised at the point in time when the transaction takes place.

(iii) *Trustee and asset management*

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

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

(iv) *Brokerage & Advisory Services*

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

q. *Dividend income*

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

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

r. *Borrowings*

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

s. *Acceptances*

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

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.

w. *Intangible assets*

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

(i) *Goodwill*

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

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

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

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

w. *Intangible assets (continued)*

(ii) *Computer software*

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

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

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

(iii) *Other Intangible assets*

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

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

x. *Fiduciary activities*

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

2 Summary of significant accounting policies (continued)

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.

3 Financial risk management

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

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

Risk management framework

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

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

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

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

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

3 **Financial risk management (continued)**

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

a. *Credit risk*

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

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

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

(i) *Credit risk management*

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

Loans and advances (including loan commitments and guarantees)

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

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

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

(ii) *Credit risk grading*

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

Retail/consumer loans

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

Corporate/commercial loans

The BRR model is a quantitative assessment of the business risk profile and financial risk profile of the borrower. There are two subcategories of the BRR model: one which is used to assess Financial Institutions and another which is used for all other types of Corporate/Commercial Borrowers.

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

Investment securities

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

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

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

(ii) *Credit risk grading (continued)*

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

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

(iii) *Expected credit loss measurement*

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

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

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

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

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

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

Change in credit quality since initial recognition

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

Significant increase in credit risk (SICR)

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

Loans – First Citizens Bank Trinidad and Tobago

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

Loans – First Citizens Bank Barbados

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

Investment securities

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

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

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

Significant increase in credit risk (SICR) (continued)

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

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

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

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

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

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

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

The Group has not used the low credit risk exemption for any financial instruments in both the years ended 30 September 2020 and 2021.

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

Loans

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

Investment securities

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

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

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

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

Quantitative criteria

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

Due to the economic impact of COVID-19 lockdown measures, the Group granted payment deferrals to borrowers. For retail loans customers who opted-in and were subsequently approved, deferrals of were granted for varying periods between 1 May 2021 to 30 September 2021 with an equivalent period extension of the maturity. For commercial and corporate customers, a similar approach was taken with payment deferrals being granted to customers on an individual request basis over the same aforementioned deferral period.

Once the deferral period ended, the payment status of the loan would be considered to be the same as what existed prior to the deferral being granted.

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

Qualitative criteria

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

- The borrower formally files for bankruptcy or there is a commencement of foreclosure proceedings.
- The obligation is classified Doubtful or worse as per the Group's classification process.
- Restructure proceedings or an indication of the intention to restructure is initiated by the issuer (investments only).

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

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

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

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

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

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

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

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

- EAD is based on the amounts the Group expects to be owed at the time of default, over the next twelve (12) months (12M EAD) or over the remaining lifetime (Lifetime EAD). The EAD is calculated as the outstanding balance of the loan.
- LGD is expressed as the percentage of loss expected to be incurred if the default occurs over the remaining expected lifetime of the loan. It is made up of two main elements; the recoverable value of the collateral (where available) and management's expectation of the extent of loss on a defaulted exposure based on the Group's own past recovery performance and can vary based on product type or seniority of claim. The recoverable value of collateral is calculated by first adjusting for the cost of disposal of the collateral and the expected time to sell the collateral, and then discounting by the effective interest rate of the facility to get the present value.

PDs

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

EAD

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

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

LGD

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

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

Credit cards

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

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

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

Overdrafts

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

Recovery rates

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

Credit conversion factors (CCF)

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

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

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

Loan portfolio

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

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

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

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

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

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

RETAIL LOAN PORTFOLIO

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

CORPORATE COMMERCIAL LOAN PORTFOLIO

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

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

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

The weightings assigned to each economic scenario as at 30 September 2020 were as follows:-

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

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

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

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

Determination of macroeconomic scenarios and probabilities

For each country in which the Group has investment securities, management performs scenario analysis to determine the impact of future economic conditions on the PD in these countries. After testing multiple economic indicators, a main macro-economic variable (MEV) is determined, which is statistically linked to the credit risk of that sovereign. To increase the robustness of the model and in light of the shock from COVID-19, management adopted a bivariate model to determine two MEVs for key sovereigns. The statistical relationship is determined through regression analysis and an analysis of various measures of significance. The sign of the coefficients is also an important factor in determining the use of the two MEVs. Correlation analysis is then conducted between the two MEVs and key sovereign credit risk metrics, to determine which are most significant. Three selected sovereign credit risk metrics were identified as sovereign credit rating drivers to quantify the impact of the MEVs on each credit risk driver. To establish scenarios, the MEVs are ‘shocked’, such that the official forecast for each year moves up and down by a multiple of the historical standard deviation to establish a best- and worse-case. The new values derived are run through a regression model to quantify the relationship between the credit rating and the scenarios. Data used in the update of the model as at 30 September, 2021 incorporated the impact of COVID-19, as such the forward-looking scenarios factored in the economic shock of the pandemic.

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

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

Economic assumptions

The most significant period-end assumptions used for the ECL estimate as at 30 September 2021 are set out below. The scenarios “base”,” best” and “worst” were used for the investment portfolios.

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

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

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

Retail portfolios

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

Corporate/Commercial portfolios

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

Sensitivity analysis

Set out below are the changes to the loans ECL as at 30 September 2021 that would result from reasonably possible changes in these parameters from the actual assumptions used by management (for example, the impact on ECL of increasing the estimated unemployment rate by 1% in each of the base, best and worst case scenarios):

	Sep-21		**Sep-20**	
Unemployment Rates	**PDs**		**PDs**	
	-1%	**1%**	**-1%**	**1%**
	'000	**'000**	**'000**	**'000**
	-20,039	20,039	-27,265	27,265
GDP	**LGDs**		**LGDs**	
		5%	**-5%**	**5%**
		'000	**'000**	**'000**
	-3,432	3,432	-7,042	7,042

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

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

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

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

(viii) *Risk limit control and mitigation policy*

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

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

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

(b) *Industry exposure limits*

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

(c) *Country exposure limits*

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

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

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

(d) *Collateral*

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

The Group requires a valuation of the collateral obtained as part of the loan origination process. This assessment is reviewed periodically. The principal collateral types for loans and advances are:
- Mortgages over residential properties;
- Charges over cash and cash convertible instruments.
- Charges over business assets such as premises, inventory and accounts receivable; and
- Charges over financial instruments such as debt securities and equities.

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

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

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

(e) *Liquidity support agreement*

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

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

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

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

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

(e) *Liquidity support agreement (continued)*

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

As at the date of this statement of financial position, the amount of the Promissory Notes due was USD $106.97M (2020: US $103.9M) and the Commercial Paper was TT $258.5M (2020: TT $249.9M).

(f) *Credit-related commitments*

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

(g) Impairment *and provisioning policies*

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

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

	Gross maximum exposure 2021 $'000	**Gross maximum exposure 2020 $'000**
Credit risk exposures relating to financial assets carried on the Group's consolidated statement of financial position are as follows:		
Cash and bank balances	6,439,683	5,176,856
Statutory deposit with Central Bank	4,587,140	4,920,429
Investment instruments		
- Fair value through other comprehensive income	10,299,204	11,112,458
- Amortised cost	4,882,363	5,039,987
Loans to customers	18,523,967	19,498,304
Loan notes	73,700	147,399
Other assets	413,820	423,937
Credit commitments	561,569	456,827
Financial guarantees	205,340	250,283
Total credit risk exposure	45,986,786	47,026,480

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

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

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

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

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

	Commercial & Corporate 30 September 2021			
	Stage 1 12-month ECL $'000	**Stage 2 Lifetime ECL $'000**	**Stage 3 Lifetime ECL $'000**	**Total $'000**
Type of facility				
Demand loan	6,644,522	4,277,316	834,625	11,756,463
Overdraft	246,650	221,541	14,282	482,473
Gross loans	6,891,172	4,498,857	848,907	12,238,936
Loss allowance	(6,042)	(7,643)	(112,716)	(126,401)
Carrying balance	6,885,130	4,491,214	736,191	12,112,534

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

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

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

	Retail 30 September 2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	12-month ECL	**Lifetime ECL**	**Lifetime ECL**	
	$'000	**$'000**	**$'000**	**$'000**
Installment loans	1,806,190	367,755	141,286	2,315,231
Demand loans	341,503	47,668	75,379	464,550
Overdrafts	7,364	505	23,061	30,930
Credit card	552,079	15,322	43,086	610,487
Mortgages	2,405,845	347,384	185,438	2,938,667
Gross loans	5,112,981	778,634	468,250	6,359,865
Loss allowance	(24,816)	(18,893)	(225,708)	(269,417)
Carrying balance	5,088,165	759,741	242,542	6,090,448

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

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

	Commercial & Corporate 30 September 2020			
	Stage 1 12-month ECL $'000	**Stage 2 Lifetime ECL $'000**	**Stage 3 Lifetime ECL $'000**	**Total $'000**
Type of facility				
Demand loan	8,092,582	4,037,330	605,435	12,735,347
Overdraft	226,449	149,209	27,434	403,092
Gross loans	8,319,031	4,186,539	632,869	13,138,439
Loss allowance	(6,165)	(35,656)	(146,594)	(188,415)
Carrying balance	8,312,866	4,150,883	486,275	12,950,024

	Investments 30 September 2020				
	Stage 1 12-month ECL $'000	**Stage 2 Lifetime ECL $'000**	**Stage 3 Lifetime ECL $'000**	**Purchased or originated credit impaired $'000**	**Total $'000**
Credit rating					
Investment grade	12,450,716	32,368	--	347,181	12,830,265
Standard monitoring	2,916,968	66,908	12,523	--	2,996,399
Special monitoring	--	--	--	325,781	325,781
Default	--	--	--	--	--
Gross loans	15,367,684	99,276	12,523	672,962	16,152,445
Loss allowance	(27,002)	(16,166)	(5,964)	--	(49,132)
Carrying balance	15,340,682	83,110	6,559	672,962	16,103,313

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

3 **Financial risk management (continued)**

a *Credit risk (continued)*

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

Retail

	30 September 2021				30 September 2020		
	Gross Balance	**ECL Allowance**	**Carrying Balance**		**Gross Balance**	**ECL Allowance**	**Carrying Balance**
IG	**$'000**	**$'000**	**$'000**	**IG**	**$'000**	**$'000**	**$'000**
60	--	--	--	60	--	--	--
65	330,171	(100,652)	229,519	65	206,951	(66,181)	140,770
80	169,730	(8719)	161,011	80	109,971	(2,758)	107,213
85	2,485,027	(128,434)	2,356,593	85	2,689,265	(120,154)	2,569,111
90	2,051,199	(16,667)	2,034,532	90	2,101,649	(19,772)	2,081,877
95	619,761	(1,278)	618,483	95	614,673	(477)	614,196
98	459	--	459	98	--	--	--
Credit cards	601,066	(50,402)	550,665	Credit cards	610,488	(53,096)	557,392
DDA	27,618	(7,992)	19,626	DDA	26,868	(6,979)	19,889
Gross loans	6,285,031	(314,144)	5,970,887	**Gross loans**	6,359,865	(269,417)	6,090,448

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

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

Commercial & Corporate
30 September 2021

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

Commercial & Corporate
30 September 2020

BRR		**1 $'000**	**2 $'000**	**3 $'000**	**4 $'000**	**5 $'000**	**6 $'000**	**Total $'000**
Gross loans		667	73,836	4,395,771	2,849,640	2,312,388	2,573,651	12,205,953
Loss allowance		(135)	--	(2,518)	(4,328)	(6,574)	(133,435)	(146,990)
Carrying balance		532	73,836	4,393,253	2,845,312	2,305,814	2,440,216	12,058,963
IG- ratings	**60 $'000**	**65 $'000**	**80 $'000**	**85 $'000**	**90 $'000**	**95 $'000**	**98 $'000**	**Total $'000**
Gross loans	--	172,304	35,900	407,174	271,936	44,217	955	932,486
Loss allowance		(29,212)	(1,006)	(5,037)	(6,170)	--	--	(41,425)
Carrying balance	--	143,092	34,894	402,137	265,766	44,217	955	891,061
Total carrying balance	--	143,624	108,730	4,795,390	3,111,078	2,350,031	2,441,171	12,950,024

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

(xi) *Maximum exposure to credit risk*

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

Credit impaired assets

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

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

(xi) *Maximum exposure to credit risk (continued)*

Credit impaired assets

30 September 2020	**Gross exposure $'000**	**Impairment allowance $'000**	**Carrying amount $'000**	**Fair value of collateral held $'000**
Individual (retail customers)				
Instalment loans	140,658	(104,695)	35,963	46,139
Demand loans	76,025	(31,556)	44,469	64,499
Overdrafts	23,044	(7,916)	15,128	1,576
Credit cards	43,086	(43,086)	--	--
Mortgages	185,437	(38,455)	146,982	190,449
Sub-total	468,250	(225,708)	242,542	302,663
Corporate & Commercial				
Other loans	605,416	(140,855)	464,561	907,872
Mortgages	27,453	(5,739)	21,714	46,153
Sub-total	632,869	(146,594)	486,275	954,025
Total loans to customers	1,101,119	(372,302)	728,817	1,256,688

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

Mortgage Portfolio -LTV distribution	**Credit-impaired (Gross carrying amount) September 2021 $'000**	**Credit-impaired (Gross carrying amount) September 2020 $'000**
Lower than 50%	20,253	8,473
50 to 60%	7,944	1,707
60 to 70%	6,287	4,683
70 to 80%	12,895	1,028
80 to 90%	14,517	2,413
90 to 100%	20,634	9,121
greater than 100%	186,858	158,012
Total	269,388	185,437

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

(xii) *Loss allowance*

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

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent step up (or step down) between 12 month and lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from periodic refreshing of inputs to models; currently ten years of data for PDs are being used (2020: ten years were used), and management's intention is to maintain this ten year rolling average for the PDs.
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets that were written off during the period (3.a.xiii).
- The Government of Barbados bonds were recognised as at 1 October 2018 as Purchased or Originated Credit Impaired (POCI). These bonds originated at a deep discount that reflects incurred credit losses. An effective interest rate based in the expected cash flows net of expected credit losses is used. This is known as at Credit Adjusted Effective Interest Rate (CAEIR).
- The total amount of undiscounted expected credit losses at initial recognition for Originated credit-impaired financial assets recognised during the period was $27.7M (2020:$17.3M)

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

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

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

(xii) *Loss allowance (continued)*

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

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

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

(xii) *Loss allowance (continued)*

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

Retail	**Stage 1**	**Stage 2**	**Stage 3**	
	12-month ECL $'000	**Lifetime ECL $'000**	**Lifetime ECL $'000**	**Total $'000**
Loss allowance as at 1 October 2019	17,571	7,078	166,829	191,478
Movement with P&L Impact				
Transfer from stage 1 to stage 2	(1,497)	6,955	--	5,458
Transfer from stage 1 to stage 3	(352)	--	28,252	27,900
Transfer from stage 2 to stage 1	256	(1,625)	--	(1,369)
Transfer from stage 2 to stage 3	--	(1,187)	18,368	17,181
Transfer from stage 3 to stage 1	11	--	(810)	(799)
Transfer from stage 3 to stage 2	--	4	(126)	(122)
New financial assets originated	9,261	8,095	26,796	44,152
Change in PDs/LGDs/EADs	332	--	1,214	1,546
Repayments	(1,853)	(586)	(11,036)	(13,475)
Unwind of discounts	1,077	148	(3,933)	(2,708)
FX and other movements	10	11	154	175
Total net P&L charge during the period	7,245	11,815	58,879	77,939
Other movement with no P&L impact	--	--	--	--
Write-offs	--	--	--	--
Loss allowance as at 30 September 2020	24,816	18,893	225,708	269,417

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

(xii) *Loss allowance (continued)*

Commercial & Corporate	**Stage 1 12-month ECL $'000**	**Stage 2 Lifetime ECL $'000**	**Stage 3 Lifetime ECL $'000**	**Total $'000**
Loss allowance as at 1 October 2019	12,040	4,141	40,857	57,038
Movement with P&L Impact				
Transfer from stage 1 to stage 2	(1,664)	32,202	--	30,538
Transfer from stage 1 to stage 3	(451)	(1,204)	86,922	85,267
Transfer from stage 2 to stage 1	103	(290)	--	(187)
Transfer from stage 2 to stage 3	--	(64)	5,796	5,732
Transfer from stage 3 to stage 1	3	--	(41)	(38)
Transfer from stage 3 to stage 2	--	14	(130)	(116)
New financial assets originated	2,431	2,360	24,266	29,057
Change in PDs/LGDs/EADs	(7)	(55)	63	1
Repayments	(2,984)	(201)	(10,694)	(13,879)
Unwind of discounts	(3,315)	(1,251)	(482)	(5,048)
FX and other movements	9	4	37	50
Total net P&L charge during the period	(5,875)	31,515	105,737	131,377
Other movement with no P&L impact	--	--	--	--
Write-offs	--	--	--	--
Loss allowance as at 30 September 2020	6,165	35,656	146,594	188,415

Investments	**Stage 1 12-month ECL $'000**	**Stage 2 Lifetime ECL $'000**	**Stage 3 Lifetime ECL $'000**	**Total $'000**
Loss Allowances as at 1 October 2019	18,283	8,118	47,763	74,164
Movement with P&L Impact				
Transfer from stage 1 to stage 2	(2,424)	2,424	--	--
Transfer from stage 1 to stage 3	--	--	--	--
Transfer from stage 2 to stage 1	--	--	--	--
Transfer from stage 2 to stage 3	--	--	--	--
Transfer from stage 3 to stage 1	--	--	--	--
Transfer from stage 3 to stage 2	--	--	--	--
New financial assets originated	1,993	--	--	1,993
Change in PDs/LGDs/EADs/Collateral App	10,154	6,807	(2,459)	14,502
Repayments	(1,048)	(1,196)	--	(2,244)
Unwind of discounts	44	13	18	75
Total net P&L charge during the period	8,719	8,048	(2,441)	14,326
Other movement with no P&L impact				
Financial assets derecognised during the period	--	--	(5,689)	(5,689)
Write-offs	--	--	(33,669)	(33,669)
Loss allowance as at 30 September 2020	27,002	16,166	5,964	49,132

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

(xii) *Loss allowance (continued)*

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

- Repayments offset by new loans facilities originated during the period resulted in a net increase of the gross carrying amount of the relative books by 9.2%, with a corresponding $0.1M increase in loss allowance measured. In 2020, it resulted in a net decrease of the gross carrying amount of the relative books by 5.02%, with a corresponding $17.3M decrease in loss allowance measured.

- There were no write-off of loans and investments during the period (2020:$32.3M).

- The derecognition of financial assets with a gross carrying amount of $6.9M (2020: 919.5M), resulted in the reduction of the Stage 3 allowance by $1.7M (2020; $296.0M).

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

Retail

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

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

(xiii) *Gross carrying amount*

Commercial & Corporate

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

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

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

(xiii) *Gross carrying amount (continued)*

Retail

	30 September 2020 Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross carrying amount as at 1 October 2019	5,206,888	408,348	343,974	5,959,210
Transfers:				
Transfer from stage 1 to stage 2	(501,455)	453,643	--	(47,812)
Transfer from stage 1 to stage 3	(88,711)	--	80,334	(8,377)
Transfer from stage 2 to stage 3	--	(58,770)	49,162	(9,608)
Transfer from stage 3 to stage 1	2,372	--	(2,866)	(494)
Transfer from stage 3 to stage 2	--	2,942	(3,169)	(227)
Transfer from stage 2 to stage 1	112,427	(123,172)	--	(10,745)
New financial assets originated	1,215,361	148,921	44,596	1,408,878
Repayments	(458,999)	(41,320)	(30,551)	(530,870)
Change in PDs/LGDs/EADs	--	--	(243)	(243)
Unwind of discounts	(377,640)	(12,286)	(13,435)	(403,361)
FX and other movements	2,738	328	448	3,514
Gross carrying amount as at 30 September 2020	5,112,981	778,634	468,250	6,359,865

Commercial & Corporate

	30 September 2020 Stage 1 2-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross carrying amount as at 1 October 2019	10,564,680	2,118,782	230,109	12,913,571
Transfers:				
Transfer from stage 1 to stage 2	(2,497,608)	2,527,452	--	29,844
Transfer from stage 1 to stage 3	(290,793)	--	248,083	(42,710)
Transfer from stage 2 to stage 1	373,513	(458,823)	--	(85,310)
Transfer from stage 2 to stage 3	--	(148,103)	141,404	(6,699)
Transfer from stage 3 to stage 1	246	--	(246)	--
Transfer from stage 3 to stage 2	--	6,126	(5,728)	398
New financial assets originated	2,772,633	724,397	70,512	3,567,542
Repayments	(2,106,257)	(475,577)	(45,224)	(2,627,058)
Change in PDs/LGDs/EADs	--	--	(212)	(212)
Unwind of discounts	(500,122)	(108,387)	(5,932)	(614,441)
FX and other movements	2,739	672	103	3,514
Gross carrying amount as at 30 September 2020	8,319,031	4,186,539	632,869	13,138,439

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

(xiii) *Gross carrying amount (continued)*

Investments	**Stage 1 12-month ECL $'000**	**Stage 2 Lifetime ECL $'000**	**Stage 3 Lifetime ECL $'000**	**Purchased or originated credit impaired $'000**	**Total $'000**
Gross carrying Balance as at 1 October 2019	15,029,258	85,807	82,606	651,385	15,849,056
Transfers:					
Transfer from stage 1 to stage 2	(32,302)	32,302	--	--	--
Transfer from stage 1 to stage 3	_	--	--	--	--
Transfer from stage 2 to stage 1	--	--	--	--	--
Transfer from stage 2 to stage 3	--	--	--	--	--
New financial assets originated	9,142,835	--	1,406	70,791	9,215,032
Change in PDs/LGDs/EADs	(61,693)	--	--	--	(61,693)
Repayments	(8,728,576)	(17,465)	(14,347)	(67,188)	(8,827,576)
Unwind of discounts	4,833	317	--	16,046	21,196
FX and other movements	13,330	(1,685)	25	1,928	13,598
Financial assets derecognised	--	--	(24,844)	--	(24,844)
Write-off	--	--	(32,323)	--	(32,323)
Gross carrying balance as at 30 September 2020	15,367,685	99,276	12,523	672,962	16,152,446

(xiv) *Write-off policy*

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

The Group may write-off financial assets that are still subject to enforcement activity. There were no such assets written off during the year ended 30 September 2021 (2020: $32.3 million) The Group still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

(xv) *Modification & replacements of financial assets*

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

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

3 **Financial risk management (continued)**

a. *Credit risk (continued)*

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

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

	2021 Gross maximum exposure $'000	**2020 Gross maximum exposure $'000**
Cash and due from other banks	6,439,683	5,176,856
Statutory deposits	4,587,140	4,920,429
Consumer	3,855,691	3,992,238
Agriculture	50,194	83,219
Petroleum	1,149,857	1,653,266
Manufacturing	589,969	849,166
Construction	1,321,005	1,339,424
Distribution	829,572	929,808
Hotels and guest houses	1,305,690	1,381,801
Transport, storage and communications	749,305	662,717
Finance, insurance and real estate	4,887,844	6,559,043
Other business services	2,902,963	2,509,071
Personal services	21,140	24,717
Real estate mortgages	3,319,034	3,340,672
Government related	12,796,970	12,473,006
Credit commitments	561,569	456,827
Financial guarantee	205,340	250,283
Other assets	413,820	423,937
Total	45,986,786	47,026,480

b. *Market risk*

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

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

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

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

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 expressed in TT$.

	TT$ $'000	**US$ $'000**	**Other $'000**	**Total $'000**
As at 30 September 2021				
Financial assets				
Cash and due from other banks	1,017,522	4,339,853	1,082,308	6,439,683
Statutory deposits with central banks	4,459,873	5,488	121,779	4,587,140
Investment securities				
- FVOCI	6,952,117	3,365,154	511,701	10,828,972
- Amortised cost	2,298,475	966,304	1,587,017	4,851,796
- Fair value through profit or loss	23,082	210	428	23,720
Loans to customers	10,924,532	5,649,828	1,509,062	18,083,422
Loan notes	73,700	-	-	73,700
Other assets	277,664	104,035	32,123	413,821
Investments accounted for using equity methods	39,349	191,713	-	231,062
Total financial assets	26,066,314	14,622,585	4,844,418	45,533,317
Financial liabilities				
Customers' deposits	20,601,616	5,571,858	2,793,968	28,967,442
Other funding instruments	1,316,334	1,213,918	1,431,615	3,961,867
Due to other banks	200,742	1,327,404	36,471	1,564,617
Lease liabilities	62,984	-	20,113	83,097
Bonds payable	1,590,755	1,223,153	158,063	2,971,971
Note due to parent company	58,000	-	-	58,000
Creditors and accrued expenses	496,761	47,939	89,604	634,304
Total financial liabilities	24,327,192	9,384,272	4,529,834	38,241,298
Net on balance sheet position	1,739,122	5,238,313	314,584	7,292,019
Off balance sheet items	175,440	72,381	2,452	250,274
Credit commitments	105,801	143,233	207,180	456,214

3 **Financial risk management (continued)**

b. *Market risk (continued)*

(i) *Currency risk (continued)*

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

	TT$ $'000	US$ $'000	Other $'000	Total $'000
As at 30 September 2020				
Financial assets				
Cash and due from other banks	585,870	3,879,778	711,208	5,176,856
Statutory deposits with central banks	4,813,267	4,639	102,523	4,920,429
Investment securities				
- FVOCI	7,498,756	3,621,525	319,693	11,439,974
- Amortised cost	2,381,968	993,431	1,626,014	5,001,413
- Fair value through profit or loss	22,321	157	375	22,853
Loans to customers	11,059,201	6,503,987	1,477,284	19,040,472
Loan notes	147,399	--	--	147,399
Other assets	324,743	89,073	10,121	423,937
Investments accounted for using equity methods	38,114	168,350	--	206,464
Total financial assets	26,871,639	15,260,940	4,247,218	46,379,797
Financial liabilities				
Customers' deposits	20,742,933	5,778,196	2,396,105	28,917,234
Other funding instruments	1,316,512	1,333,558	1,575,795	4,225,865
Due to other banks	200,741	1,773,583	37,292	2,011,616
Note due to parent company	58,000	--	--	58,000
Bonds payable	2,260,755	1,226,772	137,667	3,625,194
Lease liabilities	79,004	-	31,572	110,576
Creditors and accrued expenses	533,162	57,090	80,512	670,764
Total financial liabilities	25,191,107	10,169,199	4,258,943	39,619,249
Net on balance sheet position	1,680,532	5,091,741	(11,725)	6,760,548
Off balance sheet items	158,104	44,862	2,373	205,340
Credit commitments	242,621	119,687	199,261	561,569

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 100 basis points against the US$, the profit would increase by $55.5M (2020: increase by $49.0M). The average change for the last three (3) years was 1 basis point (2020: 1 basis point). The change for 2021 was 30 basis points (2020: 30 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.

3 **Financial risk management (continued)**

b. *Market risk (continued)*

(ii) *Interest rate risk (continued)*

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 2021	Up to 1 month $'000	1 to 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Total $'000
Financial assets							
Cash and due from other banks	5,283,693	134,579	9,411	--	--	1,012,000	6,439,683
Statutory deposits with central banks	5,488	--	--	--	--	4,581,652	4,587,140
Investment securities							
- FVOCI	374,448	124,815	2,867,583	3,537,035	3,834,873	90,218	10,828,972
- Amortised cost	8,343	71,699	1,056,857	1,447,608	2,267,289	--	4,851,796
- Fair value through profit or loss	23,113	--	--	--	--	607	23,720
Loan to customers	2,465,319	915,123	3,096,212	7,392,791	4,213,977		18,083,422
Loan notes	--	--	73,700	--	--	--	73,700
Investments accounted for using equity methods	--	--	--	--	--	231,062	231,062
Other assets	1,153	--	--	--	--	412,668	413,821
Total financial assets	8,161,557	1,246,216	7,103,763	12,377,434	10,316,139	6,328,207	45,553,316
Financial liabilities							
Customers' deposits	24,367,344	798,785	1,965,253	410,839	153	1,425,068	28,967,442
Other funding instruments	447,508	514,383	2,145,013	854,963	--	--	3,961,867
Due to other banks	15,241	--	710,662	803,112	--	35,602	1,564,617
Bonds payable	--	--	74,172	2,897,799	--	--	2,971,971
Note due to parent company	--	--	--	--	--	58,000	58,000
Creditors and accrued expenses	4,226	--	--	--		630,078	634,304
Total financial liabilities	24,834,319	1,313,168	4,895,100	4,966,713	153	2,148,748	38,158,201
Interest sensitivity gap	(16,672,762)	(66,952)	2,208,663	7,410,721	10,315,986		

3 **Financial risk management (continued)**

b. *Market risk (continued)*

(ii) *Interest rate risk (continued)*

As at 30 September 2020	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	3,735,161	461,569	348,784	--	--	631,342	5,176,856
Statutory deposits with central banks	4,639	--	--	--	--	4,915,790	4,920,429
Investment securities							
- FVOCI	637,288	686,754	2,346,748	3,541,407	3,889,618	338,159	11,439,974
- Amortised cost	141,724	1,033,385	277,779	1,315,938	2,232,587	--	5,001,413
- Fair value through profit or loss	22,351	--	--	--	--	502	22,853
Loan to customers	2,840,974	1,031,724	3,340,003	7,148,305	4,679,466		19,040,472
Loan notes	--	(3443)	138600	12242	--	--	147,399
Investments accounted for using equity methods	--	--	--	--	--	206,464	206,464
Other assets	532	--	--	--	--	423,405	423,937
Total financial assets	7,382,669	3,209,989	6,451,914	12,017,892	10,801,671	6,515,662	46,379,797
Financial liabilities							
Customers' deposits	24,121,695	848,043	2,437,582	477,730	153	1,032,031	28,917,234
Other funding instruments	692,110	798,750	2,031,448	703,557	--	--	4,225,865
Due to other banks	20,400	1,092	974,698	978,134	--	37,292	2,011,616
Bonds payable	--	--	537,667	3,087,527	--	--	3,625,194
Notes due to parent company	--	--	--	--	--	58,000	58,000
Creditors and accrued expenses	4,346	--	--	--	--	666,418	670,764
Total financial liabilities	24,838,551	1,647,885	5,981,395	5,246,948	153	1,793,741	39,508,673
Interest sensitivity gap	(17,455,882)	1,562,104	470,519	6,770,944	10,801,518		

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

A 100 basis point increase in interest rates will cause a decrease in profit of $11.3M (2020: decrease of $3.3M) and a decrease in reserves of $494.9M (2020: $464.5M).

3 **Financial risk management (continued)**

b. *Market risk (continued)*

(iii) *Other price risk*

Other price risk arises due to the possibility that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is affected by changing prices of equity instruments mainly classified as fair value through other comprehensive income securities with fair value movements recognised in shareholders' equity. These investments are held for strategic reasons and risk is managed via exposure limits. As at 30 September 2021, the Group had the following equity positions within the jurisdiction of Jamaica.

Equities instruments recognised in OCI	**Originating currency JMD '000**	**Functional currency TTD '000**
As at September 30 2021		
Equity instruments	5,203,838	246,142
Additions	3,029,200	137,079
FX	--	(15,204)
MTM Movement	1,580,102	70,630
	9,813,140	438,647
As at September 30 2020		
Equity instruments	--	--
Additions	2,822,568	135,032
FX	--	(1,524)
MTM Movement	2,381,270	112,634
	5,203,838	246,142

Price sensitivity

These securities are listed in Jamaica; if prices for equity securities listed in Jamaica move by 15% (2020: 15%) respectively with all other variables including tax being held constant, the effects on the other comprehensive income would have been plus/(minus)TT$65.8M in 2021 and plus/minus TT$36.9M in 2020.

Foreign exchange sensitivity

If the JMD appreciates by 250 basis points against the USD, the OCI would increase by TT$4.3M (2020: increase by TT$2.8M). The average change for the last three (3) years was 35 basis points (2020: 27 basis points). The change for 2021 was 51 basis points (2020: 57 basis points).

3 **Financial risk management (continued)**

c. *Liquidity risk*

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

Liquidity risk management process

The Group's liquidity management process is carried out by the Treasury and International Trade Centre and monitored by the Group's Asset and Liability Committee. The Group's liquidity management framework is designed to ensure that there are adequate reserves of cash and other liquid securities to satisfy current and prospective commitments arising from either on-balance sheet or off-balance sheet liabilities. The Group relies on a broad range of funding sources and applies prudent limits to avoid undue concentration. Current and projected cash flows are monitored, together with diversification of funding and contingency planning, and ensuring that funding disturbances are minimised. The Group manages liquidity risk using both expected and contractual cash flows, by preserving a large and diversified base of core deposits from retail and commercial customers, by maintaining ongoing access to wholesale funding and by maintaining a liquid pool of marketable securities dedicated to mitigating liquidity risk as a contingency measure. Fallback mechanisms include access to the local interbank and institutional markets and stand-by lines of credit with external parties and the ability to close out or liquidate market positions.

Compliance with liquidity policies and risk limits is tracked by Group Market Risk and reported into the Senior Management Enterprise Risk Management Committee and via the Group Enterprise Risk Management Unit to the Board Enterprise Risk Management Committee.

3 **Financial risk management (continued)**

c. *Liquidity risk (continued)*

(i) Financial *assets and liabilities*

The table below analyses financial assets and liabilities of the Group into relevant maturity groupings based on the remaining period at the year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

As at 30 September 2021	Up to 1 month $'000	1 to 3 Months $'000	3 to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Financial liabilities						
Customers' deposits	25,817,449	811,202	1,978,273	421,993	153	29,029,070
Other funding instruments	602,227	516,173	2,181,286	929,034	--	4,228,720
Bonds payable	19,114	70,365	153,454	3,041,306	--	3,284,239
Due to other Banks	52,461	--	744,525	844,776	--	1,641,762
Lease liabilities	2,147	4,275	19,394	51,257	14,236	91,309
Creditors and accrued expenses	462,261	--	--	--	--	462,261
Notes due to parent company	58,000	--	--	--	--	58,000
Total financial liabilities	27,013,659	1,402,015	5,076,932	5,288,366	14,389	38795,361
Financial assets						
Cash and due from other banks	6,292,560	133,920	13,399	--	--	6,439,894
Statutory deposits with central banks	127,267	--	--	--	4,459,873	4,587,140
Investment securities						
- FVOCI	398,437	114,094	3,142,466	3,989,033	4,458,483	12,102,513
- Amortised cost	19,596	103,552	259,817	3,211,859	2,948,317	6,543,141
- Fair value through profit and loss	23,113	--	502	--	--	23,615
Loans to customers	2,190,130	1,064,110	3,735,109	10,126,955	4,544,959	21,661,263
Loan notes	--	24,086	689,278	312,953	--	1,026,317
Other assets	413,821	--	--	--	--	413,821
Total financial assets	9,464,924	1,439,762	7,840,571	17,640,800	16,411,632	52,797,689
Net liquidity position	(17,548,735)	37,747	2,763,639	12,352,434	16,397,243	14,002,328

3 **Financial risk management (continued)**

c. *Liquidity risk (continued)*

(i) *Financial assets and liabilities (continued)*

As at 30 September 2020	**Up to 1 month $'000**	**1 to 3 Months $'000**	**3 to 12 months $'000**	**1 to 5 years $'000**	**Over 5 years $'000**	**Total $'000**
Financial liabilities						
Customers' deposits	25,143,889	861,545	2,470,056	496,110	167	28,971,767
Other funding instruments	821,134	800,744	2,061,384	731,110	--	4,414,372
Bonds payable	24,870	11,203	636,684	3,363,783	--	4,036,540
Due to other Banks	60,425	--	1,015,739	1,013,604	--	2,089,768
Lease liabilities	1,966	4,200	18,096	66,622	21,780	112,664
Creditors and accrued expenses	670,764	--	--	--	--	670,764
Notes due to parent company	58,000	--	--	--	--	58,000
Total financial liabilities	26,781,048	1,677,692	6,201,959	5,671,229	21,947	40,353,875
Financial assets						
Cash and due from other banks	4,367,875	463,681	350,285	--	--	5,181,841
Statutory deposits with central banks	107,162	--	--	--	4,813,267	4,920,429
Investment securities						
- FVOCI	674,044	436,161	2,641,489	4,651,049	4,958,127	13,360,870
- Amortised cost	154,004	1,104,775	465,240	1,977,750	2,873,320	6,575,089
- Fair value through profit and loss	22,351	--	502	--	--	22,853
Loans to customers	2,887,876	1,427,982	3,943,833	9,770,232	5,007,498	23,037,421
Loan notes	--	22,891	331,868	444,199	--	798,958
Other assets	423,937	--	--	--	--	423,937
Total financial assets	8,637,249	3,455,490	7,733,217	16,843,230	17,652,212	54,321,398
Net liquidity position	(18,143,799)	1,777,798	1,531,258	11,172,001	17,630,265	13,967,523

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:

1. Cash and balances with central banks;
2. Certificates of deposit;
3. Government bonds and other securities that are readily acceptable in repurchase agreements with central banks; and
4. 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 2021	**Up to 1 month $'000**	**1 to 3 months $'000**	**3 to 12 months $'000**	**1 to 5 years $'000**	**Over 5 years $'000**	**Total $'000**
Credit commitments	362,308	--	199,261	--	--	561,569
Acceptances	5,501	25,317	2,367	--	--	33,185
Guarantees	131,250	875	11,899	2,372	--	146,396
Letters of credit	473	3,125	20,532	1,628	--	25,758
Capital commitments	--	--	149,924	--	--	149,924
Total	499,532	29,317	383,983	4,000	--	916,832

As at 30 September 2020	**Up to 1 month $'000**	**1 to 3 months $'000**	**3 to 12 months $'000**	**1 to 5 years $'000**	**Over 5 years $'000**	**Total $'000**
Credit commitments	249,034	--	207,793	--	--	456,827
Acceptances	31,337	17,112	14,605	--	--	63,054
Guarantees	84,375	21,997	37,578	12,051	21	156,022
Letters of credit	7,241	6,630	16,710	626	--	31,207
Capital commitments	--	--	104,042	--	--	104,042
Total	371,987	45,739	380,728	12,677	21	811,152

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 2021 totalled $32.3B (2020 - $32.3B).

3 **Financial risk management (continued)**

e. *Capital management*

The Group's objectives when managing capital, which is a broader concept than the equity on the face of the statement of financial position, are:-

- To comply with the capital requirement set by the regulators in the differing jurisdictions in which the Group operates;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits for other stakeholders;
- To ensure that the Group can remain solvent during periods of adverse earnings or economic decline; and
- To ensure that the Group is adequately capitalised to cushion depositors and other creditors against losses.

Capital adequacy and the use of regulatory capital are monitored monthly by the Group ALCO, employing techniques based on the guidelines developed by the Basel Committee on Banking Regulations and Supervisory practices, as implemented by the Central Banks of Trinidad and Tobago and Barbados for supervisory purposes. The required information is filed with the Central Bank of Trinidad & Tobago on a monthly basis and by the Central Bank of Barbados quarterly.

The Financial Institution (Capital Adequacy) Regulations 2020 was promulgated effective 14 May 2020, being the Basel II/III framework. These Regulations require each financial institution to:-

- Maintain a ratio of regulatory capital to risk adjusted assets (Credit, Operational and Market) of not less than the minimum standard of 10%.
- Maintain a ratio of Tier 1 capital to risk adjusted assets (Credit, Operational and Market) of not less than the minimum standard of 6%.
- Maintain a ratio of common equity Tier 1 capital to risk adjusted assets (Credit, Operational and Market) of not less than the minimum standard of 4.5%.

The Central Bank of Barbados requires each financial institution to:-

- Maintain a ratio of qualifying capital to risk-weighted assets of not less than the minimum standard of 8%, of which the core capital shall be at least 4%.

The Group's regulatory capital is comprised of:-

- Tier 1 Capital:- ordinary share capital, statutory reserve fund, capital reserve, general reserve and retained earnings.
- Tier 2 Capital – preference shares, qualifying subordinated loan capital and impairment allowances.

3 **Financial risk management (continued)**

f. *Capital management (continued)*

	2021 $'000	2020 $'000
Tier 1 Capital		
Share capital	354,957	354 ,957
Statutory reserve	1,241,412	1,241,412
Capital reserve	245,399	72,409
General reserve	63,622	73,335
Retained earnings	4,924,472	4,610,815
Less: Intangible assets	(226,292)	(223,859)
Total Tier 1	6,603,570	6,129,069
Tier 2 Capital		
Preference shares	103,600	103,600
Eligible reserve provision	57,362	83,220
Total Tier 2 Capital	160,962	186,820
Total Capital	6,764,532	6,315,889
Ratios		
Risk adjusted assets (credit, operational & market)	37,547,416	34,418,310
Qualifying capital to risk adjusted assets	18.02%	18.35%
Tier 1 capital to risk adjusted assets	17.59%	17.81%

As at 30 September 2021, the Bank and its qualifying subsidiaries were in compliance with these requirements.

3 **Financial risk management (continued)**

g. *Fair value of financial assets and liabilities*

(i) *Financial instruments not measured at fair value*

The following table summarises the carrying amounts and fair values of those financial assets and liabilities presented on the Group's consolidated statement of financial position at an amount other than their fair value.

	Carrying value		Fair value	
	2021	**2020**	**2021**	**2020**
Financial assets	**$'000**	**$'000**	**$'000**	**$'000**
Cash and due from other banks	6,439,683	5,176,856	6,439,683	5,176,856
Statutory deposits with Central Banks	4,587,140	4,920,429	4,587,140	4,920,429
Financial instruments				
- Loans to customers	18,083,422	19,040,472	18,875,757	21,556,700
- Investment securities- amortised cost	4,851,796	5,001,413	4,942,117	5,162,809
- Loan notes	73,700	147,399	79,843	165,101
Other assets	413,821	423,937	413,821	423,937
Financial liabilities				
Customers' deposits	28,967,442	28,917,234	29,046,824	29,052,486
Other funding instruments	3,961,867	4,225,865	4,041,941	4,342,395
Bonds payable	2,971,971	3,625,194	2,423,380	3,570,345
Notes due to parent company	58,000	58,000	58,000	58,000
Due to other Banks	1,564,617	2,011,616	1,818,622	2,205,826
Creditors and accrued expenses	634,304	670,764	634,304	670,764

The fair values of the Group's financial instruments are determined in accordance with International Financial Reporting Standards (IFRS 9). See Note 3 and 4 for further details of the fair value measurements (note 3.g).

Financial instruments where carrying value is equal to fair value

Due to their liquidity and short-term maturity, the carrying values of certain financial instruments approximate their fair values. Financial instruments where carrying value is approximately equal to fair value include cash and due from other banks, statutory deposits with Central Banks and creditors and accrued expenses.

Loans to customers less allowance for loan losses

Loans to customers are net of specific and other provisions for impairment, which reflects the additional credit risk. The estimated fair value of these loans represents the discounted amount of future cash flows based on prevailing market rates.

Investment securities – amortised cost

Fair value for amortised cost assets is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is estimated using a discounted cash flow valuation methodology where all cash-flows of the instruments are discounted at an appropriate yield plus a credit spread where applicable. The fair value of the amortised cost portfolio is computed for disclosure purposes only. See note 3.g.ii for Fair Value Hierarchy.

3 **Financial risk management (continued)**

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

(i) *Financial instruments not measured at fair value (continued)*

Loan notes

The fair value of these notes is calculated using discounted cash flow analyses of comparable government borrowing rates for the terms indicated.

Customer deposits

Due to their liquidity and short-term maturity, the carrying values of some customer deposits approximate their fair value. The fair value of the other customer deposits is computed using discounted cash flow analyses at current market interest rates.

Bonds payable

The fair value of bonds payable is calculated using discounted cash flow analyses assuming the 'yield-to-call' method of valuation, when call options are in the money. When they are not in the money, the yield to maturity method of valuation is used. These bonds carry fixed interest rates and have been discounted using the prevailing market rate of similar instruments.

Note due to parent company

This note is payable on demand (no maturity stated). The fair value of this note approximates its carrying value.

(ii) *Fair value hierarchy*

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to these valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created instruments whose fair value is determined based on the following fair value hierarchy:-

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes debt instruments.
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

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

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 2021 **Financial assets**	**Level 1** **$'000**	**Level 2** **$'000**	**Level 3** **$'000**	**Total** **$'000**
Fair value through profit or loss				
- Debt securities	-	16,607	--	16,607
- Equity securities	607	6,506	--	7,113
	607	23,113	--	23,720
Fair value through other comprehensive income				
- Debt securities	429,789	9,452,433	408,452	10,290,674
- Equity securities	521,832	3,037	13,429	538,298
	951,621	9,455,470	421,881	10,828,972
Total financial assets	952,228	9,478,583	421,881	10,852,692

As at 30 September 2020 **Financial assets**	**Level 1** **$'000**	**Level 2** **$'000**	**Level 3** **$'000**	**Total** **$'000**
Fair value through profit or loss				
- Debt securities	--	22,351	--	22,351
- Equity securities	--	502	--	502
	--	22,853	--	22,853
Fair value through other comprehensive income				
- Debt securities	527,943	10,469,615	104,342	11,101,900
- Equity securities	321,041	2,749	14,284	338,074
	848,984	10,472,364	118,626	11,439,974
Total financial assets	848,984	10,495,217	118,626	11,462,827

Transfer of debt securities to level 3 were due to observable inputs being less readily available.

3 **Financial risk management (continued)**

There were no transfers between Level 1 and Level 2 during the year. Reconciliation of Level 3 items are as follows:-

	Debt Securities $'000	Equity $'000	Total $'000
September 2021			
Opening balance	104,342	14,284	118,626
Fair value through OCI	(1,475)	(1,225)	(2700)
Exchange	--	(21)	(21)
Purchased	384,830	391	385,221
Settlement	(82,608)	--	(82,608)
Expected credit losses	3,712	--	3,712
Accrued interest	(266)	--	(266)
Amortisation	(83)	--	(83)
Closing balance	408,452	13,429	421,881

	Debt Securities $'000	Equity $'000	Total $'000
September 2020			
Opening balance	302,977	12,043	315,020
Fair value through OCI	(1,326)	2,219	893
Exchange	287	22	309
Purchased	19,505	--	19,505
Settlement	(212,333)	--	(212,333)
Expected credit losses	(3,882)	--	(3,882)
Accrued interest	(1,624)	--	(1,624)
Amortisation	738	--	738
Closing balance	104,342	14,284	118,626

4 **Critical accounting estimates and judgements**

The Group makes estimates and assumptions about the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below:

a. *Fair value of financial assets –fair value through other comprehensive income*

The Group uses the discounted cash flow method to determine the fair value through other comprehensive income 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 the fair value through other comprehensive income financial assets would decrease by $449.9M if the discount rate used in the discounted cash flow analysis is increased by 100 basis points from management's estimates (2020 - $464.5M).

The Group's credit spread methodology utilises gradient tenors and currency specific spreads. The appropriate credit spread for the agency or corporate fixed income security is determined using a cubic spline interpolation of the appropriate currency and credit rating category in the credit spread matrix based on the remaining tenor of the facility. This singular credit spread is then added to the discount spot rates to value the facility using the discounted cashflow method.

The models used to determine fair values are validated, and periodically reviewed by experienced personnel at Group Market Risk.

b. *Purchased Originated Credit-Impaired (POCI)*

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

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

The Government of Barbados (GoB) Series D bond has a duration of 35 years and Series B bond has a duration of 15 years. They attract a coupon of 1.5% and 1% respectively.

Valuation of the Government of Barbados Instruments Credit-Impaired

The amortisation schedule for the POCIs held by the group was arrived by the following:-

- The instruments had irregular cash flow schedules. This meant that it was highly sensitive to rounding errors, often leading to amplification of small changes in inputs.
- Inherent in these instruments is constant revision. While our modelled cash flows predicted immediate coupon haircuts, these did not materialise as actual cash flows were as contractually promised.
- Hence the modelled cash flows had to be adjusted for actuals being different from expected; as well as changes to future expectations.

The amortised prices were as follows:-

Instrument	**Series B**	**Series D**
Opening price at 1 October 2020	75.65	75.72
Interest accrued	5.08	4.98
Cash received	(1.00)	(1.5)
ECL unwinding	1.66	1.87
Calculated Price at 30 September 2021	81.39	81.07
Price Movement for Year	5.74	5.35

4 **Critical accounting estimates and judgements (continued)**

c. *Measurement of the expected credit loss allowance*

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 3.a.v, which also sets out key sensitivities of the ECL to changes in these elements. In the current COVID-19 environment, additional factors were taken into consideration (note 3.a.iii, 3.a.iv, 3.a.vi).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL;
- Determination of macroeconomics drivers and forecasting macroeconomic scenarios;
- Recovery rates on unsecured exposures
- Drawdown of approved facilities

Loss given default

The Loss Given Default rate on corporate senior unsecured bonds is estimated to be 60% based on the International Swaps and Derivatives Association standard Credit Default Swap contract specification for North American corporate issuers. The Loss Given Default rate on sovereign senior unsecured bonds is estimated to be 46% based on the average Loss Given Default rate on Sovereign bonds during the period 1983 to 2019 as reported by Moody's Investors Service (note 3.a.vi).

d. *Income taxes*

Management judgment is required in determining provisions for income taxes and there are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. When appropriate, particularly where the ultimate tax determination is uncertain, management also obtains opinions or advice from leading tax advisors and regularly reassesses its strategy in relation to such exposures.

The Group is subject to income tax in various jurisdictions. Tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Substantive enactment is considered to be achieved when further steps in the enactment process will not change the outcome of a proposed change in tax law. Management considers the legislative process applicable in each jurisdiction in which it operates in determining at what point a proposed change in tax law will be considered substantively enacted by identifying the point after which further steps in the enactment process will not affect the outcome of the proposed change.

e. *Retirement benefits*

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations.

The assumptions used in determining the net cost (income) for pensions include the discount rate, salary and pension increases. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds, and where no deep corporate market exists, the Government bonds are used, that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. In determining the salary increases, the Group considered long-term salary inflation, age, merit and promotion (note 21.j for sensitivity).

4 **Critical accounting estimates and judgements (continued)**

f. *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.

(iv) The Group engaged external, independent and qualified valuators to determine the fair value of the Group's land and buildings. The valuations were performed in August 2021. The Group's policy is to obtain independent valuations for freehold land and buildings at least every three years. (note 14(a) ii).

The valuations are based on current market conditions and thus may change in the future (note 14 (a) ii). The impact of COVID- 19 on the Bank's properties is being treated as a short term event, which is not measurable at this point in time due to the high level of uncertainty in the real estate market. However, in accordance with the Bank's policy, an external valuation was performed in August 2021 and would be indicative of the market's outlook.

g. *Estimated impairment of goodwill*

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 2 b (iii). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. If the discounted rate used in the value-in-use calculation was increased by 100 basis points from management's estimates, the value in use calculation will still exceed the fair value less cost to sell calculation, and there would be no impairment of goodwill.

5 Segment analysis

For management purposes, the Group is organized into five business segments based on products and services as follows:-

- **Retail banking:** includes loans and mortgages, deposit, foreign exchange transactions, credit and debit cards and card merchant acquiring business with retail and commercial customers.

- **Corporate banking**: loans and credit facilities and deposits and current accounts for corporate and institutional customers.

- **Treasury management and investment banking**: Liquidity management and investment banking services including corporate finance, and specialised financial trading.

- **Asset management**: Investment products and services to institutional investors and intermediaries.

- **Group function**: Finance, legal, and other centralised functions.

Other Group operations comprise fund management, institutional finance and providing computer services, none of which constitutes a separately reportable segment and business activities from head office.

As the Group’s segment operations are all financial with a majority of revenues deriving from interest and the Group Chief Executive Officer relies primarily on net interest revenue to assess the performance of the segment, the total interest income and expense for all reportable segments is presented on a net basis.

There were no changes in the reportable segments during the year.

Transactions between the business segments are carried out at arm’s length. The revenue from external parties reported to the Group Chief Executive Officer is measured in a manner consistent with that in the consolidated income statement. The segmental information is reported gross and therefore consolidation adjustments have not been eliminated.

Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in inter-segment net interest income. Interest charged for these funds is based on the Group’s average cost of funding. There are no other material items of income or expense between the business segments.

Internal charges and transfer pricing adjustments have been reflected in the performance of each business. Revenue-sharing agreements are used to allocate external customer revenues to a business segment on a reasonable basis.

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.

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 2021 is as follows:-

Year ended 30 September 2021	**Retail banking $'000**	**Corporate banking $'000**	**Treasury & Investments banking $'000**	**Trustee & Asset management $'000**	**Group functions $'000**	**Total $'000**
Net interest income	602,895	646,388	245,387	5,837	795	1,501,302
Inter-segment net interest income	100,174	(89,092)	(11,082)	--	--	0
Net fee and commission income	185,959	36,523	117,658	96,701	5,251	442,092
Foreign exchange gains	34,364	1,070	69,160	(320)	726	105,000
Other income	562	51,030	182,155	2,182	16	235,945
Total income	923,954	645,919	603,278	104,400	6,788	2,284,339
Loan impairment (charges)/write back	(53,960)	35,828	30,729	(49)	--	12,548
Depreciation and amortisation expense	(76,220)	(634)	(23,631)	(3,283)	(32,440)	(136,208)
Administrative expenses	(251,485)	(23,906)	(157,804)	(26,961)	(189,558)	(649,714)
Other operating expenses	(307,568)	(19,861)	(113,305)	(14,319)	(42,066)	(497,119)
Total non-interest expenses	(689,233)	(8,573)	(264,011)	(44,612)	(264,064)	(1,270,493)
Profit/(loss) before taxation	234,721	637,346	339,267	59,788	(257,276)	1,013,846
Income tax expense	(246)	(373)	(216,706)	(19,330)	--	(236,655)
Profit/(loss) for the year	234,475	636,973	122,561	40,458	(257,276)	777,191
As at 30 September 2021						
Total assets	10,059,472	12,962,991	24,516,932	734,074	734,596	49,008,065
Total liabilities	20,395,491	4,800,365	14,783,901	230,222	54,701	40,264,680

5 **Segment analysis (continued)**

a. *Segment results of operations (continued)*

Year ended 30 September 2020	**Retail banking $'000**	**Corporate banking $'000**	**Treasury & investments banking $'000**	**Trustee & asset management $'000**	**Group functions $'000**	**Total $'000**
Net interest income	623,908	711,865	286,343	5,285	846	1,628,247
Inter-segment net interest income	138,923	(142,640)	3,717	--	--	--
Net fee and commission income	178,133	45,532	89,048	125,639	3,685	442,037
Foreign exchange gains	42,591	2,234	102,637	277	911	148,650
Other income	838	4,321	144,827	1797	24	151,807
Total income	984,393	621,312	626,572	132,998	5,466	2,370,741
Loan impairment charges	(65,510)	(105,838)	(41,922)	(17)	--	(213,287)
Depreciation and amortisation expense	(56,888)	(548)	(6,276)	(1,267)	(30,003)	(94,982)
Administrative expenses	(238,203)	(25,251)	(187,313)	(26,106)	(187,237)	(664,110)
Other operating expenses	(291,033)	(15,731)	(91,409)	(15,029)	(45,785)	(458,987)
Total non-interest expenses	(651,634)	(147,368)	(326,920)	(42,419)	(263,025)	(1,431,366)
Profit before taxation	332,759	473,944	299,652	90,579	(257,559)	939,375
Income tax expense	(805)	(834)	(194,672)	(30,389)	--	(226,700)
Profit for the year	331,954	473,110	104,980	60,190	(257,559)	712,675
As at 30 September 2020						
Total assets	9,737,608	13,609,805	25,354,236	694,251	585,815	49,981,715
Total liabilities	18,835,633	5,721,636	16,951,638	195,017	57,105	41,761,029

5 **Segment analysis (continued)**

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

Year ended 30 September 2021	Total management reporting $'000	Adjustments and eliminations $'000	Total consolidated $'000
Net interest income	1,501,302	(1,550)	1,499,752
Non-interest income	783,037	(141,295)	641,742
Impairment losses	12,548	6	12,554
Non-interest expenses	(1,283,041)	10,139	(1,272,902)
Operating profit	1,013,846	(132,700)	881,146
Share of profit of associates and joint ventures accounted for by the equity method		20,869	20,869
Income tax expense	(236,655)	1,922	(234,733)
Profit for the year	777,191	(109,909)	667,282
As at 30 September 2021			
Total assets	49,008,065	(2,384,494)	46,623,571
Total liabilities	40,264,680	(1,586,516)	36,678,164

Year ended 30 September 2020	Total management reporting $'000	Adjustments and eliminations $'000	Total consolidated $'000
Net interest income	1,628,247	(1,551)	1,626,696
Non-interest income	742,494	(134,542)	607,952
Impairment losses	(213,287)	--	(213,287
Non-interest expenses	(1,218,079)	9,066	(1,209,013)
Operating profit	939,375	(127,027)	812,348
Share of profit of associates and joint ventures accounted for by the equity method	--	19,297	19,297
Income tax expense	(226,700)	1,921	(224,779)
Profit for the year	712,675	(105,809)	606,866
As at 30 September 2020			
Total assets	49,981,715	(2,536,017)	47,445,698
Total liabilities	41,761,029	(1,736,744)	40,024,285

6 Cash and due from other banks

	2021 $'000	2020 $'000
Cash and bank balances	4,391,042	3,178,165
Short-term investments	2,048,641	1,998,691
	6,439,683	5,176,856
Short-term investments:		
- 3 months from the date of acquisition	1,038,170	773,559
- Maturity over 3 months	1,010,471	1,225,132
	2,048,641	1,998,691

The average effective interest rate on short-term bank deposits was 1.7% (2020: 1.7%); these deposits have an average maturity of 90 days (2020: 90 days).

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

Cash and bank balances	4,391,042	3,178,165
Short-term investments – maturity within 3 months	1,038,170	773,559
Due to other banks	(1,564,617)	(2,011,616)
	3,864,595	1,940,108

7 Statutory deposits with Central Bank

Under the provisions of Financial Institutions Act 2008 (Trinidad and Tobago), the Bank and its subsidiary (First Citizens Depository Services Limited) are required to maintain as a deposit with the Central Bank of Trinidad and Tobago restricted cash balances. These balances represent a ratio of certain deposit liabilities held in such form and to such extent as the Central Bank may prescribe from time to time. As of 30 September 2021, the current ratio was 14% for First Citizens Bank Limited (2020: 14%) and 9% for First Citizens Depository Services Limited (2020: 9%). Under the provisions of the Act, it can be waived for a specified period of time and on such conditions as may be determined by the Central Bank.

In Barbados, under the provisions of the Financial Institution Act, 1996-16, the Bank's subsidiary, First Citizens Bank (Barbados) Limited, is required to maintain as a deposit with the Central Bank of Barbados restricted cash balances. This balance represents a ratio of customers deposit balances (both domestic and foreign currency) held in such form and to such extent as the Minister, on advice of the Central Bank may prescribe from time to time. As at 30 September 2021, 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 2021 and 30 September 2020, the Bank and its qualifying subsidiaries were in compliance with these requirements.

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

	2021 $'000	2020 $'000
Listed investments	3,325,616	3,749,870
Unlisted investments	7,512,944	7,701,626
	10,838,560	11,451,496
Provision for impairment	(9,588)	(11,522)
	10,828,972	11,439,974
Debt securities		
Listed	2,789,342	3,423,996
Unlisted	7,501,333	7,677,904
	10,290,675	11,101,900
Equity securities		
Listed	527,744	321,040
Unlisted	10,553	17,034
	538,297	338,074
Current portion	3,366,845	3,670,790
Non-current portion	7,462,127	7,769,184
	10,828,972	11,439,974

Unlisted investments include securities of/or guaranteed by the Government of the Republic of Trinidad and Tobago to the amount of $7,067.3M (2020: $7,503.5M).

Investment securities totalling $3,825M (2020: $4,015M) are pledged to secure the repurchase agreements (see Note 17).

	2021	2020
Balance at beginning of the year	11,439,974	10,913,728
Exchange differences	(7,066)	12,905
Additions	9,183,363	8,968,805
Disposals	(9,909,806)	(8,595,449)
Net movements in provisions for impairment	1,934	37,814
Net amortisation of discounts/(premiums)	11,654	(3,145)
Fair value gains	108,919	105,316
Balance at end of year	10,828,972	11,439,974
Fair value (losses)/gains based on:		
Quoted market prices	19,942	(13,740)
Other techniques	88,977	119,056
	108,919	105,316
The movement in the provision for impairment is as follows:		
Allowance at beginning of the year	11,522	49,336
Charge/(Write back) for the year	3,791	(4,145)
Write off	(5,725)	(33,669)
Allowance at the end of year	9,588	11,522

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

	2021 $'000	2020 $'000
Bond	23,113	22,351
Listed – equity securities	607	502
	23,720	22,853

The movement in investment securities may be summarised as follows:

	2021 $'000	2020 $'000
At beginning of year	22,853	22,518
Exchange differences	(2)	1
Additions	400	419
Disposals	-	(19)
Fair value gain/(loss)	469	(66)
At end of year	23,720	22,853

The above securities are managed, and their performance evaluated on a fair value basis in accordance with a documented risk management strategy, and information about the groups of financial instruments is reported to management on that basis.

9 Investment securities- amortised cost

	2021 $'000	2020 $'000
Listed investments	1,734,442	1,801,424
Unlisted investments	3,147,921	3,238,563
	4,882,363	5,039,987
Provision for impairment	(30,567)	(38,574)
	4,851,796	5,001,413
Current portion	1,136,899	1,429,593
Non-current portion	3,714,897	3,571,820
	4,851,796	5,001,413
Balance at beginning of the year	5,001,413	4,940,230
Exchange differences	(6,976)	7,583
Additions	485,113	409,153
Disposals	(674,984)	(388,823)
Amortisation of unrealised gains	(844)	(866)
Fair value gains	5,296	6,372
Net amortisation of discounts	8,349	40,547
Net movement in provision	8,007	(12,783)
ECL gains on POCI	26,422	
Balance at end of year	4,851,796	5,001,413

10 Loans to customers

	2021 $'000	2020 $'000
Stage 1	11,494,263	13,432,012
Stage 2	5,628,499	4,965,173
Stage 3	1,404,205	1,101,119
	18,523,967	19,498,304
Performing loans	17,459,295	18,440,655
Underperforming loans	330,037	402,562
Non-performing loans	734,635	655,087
	18,523,967	19,498,304
Allowance for loan losses	(440,545)	(457,832)
	18,083,422	19,040,472
Loans analysed by sector		
Consumer	3,848,393	3,983,454
Agriculture	50,194	83,219
Petroleum	1,074,234	1,452,240
Manufacturing	462,530	678,913
Construction	682,984	659,689
Distribution	829,572	929,808
Hotels and guest houses	1,184,121	1,234,491
Transport, storage and communications	749,305	662,717
Finance, insurance and real estate	3,787,016	4,283,707
Other business services	2,555,315	2,208,807
Personal services	21,140	24,717
Real estate mortgage	3,279,163	3,296,542
	18,523,967	19,498,304
Current portion	6,476,653	7,212,701
Non-current portion	12,047,314	12,285,603
	18,523,967	19,498,304
Allowance for loan losses		
Allowance at beginning of the year	457,832	248,516
Exchange differences	(291)	286
Charge for the year	7,550	223,528
Loans written off during the year	(24,546)	(14,498)
Allowance at the end of year	440,545	457,832
Impairment loss on loans net of recoveries		
Charge for the year	7,550	223,528
Amounts recovered during the year	(7,142)	(6,861)
	408	216,667

11 Loan notes

	2021 $'000	2020 $'000
The loan notes due to the Group comprise the following:		
(i) Taurus Services Limited	68,486	136,971
(ii) First Citizens Holdings Limited (Holdings)	5,214	10,428
	73,700	147,399

(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.

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.

(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.

The ECL for the Taurus note was computed using the PD for the GORTT, which is a counterparty of this agreement. This is classified under Stage 1 with no impact.

12 Other assets

	2021 $'000	2020 $'000
Prepayments	54,812	50,691
Accrued receivable	138,483	86,257
Accrued interest	275,224	337,418
Due from parent	114	262
	468,633	474,628

13 Investments accounted for using equity method

Investment in joint venture	39,349	38,114
Investment in associates	191,713	168,350
	231,062	206,464

13 a. Investment in joint ventures

(i)Infolink Services Limited (ISL)	39,349	36,405
(ii)Trinidad & Tobago Interbank Payment System Limited (TTIPS)	--	1,709
	39,349	38,114

Beginning of the year	38,114	34,635
Disposal of Investment in TTIPS	(1,709)	--
Share of profit after tax	2,944	3,479
At end of year	39,349	38,114

(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 August 2021, as the 30 September 2021 information was not available.

(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. TTIPS reporting period was October. In March 2021, Infolink Services Limited acquired Trinidad and Tobago Interbank Payment System Limited

Name	Country of incorporation	Assets $'000	Liabilities $'000	Revenues $'000	Profits $'000	% Interest held
2021						
ISL	Trinidad & Tobago	165,227	7,830	30,364	11,780	25%
2020						
ISL	Trinidad & Tobago	154,016	8,399	30,589	13,158	25%
TTIPS	Trinidad & Tobago	12,424	462	3,937	1,325	14.29%

13 b. **Investment in associates**

	2021 $'000	2020 $'000
Beginning of the year	168,350	157,297
Additions	22,500	--
Share of profit after tax	17,806	15,818
Exchange differences	(248)	247
Dividend received from associate	(16,695)	(5,012)
At end of year	191,713	168,350

(iv) St Lucia Electricity Services Limited is listed on the Eastern Caribbean Securities Exchange. The investment in associate at 30 September 2021 includes goodwill of $4.6 million (2020: $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 2021 (2020: August 2020), are reflected below, as September 2021 was not available.

(v) Term Finance Holdings Limited is incorporated in Trinidad and Tobago, whose principal activity is providing short term loans to individuals and small-medium sizes business. The investment in this company as at September 30 2021, includes goodwill of 14.5 million. The information below reflects The Group's share of the results of associate and its share of the assets (including goodwill and liabilities) as at September 2021, are reflected below.

(vi)

Name	Country of incorporation	Assets $'000	Liabilities $'000	Revenues $'000	Profits $'000	% Interest held
2021						
St. Lucia Electricity Services Limited	St. Lucia	1,325,203	464,761	692,844	90,678	19.11%
Term Finance Limited	Trinidad and Tobago	67,325	26,655	9,336	2,376	19.99%
2020						
St. Lucia Electricity Services Limited	St. Lucia	1,368,536	511,914	692,820	82,761	19.11%

The fair value of the investment in associates at 30 September 2021 is $191.7 million (2020: $168.4 million).

14 Property and equipment

	Freehold premises $'000	Leasehold premises $'000	Motor vehicles & equipment $'000	Work in progress $'000	ROU Vehicles $'000	ROU Buildings $'000	Total $'000
Year ended 30 September 2021							
Opening net book amount	468,343	34,582	65,392	11,389	13,577	102,878	696,161
Additions	10	281	27,392	9,343	6,752	6,332	50,110
Disposals	(8,644)	--	(1,140)	(3,338)	(684)	(10,668)	(24,474)
Transfer	--	--	1,544	(1,544)	--	--	--
Revaluation surplus/(loss)	(32,046)	--	--	--	--	--	(32,046)
Impairment losses	(39,019)	--	--	--	--	--	(39,019)
Depreciation charge	(9,204)	(8,743)	(31,989)	--	(6,489)	(24,065)	(80,490)
Closing net book amount	379,440	26,120	61,199	15,850	13,156	74,477	570,242
As at 30 September 2021							
Cost/valuation	400,853	142,569	506,627	15,850	24,915	102,800	1,193,614
Accumulated depreciation	(21,413)	(116,449)	(445,428)	--	(11,759)	(28,323)	(623,372)
Net book amount	379,440	26,120	61,199	15,850	13,156	74,477	570,242
Year ended 30 September 2020							
Opening net book amount	461,308	38,913	80,883	15,833	--	--	596,937
Adoption of IFRS 16	--	--	(10,999)	--	11,135	108,706	108,842
Revised opening Balance	461,308	38,913	69,884	15,833	11,135	108,706	705,779
Additions	8,948	1,046	17,803	17,461	10,290	15,326	70,874
Disposals	--	(6,616)	(360)	(19)	(1,741)	--	(8,736)
Transfer	94	9,465	12,327	(21,886)	--	--	--
Revaluation surplus	5,016	--	--	--	--	--	5,016
Depreciation charge	(7,023)	(8,226)	(34,262)	--	(6,107)	(21,154)	(76,772)
Closing net book amount	468,343	34,582	65,392	11,389	13,577	102,878	696,161
As at 30 September 2020							
Cost/valuation	486,188	142,396	479,856	11,389	18,754	124,032	1,262,615
Accumulated depreciation	(17,845)	(107,814)	(414,464)	--	(5,177)	(21,154)	(566,454)
Net book amount	468,343	34,582	65,392	11,389	13,577	102,878	696,161

	Freehold premises $'000	Leasehold premises $'000	Motor vehicles & equipment $'000	Work in progress $'000	Total $'000
As at 30 September 2019					
Cost/valuation	515,748	139,721	481,173	15,833	1,152,475
Accumulated depreciation	(54,440)	(100,808)	(400,290)	--	(555,538)
Net book amount	461,308	38,913	80,883	15,833	596,937

The impairment loss relates to a decrease in the fair value of the Group's freehold properties. This amount is recognised in Administrative expenses, as the impairment losses exceeds the revaluation surplus.

14 **Property and equipment (continued)**

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.g.ii.

Level 3	2021 $'000	2020 $'000
Land and building on freehold land	348,663	428,266
Building on Lease Land	28,400	37,827
Freehold Land	2,377	2,250
	379,440	468,343

The Group's policy is to recognise transfers into and transfers out of fair values hierarchy levels as at the end of the reporting period.

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

As at 30 September 2021, the Group's freehold premises were stated at revalued amounts as determined by an independent valuator. The valuator indicated that valuations were made on the basis of open market value. Open market values are determined by considering the current market condition. Changes in fair value are recorded in the statement of comprehensive income. The Group's policy is to obtain independent valuations for its freehold land and buildings at least every three years.

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.

The most significant input into this valuation approach is price per square foot. If the price per square foot increase by 100 basis points, the fair value will increase by $13.0M (2020: $13.0M) with a corresponding entry in the reserve in shareholders' equity.

14 Property and equipment (continued)

a. *Recognised fair value measurements (continued)*

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

	2021 $'000	2020 $'000
Cost	381,590	390,223
Accumulated depreciation	(164,952)	(155,748)
Impairment loss	(39,019)	--
Net book amount	177,619	234,475

15 Intangible assets

	Goodwill $'000	Software $'000	Other intangible assets $'000	Total $'000
As at 30 September 2021				
Acquisition cost	156,886	328,312	36,284	521,482
Accumulated amortisation	--	(259,755)	(35,435)	(295,190)
Net book amount	156,886	68,557	849	226,292
Period ended 30 September 2021				
Opening net book amount	156,886	62,186	4,787	223,859
Additions	--	31,825	--	31,825
Disposal	--	(2,115)	--	(2,115)
Amortisation charge	--	(23,339)	(3,938)	(27,277)
Closing net book amount	156,886	68,557	849	226,292
As at 30 September 2020				
Acquisition cost	156,886	324,702	36,284	517,872
Accumulated amortisation	--	(262,516)	(31,497)	(294,013)
Net book amount	156,886	62,186	4,787	223,859
Period ended 30 September 2020				
Opening net book amount	156,886	57,078	8,724	222,688
Additions	--	24,020	--	24,020
Disposal	--	--	--	--
Amortisation charge	--	(18,912)	(3,937)	(22,849)
Closing net book amount	156,886	62,186	4,787	223,859

Goodwill is reviewed annually for impairment, or more frequently when there are indicators that impairment may have occurred. The impairment test carried out as at 30 September 2021 for FCIS, revealed that the value in use is in excess of the carrying amount.

15 Intangible assets (continued)

Impairment test for goodwill

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

	2021 $'000	2020 $'000
First Citizens Investment Services (FCIS)	156,886	156,886
	156,886	156,886

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.

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

	FCIS	
	2021	2020
Net interest margin growth	6.12%	5.34%
Growth rate	3.99%	5.05%
Discount factors	4.92%	4.36%

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

16 Customers' deposits

Deposits are analysed by sector as follows:	2021 $'000	2020 $'000
Public institutions	10,415,824	11,952,823
Private institutions	8,116,422	7,123,281
Consumers	10,435,196	9,841,130
	28,967,442	28,917,234
Current portion	28,556,451	28,439,351
Non-current portion	410,991	477,883
	28,967,442	28,917,234

Deposits due to customers only include financial instruments classified as liabilities at amortised cost. Deposits amounting to $3.4 billion (2020: $3.4 billion) are at fixed rates. All other deposits are at variable rates.

17 Other funding instruments

	2021 $'000	2020 $'000
Repurchase agreements	3,506,701	4,015,263
Funds under management	6,420	28,240
USD fixed rate note	448,746	182,362
	3,961,867	4,225,865

Other funding instruments are analysed by sector as follows:

	2021 $'000	2020 $'000
Public institutions	1,573,532	1,593,927
Private institutions	1,323,537	1,553,028
Consumers	1,064,798	1,078,910
	3,961,867	4,225,865
Current portion	2,956,502	3,404,119
Non-current portion	1,005,365	821,746
	3,961,867	4,225,865

The securities sold under the repurchase agreements only include financial instruments classified at amortised cost (see Note 8a). Interest rates on these repos range from 0.1% to 4.0% in 2020 (2019: 0.20% to 5.89%).

18 Due to other Banks

	2021 $'000	2020 $'000
Short term	1,289,366	1,568,358
Medium term	275,251	443,258
	1,564,617	2,011,616

Short-term borrowings represented demand facilities via a number of financial institutions.

Medium term borrowings represent unsecured borrowings of US$11.09 million, and TT$200 million from clients for a period of one to three years (2020: US$36.09 million and TT$200.0million). The average interest rate for 2021 was 3.20% (2020: 2.80%).

19 Creditors and accrued expenses

	2021 $'000	2020 $'000
Accrued expenses	174,850	202,946
Other liabilities	193,304	220,972
Interest payable	72,709	87,109
Due to GORTT	23,823	24,685
Due to brokers	3,455	3,927
Funds payable to bondholders	166,163	131,125
	634,304	670,764

The amount due to GORTT relates to what is owed by the Bank with respect to payments made on claims which were subsequently recovered pursuant to Liquidity Support Agreement outlined in note 3 a.(viii) (e).

The Group in its capacity as bond paying agent receives payments from bond issuers on a periodic basis for payment to bond holders. Also, from time to time, the Group holds funds to remit to third parties for placement of investments on behalf of plans under management.

20 Leases

The Group leases many assets including buildings and vehicles. Information about the leases for which the Group is a lessee is presented as follows:-

	2021 $'000	2020 $'000
Opening balance:		
- Operating lease	110,576	116,247
- Finance lease	--	132
Revised opening balance	110,576	116,379
Exchange differences	(92)	105
Additions	7,562	14,718
Repayments	(34,949)	(20,626)
	83,097	110,576

	2021 $'000	2020 $'000
Maturity analysis		
Less than one year	23,386	25,278
One to five years	55,143	72,910
More than five years	4,568	12,388
	83,097	110,576

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

	2021 $'000	2020 $'000
Interest expenses (included in finance cost)	6,995	8,869
Expenses related to short term leases (included in rent paid)	6,670	12,744

21 Defined benefit asset / (liability)

	2021 $'000	2020 $'000
a. *Net asset/(liability) in balance sheet*		
Present value of obligation	(1,517,062)	(1,590,857)
Pension plan assets at fair value	1,658,195	1,469,594
Net defined benefit asset/(liability)	141,133	(121,263)

b. *Movement in present value of defined benefits obligation:*

	2021 $'000	2020 $'000
Beginning of year	1,590,857	1,402,687
Current year service cost	53,821	56,202
Interest cost	88,079	77,803
Members' contributions	17,301	15,853
Re-measurements		
- Experience adjustments	(43,220)	54,579
- Actuarial gains from change in demographic assumptions	--	31,633
- Actuarial gains from change in financial assumptions	(140,102)	--
Benefits paid	(49,674)	(47,900)
Defined benefit obligation at end of year	1,517,062	1,590,857

c. *The defined benefit obligation is allocated among the Plan's members as follows:*

	2021	2020
- Active	63%	65%
- Deferred members	5%	5%
- Pensioners	32%	30%

The weighted average duration of the defined benefit obligation at year end 18.3 years (2020 19.3 years)

Ninety-six percent (96%) of the benefits for active members are vested.
Forty-four percent (44%) of the defined benefit obligation for active member is conditional on future salary increases.

d. *Movement in fair value of plan assets:*

	2021 $'000	2020 $'000
Beginning of year	1,469,594	1,393,802
Interest income	81,487	77,134
Return of plan assets, excluding interest income	82,816	(18,826)
Company's contributions	58,236	51,110
Members contributions	17,301	15,853
Benefits paid	(49,674)	(47,900)
Expense allowance	(1,565)	(1,579)
Fair value of plan assets at end of year	1,658,195	1,469,594
Actual return on plan asset	164,303	58,308

21 **Defined benefit asset / (liability) (continued)**

e. *Asset allocation*

	2021 $'000	2020 $'000
Local and regional equity securities	461,549	401,668
Overseas equities (outside CARICOM)	321,842	242,417
TT$ denominated bonds	769,430	704,317
US$ denominated bonds	40,004	40,269
Cash and cash equivalents	65,370	80,923
Fair value of plan assets at end of year	1,658,195	1,469,594

All asset values as at 30 September 2021 were based on unaudited accounts provided by First Citizens Trustee Services Limited. Overseas equities have quoted prices in active markets. Local and regional equities also have quoted prices but the market is relatively illiquid. The Plan's investment manager calculates the fair value of the Government bonds and corporate bonds by discounting expected future proceeds using a constructed yield curve.

The majority of the Plan's government bonds were issued by the Government of Trinidad & Tobago, which also guarantees many of the corporate bonds held by the Plan. The Plan's assets are invested using a strategy agreed with the Plan's Trustee and Management Committee. This strategy is largely dictated by statutory constraints (at least 70% of the assets must be invested in Trinidad & Tobago and no more than 50% in equities) and the availability of suitable investments.

There are asset-liability matching strategies used by the Plan.

f. *Expenses recognised in profit or loss*

	2021 $'000	2020 $'000
Current service costs	53,821	56,202
Net interest on net defined benefit liability/asset	6,592	669
Administrative expenses	1,565	1,579
Net pension cost	61,978	58,450

g. *Re-measurement recognised in other comprehensive income*

	2021 $'000	2020 $'000
Experience (gains)/losses	(266,138)	105,038
Total amount recognised in other comprehensive income	(266,138)	105,038

h. *Reconciliation of opening and closing balance sheet entries*

	2021 $'000	2020 $'000
Opening defined benefit liability	(121,263)	(8,885)
Net pension cost	(61,978)	(58,450)
Re-measurements recognised in other comprehensive income	266,138	(105,038)
Company contribution paid	58,236	51,110
Closing defined benefit asset/(liability)	141,133	(121,263)

21 **Retirement benefit liability (continued)**

	2021 $'000	2020 $'000

i. *Summary of principal assumptions as at 30 September*

Discount rate	6.0%	5.5%
Average individual salary increases	5.5%	5.5%
Future pension increases	1.25%	1.25%

Assumptions regarding future mortality are based on published mortality tables. The life expectancies underlying the value of the defined benefit obligation as at 30 September 2021 are as follows:

Life expectancy at age 60 for current pensioners in years		
- Male	21.8	21.8
- Female	26.1	26.0
Life expectancy at age 60 for current members age 40 in years		
- Male	22.7	22.7
- Female	27.0	27.0

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 2021 would have changed as a result of a change in the assumptions used.

1% pa increase	**2021 $'000**	**2020 $'000**
Discount rate	(223,800)	(251,447)
Future salary increases	123,299	138,413
Future pension increases	163,122	188,288
1% pa decrease		
Discount rate	303,212	339,364
Future salary increases	(103,912)	(116,364)
Future pension increases	(134,341)	(149,816)

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at 30 September 2021 by $23.9 million (2020: $26.3 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 Plan 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 $58.4million to the Pension Plans during 2021/2022.

22 Bonds payable

	2021 $'000	**2020 $'000**
(i) Fixed Rate Bond TTD 400 Million (Series 1)	--	400,000
(ii) Fixed Rate Bond TTD 100 Million (Series 2)	100,000	100,000
(iii) Fixed Rate Bond TTD 900 Million	630,000	900,000
(iv) Fixed Rate Bond USD 90.4 Million	605,011	606,801
(v) Fixed Rate Bond TTD 860.7 Million	860,755	860,755

(vi) Multiple Series BBD Bond	158,063	137,667
(vii) Fixed Rate Bond USD 92.36 Million	618,142	619,971
	2,971,971	3,625,194
Current portion	74,171	537,667
Non current portion	2,897,800	3,087,527
	2,971,971	3,625,194

(i) 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. This Bond was repaid in August 2021.

(ii) TTD Fixed Rate Bond Series 2 – In August 2014, this bond for $100 million was issued. This bond is unsecured and carries a fixed rate of 3.25 % with a tenor of ten (10) years. Interest is payable semi-annually in arrears. Principal will be repaid in a bullet payment at maturity. A onetime call option exists on the 7th anniversary subject to the minimum notice of 90 days, which was not exercised.

(iii) 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. On 28 October 2020, the Bank repurchased $270.0 million of this Bond.

(iv) USD Fixed Rate Bond – In January 2018, this bond for $90.4 million was issued. This bond is unsecured and carries a fixed rate of 4.25 % with a tenor of five (5) years. Interest is payable semi-annually in arrears. Principal will be repaid in a bullet payment at maturity. A prepayment option exists after the 2nd anniversary subject to the minimum notice of 60 days, which was not exercised.

(v) TTD Fixed Rate Bond – In April 2018, this bond for $860.7 million was issued. This bond is unsecured and carries a fixed rate of 4.50 % with a tenor of six (6) years. Interest is payable semi-annually in arrears. Principal will be repaid in a bullet payment at maturity. A prepayment option exists after the 5th anniversary subject to the minimum notice of 60 days.

(vi) Multiple Series BBD 100M, with tenors of one (1) year. Interest is payable semi-annually in arrears. Principal will be repaid in a bullet payment at maturity. A prepayment option exist for each Series of the facility in whole on any interest payment date subject to a notice of 30 days.

- Series 2 Bond – In January 2020, this bond for BBD 21.75 million was issued. This bond is unsecured and carries a fixed rate of 2.25%, with a tenor of one (1) year. This Bond was repaid in January 2021.
- Series 3 Bond – In September 2020, this bond for BBD 18.5 million was issued. This bond is unsecured and carries a fixed rate of 2.0% with a tenor of one (1) year. This Bond was repaid in September 2021
- Series 4 Bond – In February 2021, this bond for BBD 21.75 million was issued. This bond is unsecured and carries a fixed rate of 2.00%, with a tenor of one (1) year.
- Series 5 Bond – In September 2021, this bond for BBD 24.6 million was issued. This bond is unsecured and carries a fixed rate of 2.25%, with a tenor of two (2) years.

(vii) USD Fixed Rate Bond – In March 2020, this bond for $92.362 million was issued. This bond is unsecured and carries a fixed rate of 4.25%, with a tenor of five (5) years. Interest is payable semi-annually in arrears. Principal will be repaid in a bullet payment at maturity. A prepayment option exists after the 2nd anniversary subject to the minimum notice of 60 days.

23 Deferred income tax

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

	2021 $'000	**2020 $'000**
The movement on the deferred income tax account is as follows:		
At beginning of year	(271,178)	(275,739)
Impact of revaluation adjustments recorded directly to shareholders' equity:		
- Revaluation on the fair value through other comprehensive income Investment securities	(32,035)	(32,645)
-Revaluation on property	2,283	--
- Revaluation on amortised cost due to reclassification	253	1,894
- Remeasurement of defined benefit liability	(93,148)	36,763
Charge/(credit) to consolidated statement of income (note 34)	34,684	(1,451)
At end of year	(359,141)	(271,178)

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

	Balance at 1.10.20 $'000	**(Charge)/ credit to income statement $'000**	**(Charge)/ credit to other comprehensive income $'000**	**Balance at 30.09.21 $'000**
Deferred income tax assets				
Provisions	174	(129)	--	45
Tax losses	--	559	--	559
Lease liabilities	--	26,069	--	26,069
Fair value measurement of assets through profit or loss	383	(247)	--	136
	557	26,252	--	26,809
Deferred income tax liabilities				
Retirement benefit asset	(9,071)	1,310		(7,761)
Re-measurement of defined benefit liability	(38,991)	--	(93,148)	(132,139)
Fair value measurement of fair value through other comprehensive income	(151,273)	936	(32,035)	(182,372)
Fair value measurement of amortised cost	(1,676)	(394)	253	(1,817)
Intangible asset recognised on business combination	(287)	1,921	--	1,634
Zero coupon instruments	(38,226)	25,408	--	(12,818)
Right of use assets	--	(23,418)	--	(23,418)
Accelerated tax depreciation	(18,535)	2,682	--	(15,853)
Unrealised exchange and other gains	(6,231)	(13)	--	(6,244)
Revaluation gain on property and equipment	(4,174)	--	2,283	(1,891)
Revaluation of PPE – Associates	(3,271)	--	--	(3,271)
	(271,735)	8,432	(122,647)	(385,950)
Net deferred income tax liability	(271,178)	34,684	(122,647)	(359,141)

23 **Deferred income tax (continued)**

	Balance at 1.10.19 $'000	(Charge)/ credit to income statement $'000	(Charge)/ credit to other comprehensive income $'000	Balance at 30.09.20 $'000
Deferred income tax assets				
Provisions	174	--	--	174
Fair value measurement of assets through profit or loss	374	9	--	383
	548	9	--	557
Deferred income tax liabilities				
Retirement benefit asset	(11,640)	2,569	--	(9,071)
Re-measurement of defined benefit liability	(75,754)	--	36,763	(38,991)
Fair value measurement of fair value through other comprehensive income	(118,894)	266	(32,645)	(151,273)
Fair value measurement of amortised cost	(3,519)	(51)	1,894	(1,676)
Intangible asset recognised on business combination	(2,207)	1,920	--	(287)
Zero coupon instruments	(39,190)	964	--	(38,226)
Accelerated tax depreciation	(11,609)	(6,926)	--	(18,535)
Unrealised exchange and other gains	(6,029)	(202)	--	(6,231)
Revaluation gain on property and equipment	(4,174)	--	--	(4,174)
Revaluation of PPE – Associates	(3,271)	--	--	(3,271)
	(276,287)	(1,460)	6,012	(271,735)
Net deferred income tax liability	(275,739)	(1,451)	6,012	(271,178)

24 **Notes due to parent company**

	2021 $'000	2020 $'000
First Citizens Holdings Limited	58,000	58,000

The amount due to Holdings is a non-interest bearing note with no specified maturity date, issued in part consideration for a note acquired from Holdings (see Note 11 (ii)).

25 **Share capital**

The total authorised number of shares are issued and fully paid. Thirty five point five seven percentage (35.57%) of these shares are trading on the Trinidad and Tobago Stock Exchange.

	2021 $'000	2020 $'000
251,353,562 ordinary shares of no par value	539,957	539,957
Treasury shares/stock	(185,000)	(185,000)
42,500,000 A preference shares of no par value	42,500	42,500
61,100,000 B preference shares of no par value	61,100	61,100
	458,557	458,557

25 **Share capital (continued)**

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 when declared, but are non-participatory, non-voting, non-convertible and non-redeemable.

Employee share ownership plan

In April 2017, the shareholders approved the establishment of an employee share ownership plan for the Group's staff. This ESOP was subsequently approved by the Board of Inland Revenue in December 2018. The first distribution was made in January 2019 based on the profit of the Group for the financial period ending 30 September 2018.

The plan is designed to provide long-term incentives to the employees. The object of the plan is to permit and facilitate the transfer of the annual bonus distribution if any, of the Group's employees who are participants in the ESOP to the Trustee to be applied towards the purchase of shares in the Bank to be held by the Trustee for the use and benefit of participants and otherwise dealt with in accordance with the provisions of section 35 of the income tax act (Clause 3 – Trust Deed).

Each participant shall be required to contribute to the plan not less than 25% of the award allocated to him (if any) but may contribute up to 50% of the award, for the trustee to purchase shares, which shares shall be held in trust for the participants.

The number of shares to which each participant shall become entitled for allocation by the trustee shall be determined by dividing the valuation price into the amount to which each participant is entitled in the annual bonus distribution for the same plan year. The valuation price shall be the market price quoted on the Trinidad and Tobago Stock Exchange:

	2021	**2020**
Shares allocated to the Plan		
Opening balance	5,015,232	5,375,958
Shares allocated to employees	(309,278)	(360,727)
	4,705,954	5,015,231

26 Statutory reserves

The Financial Institutions Act 2008, Part VI, Section 56 1(a) (Trinidad and Tobago) stipulates that a Bank must transfer at the end of each financial year no less than 10% of its profits after taxation to a Reserve Fund until the amount standing to the credit of the Reserve Fund is not less than the stated capital or assigned capital of the Bank. The FIA 2008 Section 60.1, also indicated that no licensee shall incur, deposit liabilities of an amount exceeding twenty (20) times the sum of its stated capital or assigned capital and Statutory Reserve Fund.

In accordance with the Financial Institutions Act 1996-16, the Bank's subsidiary, First Citizens Bank (Barbados) Limited, is required to transfer to a reserve fund a minimum of 25% of the net income for the year, wherever the amount of the reserve fund is less than the stated capital.

27 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.

28 Other reserves

i *Fair value reserve*

For debt instruments, the fair value reserve comprises the cumulative net change in the fair value of investment securities measured at FVOCI, less ECL allowances recognised in profit or loss, net of deferred tax, until the assets are derecognised or impaired.

For equity financial assets which are measured at FVOCI, fair value gains and losses are not recycled to the statement of income.

ii *Revaluation reserve*

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

iii. *Re-measurement of defined benefit obligation*

The re-measurements of the defined benefit obligation represent actuarial gains and losses, returns on plan assets (outside of any changes recorded as net interest) and any changes in the asset ceiling (outside of any changes recorded as net interest).

iv. *Translation reserve*

The translation reserve comprises all foreign currency differences arising from translation of the financial statements of foreign operations.

29 **Interest income**	**2021 $'000**	**2020 $'000**
Loans to customers	1,139,422	1,257,548
Financial assets (FVOCI, amortised cost and FVPL)	684,163	766,324
Loan notes	14,771	23,377
	1,838,356	2,047,249

30 **Interest expense**		
Customers' deposits	62,146	110,684
Other funding instruments	127,679	161,295
Notes payable	10,278	9,725
Bonds payable	138,501	138,849
	338,604	420,553

31 Fees and commissions

Disaggregation of fees and commission income

The following table of fees and commissions from contracts with customers in the scope of IFRS 15 is disaggregated by major types of services. The table also includes a reconciliation of the disaggregated fees and commission income with the Group's operating reporting segments (Note 5).

Year ended 30 September 2021	**Retail banking $'000**	**Corporate banking $'000**	**Treasury & investment banking $'000**	**Trustee & asset management $'000**	**Group Functions $'000**	**Total $'000**
Account service fees	34,548	644	1,598	--	--	36,790
Transaction fees	123,091	9,256	11,669	--	--	144,016
Asset management fees	8,850	637	98,559	96,701	(11,052)	193,695
Underwriting & brokerage fee	--	15,120	10,333	--	--	25,453
Financial guarantees & loan commitments	19,470	10,866	750	--	--	31,086
Total fees and commission	185,959	36,523	122,909	96,701	(11,052)	431,040
Time of revenue recognition						
At a point in time	123,091	24,376	22,002	--	--	169,469
Transferred over time	62,868	12,147	100,907	96,701	(11,052)	261,571
	185,959	36,523	122,909	96,701	(11,052)	431,040

Year ended 30 September 2020	**Retail banking $'000**	**Corporate banking $'000**	**Treasury & investment banking $'000**	**Trustee & asset management $'000**	**Group Functions $'000**	**Total $'000**
Account service fees	36,387	627	2,120	--	--	39,134
Transaction fees	104,557	7,341	99	--	--	111,997
Asset management fees	7,959	652	68,083	125,639	(9,090)	193,243
Underwriting & Brokerage fee	--	18,141	11,453	--	--	29,594
Financial guarantees & Loan Commitments	29,140	18,858	10,979	--	--	58,977
Total fees and commission	178,043	45,619	92,734	125,639	(9,090)	432,945
Time of revenue recognition						
At a point in time	104,557	25,482	11,552			141,591
Transferred over time	73,486	20,137	81,182	125,639	(9,090)	291,354
	178,043	45,619	92,734	125,639	(9,090)	432,945

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

32 Other Income

	2021 $'000	**2020 $'000**
Foreign exchange transaction gains less losses	117,581	152,117
Foreign exchange translation gains less losses	(12,581)	(2,478)
Other Income	18,836	6,428
	123,836	156,067

33 Credit impairment write back on investments

	2021 $'000	**2020 $'000**
Writeback/(charge) to impairment allowances	1,440	(329)

Net (loss)/gain on derecognition of financial assets	(1,699)	9,661
Gain/(loss) on the recognition POCI	13,214	(5,952)
Exchange difference	7	--
	12,962	3,380

34 Administrative expenses

Staff expenses	533,741	550,489
Pension expenses (note 21.f)	61,978	58,450
Other administrative expenses	40,322	49,316
Depreciation	80,270	76,772
Amortisation charges	23,339	18,912
Impairment loss on non-financial assets (note 14)	39,160	--
	778,810	753,939

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

	2021		2020	
	Employees	**%**	**Employees**	**%**
First Citizens Bank Limited	1,550	83	1,561	83
Subsidiaries	318	17	322	17
	1,868	100	1,883	100

35 Other operating expenses

	2021 $'000	2020 $'000
Property expenses	53,844	66,525
Technical and professional	51,203	26,530
Advertising expenses	8,392	8,361
Hardware and software maintenance	53,681	42,110
Deposit insurance (see below)	42,543	38,840
Credit card expenses	99,450	83,586
Equipment rental & maintenance	19,931	20,609
Communication charges	15,951	18,939
Security services	14,278	16,610
Stationery and service related expenses	13,027	15,761
Tax on assets	9,040	8,586
Operating expenses	112,753	108,617
	494,093	455,074

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.

36 Taxation

	2021 $'000	2020 $'000
Current tax	267,987	236,869
Prior period under/(over) provision	1,430	(13,541)
Deferred tax (Note 23)	(34,684)	1,451
	234,733	224,779

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

	2021 $'000	2020 $'000
Profit before taxation	902,015	831,645
Tax calculated 35% (2020 35%)	315,706	291,078
Income exempt from tax	(167,534)	(125,459)
Expenses not deductible for tax purposes	106,980	94,392
Prior period under/(over) provision	1,430	(13,541)
Effects of different tax rates in other countries and businesses within the group	(21,849)	(21,691)
	234,733	224,779

37 Dividends

	2021 $'000	2020 $'000
Ordinary dividend paid – final for 2020: $0.45 (2019: $0.49)	110,508	120,330
Ordinary dividend paid – interim for 2021: $1.01 (2020: $0.92)	250,182	225,927
Preference dividend paid	2,922	2,922
	363,612	349,179

38 Related party transactions and balances

a. *Directors and key management personnel*

	2021 $'000	2020 $'000
Salaries and other short-term employee benefits	56,102	64,490
Loans and receivables	11,254	12,552
Interest income	488	592
Customers' deposits	21,515	21,337
Interest expense	259	245
Other funding instruments	6,830	707
Interest expense- other funding instruments	15	13

b. *Transactions with parent*

Customers' deposits	2,768	2,087
Long term notes (Note 23)	58,000	58,000
Loan note (Note 11 (ii))	5,214	10,428
Interest income on loan notes	1,049	1,653
Due from parent	114	262

c. *Pension plan*	2021 $'000	2020 $'000
Employer's contribution (Note 20.d)	58,236	51,110

d. *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 (Note 3.a.vii).

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

	2021 $'000	2020 $'000
Assets		
Loan notes with Taurus Services Limited (Note 11 (i))	68,486	136,971
Liabilities		
Due to GORTT (Note 19)	22,753	22,890
Interest income		
Loan notes with Taurus Services Limited	13,777	21,718

38 **Related party transactions and balances (continued)**

e. *Other transactions with the Government of the Republic of Trinidad and Tobago*

In addition to the balances in (d) above, the Group in its ordinary course of business enters into lending, deposit and investment transactions with the GORTT, other state-owned institutions, state agencies and local government bodies. Transactions and balances between the Group and these related parties are as follows:

	2021 **$'000**	**2020** **$'000**
Loans and receivables	3,805,081	4,564,236
Interest income	241,610	306,236
Customers' deposits	10,312,881	11,846,181
Interest expense	22,012	45,390
Investment securities - FVOCI	8,639,501	8,461,515
Investment securities - Amortised cost	541,434	541,972
Investment income	416,916	404,459

f. The (COVID – 19) Small & Medium Enterprises (SME) Stimulus Loan is an initiative the GORTT embarked upon, geared specifically towards bringing relief to the Small and Medium Enterprises businesses that were negatively affected as a result of the crisis caused by the COVID-19 pandemic. The GORTT provided a guarantee for 75% of the loan value. The interest on these loans will be paid by the GORTT for the duration of the loan.

	2021 **$'000**	**2020** **$'000**
SME loans	14,125	10,800
Interest income	405	48

39 **Commitments**

a. *Capital commitments*

	2021 **$'000**	**2020** **$'000**
Capital expenditure approved by the Directors but not provided for in these accounts	149,924	104,042

b. *Credit commitments*

Commitments for loans approved not yet disbursed	561,569	456,827

40 **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.

	2021 **$'000**	**2020** **$'000**
Acceptances	33,185	63,053
Guarantees	146,397	156,023
Letters of credit	25,758	31,206
	205,340	250,282

41 Subsequent events

On 30 June 2021, the shareholders of First Citizens Bank Limited (the Bank) approved, subject to regulatory approvals, the corporate legal restructure of the First Citizens Group wherein the Bank would no longer be the "de facto" holding company of the First Citizens Group. First Citizens Group Financial Holdings Limited (FCGFHL) would become the financial holding company of the Bank and its subsidiaries. The Bank would become a subsidiary of FCGFHL and the shareholders of the Bank would hold shares in FCGFHL in the same percentage that they held in the Bank.

On 15 October 2021, following receipt of regulatory approvals, the Bank was delisted and FCGFHL was listed on the Trinidad and Tobago Stock Exchange. FCGFHL commenced trading on 18 October 2021.

FIRST CITIZENS GROUP FINANCIAL HOLDINGS LIMITED

APPENDIX 4 – STATEMENT OF MANAGEMENT RESPONSIBILITY FOR THE PREPARARTION OF FINANCIAL INFORMATION FOR SIX MONTHS ENDED 31 MARCH 2022 AND CHAIRMAN'S REPORT

Management is responsible for the following:

- Preparing and fairly presenting the accompanying consolidated financial statements of First Citizens Group Financial Holdings Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 March 2022, the consolidated income statement, consolidated statements of comprehensive income, changes in equity and cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory information;

- Ensuring that the Group keeps proper accounting records;

- Selecting appropriate accounting policies and applying them in a consistent manner;

- Implementing, monitoring and evaluating the system of internal control that assures security of the Group's assets, detection/prevention of fraud, and the achievement of Group's operational efficiencies;

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

- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act and the Financial Institution Act (FIA) 2008; and

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

In preparing these 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.

Karen Darbasie
Group Chief Executive Officer

Shiva Manraj
Group Chief Financial Officer

FIRST CITIZENS GROUP FINANCIAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Unaudited Financial Statements
For the Six Months ended 31 March, 2022

Chairman's Report

The First Citizens Group concluded another profitable quarter for the period ended 31 March, 2022; recording a profit before tax of $220.9 million. This brought the year to date profit before tax for the six-month period to $469.3 million. Profit after tax for the six-month period amounted to $335.2 million; representing an 8.8% increase when compared to the corresponding period of March 2021 and is a positive demonstration of the Group's efforts to recover to pre-Covid-19 pandemic performance levels. The Groups Total Assets, as at 31 March, 2022, were valued at $46.3Bn, a marginal decline of 0.7% when compared to September 31, 2021. By comparison, Loans to Customers recorded a minor decrease of 0.05% while Investments increased by 3.9%.

In light of the improved profitability and having regard to the Group's strong capital base, the Board has declared a second interim dividend of $0.34 per ordinary share, which brings the total interim dividend for the six-month period to $0.74 per share. This represents a 15.6% increase when compared to the same period last year of $0.64. This dividend will be paid on 27 May, 2022 to shareholders on record as at 12 May, 2022. Our policy of paying quarterly dividends is aligned to the Group's strategy of consistently delivering value to our shareholders.

Our performance continues its upward trend since 2020 and is in alignment with economic recovery both domestically and globally. The Group remains cautiously optimistic on future growth. While Consumer lending remains muted, Commercial lending is trending upwards, arising from the significant relaxation of Covid-19 restrictions and the corresponding increase in business activity. This is a timely relief for our economy, as sluggish employment conditions and increasing imported inflation, would have slowed the rate of consumer lending. Globally, the conflict between Russia and Ukraine has resulted in higher energy prices and exacerbated supply chain disruptions.

As we monitor these conditions and their impact on our operations, First Citizens continues to strategically focus on keeping our operations safe, stable and competitive. Our digital transformation strategy will provide us with improved operational efficiencies through automation and frictionless workflows and enhanced capability to deliver new digital products and services. As we drive for growth and shareholder value creation via the strategic pillar of diversification, we will continue to actively progress all options to expand our core banking business into potential new markets and territories.

Additionally, the foundation of our Corporate and Social Responsibility program continues to be demonstrated through our commitment to the upliftment of the communities, which we serve.

Let me take this opportunity to express my sincere appreciation to our dedicated employees, loyal customers, my fellow directors and all other stakeholders. Your continued support and contributions to the First Citizens Group remain essential to our success.

Anthony Isidore Smart

Anthony Isidore Smart
Chairman
26 April, 2022

APPENDIX 5 – ACCOUNTANT'S REPORT ON THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 MARCH 2022

Report on review of interim financial information

To the shareholders of
First Citizens Group Financial Holdings Limited

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of First Citizens Group Financial Holdings Limited and its subsidiaries (the 'Group') as of 31 March 2022 and the related condensed consolidated interim income statement, condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the six-month period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, 'Interim financial reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information 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 information 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 information is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim financial reporting'.

PricewaterhouseCoopers

Port of Spain
Trinidad, West Indies
10 June 2022

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

FIRST CITIZENS GROUP FINANCIAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

APPENDIX 6 – UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 MARCH 2022

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION[5] (stated in Trinidad and Tobago Dollars)

	Unaudited 31 March 2022 $'000	Unaudited 31 March 2021 $'000	Audited 30 September 2021 $'000
ASSETS			
Cash and Statutory Deposits	10,069,180	8,568,887	11,026,823
Financial Assets			
- Investments	16,314,805	18,290,618	15,704,488
- Loans and receivables less allowance for loan losses:			
Loans to customers	18,074,988	18,726,070	18,083,422
Loans notes	36,850	110,550	73,700
Other assets	570,543	601,290	548,447
Investment in joint ventures & associates	236,530	229,355	231,062
Property, plant and equipment	577,850	666,599	570,242
Intangible asset	229,513	224,485	226,292
Defined benefit asset	148,542	--	141,133
TOTAL ASSETS	**46,258,801**	**47,417,854**	**46,605,609**
LIABILITIES			
Customers' deposits and other funding instruments	32,745,764	33,246,296	32,929,309
Due to other banks	1,733,115	2,046,913	1,564,617
Creditors and accrued expenses	824,806	917,851	1,053,208
Lease Liabilities	91,221	96,210	83,097
Defined benefit liability	--	122,000	--
Debt securities in issue	2,951,169	3,351,169	2,971,971
Notes due to related companies	58,000	58,000	58,000
TOTAL LIABILITIES	**38,404,075**	**39,838,439**	**38,660,202**
SHAREHOLDERS' EQUITY			
Share capital	458,557	458,557	458,557
Statutory reserve	1,241,412	1,241,412	1,241,412
Fair value reserve	1,104,645	1,164,448	1,320,966
Retained earnings	5,050,112	4,714,998	4,924,472
SHAREHOLDERS' EQUITY	**7,854,726**	**7,579,415**	**7,945,407**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**46,258,801**	**47,417,854**	**46,605,609**

On **25 April 2022,** the Board of Directors of First Citizens Group Financial Holdings Limited authorised these condensed consolidated interim financial statements for issue.

[5] **The March 2022 figures presented in these unaudited condensed consolidated Interim Financial Statements for the six months ended 31 March 2022, are for FCGFHL and the comparative columns for March 2021 and September 2021 are for First Citizens Bank and its Subsidiaries.**

FIRST CITIZENS GROUP FINANCIAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 MARCH 2022

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT[6]

(stated in Trinidad and Tobago Dollars)

		Unaudited		
		Six months ended		Year Audited
		31 March 2022	31 March 2021	30 September 2021
	Note	$'000	$'000	$'000
Net interest income		**723,734**	**759,606**	**1,499,752**
Other income		337,813	307,903	641,743
Total net income		**1,061,547**	**1,067,509**	**2,141,495**
Impairment expenses net recoveries	5	(6,329)	(50,397)	12,554
Expenses		(596,381)	(587,538)	(1,272,903)
Operating profit		**458,837**	**429,574**	**881,146**
Share of profit in associates and joint venture		10,480	10,551	20,869
Profit before taxation		**469,317**	**440,125**	**902,015**
Taxation		(134,120)	(132,025)	(234,733)
Profit after taxation		**335,197**	**308,100**	**667,282**
Earnings Per Share				
Basic		**$1.32**	**$1.21**	**$2.64**
Weighted Average Number of Shares				
Basic		**251,354**	**251,354**	**251,354**

[6] The March 2022 figures presented in these unaudited condensed consolidated Interim Financial Statements for the six months ended 31 March 2022, are for FCGFHL and the comparative columns for March 2021 and September 2021 are for First Citizens Bank and its Subsidiaries.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 MARCH 2022[7]
(stated in Trinidad and Tobago Dollars)

	Unaudited		
	Six months ended		Audited
	31 March 2022	31 March 2021	30 September 2021
	$'000	$'000	$'000
Profit after taxation	**335,197**	**308,100**	**667,282**
Other comprehensive income:			
Items that will not be classified to profit or loss			
Remeasurement of defined benefit liability	--	--	172,990
Net gains on investments in equity instruments designated at FVOCI	(366)	4,169	8,286
Revaluation of property, plant and equipment net of tax	--	--	(25,927)
	(366)	4,169	155,349
Items may be classified to profit or loss			
Exchange difference on translation	(3,508)	(5,936)	(9,713)
Reclassified to profit or loss on disposal	(44,510)	(30,766)	(86,861)
Amortization of losses on hold to collect assets	(205)	(380)	(591)
Net (losses) / gains on financial assets measured at FVOCI	(167,732)	86,732	162,140
	(215,955)	**49,650**	**64,975**
Total other comprehensive income	(216,321)	**53,819**	**220,324**
Total comprehensive income	**118,876**	**361,919**	**887,606**

[7] **The March 2022 figures presented in these unaudited condensed consolidated Interim Financial Statements for the six months ended 31 March 2022, are for FCGFHL and the comparative columns for March 2021 and September 2021 are for First Citizens Bank and its Subsidiaries.**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY[8]

(stated in Trinidad and Tobago Dollars)

	Share Capital $'000	Statutory Reserve $'000	Other Reserves $'000	Retained Earnings $'000	Shareholders' Equity $'000
Balance at 1 October 2021	**458,557**	**1,241,412**	**1,320,966**	**4,924,472**	**7,945,407**
Total comprehensive (loss) / income	--	--	(216,321)	335,197	118,876
Dividends	--	--	--	(209,557)	(209,557)
Balance at 31 March 2022	**458,557**	**1,241,412**	**1,104,645**	**5,050,112**	**7,854,726**
Balance at 1 October 2020	**458,557**	**1,241,412**	**1,110,629**	**4,610,815**	**7,421,413**
Total comprehensive (loss) / income	--	--	53,819	308,100	361,919
Dividends	--	--	--	(203,917)	(203,917)
Balance at 31 March 2021	**458,557**	**1,241,412**	**1,164,448**	**4,714,998**	**7,579,415**
Balance as at 1 October 2020	**458,557**	**1,241,412**	**1,110,629**	**4,610,815**	**7,421,413**
Total Comprehensive income	--	--	220,324	667,282	887,606
Revaluation surplus on disposal of property reclassified to retained earnings	--	--	(9,987)	9,987	--
Dividends	--	--	--	(363,612)	(363,612)
Balance at 30 September 2021	**458,557**	**1,241,412**	**1,320,966**	**4,924,472**	**7,945,407**

[8] The March 2022 figures presented in these unaudited condensed consolidated Interim Financial Statements for the six months ended 31 March 2022, are for FCGFHL and the comparative columns for March 2021 and September 2021 are for First Citizens Bank and its Subsidiaries.

FIRST CITIZENS GROUP FINANCIAL HOLDINGS LIMITED AND ITS SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 MARCH 2022

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW[9]
(stated in Trinidad and Tobago Dollars)

	Unaudited Six months ended 31 March 2022 $'000	Unaudited Six months ended 31 March 2021 $'000	Audited Year Ended 30 September 2021 $'000
Cash Flow From Operating Activities			
Profit before taxation	469,317	440,125	902,015
Adjustments to reconcile profit to net cash provided by operating activities:	22,684	157,892	94,624
Cashflows from operating activities before changes in operating assets and liabilities	492,001	598,017	996,639
Changes in operating assets and liabilities:			
Net change in loans to customers	15,348	252,269	974,337
Net change in customers' deposits and other funding	(183,545)	103,197	(213,790)
Net change in other assets	(66,699)	(133,364)	(121,364)
Net change in statutory deposits with Central Bank	1,048,767	1,632,165	333,289
Net change in creditors and accrued expenses	(137,504)	(93,716)	(22,060)
Taxes paid	(137,206)	(80,597)	(205,716)
Net cash flow from operating activities	1,031,162	2,277,971	1,741,335
Cash Flows From Investing Activities			
Net change in investments	(859,549)	(1,719,892)	1,002,148
Net change in loan notes	36,850	36,849	73,700
Net change in short-term investments	(456,992)	1,106,552	197,071
Net change in investments in joint venture and associates	--	--	(21,579)
Proceeds from disposal of property, plant and equipment	1,901	859	35,405
Purchase of property, plant and equipment	(41,024)	(35,847)	(81,935)
	(1,318,814)	(611,479)	1,204,810
Cash Flows From Financing Activities			
Repayment of debt securities	(20,802)	(274,025)	(653,223)
Repayment of Lease liabilities	(12,845)	(17,423)	(34,949)
Dividend paid	(209,557)	(203,917)	(363,612)
Net cash flow from financing activities	(243,204)	(495,365)	(1,051,784)
Net cash (decrease) in cash and cash equivalents	(530,856)	1,171,127	1,894,361
Cash and cash equivalents at beginning of year	3,864,595	1,957,698	1,957,698
Effect of exchange rate change	(3,510)	3,895	12,536
Cash and cash equivalents at end of period	3,330,229	3,132,720	3,864,595
REPRESENTED BY:-			
Cash and due from banks and Statutory Deposits	10,069,180	8,568,887	11,026,823
Due to other banks	(1,733,115)	(2,046,913)	(4,587,140)
Less:			
Statutory Deposits	(3,538,373)	(3,288,264)	(1,564,617)
Short Term Investments (Maturity over 3 months)	(1,467,463)	(100,990)	(1,010,471)
	3,330,229	3,132,720	3,864,595

[9] **The March 2022 figures presented in these unaudited condensed consolidated Interim Financial Statements for the six months ended 31 March 2022, are for FCGFHL and the comparative columns for March 2021 and September 2021 are for First Citizens Bank and its Subsidiaries.**

1 General Information

First Citizens Group Financial Holdings Limited (FCGFHL) is a subsidiary of First Citizens Holdings Limited (Parent), 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. On October 18, 2021 First Citizens Group Financial Holding Limited (FCGFHL) was made the parent company of First Citizens Bank Limited (the Bank) and the listed publicly traded shares on the Trinidad & Tobago Stock Exchange, was moved from the Bank and relisted in the name of FCGFHL in the same ratio as previously held.

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 Group currently comprises the following entities:

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

The Group also has investment in the following entities:

Infolink Services Limited	Provision of automated banking reciprocity services	Trinidad & Tobago	25%
St. Lucia Electricity Services Limited	Provision of electrical power to consumers	St. Lucia	19%
Term Finance (Holdings) Limited	Provision of short term loans to individuals and small-medium sized business	Trinidad & Tobago	19.99%

2 Basis of preparation

The interim consolidated financial statements for the six months period ended 31 March 2022, have been prepared in accordance with IAS 34 "Interim Financial Reporting" and should be read in conjunction with the audited consolidated financial statements for First Citizens Bank Limited and its Subsidiaries for the year ended 30 September 2021.

These consolidated financial statements represent the six months ended 31 March 2022 of trading for FCGFHL, however for comparative purposes the consolidated results of First Citizens Bank Limited and its Subsidiaries as at March 2021 and September 2021 are included.

Predecessor accounting

The Group adopted retrospective presentation method for business combination under common control.

3 Significant Accounting Policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the annual consolidated financial statements of First Citizens Bank Limited for the year ended 30 September 2021.

4 Commitments

	31 March 2022 $'000	31 March 2021 $'000	30 September 2021 $'000
Capital Commitments			
Capital expenditure approved by the Directors but not provided for in these accounts	140,838	145,276	149,924
Credit Commitments			
Commitments for loans approved not yet disbursed	615,344	634,665	561,559

5 Credit impairment losses net recoveries

	Six months ended 31 March 2022 $'000	Six months ended 31 March 2021 $'000	Year ended 30 September 2021 $'000
Expected Credit Losses			
Loans and advances	(14,876)	(46,290)	(408)
Other financial assets	8,547	(4,107)	12,962
	(6,329)	(50,397)	12,554

6 Related Party Transactions

(a) Directors and key management personnel

	31 March 2022 $'000	31 March 2021 $'000	30 September 2021 $'000
Salaries and other short-term employee benefits	36,005	31,248	56,102
Loans and receivables	15,719	11,845	11,254
Interest income	265	302	488
Customers' Deposits	22,782	24,499	21,515
Interest expense	140	120	259
Other Funding instruments	6,846	6,853	6,110
Interest expense-Other funding	86	34	108

(b) Transactions with Parent

Customers' Deposit	3,899	2,746	2,768
Long-term notes	58,000	58,000	58,000
Loan Note	2,607	7,821	5,214
Interest income on loan notes	299	598	1,049
Due from parent	271	201	114

(c) Pension Plan

Employer's contribution	28,703	32,342	58,236

(d) 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:

	31 March 2022 $'000	31 March 2021 $'000	30 September 2021 $'000
Assets			
Loan notes with Taurus Services Limited	34,243	102,728	68,486
Liabilities			
Due to GORTT	26,572	22,762	22,753
Interest Income			
Loan notes	3,927	7,854	13,777

6 Related Party Transactions (cont'd)

(e) Other transactions with the Government of the Republic of Trinidad and Tobago

In addition to the balances in (d) above, the Group in its ordinary course of business enters into lending, deposit and investment transactions with the GORTT, other state owned institutions, state agencies and local government bodies. Transactions and balances between the Group and these related parties are as follows:

	31 March 2022 $'000	31 March 2021 $'000	30 Sept 2021 $'000
Loans to customers	3,508,657	4,379,218	3,805,081
Interest income	104,480	136,524	241,610
Customers' deposits	9,761,918	10,947,046	10,312,881
Interest expense	6,842	13,167	22,012
Investments	10,261,110	12,536,186	10,180,935
Investment income	183,610	225,572	416,916
Other funding instruments	810,880	695,705	674,213
Interest expense	4,608	7,873	13,429

(f) The (COVID – 19) Small & Medium Enterprises (SME) Stimulus Loan is an initiative the GORTT embarked upon, geared specifically towards bringing relief to the Small and Medium Enterprises businesses that were negatively affected as a result of the crisis caused by the COVID-19 pandemic. The GORTT provided a guarantee for 75% of the loan value. The interest on these loans will be paid by the GORTT for the duration of the loan.

SME Loans	26,634	14,125	14,125
Interest income	256	195	405

7 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.

8 Segment Reporting

The segmental information used by the Executive and Senior Management is as follows:-

Period ended 31 March 2022	Retail & Corporate Banking $'000	Treasury & Investment Banking $'000	Trustee & Asset Management $'000	Group functions $'000	Eliminations $'000	Total $'000
Total Net Income	780,170	384,182	52,101	(3,545)	(151,361)	1,061,547
Profit Before Taxation	436,137	281,886	27,603	(142,108)	(134,201)	469,317
Total Assets	22,540,436	24,502,586	613,640	630,169	(2,028,030)	46,258,801

Period ended 31 March 2021	Retail & Corporate Banking $'000	Treasury & Investment Banking $'000	Trustee & Asset Management $'000	Group functions $'000	Eliminations $'000	Total $'000
Total Net Income	790,125	355,592	51,555	(3,402)	(126,361)	1,067,509
Profit Before Taxation	349,045	288,393	30,047	(111,536)	(115,824)	440,125
Total Assets	25,221,595	23,243,575	600,825	580,219	(2,228,360)	47,417,854

Year ended 30 September 2021	Retail & Corporate Banking $'000	Treasury & Investment Banking $'000	Trustee & Asset Management $'000	Group functions $'000	Eliminations $'000	Total $'000
Total Net Income	1,569,873	603,278	104,400	6,788	(142,844)	2,141,495
Profit Before Taxation	872,067	339,267	59,788	(257,276)	(111,831)	902,015
Total Assets	23,022,463	24,516,932	734,074	734,593	(2,402,456)	46,605,609

FIRST CITIZENS GROUP FINANCIAL HOLDINGS LIMITED

APPENDIX 7 – PURCHASE APPLICATION FORM

First Citizens

PURCHASE APPLICATION FORM

OFFER FOR SALE BY FIRST CITIZENS HOLDINGS LIMITED OF
10,869,565 ordinary shares of no par value in FIRST CITIZENS GROUP FINANCIAL HOLDINGS LIMITED at a price of $50.00 per share

(TO BE COMPLETED IN BLOCK LETTERS)

BROKERAGE ACCOUNT DETAILS

BROKER NAME: ☐ First Citizens Brokerage & Advisory Services Ltd. (FCBAS) ☐ West Indies Stock Brokers Limited (WISE) ☐ JMMB Securities (Trinidad & Tobago) Ltd.
☐ NCB Merchant Bank (T & T) Ltd ☐ Republic Wealth Management Limited ☐ Bourse Brokers Limited ☐ Caribbean Stockbrokers Limited

TTCD DEPEND ACCOUNT # ☐☐☐☐☐☐☐ **IS THIS ACCOUNT JOINTLY HELD ?** Y N

TO BE COMPLETED BY A COMPANY/NOMINEE/INSTITUTION APPLICANT

COMPANY/INSTITUTION OR NOMINEE AND RELATED COMPANY: ____________________

DATE OF INCORPORATION: D D M M Y Y REGISTRATION NUMBER: ____________________

TO BE COMPLETED BY INDIVIDUAL APPLICANTS/UNDERLYING NOMINEE HOLDER

PRIMARY ACCOUNT HOLDER: FIRST NAME ____ MIDDLE NAME ____ LAST NAME ____

DATE OF BIRTH: DD- MM-YYYY ____ ID TYPE: DP NAT ID PP CONTACT: TELEPHONE # ____ EMAIL ADDRESS ____

JOINT ACCOUNT HOLDER # 1: FIRST NAME ____ MIDDLE NAME ____ LAST NAME ____

ID TYPE: DP NAT ID PP CONTACT: TELEPHONE # ____ EMAIL ADDRESS ____

JOINT ACCOUNT HOLDER # 2: FIRST NAME ____ MIDDLE NAME ____ LAST NAME ____

ID TYPE: DP NAT ID PP CONTACT: TELEPHONE # ____ EMAIL ADDRESS ____

JOINT ACCOUNT HOLDER # 3: FIRST NAME ____ MIDDLE NAME ____ LAST NAME ____

ID TYPE: DP NAT ID PP CONTACT: TELEPHONE # ____ EMAIL ADDRESS ____

APPLICATION DETAILS

INVESTOR TYPE: ☐ *(Insert the number as outlined in part (k) in the Terms & Conditions)* QUANTITY OF SHARES: ☐ VALUE: **TT$**

CHEQUE # ☐ *Cheques must be made to "**FCGFHL APO**" for the exact amount payable and must be drawn in the same name as the applicant or by order of the applicant.* ☐ Payment as per debit instructions submitted via the First Citizens APO Portal

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: ____________________

BRANCH: ____________________ ACCOUNT # ____________________ 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 in the prospectus.*
*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 APPLICANTS

DIRECTOR	SECRETARY	COMPANY STAMP
SIGNATORY	DATE & TIME	

INDIVIDUAL APPLICANTS

PRIMARY ACCOUNT HOLDER	JOINT ACCOUNT HOLDER 1	DATE & TIME
JOINT ACCOUNT HOLDER 2	JOINT ACCOUNT HOLDER 3	

BROKER/DISTRIBUTOR

OFFER CLOSES ON 22ND JULY 2022 AT 4 PM

BROKER/DISTRIBUTOR SIGNATURE	DATE & TIME	BROKER/DISTRIBUTOR STAMP

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. Shareholders can access statements for Quarters ending (March, June, September and December) electronically utilizing the link https://ttcdestat.stockex.co.tt . Only statements with trading activities can be accessed quarters ending (March, June, September) and statements with or without trading activities can be accessed quarter ending (December).

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

FIRST CITIZENS GROUP FINANCIAL HOLDINGS LIMITED

APPENDIX 8 – 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:

- Valid government issued photo identification (National ID card OR passport OR Drivers Permit with Birth Certificate)
- Proof of address: a utility bill dated May/June 2022
- Proof of income: a job letter or pay slip dated May/June 2022
- 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 "FCGFHL 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$50,000** 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$50,000 or more must be submitted to the applicant's broker***

Purchase Application Forms are available from the Approved Distribution Agents:

a. First Citizens Brokerage and Advisory Services Limited
b. Republic Wealth Management Limited
c. West Indies Stockbrokers Limited
d. Bourse Brokers Limited
e. JMMB Securities (Trinidad and Tobago) Limited
f. Caribbean Stockbrokers Limited
f. NCB Merchant Bank (Trinidad and Tobago) Limited
g. Sheppard Securities Limited
h. First Citizens Bank Branches*

****First Citizens Bank Branches will accept applications valued at less than TT$50,000 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 as additional information can be viewed at www.firstcitizensgroup.com