Youth Development & Education

First Citizens

We put you first

FIRST CITIZENS GROUP FINANCIAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

ANNUAL REPORT 2024

# VISION

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

# MISSION

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

Our future is dependent on the education and development of our youth. Our young people's commitment and passion in pursuing their dreams and goals inspire us to keep doing our best as a community-serving organisation. First Citizens continues to invest in the development and education of our youth by leading and supporting a wide range of initiatives and projects. We believe that fostering the development of future generations is one way to guarantee the sustainability of our communities.

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# CORPORATE INFORMATION AND PROFILE OF SUBSIDIARIES

## FIRST CITIZENS GROUP FINANCIAL HOLDINGS LIMITED

**Board of Directors**
Anthony Isidore Smart – Chairperson
Courtenay Williams – Deputy Chairperson
Franka Costelloe
Ryan Proudfoot
Savitree Seepersad
Jayselle McFarlane
Troy Garcia
Idrees Omardeen
Ingrid Melville
Colin Wharfe
*Devindra Ramnarine

**Devindra Ramnarine was appointed as a Director on 15 May 2024*
*** David Inglefield resigned as a Director on 30 April 2024*

**Group Corporate Secretary**
Lindi Ballah-Tull
Accredited Director (Acc Dir)
Bachelor of Laws (LLB) Hons
Legal Education Certificate (LEC)

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**Auditor**
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## FIRST CITIZENS BANK LIMITED

**Board of Directors**
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Franka Costelloe
Ryan Proudfoot
Savitree Seepersad
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Troy Garcia
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Colin Wharfe

*** David Inglefield resigned as a Director on 30 April 2024*

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## FIRST CITIZENS DEPOSITORY SERVICES LIMITED

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Troy Garcia
Idrees Omardeen
Jason Julien
Neela Moonilal-Kissoon

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## FIRST CITIZENS TRUSTEE SERVICES LIMITED

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Courtenay Williams
Ingrid Melville
Idrees Omardeen
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***Sterling Frost ORTT resigned as a Director on 27 December 2023*
***David Inglefield resigned as a Director on 30 April 2024*

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## FIRST CITIZENS INVESTMENT SERVICES LIMITED

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Jayselle McFarlane
Karen Darbasie
Colin Wharfe

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***David Inglefield resigned as a Director on 30 April 2024*

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Shiva Manraj
Idrees Omardeen

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Sir Trevor Carmichael
Peter Williams
Ryan Proudfoot
Jon Martineau
Franka Costelloe
Wayne Kirton
Gregory Hinkson
Karen Darbasie
Jason Julien

***David Inglefield resigned as a Director on 30 April 2024*

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## FIRST CITIZENS FINANCIAL SERVICES (ST LUCIA) LIMITED

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*David DuBoulay
Karen Darbasie
Shiva Manraj
Robin Lewis

**David DuBoulay was appointed as a Director on 15 June 2024*
***Dunstan DuBoulay resigned as a Director on 15 June 2024*

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## FCCR FIRST CITIZENS COSTA RICA SA

**Board of Directors**
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Lindi Ballah-Tull
Ingrid Melville
Troy Garcia
Shiva Manraj
Franka Costelloe

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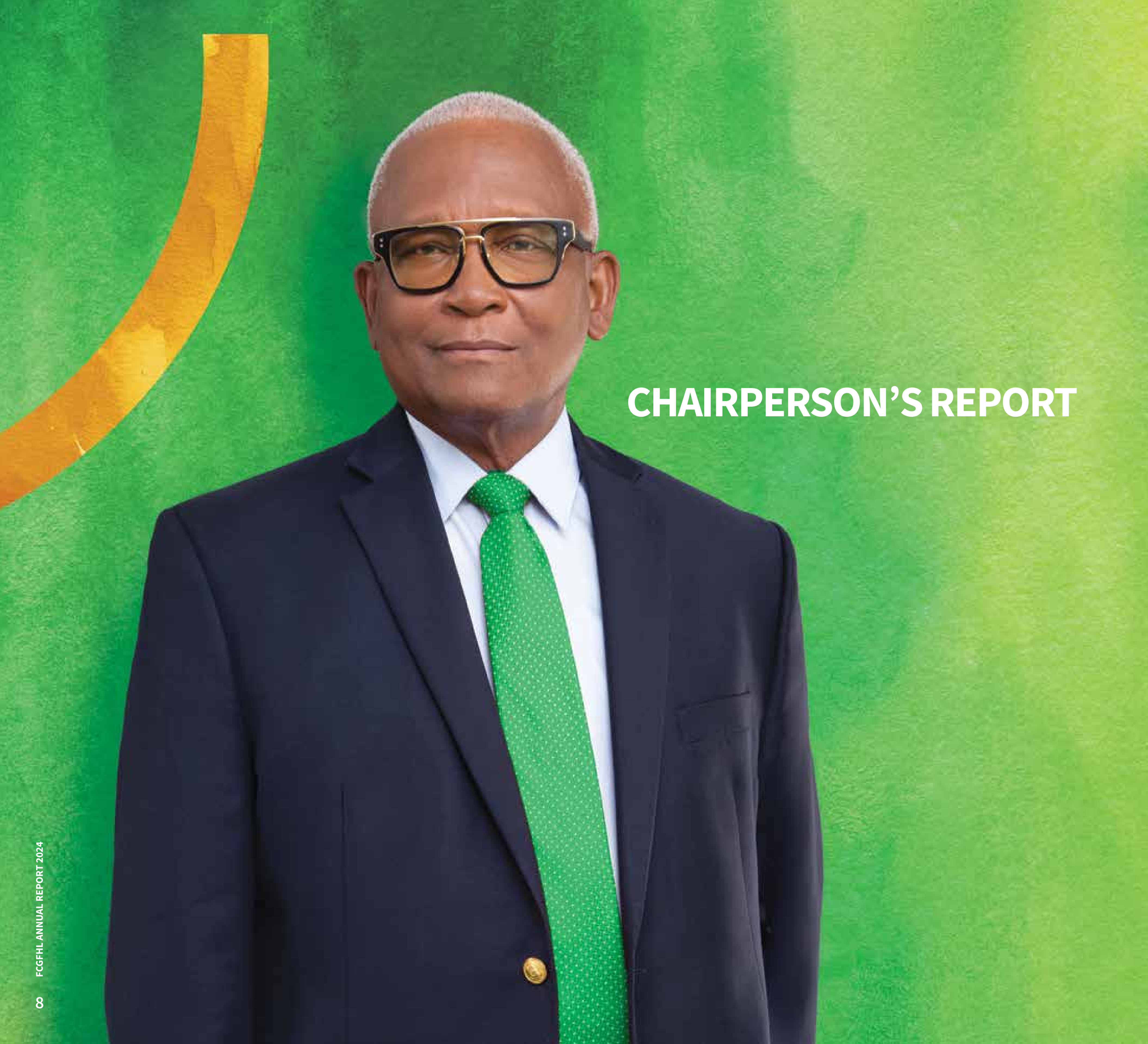


# CHAIRPERSON'S REPORT

## GROUP PERFORMANCE

I am pleased to report that First Citizens Group Financial Holdings Limited and its subsidiaries (collectively known as the First Citizens Group) recorded an 18.7% increase in Profit Before Taxation (PBT) moving from $1.07 billion to $1.27 billion as at 30 September 2024. The First Citizens Group also recorded Profit After Taxation (PAT) of $957 million for the year ended 30 September 2024. This figure represents an increase of 23.2% in PAT when compared with that for the year ended 30 September 2023.

As at 30 September 2024, the First Citizens Group's total assets stood at $47.1 billion, a 4.8% increase when compared to 30 September 2023, mainly driven by growth in Loan to Customers and Investment Securities.

Our earnings per share increased to $3.79 for the year ended 30 September 2024. Accordingly, the Board has declared a dividend payment of 88 cents per ordinary share for the final quarter of the financial year. This dividend will be paid on 28 December 2024 to all shareholders on record as at 13 December 2024. When paid, this will bring the total dividend payment for the financial year 2024 to $2.37 per ordinary share compared with $2.00 for the financial year ended 2023. This represents a year-on-year increase of 18.5% in dividends to our valued shareholders.

These accomplishments were further complemented in October 2024 when Standard and Poor's reaffirmed an investment grade rating of BBB-/A-3 with a stable outlook for First Citizens Bank Limited.

## INTERNATIONAL OVERVIEW AND OUTLOOK

In the October 2024 update of the World Economic Outlook (WEO), the International Monetary Fund (IMF) estimated that the global economy grew by 3.3% in 2023 despite a number of disruptions and high interest rates amid persistent inflation. Looking ahead, global growth is expected to remain around 3.2% until 2025. Global expansion will be driven by continued global disinflation, which will allow central banks to continue with easing interest rates. Interest rates globally are expected to drop by 50bps in the Euro Area throughout 2025, while in the US, the Fed Funds rate is expected to fall by around 200bps to 2.9% by 2026.

There were some notable revisions since the IMF's April 2024 WEO update: GDP growth forecasts for the United States (US) have been increased for 2024 (2.8%) and 2025 (2.2%), offsetting downward revisions in growth for the Euro Area and its largest economies. The German manufacturing sector is expected to face continued weakness, with political uncertainties also weighing on performance. In Asia, growth momentum is expected to subside from 5.7% in 2023 to 5% in 2025 as both India and China experience a slowdown. China's economy is expected to face continued challenges despite stimulus measures implemented by the government throughout the year, whereas India's growth is expected to slow as pent-up demand fades and the economy returns to potential.

Global inflation is expected to continue its decline in 2025 to an average of 4.3% from 5.8% estimated for 2024. The IMF notes that the decline in inflation comes from a "broad-based decrease in core inflation" as a result of the delayed effect of tight monetary policies prior to the easing of interest rates and diminishing pass-through effects from energy price declines. Advanced economies are still expected to experience a quicker decline in average inflation (2.6% average for 2024) than emerging market economies (7.9% average for 2024), though there is a notable amount of variation among various countries. Longer-term forecasts show global inflation declining to 3.6% (2026) and 3.4% (2027).

Labour markets in advanced economies have begun to show signs of weakness following an extended period of high interest rates, which took its toll on the economy. Despite this, wage growth has been closing the gap caused from the inflation surge of 2021-2022, with nominal wage growth expected to be higher than the inflation surge. In the US, wage growth has largely been met with increased productivity, containing marginal labour costs. In the Euro Area, however, wage growth has exceeded short-term productivity gains, increasing marginal labour costs, though the IMF expects European firms will be able to absorb these increased costs.

Risks to the global outlook are tilted to the downside, a reversal from the balanced risks of the April 2024 update. Downside risks include monetary easing not having the intended effect as the delayed effect of tightening impacts economies, debt distress in emerging market and developing economies as markets reprice, continued contraction of China's property sector, spikes in global commodity prices, intensified geopolitical tensions, and implementation of protectionist policies by countries. On the upside, potential drivers of growth include a stronger investment climate in advanced economies, and an acceleration of structural reforms in both advanced and emerging market economies.

## REGIONAL

The Caribbean region has shown resilience following the adverse effects of the COVID-19 pandemic, driven by recovery in tourism and improved trade activity. However, growth is expected to decelerate over the next three years. The IMF forecasts indicate a gradual decline, with projected growth rates of 6.0% in 2024, 4.2% in 2025, and 3.9% in 2026. By 2029, the region is expected to stabilise at a growth rate of approximately 2.9%, aligning with pre-pandemic levels observed in 2018. Guyana stands out as a significant exception, with its economy projected to grow at an average annual rate of 24.6% between 2024 and 2026, fuelled by its booming oil sector. This exceptional growth rate positions Guyana as a key driver of economic activity within the region amidst the overall slowdown.

Both Barbados and Suriname have engaged in the IMF's Extended Fund Facility (EFF) programme to address economic challenges and promote sustainable growth. Suriname has accessed approximately USD451.2 million under the programme, which was implemented to help stabilise the economy and build resilience. According to the IMF, Suriname's commitment to macroeconomic policies and reforms has led to notable progress, including improved macroeconomic stability and increased investor confidence. Similarly, Barbados is currently undergoing the fourth review of its EFF programme. The country has experienced robust economic growth, moderate inflation, and a strengthening external position. Key sectors such as construction and tourism have shown continued growth, contributing to the country's economic recovery under the programme. Both nations demonstrate the importance of comprehensive reforms and policy adjustments in achieving economic stability and resilience.

In 2022, global inflation surged, and the Caribbean region was no exception, with inflation peaking at 9.6%. However, the region has since managed to reduce inflation, largely as a result of declining commodity prices. According to the IMF, inflation in the Caribbean is projected as moderate from 6.9% in 2024 to 6.2% in 2025. Suriname, which experienced an average inflation rate of 49.5% between 2020 and 2023 due to factors such as currency devaluation, fiscal deficits, and supply chain disruptions, has made significant progress. Inflation in Suriname is forecasted to decline sharply to 14.1% in 2024, reflecting improved economic conditions. Despite this positive trend, the Caribbean region remains vulnerable to external risks that could drive prices higher, including the ongoing geopolitical tensions, volatility in energy prices, and possible trade wars among major economies, which might increase costs.

The region's current account is projected to improve and/or remain stable, except for Jamaica, where the balance is expected to worsen in 2025 and 2026. Government debt across most countries is forecasted to remain under control, following a downward trend in 2024. However, the economic recovery from the COVID-19 pandemic continues to pose challenges, as many countries grapple with elevated debt levels. On average, public debt reached 74% of GDP in 2023, surpassing the already high pre-pandemic levels recorded in 2019.

The Caribbean maintains a cautiously stable outlook as economic growth trends downward. The region remains vulnerable to exogenous factors, particularly due to the heavy reliance of many countries on tourism, with the US and the United Kingdom (UK) serving as primary source markets. Additionally, natural disasters pose a significant threat to both the broader economy and the blue economy. This vulnerability was highlighted by the recent passage of Hurricane Beryl. Countries dependent on Citizenship by Investment (CBI) programmes may also face reduced fiscal revenues, which have historically supported government spending and economic activity. This comes amid heightened international scrutiny, potentially impacting the sustainability of such programmes in the years ahead.

## BARBADOS ECONOMIC OVERVIEW AND OUTLOOK

Barbados has demonstrated resilience amidst global economic challenges and the aftermath of Hurricane Beryl, with real GDP growing by 3.9% in the first nine months of 2024. This growth was driven by tourism, business services, and construction, with tourism leading the charge. Long-stay arrivals increased by 12.9%, boosted by a 32.5% surge in arrivals from the US and a 16.5% rise in Canadian tourists. While Q3 2024 saw a slight dip in UK and European arrivals, earlier gains and increased cruise activity offset the slowdown. The IMF projects GDP growth at 3.9% in 2024, tapering to 3.0% in 2025 and 2.3% in 2026. Inflation eased to 0.7% year-on-year in August 2024, compared to 2.9% in 2023, due to lower global energy prices. Labour market conditions improved, with unemployment dropping to 7.7% by Q2 2024 from 8.5% in 2023. Unemployment claims fell 12.4% compared to the pre-pandemic average, driven by job growth in tourism and construction. Gross international reserves hit a record BBD3.2 billion by September 2024, providing 31.2 weeks of import cover, fuelled by robust tourism earnings and higher current transfers. Standard and Poor's (S&P) Ratings upgraded Barbados' Long-Term Foreign Currency Issuer Default Rating (IDR) to 'B', citing fiscal reforms and strong reserves, despite vulnerabilities from tourism reliance and limited fiscal resources.

The financial sector remained stable, with increased deposits and modest credit growth. Business loans rose by 6% and household loans by 1.6%, while non-performing loans dropped by 7.3% as labour market conditions improved. Foreign-currency deposits surged 15.8%, and liquidity rose, with capital adequacy ratios remaining robust at over 20% for banks and finance companies. These advancements reflect Barbados' commitment to fiscal and economic transformation while navigating external pressures and domestic challenges.

## EASTERN CARIBBEAN OVERVIEW AND OUTLOOK

The Eastern Caribbean Currency Union (ECCU) has exhibited fluctuating GDP growth in recent years, emphasising both resilience and underlying challenges. Following a robust expansion of 11.8% in 2022, growth decelerated to 4.3% in 2023. Projections for 2024 from the Eastern Caribbean Central Bank (ECCB) indicate a moderate recovery to 5.21%, though this is expected to slow to 3.6% in 2025, falling short of the ECCB 5% target. Tourism and domestic construction activity remain primary growth drivers. Notably, the construction sector has been bolstered by household credit-fuelled home building, although foreign direct investment (FDI) linked construction remains subdued.

Inflation within the ECCU has shown a clear downward path, reflecting easing price pressures. End-of-period inflation peaked at 9.5% in 2022 before declining sharply to 2.16% in 2023. As of June 2024, inflation further moderated to 1.9%. The ECCU's external accounts show a gradual improvement, with current account deficits steadily narrowing. In 2022, the region's average deficit stood at 13.52% of GDP, improving to 12.7% in 2023. Projections indicate a slight reduction to 12.6% in 2024 and further improvement to 11.5% by 2025, reflecting modest progress in addressing external imbalances, though the deficits remain substantial. Sustained efforts to enhance export performance, reduce import reliance, and attract stable capital inflows will be critical to accelerating external stability.

## COSTA RICA ECONOMIC OVERVIEW AND OUTLOOK

Costa Rica's Index of Economic activity expanded by 4.0% for September 2024, bringing total average growth for the first nine months of 2024 to 4.3%. All sectors of the economy expanded for the month except for the construction industry. The manufacturing sector expanded by 12.5% and came as a result of higher exports of medical supplies, and IT supplies. GDP growth for 2024 is forecasted to be 4.1% while 2025 is 3.9%, with domestic demand being the primary driver of growth in both years.

The Costa Rican economy returned to inflation in June 2024 following 12 consecutive months of deflation. However, the latest data indicates that for the month of October 2024, the Consumer Price Index (CPI) decreased, giving a year-on-year deflation figure of 0.8%.

Despite a deterioration in the unemployment rate between Q1 2024 and Q2 2024, the labour force participation ratio saw a slight improvement. As of Q2 2024, the unemployment rate stood at 8.5% compared to 9.6% a year prior. The IMF projects the unemployment rate in Costa Rica at 8.3% in 2024 and 9.3% in 2025.

Fitch expects the overall fiscal deficit to narrow in 2024 to 2.2% of GDP from 3.2% in 2023, in line with the government's commitment to parameters set in their Eurobond authorisation law. Longer dated forecasts from the IMF show deficits of 3.2% (2025) and 2.7% (2026).

Costa Rica's economic outlook remains stable. The economy continues to post strong results as strong consumer demand and manufacturing performance drives the economy. Deflation from 2023 and the majority of 2024 has allowed the Central Bank to steadily loosen its monetary stance, lowering interest costs and improving key debt and fiscal metrics. Throughout the medium-term, it is expected that the economy will remain relatively stable, and the government will continue to comply with their medium-term fiscal framework.

## TRINIDAD AND TOBAGO ECONOMIC OVERVIEW AND OUTLOOK

Trinidad and Tobago's economy is projected to grow by 1.9% in 2024, based on the National Budget Statement for FY 2024 - 2025, which was presented in September 2024. This follows 1.3% growth in 2023, marking three consecutive years of real GDP expansion. The non-energy sector is expected to be the primary driver of growth, with an anticipated increase of 2.4% in 2024, while the energy sector is forecasted to contract by 0.7%. Upcoming natural gas projects, including the Dragon and Manakin-Cocuina gas fields, a collaboration between Trinidad and Tobago and Venezuela, are expected to play a significant role in reversing production declines over the medium-term. However, the IMF provides a slightly more conservative forecast, predicting GDP growth of 1.62% in 2024, followed by 2.39% in 2025, and 0.97% in 2026. S&P projects an even more conservative forecast of 0.3% economic growth for 2024 and 0.5% for 2025. These projections reflect cautious optimism about the country's economic trajectory.

Data from the Central Statistical Office (CSO) show that headline inflation declined to 0.2% year-on-year (y-o-y) in October 2024, from 0.4% in September 2024. Key contributors include a 2.4% increase in food and non-alcoholic beverages and a significant 4.2% rise in alcoholic beverages and tobacco. However, these gains were partially offset by notable price declines in other sectors, furnishings, household equipment, routine maintenance, and recreation and culture. Looking ahead, the IMF projects inflation to remain stable, averaging 1.3% in 2024, and rising slightly to 1.9% in both 2025 and 2026, indicating a stable economic outlook.

The country's unemployment rate has shown a downward trend in Q2 2024, declining from 5.4% in Q1 2024 to 4.8% Q2 2024. The number of people in the labour force decreased from 592,300 to 589,000 during the same period, leading to a decrease in the labour force participation rate from 54.7% to 54.5%.

In Q2 2024, Trinidad and Tobago recorded a significantly lower current account surplus of USD292.6 million, compared to USD722.9 million during the same period in 2023. This sharp decline reflects weaker external sector performance. The Review of the Economy 2024 highlights the net trading position as the cause of weaker current account as exports declined by roughly 20% whereas imports increased by 31.8%.

The latest data available indicates that foreign reserves stood at USD5.6 billion (7.9 months of import cover) as of October 2024, compared to USD6.3 billion a year prior. The decline in foreign reserves is noted by Moody's to be caused by shortfalls in energy receipts because of lower energy prices, as well as capital outflows. Forecasts from the IMF record foreign reserves at around USD5.76 billion for 2024, representing 7.5 months of import cover. The Net Asset Value (NAV) of the Heritage and Stabilisation Fund (HSF) stood at USD6.1 billion as at end of September 2024, with the most recent withdrawal on 30 June 2024, totalling more than TTD1 billion (USD209.6 million).

In September 2024, the Monetary Policy Committee (MPC) of the Central Bank of Trinidad and Tobago opted to maintain the repo rate at 3.5%. This decision was influenced by several factors, including the relative stability of global economic growth, the moderation of inflation rates, and the trend of easing monetary policies in key economies such as the US, England, and Europe. Earlier, the Central Bank had reduced the reserve requirement for commercial banks from 14% to 10%. This policy adjustment was aimed at supporting domestic credit conditions and stimulating economic activity by making more funds available for lending.

Within the first 11 months of fiscal 2024, the financial sector remained adequately stable and liquid. Commercial banks' excess reserves at the Central Bank averaged TTD4.3 billion, a 31.4% contraction compared with the TTD6.3 billion recorded over the same period in fiscal 2023. This reduction was partially owing to the TTD2.5 billion in Net Domestic Fiscal Withdrawals within the months of January, June and July 2024. These withdrawals offset the large injections in October 2023 and August 2024.

On 14 June 2024, Moody's affirmed the Government of the Republic of Trinidad and Tobago's long-term local and foreign currency issuer and senior unsecured ratings at 'Ba2', while revising the outlook from 'positive' to 'stable'. The revised outlook came as a result of lower foreign exchange reserves for the first four months of 2024. Moody's highlighted lower natural gas prices and higher capital outflows as the primary reasons for the decline in foreign reserves. Economic and fiscal adjustment costs are expected to be higher than previously anticipated over the course of the next two years, after which the planned natural gas projects come online.

Trinidad and Tobago's economic outlook is marked by steady but moderate growth, with both opportunities and structural challenges shaping its trajectory. Real GDP is expected to experience its third consecutive year of expansion, signalling continued recovery. On the non-energy side, stronger demand and increased government capital expenditure will assist in growth, however, a lack of diversification and structural imbalances will persist. Shortfalls in the energy sector may see a deterioration in key metrics over the next two years, after which planned energy projects will commence and support stability. This stability is reinforced by factors such as accelerated growth in domestic demand, low inflation, alongside growth in public spending. However, Trinidad and Tobago's external and fiscal accounts remain susceptible to fluctuations in global energy prices amid geopolitical tensions. While other risks to stability are relatively low, high crime rates remain a significant concern for local businesses and government agencies.

**ACKNOWLEDGEMENTS**

On behalf of the Board of Directors, I thank all management and staff for their dedicated contributions towards our growing success this year. I also extend sincere gratitude to our customers, investors, shareholders, my fellow directors and all other stakeholders for their continued confidence and loyalty.

It is your resolve and unwavering commitment that drive our purpose and vision.

Anthony Isidore Smart

Anthony Isidore Smart
Chairperson

# GROUP CHIEF EXECUTIVE OFFICER'S REPORT

## To All Our Stakeholders

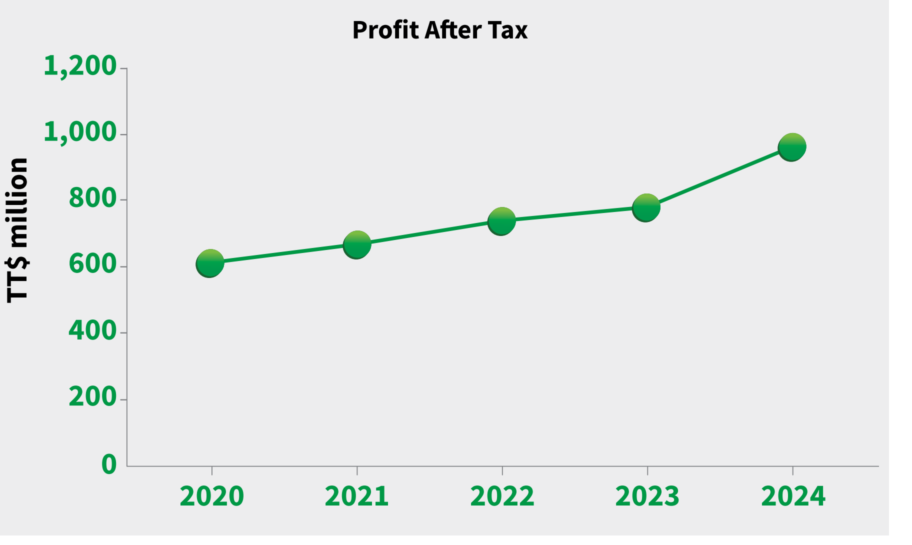
It is my honour, to once again, provide a summary on the operations of our First Citizens Group Financial Holdings Limited and its Subsidiaries (the Group) for the fiscal year ended 30 September 2024.

In my time spent in this role, I have seen the Group overcome many challenges. I can unreservedly say that it is our commitment to our core pillars, which has sustained our continued growth and competitiveness. This was superbly reflected in The Banker Top 30 Caribbean Banks of 2024 ranking, wherein First Citizens Bank (the Bank) copped the number one spot for Best Performing Bank in Trinidad and Tobago. The Bank ranked number one for Asset Quality, Liquidity, Growth, Operational Efficiency, Soundness and Leverage. The Bank also earned the LatinFinance title of Bank of the Year 2024 – Trinidad and Tobago, and the Euromoney title of Trinidad and Tobago's Best Digital Bank 2024. In addition to these achievements, Standard and Poor's reaffirmed the investment grade rating of First Citizens Bank at BBB-/A-3 with a stable outlook.

I wish to express my sincere appreciation and congratulations to all contributors as we celebrate these tremendous achievements.

## Financial Review

The Group stays on an upward growth trend as depicted in our financials. Profit before Tax (PBT) increased by 18.67% moving from $1.07 billion to $1.27 billion. After tax profits (PAT) increased by 23.19%, moving from $777 million to $957 million.


Total Assets increased by 4.84% with notable growth in our Investment portfolio, moving from $12.3 billion to $16.0 billion (30.21%). There was consistent performance in the areas of Advances to Customers and Funding, which grew by 5.10% and 4.82% respectively.

| Year ended 30 September | 2024 $'M | 2023 $'M | % change |
|---|---|---|---|
| **Profit before taxation** | 1,270 | 1,070 | 18.7% |
| **Profit after taxation** | 957 | 777 | 23.2% |
| **Total assets** | 47,077 | 44,902 | 4.8% |
| **Loans to customers** | 21,566 | 20,520 | 5.1% |
| **Investment securities** | 16,015 | 12,300 | 30.2% |
| **Total funding** | 37,249 | 35,537 | 4.8% |
| **Total shareholders' equity** | 8,631 | 8,164 | 5.8% |

Our subsidiaries continue to make significant contributions to the Group's PBT – First Citizens Investment Services (FCIS) Group ($163.4 million), First Citizens Trustee Services ($35.4 million), First Citizens Depository Services ($23.9 million), First Citizens Bank Barbados ($27.2 million) and First Citizens Financial Services ($29.0 million).

## Business Operations

Business conventions are changing as consumers increasingly call for, and adopt, new technologies and processes. The balancing act of meeting their expectations and improving operational agility, while protecting our profit margins, requires transformative thinking to say the least. In response, First Citizens engaged in a number of strategic activities that support these objectives, including:

- **Expanding our physical presence**
  - Opened a new Wealth Management Centre at an improved location, with client-friendly services and accessibility
- **Acquiring the right talent**
  - Filled key vacancies, including Deputy Chief Executive Officer - Operations and Administration, Chief Risk Officer and Chief Executive Officer - First Citizens Barbados
- **Re-organising and streamlining processes**
  - Implemented an automated credit-scoring model that can integrate into the existing automated retail loan application process
  - Implemented an automated competency-based system driven by Artificial Intelligence to support our Human Resource functions and employees' experience
  - Organisational re-design and/or rebranding of key business units such as Digital and Electronic Services (DES), External Sales Unit (ESU) and Retail Banking, to improve effectiveness and efficiencies
- **Strengthening governance policies**
  - Developed a Sustainability Policy to build institutional capacity in the ESG (Environmental, Social and Governance) space and promote ESG adoption in our business practices
  - Developed a Data Privacy Framework that defines and refines the duties of the Group with respect to processing, storage, and overall treatment of personal data
- **New and enhanced products**
  - Introduced Green Financing packages for electric, hybrid and CNG (compressed natural gas) vehicles, and for customers installing solar panels in new homes
  - Implemented an Enterprise Contact Centre Management System (ECCMS) that streamlines customers' interactions across various channels, including chat, email, voice, and SMS
- **Supporting customers' transition to digital service delivery**
  - Implemented WiFi at retail branches giving customers free access to our online/mobile banking channels
  - Provided tablets at retail branches for our customer service staff to promote the education and training of customers on the ease of use of alternative service channels
  - Increased uptake and acceptance of debit cards, and the use of ATMs as an alternative channel
  - Online Banking customers can now view, download and print free eStatements for their deposit accounts

## Outlook

The global economy demonstrates a steady pace of revival despite current geopolitical tensions and resulting uncertainties. Locally, inflationary pressures are on a decline while consumer credit shows strong growth, particularly in the non-energy sectors. Recent data shows higher lending concentrations for motor vehicles, debt consolidation and mortgages. These positive indicators lead into increasing demands for tailored products and services that can support mounting financial needs. Notwithstanding the necessity to closely monitor external factors, the Group is optimistic that we have the right mix of talent and strategies to deliver the solutions, for all your traditional and sophisticated endeavours.

## Acknowledgements

In closing, I say thank you to all our employees, customers, directors and other stakeholders for their hard work, loyalty and commitment over the past year. You continue to be the reason we strive for excellence, making First Citizens a First Class institution for the needs of today and beyond.

Warm regards,

**Karen Darbasie**
*Group Chief Executive Officer*

# STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

## 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 30 September 2024, the consolidated income statement, consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of material accounting policies and other explanatory information;

- Ensuring that the Group keeps proper accounting records;

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

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

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

- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act, the Financial Institution Act (FIA) 2008, the Securities Act 2012 and Trinidad and Tobago Stock Exchange Rules;

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

In preparing these audited consolidated financial statements, management utilised the IFRS Accounting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where IFRS Accounting 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
26 November 2024

**Shiva Manraj**
Group Chief Financial Officer
26 November 2024

# TEN-YEAR SUMMARY OF SELECTED FINANCIAL DATA (2015-2024)

**TT$ Million**

| As at 30 September | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | Restated 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total Assets** | 47,077 | 44,902 | 45,439 | 46,606 | 47,446 | 43,382 | 42,045 | 38,958 | 38,850 | 37,538 |
| **Total Funding** | 37,249 | 35,537 | 36,563 | 37,466 | 38,780 | 35,159 | 34,264 | 31,212 | 31,371 | 27,872 |
| **Shareholders' Equity** | 8,631 | 8,164 | 7,899 | 7,945 | 7,421 | 7,152 | 6,622 | 6,752 | 6,679 | 6,326 |
| **Total Loans** | 21,169 | 20,090 | 18,887 | 18,083 | 19,040 | 18,624 | 16,015 | 14,435 | 13,332 | 13,831 |
| **Investments** | 16,015 | 12,300 | 13,203 | 15,705 | 16,464 | 15,876 | 15,128 | 15,690 | 12,967 | 12,294 |
| **Profit Before Tax** | 1,270 | 1,070 | 923 | 902 | 832 | 1,063 | 1,010 | 876 | 817 | 791 |
| **Profit After Tax** | 957 | 777 | 734 | 667 | 607 | 752 | 674 | 642 | 637 | 630 |
| **Non-Performing Loans/ Total Loans (%)** | 3.46% | 3.60% | 3.68% | 3.97% | 3.36% | 2.46% | 3.33% | 2.70% | 3.89% | 3.39% |
| **Efficiency Ratio (%)** | 54.50% | 56.15% | 59.29% | 59.43% | 54.10% | 54.81% | 47.23% | 53.16% | 55.51% | 55.80% |
| **Capital / Asset (%)** | 18.3% | 18.2% | 17.4% | 17.0% | 15.6% | 16.5% | 15.7% | 17.3% | 17.2% | 16.9% |
| **ROAA** | 2.08% | 1.72% | 1.58% | 1.48% | 1.34% | 1.76% | 1.66% | 1.65% | 1.67% | 1.74% |
| **ROAE** | 11.40% | 9.67% | 9.58% | 8.84% | 8.33% | 10.92% | 10.08% | 9.56% | 9.80% | 10.03% |
| **Effective Tax Rate** | 24.65% | 27.38% | 20.48% | 26.05% | 27.04% | 29.26% | 33.27% | 26.71% | 22.03% | 20.30% |

# DIRECTORS' REPORT

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

## THE DIRECTORS PRESENT HEREWITH THE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2024.

### PRINCIPAL ACTIVITIES

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

### REGULATION

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

### FUTURE DEVELOPMENTS

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

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

### ACHIEVEMENTS

The Group's Total Assets stood at $47.1 billion as at 30 September 2024. Profit after Tax increased by 23.2% to $957 million in 2024 as compared to $777 million in the previous year. The Profit before Tax amounted to $1,270 million, as compared to $1,070 million in 2023. Total Shareholders' Equity recorded was $8.6 billion.

### DIRECTORS' RESPONSIBILITY STATEMENT

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

a) In the preparation of the Annual Financial Statements, the applicable IFRS Accounting Standards have been followed and there have been no material departures from these standards.

b) That the risk management systems and internal controls are adequate for managing the company's risk and are being properly applied.

c) The annual financial statements have been prepared on a going concern basis.

# DIRECTORS' REPORT

## DIRECTORS, SENIOR OFFICERS AND SUBSTANTIAL INTEREST

Below are the details of shareholdings of Directors and Senior Officers with an interest in the Company as at 30 September 2024, together with the shareholdings of their connected parties and our ten (10) largest shareholders.

| DIRECTOR/SENIOR OFFICER | ORDINARY SHAREHOLDINGS | CONNECTED PARTIES |
|---|---|---|
| Anthony Isidore Smart | 3,790 | -- |
| Troy Garcia | 2,373 | -- |
| Franka Costelloe | 390 | -- |
| Savitree Seepersad | 200 | -- |
| Karen Darbasie | 4,735 | -- |
| Lindi Ballah-Tull | 500 | -- |

### THE TEN (10) LARGEST SHAREHOLDERS

| NAME | ORDINARY SHARES | PERCENTAGE |
|---|---|---|
| First Citizens Holdings Limited | 151,077,325 | 60.11% |
| National Insurance Board of Trinidad and Tobago | 20,285,431 | 8.07% |
| First Citizens Employee Share Ownership Plan | 6,374,426 | 2.54% |
| T&T Unit Trust Corporation / FUS | 6,036,893 | 2.40% |
| Guardian Life of the Caribbean Limited | 2,646,418 | 1.05% |
| Republic Bank Limited A/C 3243 01 | 2,627,014 | 1.05% |
| Trintrust Limited A/C 1088 | 2,608,819 | 1.04% |
| National Enterprises Limited | 1,760,556 | 0.70% |
| RBTT Trust Limited - T964 | 1,651,925 | 0.66% |
| Republic Bank Limited - 1162 01 | 1,513,707 | 0.60% |

### ACKNOWLEDGEMENT

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

**By order of the Board**

Lindi Ballah-Tull
Corporate Secretary

Anthony Isidore Smart
Chairperson

# BOARD OF DIRECTORS


# BOARD OF DIRECTORS

*Standing (l to r):*
**Anthony Isidore Smart**
*(Chairperson)*
**Ingrid Melville**
**Troy Garcia**
**Savitree Seepersad**
**Idrees Omardeen**
**Ryan Proudfoot**
**Courtenay Williams**
*(Deputy Chairperson)*
**Jayselle McFarlane**
**Colin Wharfe**
**Franka Costelloe**
**Devindra Ramnarine**


First Citizens
First Citizens
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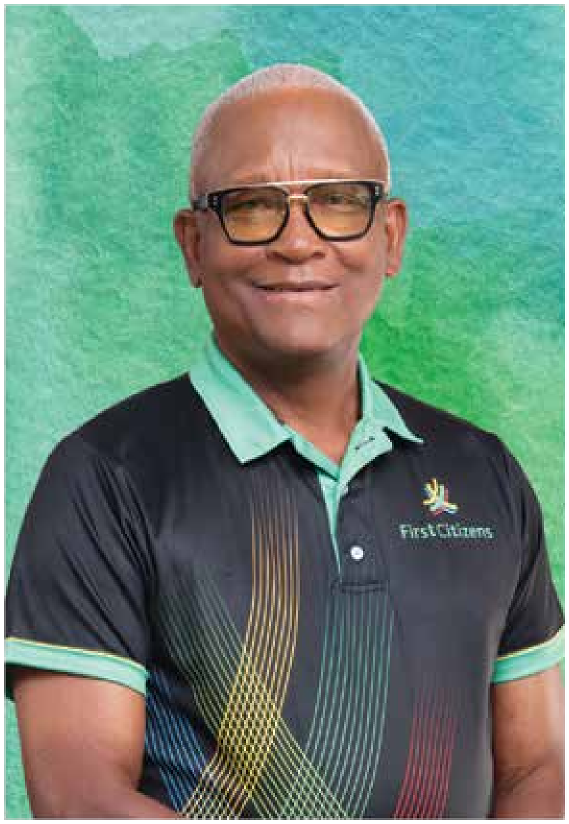
First Citizens
First Citizens




**Mr Anthony Isidore Smart**

Mr Anthony Isidore Smart SC graduated from the University of Toronto, Canada with a Bachelor of Arts Degree (General), majoring in Economics. He is an Attorney-at-Law who has been in private practice for 52 years, for 30 of which he led the law firm of Gittens, Smart and Company. He was an elected member of the House of Representatives of the Parliament of Trinidad and Tobago from December 1986 to November 1991.

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

Mr Smart was a tutor in Family Law at the Hugh Wooding Law School in the 1970s and was personally responsible for drafting the Code of Ethics for Ministers and Members of Parliament which was laid in the House of Representatives in 1988.

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

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

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


**Mr Courtenay Williams**

Courtenay Williams is an Attorney-at-Law who has been in practice for 37 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 has completed several courses of legal training with the most recent being the "Training of Trainers for the National Intellectual Property Training Centre of Trinidad and Tobago" programme, organised by the World Intellectual Property Organisation, in cooperation with the Intellectual Property Office of Trinidad and Tobago, the Office of the Attorney General and Ministry of Legal Affairs conducted between July 2019 to December 2021.

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

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

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

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

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


**Mr Colin Wharfe**

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

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

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

He is a Board Member and Audit Committee Chair of United Way Trinidad and Tobago. He is also a member of the Board, Group Audit and Group Digital and IT Committees of the VM Group Limited in Jamaica.

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


**Mr Devindra Ramnarine**

Mr Ramnarine is an experienced digital transformation consultant and a senior engineer. Over the last 30 years, he has worked as an international public officer at the Commonwealth Secretariat (UK), a CIO, a corporate executive in state enterprises/private sector, a full-time digital technology consultant in Government, and a part-time university lecturer in ICT at the BSc/MSc/MBA levels. He was a Partner/Associate Partner with two consulting firms focusing on digital government and digital-enabled transformation across the Caribbean. He has led teams who developed National ICT Strategic Plans for several countries and continues to manage complex high-risk digital transformation projects in the public sector.

He has won competitive academic scholarships, namely a British Commonwealth Scholarship, a UWI Open Scholarship, and a T&T National Scholarship in Mathematics. He is the holder of a Postgraduate Certificate in Higher Education from the University of Greenwich, an MPhil Degree in Electrical Engineering Science from the University of Essex, an MSc in Telecommunications Systems (Distinction) from the University of Essex, and a BSc in Electrical Engineering from The University of the West Indies (First Class Honours). He is also a Certified Scrum Product Owner and has successfully completed a Harvard Leadership Programme from Harvard Business Publishing. He is a Member of The Institute of Engineering and Technology, United Kingdom. He serves as an Honorary Consultant/Industry Liaison for two Faculties at The University of the West Indies.

Mr Ramnarine was appointed to the Board of First Citizens Group Financial Holdings Limited as a Director on 15 May 2024.


**Ms Franka Costelloe**

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

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

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

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


**Mr Idrees Omardeen**

Idrees Omardeen became a member of the Association of Chartered Certified Accountants (ACCA) in 2004, earning Fellow Membership status within the Association just five years later due to his expertise in the field. In 2021, he was awarded a practicing certificate from the Institute of Chartered Accountants of Trinidad and Tobago, allowing him to practice as a Chartered Accountant. Mr Omardeen also holds a Master of Business Administration in Finance and is a certified Anti-Money Laundering Specialist with ACAMS. Additionally, he is an Accredited Director with the Chartered Governance Institute of Canada. In 2024, he expanded his credentials by obtaining a Florida Community Association Manager License, further enhancing his property management expertise.

Mr Omardeen brings a strong focus on management and leadership to his family-owned business, the Omardeen School of Accountancy Limited. Having previously lectured across all levels of accounting—from entry to professional—he now primarily focuses on Anti-Money Laundering Training. In addition to his educational roles, he is actively involved in the family's accounting practice, managing property rentals, events, and their auditorium.

In recent years, Mr Omardeen has ventured into agriculture and agri-processing, becoming a registered farmer and producing premium coffee blends for both local and export markets—a passion he describes as his newest "adventure".

Mr Omardeen's leadership extends to his role as Director of First Citizens Bank Limited, where he was appointed on 17 June 2016. He also serves on the boards of several subsidiaries, including First Citizens Investment Services Limited, First Citizens Depository Services Limited, First Citizens Brokerage and Advisory Services Limited, First Citizens Portfolio and Investment Management Services Limited, First Citizens Trustee Services Limited, and First Citizens Group Financial Holdings Limited.

**Ms Ingrid Melville**

Ingrid Melville is an Attorney-at-Law who has been in practice for 29 years, leading the law firm Ingrid Melville & Company since 2012. She graduated from The University of the West Indies with a Bachelor of Laws Degree in 1993 and obtained a Legal Education Certificate from the Hugh Wooding Law School in 1995. Ms Melville is also the Managing Director of Caribbean People Centred Development Institute and SAFA Holdings (PTY) Ltd, Botswana.

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

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

Ms Melville was appointed as a Director on the Board of First Citizens Bank Limited on 16 February 2017 and subsequently as a Director of First Citizens Trustee Services Limited, First Citizens Costa Rica SA and First Citizens Group Financial Holdings Limited. She also previously served as a Director of the Tobago Regional Health Authority.


**Ms Jayselle McFarlane**

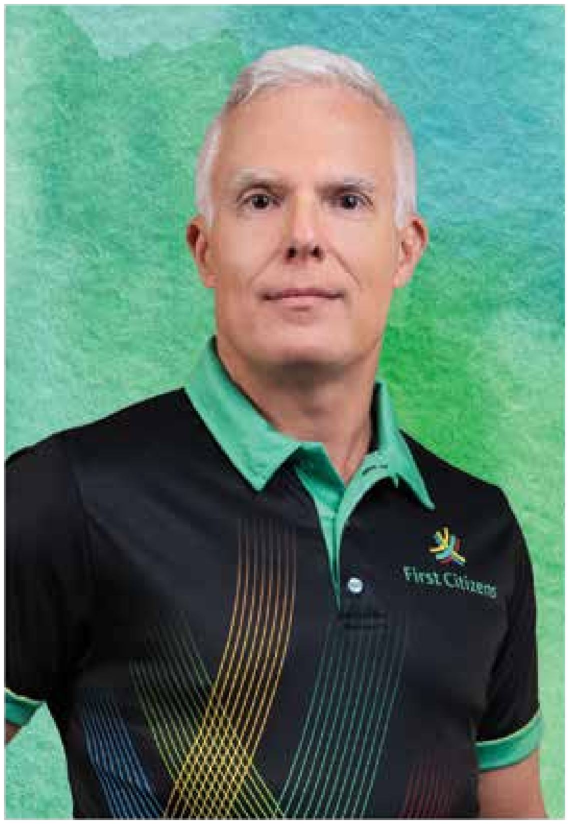
Ms Jayselle McFarlane is a dynamic and highly motivated professional with extensive experience across healthcare, construction, hospitality, finance and manufacturing industries. As a critical thinker and strategic planner, she excels in managing organisations through her innovative approach and ability to handle multiple projects simultaneously.

Ms McFarlane currently serves as the Managing Director of the Trinidad and Tobago Housing Development Corporation, where she oversees strategic activities, provides guidance to Divisional Managers and manages Operational transparency.

Her previous roles include CFO at Trinidad Bulk Traders Ltd and Financial Controller at Tobago Hilton Ltd, where she demonstrated her expertise in Financial Reporting, Cash Management and Human Resource Management. As a Chartered Accountant with ACCA Affiliation and 25 years as a Senior Executive and Certification from the Chartered Governance Institute of Canada, Ms McFarlane also holds an MBA from the University of Bedfordshire and further Certification in Project Management from Herriot Watt. Ms McFarlane brings a strong analytical and technical skill set to her work.

She is also actively involved in national service and volunteering, including her role as former Deputy Chairman of various boards and as a founding member of the NGO Southern Foundation for Better Health. Her dedication to excellence, integrity and professional growth is evident in her numerous contributions to business and community development.

Ms McFarlane was appointed to the Board of First Citizens Bank Limited as a Director on 16 June 2016 and subsequently as Deputy Chairperson on the Board of First Citizens Depository Services Limited and as a Director on the Boards of First Citizens Holdings Limited, First Citizens Investment Services Limited and First Citizens Group Financial Holdings Limited. She also serves as the Chairperson of the First Citizens Bank, the First Citizens Holdings and the First Citizens Investment Services audit committees.




**Mr Ryan Proudfoot**

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

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

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

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

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


**Mrs Savitree Seepersad**

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

Mrs Seepersad is currently a Deputy Permanent Secretary at the Ministry of Finance. Her Public Service career spans 40 years where she provided dedicated service in various positions in the Ministry of Finance. As Deputy Permanent Secretary, she is responsible for, inter alia, providing technical support to the Office of the Permanent Secretary.

She is also a member of the Board of Airports Authority of Trinidad and Tobago and Chairperson of the Human Resource Committee of the Caribbean Financial Action Task Force (CFATF). She serves on other committees as a Ministry of Finance representative. Outside of her work commitment, she is a member of the Gender Advisory Board, Institute of Gender and Development Studies, UWI.

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


**Mr Troy Garcia**

Troy Garcia holds a Bachelor's Degree in Business Administration from Stetson University, Florida, USA. With over 28 years of experience and success in the fields of business and entrepreneurship, he is the Chief Executive Officer of Parts World Limited and Managing Director of High Performance Coatings and Honorary Consul General of Finland for Trinidad and Tobago.

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

He also sits as the Deputy Chairman on the Board of the National Marine Maintenance Services Company Limited and as a Director on the Board of Colonial Life Insurance Company (Trinidad) Limited.

# EXECUTIVE MANAGEMENT TEAM

## Karen Darbasie

*GROUP CHIEF EXECUTIVE OFFICER*

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

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

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

In 2024 Ms Darbasie was awarded the Chaconia Medal Gold (Banking and Finance) by the Government of the Republic of Trinidad and Tobago.

Ms Darbasie serves as a Director on several Subsidiary Boards within the First Citizens Group, the Bankers Association of Trinidad and Tobago and United Way Trinidad and Tobago. In 2020, Ms Darbasie was appointed by the Government of Trinidad and Tobago to the Roadmap to Recovery Committee to assist in the development of the country's plans for recovery from the disruption caused by the COVID-19 Pandemic.

Her past directorships include the American Chamber of Commerce of Trinidad and Tobago (AMCHAM), the Energy Chamber of Trinidad and Tobago and St Lucia Electricity Services Limited (LUCILEC), as well as, Chairman of Trinidad Nitrogen Company Limited.


## Jason Julien

*GROUP DEPUTY CHIEF EXECUTIVE OFFICER – BUSINESS GENERATION*

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, an MBA from Edinburgh Business School, the designation Accredited Director from the Chartered Governance Institute of Canada, 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 member of the Finance Faculty at the Arthur Lok Jack Graduate School of Business, and is a commentator on economic, investment and financial matters. Mr Julien was also honoured as one of the Distinguished Alumni of UWI, St Augustine. Mr Julien is a Past President of the CFA Society of Trinidad and Tobago and has served on the Boards of the Mutual Fund Association of Trinidad and Tobago, the Securities Dealers Association of Trinidad and Tobago, 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, Term Finance Holdings Limited, St Lucia Electricity Services Limited as well as a Director on the Board of the West Indian Tobacco Company Limited. Mr Julien is also a Director on the boards of several subsidiaries within the First Citizens Group.

## Neela Moonilal-Kissoon

*GROUP DEPUTY CHIEF EXECUTIVE OFFICER*
*– OPERATIONS AND ADMINISTRATION*

Neela Moonilal-Kissoon is the Group Deputy CEO, Operations & Administration at First Citizens with core responsibility, at the Group level, for support units including ICT, Marketing, Human Resources, Banking Operations and Corporate Strategy. Mrs Moonilal-Kissoon has been with the First Citizens Group for over 20 years and has been a member of the Senior Management team for over 13 years where she has served in the capacity of Chief Information Officer, General Manager – Group Human Resources, General Manager Operations and Head Integration Operations.

She has successfully led the implementation of several strategic initiatives for First Citizens Group.

Neela possesses an International MBA from the Arthur Lok Jack Global School of Business and a BSc in Computing and Information Systems from the University of London. She is also certified in Information Systems Auditing and Risk and Information Systems Control by the Information Systems Audit and Control Association.

She currently serves as a director of the Board of First Citizens Depository Services, First Citizens Bank (Barbados) Limited and Board Secretary of The Shelter for Battered Women and Children. She served on the Board of Infolink Services Limited.

# GROUP OVERSIGHT COMMITTEE


*From left to right:*

**Larry Olton**
*General Manager – Operations*

**Avril Edwards**
*General Manager – Digital and Electronic Services*

**Lindi Ballah-Tull**
*General Counsel, Group Corporate Secretary and Chief Compliance Officer*

**Brian Woo**
*General Manager – First Citizens Depository Services Limited*

**Robin Lewis**
*General Manager – First Citizens Investment Services*

**Shiva Manraj**
*Group Chief Financial Officer*

*From left to right:*

**Sacha Syne**
*General Manager – Corporate and Investment Banking*

**Donna Miller**
*Chief Internal Auditor*

**Kirlyn Archie-Lewis**
*General Manager – Group Human Resources*

**Sana Ragbir**
*General Manager – Retail and Commercial Banking*

**Gerard Morton**
*Group Chief Risk Officer*

# MANAGEMENT DISCUSSION AND ANALYSIS

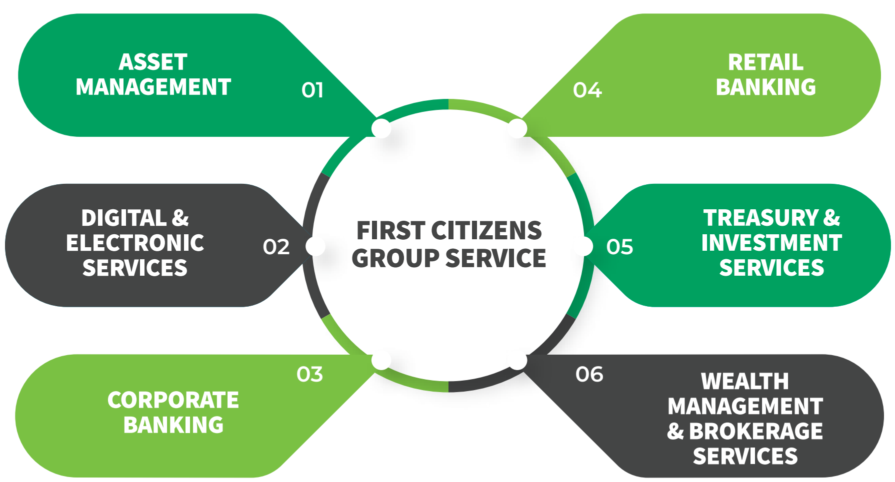
## OVERVIEW

The following discussion aims to offer Management's perspective on the Group's financial statements and its general operations for the year ended 30 September 2024.

The Group, defined as First Citizens Group Financial Holdings Limited (FCGFH) and its subsidiaries, conducts a broad range of banking and financial services activities including corporate, retail, electronic and investment banking, brokerage, asset and wealth management services. The FCGFH is a subsidiary of First Citizens Holdings Limited (Holdings), a company owned by the Government of Trinidad and Tobago.

The first phase of the First Citizens Group's corporate legal restructure exercise was completed on 15 October 2021, with the amalgamation of the Bank with a special purpose vehicle to facilitate the formation of a new Financial Holding Company, First Citizens Group Financial Holdings Limited (FCGFH), the cancellation and delisting of the Bank's shares and the issuance and listing of FCGFH shares on the Trinidad and Tobago Stock Exchange. Trading in FCGFH shares commenced on 18 October 2021.

Subsequent to the year end and with effect from 1 October 2024, First Citizens Bank Limited (Bank) transferred the shares of First Citizens Depository Services Limited (FCDS), First Citizens Trustees Services Limited (FCTS), First Citizens Bank (Barbados) Limited (FCBB) and First Citizens Investment Services Limited (FCIS) to FCGFH, marking the end of the second and final phase of the First Citizens Group's corporate restructuring exercise. The Bank remains a subsidiary of FCGFH.




This analysis should be read in conjunction with the consolidated financial statements. The information is provided to assist readers in understanding the Group's financial performance during the specified period as well as identifying significant trends that could influence the Group's future performance.

The Group evaluates its performance through the Balanced Scorecard framework, which emphasises the monitoring and assessment of strategic objective benchmarks related to financial outcomes, customer satisfaction, internal business processes, and employee development.

**The Balanced Scorecard**


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

### Critical Accounting Policies

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

## SUMMARY OF OPERATIONS

At the conclusion of the financial year on 30 September 2024, the Group announced a post-tax profit of $956.9 million. This figure reflects an increase of $180.1 million, equivalent to 23.2%, compared to the $776.8 million reported in September 2023.

**Profitability**


*Figure 1 - Historical Profitability*

Profit before tax amounted to $1,269.6 million, as compared to $1,069.9 million in 2023, an increase of $199.7 million or 18.7%.

Total net revenue was increased by $261.5 million, totalling $2.7 billion while operating or core profit increased by $191.6 million to $1,237.3 million compared to $1,045.7 million in 2023.

In 2024, total assets amounted to $47.1 billion, representing a 4.8% growth. Additionally, the Group's funding base expanded from $35.5 billion to $37.2 billion, largely due to an increase of $1.2 billion in customer deposits and $0.4 billion in other funding sources. The Group also experienced a 5.4% increase in net loans and advances from customers, which grew from $20.1 billion to $21.2 billion, while investments increased by approximately 30.2% to $16.0 billion from $12.3 billion in the prior year.

**Net Interest Income**

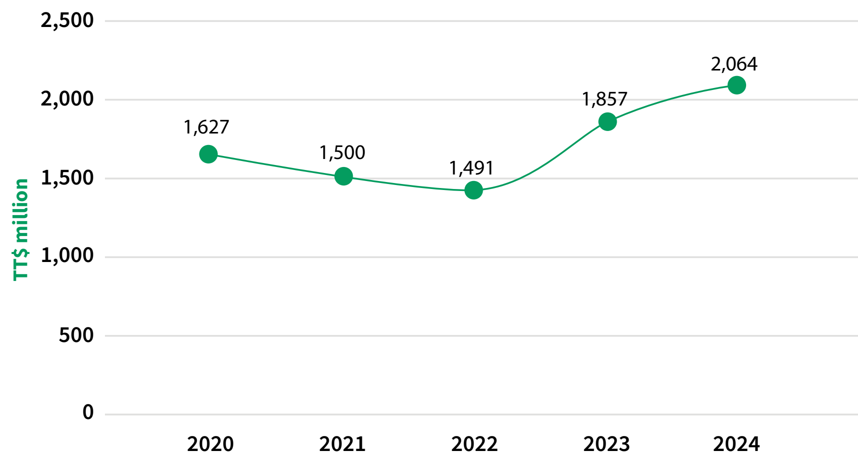
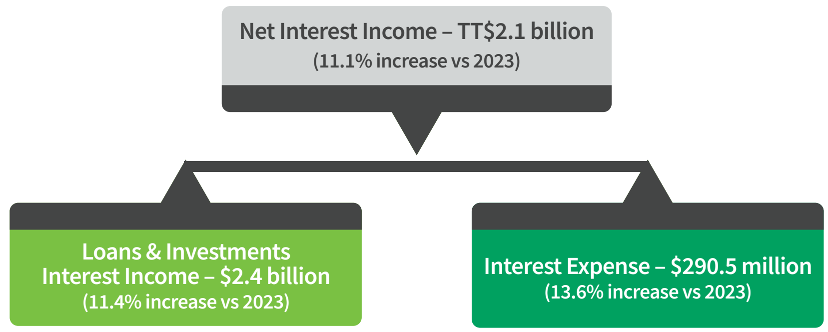



*Figure 2 - Historical Net Interest Income*

Net interest income remains the primary source of the Group's net income, representing 75.5% (2023: 75.1%) of the Group's total income.




Major Contributors to the increase in net interest income are:

- Loan portfolio average balance increased by $1.1 billion
- Loan income yields increased to 7.37% from 7.25% in 2023
- Investment portfolio average balance increased by $1.4 billion
- Increased investment income yields to 5.89% from 5.5% in 2023
- Reduction in Bonds payable average portfolio by $0.6 billion

Offset by:

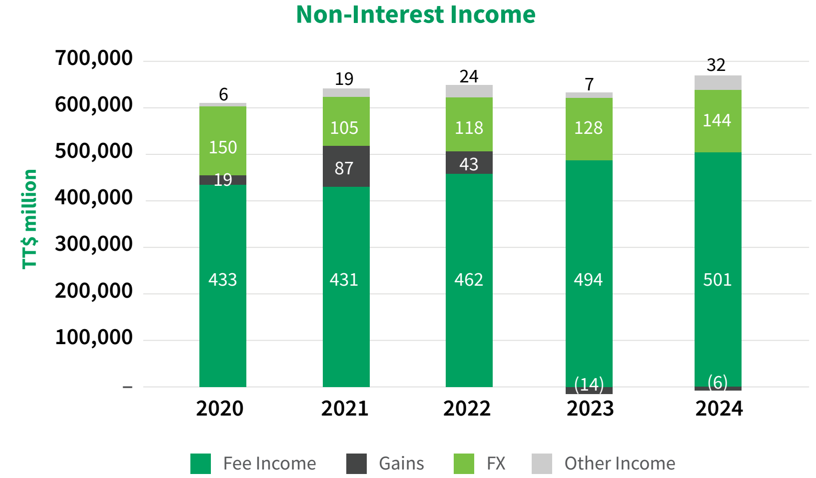
- Increase in deposit interest expense by $14.5 million, attributed by the cost of funding increasing to 0.22% in 2024 from 0.18% in 2023.

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

| | Year Ended 30 September 2023 vs 30 September 2024 | | | | Year Ended 30 September 2022 vs 30 September 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | 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 | 77,310 | 49,628 | 5,472 | 132,410 | (75,411) | 154,421 | (18,188) | 60,823 |
| Loans to customers | 80,788 | 26,667 | 1,526 | 108,981 | 60,452 | 195,946 | 10,344 | 266,742 |
| Loan Notes | - | - | - | - | (6,347) | (6,347) | 6,347 | (6,347) |
| **Total increase in interest income** | 158,098 | 76,296 | 6,997 | 241,391 | (21,305) | 344,020 | (1,497) | 321,218 |
| **Interest Expense Attributable to:** | | | | | | | | |
| Customers' Deposits | 1,365 | 12,791 | 350 | 14,505 | (233) | 4,640 | (24) | 4,384 |
| Other funding instruments | 3,222 | 11,616 | 455 | 15,293 | (1,122) | (736) | 10 | (1,848) |
| Due to other banks | 1,771 | 9,713 | 424 | 11,908 | (3,514) | 352 | (28) | (3,191) |
| Debt securities in issue | (21,888) | 20,385 | (5,386) | (6,889) | (27,497) | (21,248) | 4,601 | (44,144) |
| **Total increase in interest expense** | (15,530) | 54,505 | (4,157) | 34,817 | (32,365) | (16,992) | 4,559 | (44,799) |
| **Increase/(decrease) in net interest income** | 173,628 | 21,790 | 11,155 | 206,574 | 11,060 | 361,012 | (6,055) | 366,017 |

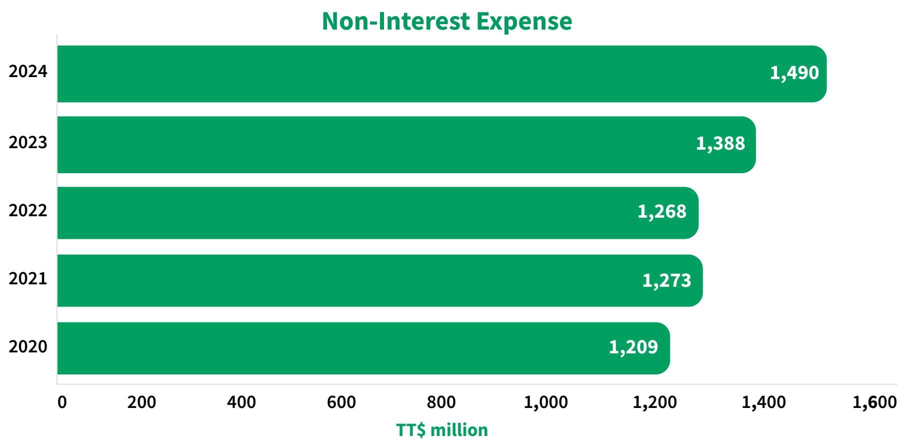
**Non-Interest Income**

In 2024, non-interest income increased by 8.9% to reach $670.0 million, representing 24.5% of total revenues, a slight decrease from 24.9% in 2023. Key factors contributing to this growth included an increase in fee income of $6.5 million, foreign exchange income of $15.7 million, and dividend income of $14.5 million. Additionally, there was a decrease in losses from the disposal of investments, amounting to $8.3 million less than in 2023.




**Non-Interest Expense**

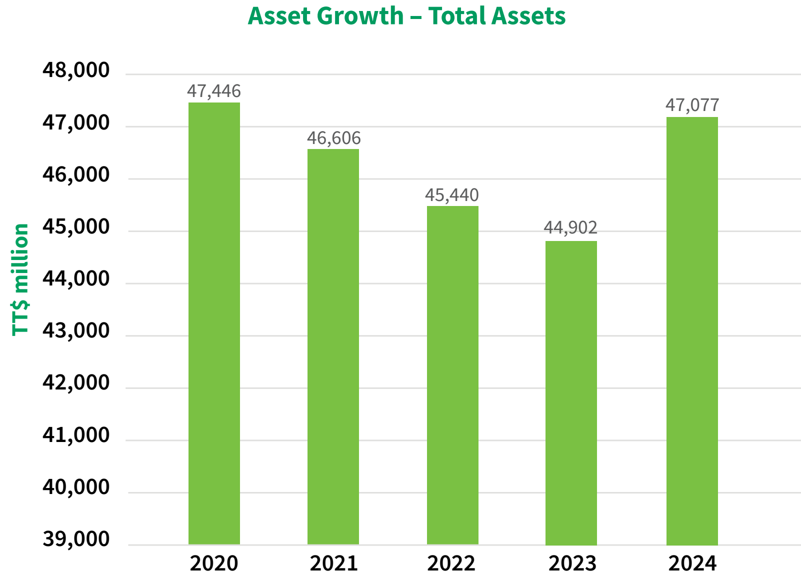
During this fiscal period, we experienced increases in non-interest expenses of $101.6 million, representing a 7.3% increase, bringing the total to $1,490.0 million as of the end of September 2024. Administrative expenses saw an uptick of $48.9 million, primarily attributed to staff costs of $29.3 million, depreciation charges of $8.8 million, and various other administrative expenditures. Additionally, operating expenses increased by $52.7 million, largely driven by increased credit card costs, property-related expenses, and technical and professional fees.




The Group's efficiency ratio, the ratio of non-interest expenses (excluding impairment provision) to total income, improved by 170 basis points to 54.5% in 2024 (2023: 56.2%). 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**

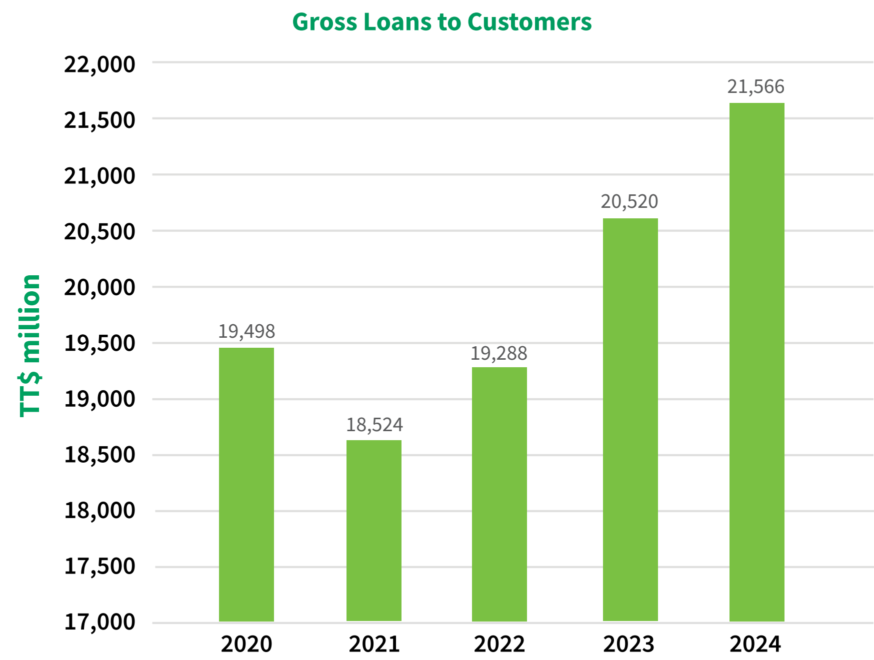
Total Assets were $47.1 billion as at the end of September 2024. There were increases in loans to customers and investments, which was partly offset by reductions in cash, amounts due from banks, and statutory deposits.




**The Loan to Customers Portfolio**

As of 30 September 2024, the net loan portfolio experienced an increase of $1.1 billion, reaching a total of $21.2 billion. This growth was primarily driven by advancements in five key sectors: consumer loans ($703.3 million), mortgages ($338.4 million), distributions ($254.1 million), manufacturing ($161.5 million), and agriculture ($139.9 million). However, this growth was partially counterbalanced by a decline in the finance and insurance sector, which saw a reduction of $689.1 million.

As a Group, non-performing loans as a percentage of total gross loans stood at 3.46% at the close of 2024 compared 3.60% in 2023. The credit risk department and business units continue to effectively manage our delinquency, asset quality and credit exposure by setting and ensuring compliance with our credit policies.




**Loan Loss Allowance**

The Group accounts for the credit risk associated with lending activities through its allowance for bad and doubtful debts. This allowance, as determined through the application of the Group's expected credit loss model, is an expense recognised in the income statement. Total allowance for the Group at the end of September 2024 amounted to $397.4 million, which represents 1.84% of total loans and 0.53 times coverage on the value of total non-performing loans.

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

**Investment Portfolio**

Investments categorised as fair value through other comprehensive income experienced a significant increase of 48.4% over the year, increasing to $11.4 billion from $7.7 billion. Meanwhile, the investments within the amortised cost category sustained their portfolio balance.

**Provision for Taxation**

The Group recorded a taxation charge for the year of $312.6 million compared to $293.1 million in 2023, representing an effective taxation rate of 24.6% (2023: 27.4%).

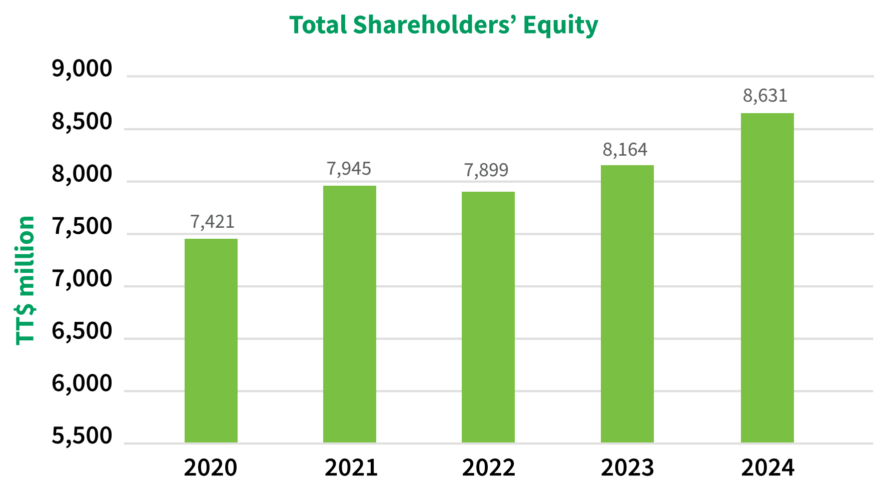
**Shareholders' Equity**

Total shareholders' equity increased by $467.4 million over the last financial year to $8.6 billion. The increase in the Group's capital base was mainly due to:-

- An increase in retained earnings of $421.4 million resulting from the net profit for the year of $956.9 million, net of the dividend of $534.4 million paid to shareholders.

- An increase in the other reserve, resulting from gains on revaluation of investment securities of $60.5 million, partially offset by a decrease in the remeasurement of the defined benefit obligation ($25.7 million).

The Group and its subsidiaries are obligated to adhere to various capital requirements set forth by banking regulators. These regulators mandate that the Bank uphold minimum levels and ratios of total and Tier 1 capital, as specified in the regulations, in relation to risk-adjusted assets. This requirement aligns with the International Basel standards, which stipulate a minimum capital adequacy ratio of 13.5%, inclusive of the Capital Conservation and D-SIB buffers. This measure of capital is risk-based and takes into account the inherent credit, operational, and market risks. At the conclusion of the fiscal year, the Group was well-capitalised, reporting a capital adequacy ratio of 17.8% (2023: 18.1%).




## RISK MANAGEMENT

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

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

- The Committee of Sponsoring Organisations of the Treadway Commission (COSO) – Enterprise Risk Management (ERM) Integrated Framework, as its core methodology for managing risk on an enterprise-wide basis;

- The requirements of the Basel Capital Accord as applied in the jurisdictions in which the Group operates; and

- Other local and international best practices in risk management.

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

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

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

**Credit Risk Management**

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

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

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

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

**Market Risk Management**

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

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

**Asset/Liability Management**

The Group has an active Asset/Liability Management Committee that comprises senior managers representing key departments within the Group. The said 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 considering both the assets and liabilities on the statement of financial position.

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 the Asset/Liability Management Committee, the Senior Management Enterprise Risk Committee 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 update with recommended changes as required

**Management of Internal Controls**

Since 2005, the Group adopted Risk Based auditing. The Group Internal Audit department continues to play a key role in the ongoing functioning of Enterprise Risk Management by providing objective evaluation of its application and effectiveness. The activities of this department are guided by the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing (the Standards). The procedures of the department have been written to ensure adherence to the Standards. In addition, the COSO and COBIT control frameworks are used to assess the effectiveness of the Group's internal controls.

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

### Compliance Risk

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

The Regulatory and Compliance functions which are subsets of the Legal, Compliance and Governance Unit have 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 annual regulatory compliance reports for the members of the Compliance Function. These are presented to the relevant sub-Committees of the various Boards, and the Boards of the Bank and its subsidiaries, as part of the governance oversight and monitoring framework.

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

## CONCLUSION

The First Citizens Group maintained its strong performance in 2024, with growth in profitability and consumer loans. Despite the challenges of ongoing global economic activity pressures, the Group has strengthened its position as a strong financial institution. When combined with sound management and corporate governance, the First Citizens Group is well positioned to maintain its position as one of the region’s most competitive financial institutions.

# GOVERNANCE HIGHLIGHTS

# GOVERNANCE HIGHLIGHTS

**First Citizens Ranked #1 Best Performing Bank in Trinidad and Tobago** – On Tuesday 9 July 2024 the First Citizens Group announced that First Citizens Bank Limited had won the prestigious title of #1 Best Performing Bank in Trinidad and Tobago by The Banker Magazine. We thank our loyal and dedicated customers and employees for contributing to us being 'First'.

**NIF2 Bond Offer** – The First Citizens Group is pleased to report that First Citizens Brokerage and Advisory Services Limited (FCBAS) was the lead broker for the National Investment Fund (NIF2) offering of the NIF2 4.5% 2029 Bonds. The offer was highly successful, with subscriptions crossing $1 billion, inclusive of over $700 million in applications from a wide range of investors.

**Launch of One Time Password (OTP) Technology** – On Sunday 1 October 2023, the First Citizens Group launched its OTP technology, allowing Visa and Mastercard credit card users to shop online with added comfort and security. This enhancement allowed for a unique 6-digit code to be sent to customers' email addresses to be used at checkout to verify approval before online payments are made.

**Relocation of First Citizens Investment Services Limited's Southern Branch of its Wealth Management Centre** – The First Citizens Group announced that it had opened its doors to a relocated south-based Wealth Management Centre at Level 8-01 Gulf City Mall, La Romaine, on Monday 6 November 2023. As such, the centre at Lady Hailes Avenue, San Fernando permanently closed its doors on the same day.

**Relocation of First Citizens Bank Limited's Sangre Grande Branch** – On Monday 26 February 2024, First Citizens Bank Limited welcomed its customers to its relocated Sangre Grande Branch at Unit 12, Xtra Plaza, Eastern Main Road, Sangre Grande. This new location has 12,000 sq. ft. with two spacious floors and extensive parking to offer customers an easy and convenient banking experience.

## UPDATE ON CORPORATE LEGAL RESTRUCTURE EXERCISE – FIRST CITIZENS GROUP

Phase Two of the corporate legal restructure exercise commenced in October 2021 in which the Group sought approval for the transfer of shares from the designated subsidiaries of First Citizens Bank Limited ("Bank") to First Citizens Group Financial Holdings Limited ("FCGFH") as listed below:

• First Citizens Depository Services Limited
• First Citizens Investment Services Limited
• First Citizens Trustee Services Limited
• First Citizens Bank (Barbados) Limited

The Bank would remain a subsidiary of FCGFH. FCGFH would therefore, become the financial holding company for the First Citizens Group once Phase Two of the corporate legal restructure exercise was completed.

The Group received the approval from the Minister of Finance in keeping with section 89 of the Financial Institutions Act, Chapter 79:09 of the Revised Laws of the Republic of Trinidad and Tobago to facilitate the transfer of the shares from the aforementioned subsidiaries of the Bank to FCGFH via Vesting Order. The First Citizens Bank Limited Vesting Order pursuant to Legal Notice No. 102 of 2024 was published in the newspaper on 6 June 2024. Effective 1 October 2024, the final phase of the corporate legal restructure exercise will be completed.

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

The main duties and responsibilities of the Audit, Risk & Compliance Committee ("ARCC") are:

**Financial Reporting**

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

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

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

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

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

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

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

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

**Risk Management and Internal Controls**

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

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

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

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

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

**Internal Audit**

Review with management and the Chief Internal Auditor the charter, plans, activities, staffing and organisational structure of the internal audit activity. Review the proposed internal audit plan for the coming year and ensure that it addresses key areas of risk and that there is coordination with the external auditor. Approve the annual audit plan and any changes to the plan.

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

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

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

**External Audit**

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

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

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

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

**Risk and Compliance**

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

Ensuring that suitable mechanisms are in place to identify the evolving nature of the risks faced by the Company and proactively addressing same.

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

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

Reviewing and assessing the adequacy of the risk measurement methodologies.

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

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

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

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

**Reporting Responsibilities**

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

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

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

**Members**

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

## ESTABLISHING A FRAMEWORK OF EFFECTIVE GOVERNANCE

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

**It is to be noted that a revised Trinidad and Tobago Corporate Governance Code 2024 was launched on 24 October 2024, following the reporting period of this Annual Report.**

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

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

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

Avenues that allow for confidentially reporting on impropriety continue to be the Group's focus. Such channels include the Group's whistleblowing hotline and anonymous case management system.

As part of the oversight mechanism, the Group's Audit Committees, as appropriate, receive quarterly reports on whistleblowing matters to ensure that these matters are handled in the appropriate manner and to detect any early warning signals of fraud or financial misappropriation.

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

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

**Strengthening Board Composition and Performance**

The Board continues to monitor, through the regular reporting of its independent, non-executive subcommittee Chairperson, the performance of its ARCC and through regular reporting of the performance of the Bank and its subsidiary boards and committees. FCGFH continues to utilise its Skills Matrix, in addition to the criteria for the selection of Directors and the revised Fit and Proper Guideline issued by the Central Bank of Trinidad and Tobago, to assess the eligibility of candidates for election and re-election to FCGFH's Board and the other Boards of the First Citizens Group.

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

- To search for and assess candidates' eligibility for appointment to the Board of FCGFH and make representations to all shareholders, including the majority shareholder on those candidates based on the guidelines for the selection of directors and the Skills Matrix;
- To assess candidates' eligibility for appointment and re-appointment to the Boards of the Group and make representations to all shareholders, including the majority shareholder on those candidates based on the guidelines for the selection of directors and the Skills Matrix; and

- To search for and assess candidates' eligibility for appointment or re-appointment for FCGFH's subsidiaries and affiliates based on fit and proper criteria, including the Skills Matrix in use, for the approval of the Board.

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

**Conflicts of Interest**

Conflicts of Interest, whether actual or perceived, are managed based on a board-approved Conflicts of Interest Policy, which is based on appropriate legislative guidance, including the provisions of the Companies Act, Chapter 81:01 of the Revised Laws of the Republic of Trinidad and Tobago, internal policy positions, regulatory guidelines and best practice. A Conflicts of Interest Register is maintained and updated on a quarterly basis. At Board and other meetings, once an actual or perceived conflict arises, the said conflict is brought to the attention of the Chairperson of the meeting. The Chairperson, with the guidance of the Secretary at the meeting, reviews the facts surrounding the situation and decides whether a potential conflict of interest situation has arisen. Once a potential conflict of interest situation has been determined, then the affected Director or employee will be excused from the meeting and will therefore, not be present to participate in any discussion or decision in which the potential conflict relates.

**Board Performance**

In 2024, the First Citizens Group underwent a rigorous independent board and governance evaluation. The Group is happy to report that the findings of the board and governance evaluations have shown that the Group the ratings spanned from "established" to "leading", with no major deficiencies. Minor deficiencies highlighted and recommendations made will be addressed, where possible.

**Induction and Training of Directors**

Directors reviewed the Code of Conduct, Ethics and Financial Affairs and completed Anti-Money Laundering and Counter Terrorist Financing Training as part of their annual affirmation to comply with the requirements and values of the Code and obligations by law. The Directors continue to sign the Oath of Secrecy/Confidentiality Undertaking every year, signifying their commitment to keep the Group's confidential and/or material non-public information private. New directors sign a Confidentiality Undertaking upon becoming a member of the Group and benefit from an orientation programme facilitated by the Group Corporate Secretary and key internal stakeholders, designed to familiarise directors with the applicable laws, business and governing policies of the Group.

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

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

1. Annual Oath of Secrecy Attestation and Confidentiality Training.

2. ISO 37000 Governance Standards.

3. Cybersecurity.

4. Foreign Account, Tax and Compliance Act (FATCA).

5. Integrity in Public Life Act, 2000.

As part of the Directors' ongoing learning and development, the First Citizens Group provided the opportunity to its Directors to participate in the Directors' Education and Accreditation Programme (or DEAP), offered by the Chartered Governance Institute of Canada. The DEAP focused on three key areas: Governance, Financial Reporting and Analysis and Strategy and Risk Management and was delivered over the course of three (3) days. Upon successful completion, each director would have the opportunity to be awarded the Accredited Director designation from the said Institute. The DEAP is being completed by Directors on a phased basis and should be concluded at the end of 2025.

**Remuneration – Board and Employees**

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

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

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

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

1. To approve and monitor the implementation of the Human Resources Strategic Plan in support of the organisation's strategic focus.

2. To consider and make recommendations to the Board, as appropriate with reference to:

**Compensation and Benefits**

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

**Risk Assessment**

The committee assesses the risks and provides its feedback, where applicable, to the Board Enterprise Risk Management Committee:

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

**Members**

Franka Costelloe – Chairperson
Savitree Seepersad – Member
Ingrid Melville – Member
Jon Martineau – Member

## REINFORCING LOYALTY AND INDEPENDENCE

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

Directors continue to provide quarterly updates on their shareholdings, commitments and obligations external to those current mandates with the First Citizens Group. These updates include information on appointments to other boards; not only for themselves but also for parties connected/related to them (refer to Appendix 2 for further details of the key information on Directors). Appendix 3 provides details of all meetings of the Board and sub-committees of FCGFH, the Bank and its committees held for the fiscal year ended 30 September 2024, along with the attendance of each director or member.

Directors remain eligible for re-election according to FCGFH's By-laws and are assessed in accordance with the criteria for Directors and/or the fit and proper requirements. This is evidenced by completion of the Personal Questionnaire and Declaration forms, which are filed with the Central Bank of Trinidad and Tobago. Any potential conflicts of interest or matters affecting the First Citizens Group, be it employee or board member, would be treated in accordance with the Conflicts of Interest Policy.

**Loans to Directors, Officers and Relatives of Directors**

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

## FOSTERING ACCOUNTABILITY

**Communication of Information**

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

As a Reporting Issuer and a listed company, FCGFH is required to communicate the following information on:

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

**Risk Management and Controls**

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

1. Overseeing senior management's implementation of an Enterprise Risk Management framework and development of a defined Risk Appetite, while ensuring alignment to the Group's risk profile contained within the strategic objectives for the Bank and its subsidiaries/affiliates.

2. Reviewing the Group's processes (including policies, procedures, guidelines, benchmarks, management committees and stress testing) with senior management, for the identification and management of the risks associated with the business of the Group.

3. Planning for anticipated changes in identified risks, in line with changes in the environment and changes in business strategies.

4. Receiving and reviewing reports from senior management regarding compliance with applicable risk related policies, procedures and tolerances and reviewing the Group's performance relative to it.

5. Reviewing and assessing the adequacy of the Group's liquidity and funding and the Group's capital (economic and regulatory and its allocation to the Group's businesses).

6. Reviewing and assessing the adequacy of the Group's AML/CFT/CPF framework with input from senior management and with the support of the internal and external audit reviews.

7. Receiving and reviewing reports on selected risk topics as Management or the Committee deems appropriate.

8. Reviewing and discussing with Management significant regulatory reports of the Group and remediation plans related to it, and

9. Reviewing and assessing the Group's Internal Capital Adequacy Assessment Processes (ICAAP) and monitoring the management action plans.

**Members**

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

## ACCOUNTABILITY AND ASSURANCE

**Audit Committees**

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

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

**1. Internal Audit Function**

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

**2. Management of the Engagement of the External Auditor**

- Supervising the relationship with the external auditor in collaboration with the Finance function, including the determination of the selection criteria for and making recommendations with respect to the appointment of an external auditor and evaluating the external auditor's performance;
- Reviewing and discussing with management and the external auditor the Group's critical accounting policies and the quality of accounting judgements and estimates made by management;
- Understanding the Group's system of internal controls and, on a periodic basis, reviewing with the assistance of internal and external auditors the adequacy of the system's framework; and
- Reviewing and discussing the Group's annual audited financial statements with management and the external auditor and making recommendations to the Board to approve these statements.

**Non-Audit Services by External Auditor**

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

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

The fees for audit services paid to our auditors amounted to $7,748,367.00 (2023/2024) inclusive of VAT. Fees incurred for non-audit work performed by the auditors amounted to $796,125.00 (2023/2024). A review of the non-audit services provided by the external auditor during the financial year was performed and the Bank Audit Committee provided its assurance that the non-audit services would not impair the objectivity and independence of the external auditors.

**Composition of Audit Committees**

In addition to the Audit, Risk & Compliance Committee of FCGFH, the First Citizens Group has established five (5) Audit Committees. With the exception of the Barbados subsidiary, each Committee consists of at least three Members, of which the majority are independent directors and at least one Member is a financial expert. A financial expert is defined by the Financial Institutions Act, Chapter 79:09 of the Revised Laws of the Republic of Trinidad and Tobago as a person who has the required financial education and substantive experience as:

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

(b) an auditor;

(c) a chief financial officer; or

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

**Bank**

Jayselle McFarlane – Chairperson
Idrees Omardeen – Member
Ryan Proudfoot – Member
Colin Wharfe – Member

**First Citizens Depository Services Limited**

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

**First Citizens Trustee Services Limited**

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

**First Citizens Investment Services Limited**

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

**First Citizens Bank (Barbados) Limited**

Gregory Hinkson – Chairperson
Wayne Kirton – Member

**Related Party Transactions**

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

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

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

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

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

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

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

Transactions with related parties are conducted at arm's length. Additionally, related party transactions and balances have been disclosed in the financial statements in accordance with IFRS Accounting Standards and approved policies and procedures.

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

**Board Tenders Committee**

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

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

**Board Tenders Committee Members**

Courtenay B Williams – Chairperson
Troy Garcia – Member
Ingrid Melville – Member
Colin Wharfe – Member

**Board Credit Committee**

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

Some of the responsibilities of the Board Credit Committee include:

(a) Approving credit facilities in line with those authorities delegated by the Board as documented under the Group's Credit Policy and Lending Authority Limits;

(b) Reviewing the quality of the loan portfolio and strategies being implemented to manage the Group's exposure to credit risk;

(c) Reviewing and approving limits for managing credit exposures for the Group. These include country, industry, sovereign, borrower, risk rating and classification;

(d) Reviewing and approving models used by credit risk including those for determining risk ratings and loan/investment impairment provisioning;

(e) Reviewing and recommending for approval changes to the Group's Credit Policies which ensure adequacy of scope and coverage as well as appropriate rigour and continuing relevance to the changes in the environment. Such recommendations will be subject to the review, recommendation and/or approval of the Board; and

(f) Reviewing/monitoring compliance with, and adherence to, credit risk metrics and regulatory requirements and guidelines, including specifically those relating to credit exposures, concentration limits, measurement, monitoring and control of impaired assets.

**Board Credit Committee Members**

Ryan Proudfoot – Chairperson
Troy Garcia – Member

## STRENGTHENING RELATIONSHIPS WITH SHAREHOLDERS

**Shareholders Rights and Engagement**

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

The Annual Meeting of Shareholders creates an opportunity for shareholders to engage the Board and management on the Group's business activities and financial performance. Documents pertaining to Annual Meetings are sent to all shareholders within statutory timelines. FCGFH held its Second Annual Meeting on 15 May 2024, in which FCGFH's shareholders elected and re-elected Directors, received and adopted its audited financial statements for the year ended 30 September 2023 and re-appointed its Auditors.

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

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

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

**Customer Centricity**

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

**Customer Centric Committee Members**

Troy Garcia – Chairperson
Jayselle McFarlane – Member

**Recommendations under the Corporate Governance Code 2013**

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

# APPENDIX 1

## PRINCIPLE 1 – ESTABLISH A FRAMEWORK FOR EFFECTIVE GOVERNANCE

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

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

# APPENDIX 1

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

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

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

# APPENDIX 1

## PRINCIPLE 3 – REINFORCE LOYALTY AND INDEPENDENCE

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

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

# APPENDIX 1

## PRINCIPLE 4 – FOSTER ACCOUNTABILITY

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

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

# APPENDIX 1

## PRINCIPLE 5 – STRENGTHEN RELATIONSHIPS WITH SHAREHOLDERS

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

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

# APPENDIX 2
## KEY INFORMATION ON DIRECTORS

| NAME OF DIRECTOR | DATE OF LAST APPOINTMENT AS DIRECTOR | PRESENT DIRECTORSHIP OR CHAIRPERSONSHIP | DIRECTORSHIP OR CHAIRPERSONSHIP HELD OVER THE PRECEDING THREE YEARS | OTHER PRINCIPAL COMMITMENT | DUE FOR REAPPOINTMENT – ANNUAL MEETING 2025 |
|---|---|---|---|---|---|
| **Anthony Isidore Smart** | 28 September 2022 | First Citizens Group Financial Holdings Limited – Chairperson<br><br>First Citizens Holdings Limited – Chairperson<br><br>First Citizens Bank Limited – Chairperson<br><br>First Citizens Investment Services Limited – Chairperson<br><br>First Citizens Bank (Barbados) Limited – Chairperson<br><br>FCCR First Citizens Costa Rica SA – Chairperson<br><br>First Citizens Portfolio & Investment Management Services Limited – Chairperson<br><br>Koot Real Estate Limited – Director<br><br>Eight Moka Fairways Development Limited – Director<br><br>A&W Isidore Smart Investments Limited – Director | First Citizens Group Financial Holdings Limited – Chairperson<br><br>First Citizens Holdings Limited – Chairperson<br><br>First Citizens Bank Limited – Chairperson<br><br>First Citizens Investment Services Limited – Chairperson<br><br>First Citizens Bank (Barbados) Limited – Chairperson<br><br>FCCR First Citizens Costa Rica SA – Chairperson<br><br>First Citizens Portfolio & Investment Management Services Limited – Chairperson<br><br>Koot Real Estate Limited – Director<br><br>Eight Moka Fairways Development Limited – Chairman<br><br>A&W Isidore Smart Investments Limited – Director | Gittens, Smart & Company Attorneys-at-Law – Consultant | Yes |

# APPENDIX 2
## KEY INFORMATION ON DIRECTORS

| NAME OF DIRECTOR | DATE OF LAST APPOINTMENT AS DIRECTOR | PRESENT DIRECTORSHIP OR CHAIRPERSONSHIP | DIRECTORSHIP OR CHAIRPERSONSHIP HELD OVER THE PRECEDING THREE YEARS | OTHER PRINCIPAL COMMITMENT | DUE FOR REAPPOINTMENT – ANNUAL MEETING 2025 |
|---|---|---|---|---|---|
| **Courtenay B Williams** | 28 September 2022 | First Citizens Group Financial Holdings Limited – Deputy Chairperson<br><br>First Citizens Holdings Limited – Director<br><br>First Citizens Bank Limited – Director<br><br>First Citizens Depository Services Limited – Chairperson<br><br>First Citizens Trustee Services Limited – Director<br><br>First Citizens Financial Services (St Lucia) Limited – Chairperson<br><br>Bocas Lit Fest – Director<br><br>Electrical Industries Limited – Director<br><br>3 Champs Elysees Limited – Chairman<br><br>Public Service Commission – Commissioner | First Citizens Group Financial Holdings Limited – Deputy Chairperson<br><br>First Citizens Holdings Limited – Director<br><br>First Citizens Bank Limited – Director<br><br>First Citizens Depository Services Limited – Chairperson<br><br>First Citizens Trustee Services Limited – Director<br><br>First Citizens Financial Services (St Lucia) Limited – Chairperson<br><br>Art Society of Trinidad & Tobago – Member<br><br>Bocas Lit Fest – Director | Colonial Life Insurance Company (Trinidad) Limited – Corporate Secretary<br><br>Lex Caribbean Attorneys-at-Law – Consultant<br><br>Hugh Wooding Law School – Associate Tutor | Yes |

# APPENDIX 2
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|---|---|---|---|---|---|
| **Ryan Proudfoot** | 15 May 2024 | First Citizens Group Financial Holdings Limited – Director<br><br>First Citizens Bank Limited – Director<br><br>First Citizens Investment Services Limited – Director<br><br>First Citizens Brokerage & Advisory Services Limited – Chairperson<br><br>First Citizens Bank (Barbados) Limited – Director<br><br>First Citizens Portfolio & Investment Management Services Limited – Director<br><br>Total Office (2006) Limited – Director<br><br>Total Office Limited – Director<br><br>Total Office (Caribbean) Limited – Director<br><br>Total Office (St Lucia) Limited – Director<br><br>Total Office (Guyana) Inc – Director<br><br>CStone Builders Direct Limited – Director<br><br>AFAB Construction Limited – Director<br><br>AFAB Interiors Limited – Director<br><br>Trinre Insurance – Director | First Citizens Group Financial Holdings Limited – Director<br><br>First Citizens Bank Limited – Director<br><br>First Citizens Investment Services Limited – Director<br><br>First Citizens Brokerage & Advisory Services Limited – Chairperson<br><br>First Citizens Investment Services (Barbados) Limited – Chairperson<br><br>First Citizens Bank (Barbados) Limited – Director<br><br>First Citizens Portfolio & Investment Management Services Limited – Director<br><br>Total Office (2006) Limited – Director<br><br>Total Office Limited – Director<br><br>Total Office (Caribbean) Limited – Director<br><br>Total Office (St Lucia) Limited – Director<br><br>Parex Resources (Trinidad) Limited – Director | Total Office Limited – Managing Director | No |

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|---|---|---|---|---|---|
| **Franka Costelloe** | 15 May 2024 | First Citizens Group Financial Holdings Limited – Director<br><br>First Citizens Bank Limited – Director<br><br>First Citizens Trustee Services Limited – Chairperson<br><br>First Citizens Bank (Barbados) Limited – Director<br><br>FCCR First Citizens Costa Rica SA - Director<br><br>Lifetime Roofing Limited – Director<br><br>Pet Life Veterinary Hospital Limited – Director<br><br>Pet Life North Limited – Director<br><br>InvesTT Limited – Director<br><br>Angostura Holdings Limited – Director<br><br>Angostura Limited - Director<br><br>Trinidad Distillers Limited – Director<br><br>Heroes Foundation – Director | First Citizens Group Financial Holdings Limited – Director<br><br>First Citizens Bank Limited – Director<br><br>First Citizens Trustee Services Limited – Chairperson<br><br>First Citizens Bank (Barbados) Limited – Director<br><br>FCCR First Citizens Costa Rica SA – Director<br><br>Trinidad & Tobago Manufacturers' Association – President<br><br>Pet Life Veterinary Hospital Limited – Director<br><br>Pet Life North Limited – Director | Lifetime Roofing Limited – Director | No |
| **Savitree Seepersad** | 28 September 2022 | First Citizens Group Financial Holdings Limited – Director<br><br>First Citizens Bank Limited – Director<br><br>Airports Authority of Trinidad and Tobago – Director<br><br>Education Facilities Company Limited – Chairperson | First Citizens Group Financial Holdings Limited – Director<br><br>First Citizens Bank Limited – Director<br><br>Seized Assets Advisory Committee – Chairman<br><br>National Marine and Maintenance Services Company Limited – Director | Ministry of Finance – Executive Director Investment/Divestment | Yes |

# APPENDIX 2
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|---|---|---|---|---|---|
| **Idrees Omardeen** | 28 September 2022 | First Citizens Group Financial Holdings Limited – Director<br>First Citizens Bank Limited – Director<br>First Citizens Depository Services Limited – Director<br>First Citizens Investment Services Limited – Director<br>First Citizens Brokerage & Advisory Services Limited – Director<br>First Citizens Trustee Services Limited – Director<br>First Citizens Portfolio & Investment Management Services Limited – Director<br>Omardeen School of Accountancy Limited – Director<br>Omardeen Properties Limited – Director<br>Omardeen Professional Bookstore Limited – Director | First Citizens Group Financial Holdings Limited – Director<br>First Citizens Bank Limited – Director<br>First Citizens Depository Services Limited – Director<br>First Citizens Investment Services Limited – Director<br>First Citizens Brokerage & Advisory Services Limited – Director<br>First Citizens Portfolio & Investment Management Services Limited – Director<br>First Citizens Trustee Services Limited – Director<br>Omardeen School of Accountancy Limited – Director<br>Omardeen Properties Limited – Director<br>Omardeen Professional Bookstore Limited – Director | Omardeen School of Accountancy Limited – Managing Director | Yes |
| **Jayselle McFarlane** | 28 September 2022 | First Citizens Group Financial Holdings Limited – Director<br>First Citizens Holdings Limited – Director<br>First Citizens Bank Limited – Director<br>First Citizens Depository Services Limited – Deputy Chairperson<br>First Citizens Investment Services Limited – Director<br>Clico Trust Corporation Limited – Deputy Chairman<br>Trinidad and Tobago Housing Development Corporation – Managing Director | First Citizens Group Financial Holdings Limited – Director<br>First Citizens Holdings Limited – Director<br>First Citizens Bank Limited – Director<br>First Citizens Depository Services Limited – Deputy Chairperson<br>First Citizens Investment Services Limited – Director<br>South West Regional Health Authority – Director<br>Clico Trust Corporation Limited – Deputy Chairman | McFarlane Robertson & Associates – Consultant | Yes |

# APPENDIX 2
## KEY INFORMATION ON DIRECTORS

| NAME OF DIRECTOR | DATE OF LAST APPOINTMENT AS DIRECTOR | PRESENT DIRECTORSHIP OR CHAIRPERSONSHIP | DIRECTORSHIP OR CHAIRPERSONSHIP HELD OVER THE PRECEDING THREE YEARS | OTHER PRINCIPAL COMMITMENT | DUE FOR REAPPOINTMENT – ANNUAL MEETING 2025 |
|---|---|---|---|---|---|
| **Troy Garcia** | 28 September 2022 | First Citizens Group Financial Holdings Limited – Director<br><br>First Citizens Bank Limited – Director<br><br>First Citizens Investment Services Limited – Director<br><br>First Citizens Depository Services Limited – Director<br><br>FCCR First Citizens Costa Rica SA – Director<br><br>Parts World Limited – Director<br><br>High Performance Coatings Limited – Director<br><br>Colonial Life Insurance Company Limited – Director<br><br>National Marine and Maintenance Services Company Limited – Deputy Chairman | First Citizens Group Financial Holdings Limited – Director<br><br>First Citizens Bank Limited – Director<br><br>First Citizens Investment Services Limited – Director<br><br>First Citizens Depository Services Limited – Director<br><br>FCCR First Citizens Costa Rica SA – Director<br><br>Parts World Limited – Director<br><br>High Performance Coatings Limited – Director<br><br>United Bearings and Equipment Agencies – Director | Parts World Limited – Chief Executive Officer<br><br>High Performance Coatings Limited – Managing Director | Yes |
| **Devindra Ramnarine** | 15 May 2024 | First Citizens Group Financial Holdings Limited – Director | | Digital Transformation Advisor (Innovation and Implementation) – Ministry of Transformation | No |

# APPENDIX 2
## KEY INFORMATION ON DIRECTORS

| NAME OF DIRECTOR | DATE OF LAST APPOINTMENT AS DIRECTOR | PRESENT DIRECTORSHIP OR CHAIRPERSONSHIP | DIRECTORSHIP OR CHAIRPERSONSHIP HELD OVER THE PRECEDING THREE YEARS | OTHER PRINCIPAL COMMITMENT | DUE FOR REAPPOINTMENT – ANNUAL MEETING 2025 |
|---|---|---|---|---|---|
| **Ingrid Melville** | 15 May 2024 | First Citizens Group Financial Holdings Limited – Director<br><br>First Citizens Bank Limited – Director<br><br>First Citizens Trustee Services Limited – Director<br><br>FCCR First Citizens Costa Rica SA – Director<br><br>Caribbean People Centered Development Institute – Managing Director | First Citizens Group Financial Holdings Limited – Director<br><br>First Citizens Bank Limited – Director<br><br>First Citizens Trustee Services Limited – Director<br><br>FCCR First Citizens Costa Rica SA – Director<br><br>Tobago Regional Health Authority – Chairman<br><br>Caribbean People Centered Development Institute – Managing Director | Ingrid Melville & Company Attorneys-at-Law – Private Practitioner | No |
| **Colin Wharfe** | 28 September 2022 | First Citizens Group Financial Holdings Limited – Director<br><br>First Citizens Bank Limited – Director<br><br>First Citizens Investment Services Limited – Director<br><br>First Citizens Trustee Services Limited – Director<br><br>The Victoria Mutual Building Society, Jamaica – Director<br><br>The Victoria Mutual Group Limited – Director<br><br>The Victoria Financial Group Limited – Director<br><br>United Way of Trinidad & Tobago – Director<br><br>TT Premier Football League – Chief Executive Officer | The Victoria Mutual Building Society, Jamaica – Director<br><br>United Way of Trinidad & Tobago – Director<br><br>The University of the West Indies – Council Member and Audit Committee Member | | Yes |

# APPENDIX 3 (i)

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

*1 October 2023 to 30 September 2024*

| NAME OF DIRECTOR/ NO. OF MEETINGS HELD | FCGFH BOARD | ARC COMMITTEE |
|---|---|---|
| | **7** | **3** |
| **Anthony Smart** | 6 | - |
| **Courtenay B Williams** | 2 | - |
| **Ryan Proudfoot** | 7 | 3 |
| **Franka Costelloe** | 6 | - |
| **Jayselle McFarlane** | 4 | 2 |
| **Idrees Omardeen** | 7 | 3 |
| **Troy Garcia** | 7 | - |
| **Savitree Seepersad** | 6 | 3 |
| ***Devindra Ramnarine** | 2 | - |
| **Ingrid Melville** | 4 | - |
| **Colin Wharfe** | 7 | - |

**Mr Ramnarine was appointed to the Board of First Citizens Group Financial Holdings Limited with effect from 15 May 2024.*

# APPENDIX 3 (ii)

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

*1 October 2023 to 30 September 2024*

| NAME OF DIRECTOR/ NO. OF MEETINGS HELD | BANK BOARD *(INCLUDING SPECIAL MEETINGS)* | BANK AUDIT *(INCLUDING JOINT AUDIT)* | CREDIT | BOARD ENTERPRISE RISK MANAGEMENT | HUMAN RESOURCES | CORPORATE GOVERNANCE | BOARD TENDERS | CUSTOMER CENTRIC |
|---|---|---|---|---|---|---|---|---|
| | **15** | **4** | **11** | **5** | **7** | **3** | **5** | **2** |
| **Anthony Smart** | 15 | - | - | - | - | - | - | - |
| **Courtenay B Williams** | 11 | - | - | 4 | - | 3 | 5 | - |
| **Ryan Proudfoot** | 13 | 3 | 9 | 3 | - | - | - | - |
| **Franka Costelloe** | 14 | - | - | - | 7 | 3 | - | - |
| **Jayselle McFarlane** | 11 | 3 | - | - | - | - | - | 2 |
| **Idrees Omardeen** | 13 | 4 | - | - | - | - | - | - |
| **Troy Garcia** | 15 | - | 10 | - | - | - | 5 | 2 |
| **Savitree Seepersad** | 12 | - | - | - | 6 | - | - | - |
| **Ingrid Melville** | 9 | - | - | - | 6 | 2 | 3 | - |
| **Colin Wharfe** | 14 | 4 | - | 5 | - | - | 5 | - |

# APPENDIX 4

## SKILLS MATRIX FOR DIRECTORS OF FIRST CITIZENS GROUP FINANCIAL HOLDINGS LIMITED

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

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

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

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

# APPENDIX 4

## SKILLS MATRIX FOR DIRECTORS OF FIRST CITIZENS GROUP FINANCIAL HOLDINGS LIMITED

| DIRECTORS | Anthony I Smart | Courtenay B Williams | Franka Costelloe | Ryan Proudfoot | Troy Garcia | Idrees Omardeen | Savitree Seepersad | Jayselle McFarlane | Ingrid Melville | Colin Wharfe | Devindra Ramnarine |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Other Skills** | | Mediation, AML/ Compliance | | | | Community Association Manager – Property Management AML/ Compliance CAMS | AML/ Compliance | | | | Certified SCRUM Product Owner (project Management) Leadership (Harvard Leadership Programme) |
| **Age Band (years)** | 65 and above | 55-64 | 35-44 | 45-54 | 45-54 | 45-54 | 55-64 | 45-54 | 55-64 | 65 and above | 65 and above |
| **Education/ Professional Background** | Bachelor of Arts (General), Majoring in Economics<br><br>Attorney-at-Law | Attorney-at-Law<br><br>Certified Mediator<br><br>Bachelor of Laws Degree<br><br>Legal Education Certificate | BSc Administrative & Commercial Studies<br><br>MSc Building & Construction Management<br><br>Certificate in Corporate Governance | Bachelor of Arts (Hons) in Accounting<br><br>Master of Business Administration in International Management | Bachelor's Degree in Business Administration | ACCA (Fellow)<br><br>Institute of Chartered Accountants of Trinidad & Tobago (Member with practicing certificate)<br><br>Certified Anti-Money Laundering Specialist<br><br>Chartered Accountant<br><br>Master of Business Administration – Finance | ACCA (Fellow)<br><br>Institute of Chartered Accountants of Trinidad & Tobago (Member)<br><br>Masters of Business Administration<br><br>Certificate in Change Management | ACCA (Member)<br><br>Master of Business Administration<br><br>Certificate in Corporate Governance<br><br>Certificate in Project Management | Attorney-at-Law<br><br>Bachelor of Laws Degree<br><br>Legal Education Certificate | Professional Accountant<br><br>ACCA (Fellow)<br><br>Certified Information Systems Auditor<br><br>Bachelor of Laws Degree<br><br>Fellow – Chartered Institute of Management Accountants (CIMA) | Post Graduate Certificate in Higher Education<br><br>MPhil, Electrical Engineering Science<br><br>Master of Science, Telecommunications Systems (Distinction)<br><br>Bachelor of Science, Electrical Engineering |

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE

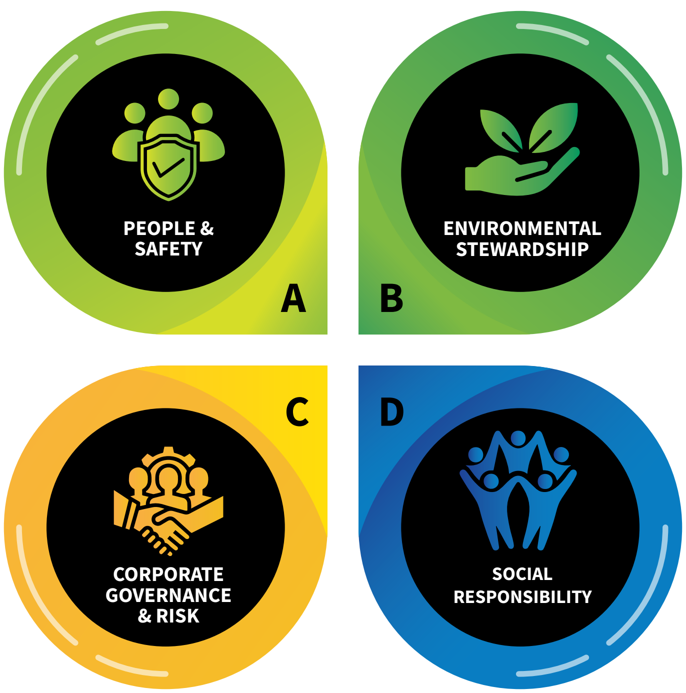
## SUSTAINABILITY FOCUS FOR THE FIRST CITIZENS GROUP

At First Citizens, we are committed to the notion that sustainable business practices are essential to lasting positive outcomes for people and the planet. The Group has embraced the journey to prioritise the sustainable development of its core business through the operation of responsible banking practices which must be aligned with the Group's core values:

- **Commitment to Excellence:** Committed to the quest for excellence, we deliver what we promise and add value that goes well beyond what is expected.
- **Commitment to People:** Our organisation's future is built on investment in the development of a diverse, engaged and competent team.
- **Integrity:** We are guided by our strong code of conduct, ethics and financial affairs.
- **Commitment to Customers:** We are committed to understanding our customers' goals and aspirations, to create value and to deliver exceptional service, through innovative solutions from our full service financial group and displayed in our interactions with internal and external stakeholders and the world around us.

## SUSTAINABILITY FOCUS AREAS

**Our Sustainability focus areas signal the Group's ongoing commitment to socio-economic and sustainable development as indicated below:**




### PEOPLE & SAFETY

At First Citizens, people and safety take centre stage encompassing all stakeholders involved in our operations. We recognise that the success and sustainability of our institution are intrinsically tied to the well-being and satisfaction of our employees, suppliers, customers, investors, and the communities we serve. We understand that ensuring the safety and well-being of our employees, customers, and partners, including personal data and financial safety, is fundamental to building trust and maintaining a resilient organisation. We continue to build rewarding and sustainable relationships with our stakeholders through highly engaged employees and versatile and secure technology.

### ENVIRONMENTAL STEWARDSHIP

As an institution with a national and regional presence, we understand the critical role we play in safeguarding the environment for future generations. We seek to integrate environmental considerations into our business practices, striving to minimise our ecological footprint and promote positive impacts. We aim to integrate sustainability considerations into our procurement processes, selecting suppliers and partners who align with our environmental and social values and in our product development and offerings to our commercial and corporate clients.

### CORPORATE GOVERNANCE & RISK

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

### SOCIAL RESPONSIBILITY

Our commitment is to people and we will continue to foster positive relationships with our directors, employees, customers, providers, shareholders and other stakeholders and to review the Group's policies and activities that will positively impact individuals, communities and the wider society. We continue to review the Group's policies and processes to ensure that they are aligned with the legal and regulatory requirements in the markets which we serve, the Group's Code of Conduct, Ethics and Financial Affairs and the principles of equity and justice. We must identify our key performance indicators in order to measure how well the Group is meeting its social obligations to its internal stakeholders, external stakeholders and the local communities in order to foster sustainable business practices.

## ROADMAP - THEN AND NOW

### DETAILED BELOW IS A LOOK BACK AT THE ROAD MAP WHICH WAS SET IN 2023:

**STEP 01**

The final draft of our Sustainability Policy that captures our ESG principles and our sustainability commitments has been completed.

**STEP 02**

A Sustainability Committee will be established and tasked with policy implementation and oversight of the Group-wide initiatives.

**STEP 03**

Under each of the above-mentioned policy focus areas, metrics will be established to measure, track and set benchmarks in order to report on progress.

**STEP 04**

Understanding that banks can make a positive contribution towards carbon reduction and ESG integration via their lending practices, First Citizens has engaged internal and external stakeholders to assist in developing:

i. Its Environmental and Social Management System (ESMS) which would help assess customers and their business practices
ii. Sustainable financing products towards achievement of Sustainable Development Goals (SDGs) for our clients
iii. Tools for the tagging and tracking of our sustainable financing portfolio to allow for continued monitoring and reporting

**STEP 05**

Roll-out of our sustainability-driven products for our customers and internal activities in alignment with the Group's sustainability commitments.

### WHERE ARE WE NOW – SEPTEMBER 2024:

### MILESTONE 1

The Board of Directors approved the First Citizens Group's Sustainability Policy. This policy document establishes the foundation upon which the Group's sustainability roadmap would be built.

### MILESTONE 2

A Sustainability Committee has been established, which comprises Management Members from a cross section of all the business lines. The Terms of Reference have been approved and the Committee has convened meetings towards embarking on our sustainability journey / identifying and achieving the Group's sustainability initiatives.

**WORK IN PROGRESS**

1. The Bank will recruit a Sustainability Manager who would continue to be at the forefront of driving these worthy initiatives with the support of the Sustainability Committee and the Executive Management Team, and with the specific support of the Group Deputy CEO, Operations and Administration.

2. The Bank will make the necessary arrangements to hire an expert for the Group to embark upon a Greenhouse Gas Assessment exercise to establish a baseline for a deeper internal look at the organisation's carbon footprint and related sustainability practices.

3. A pilot project has commenced and will continue in the new financial year to operationalise the ESMS process. This began with a few selected clients in the Group's corporate space.

At the end of the day, First Citizens is focused on ensuring that as a financial services group, it continues to pivot towards sustainability practices in its operations, where appropriate, and it is developing product and service offerings which are aligned to the Group's sustainability commitments.

## FIRST CITIZENS FOUNDATION

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

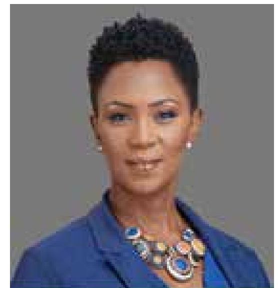
- **YOUTH DEVELOPMENT AND EDUCATION**
- **GENDER**
- **CULTURE**
- **ENVIRONMENT**
- **SPORT**

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

### BOARD MEMBERS:

**INTERNAL**


Lindi Ballah-Tull
(Interim Chair)


Gillian Benjamin

**EXTERNAL**


Dr Christian Stone


Dexter Charles


John Arnold

## YOUTH DEVELOPMENT & EDUCATION COMMITTEE

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

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

**External**

**Dr Christian Stone (Chair)**
**Dr Deirdre Charles**

**Internal**

**Adanna Branford-Stewart**
**Sharon Alexander**

## GENDER COMMITTEES

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

### Young Men's Development Programme Committee (YMDP)

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

**External**

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

**Internal**

**Daniel Youssef**
**Gillian Benjamin**
**Walywn Williams**

### Advancement Of Women Committee (AOW)

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

**External**

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

**Internal**

**Lindi Ballah-Tull**
**Nola Drayton-Smith**
**Sana Ragbir**

## CULTURE COMMITTEE

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

**External**

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

**Internal**

**Avril Edwards**
**Lorraine Hodges-Ramjit**
**Nadine Harding-Mohan**

## ENVIRONMENT COMMITTEE

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

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

**External**

**Prof Laura Roberts-Nkrumah (Chair)**
**Andre Escalante**

**Internal**

**Amrika Atwell**
**Julia Maria Daniel**
**Trevelon George**

## SPORTS FOUNDATION COMMITTEE

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

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

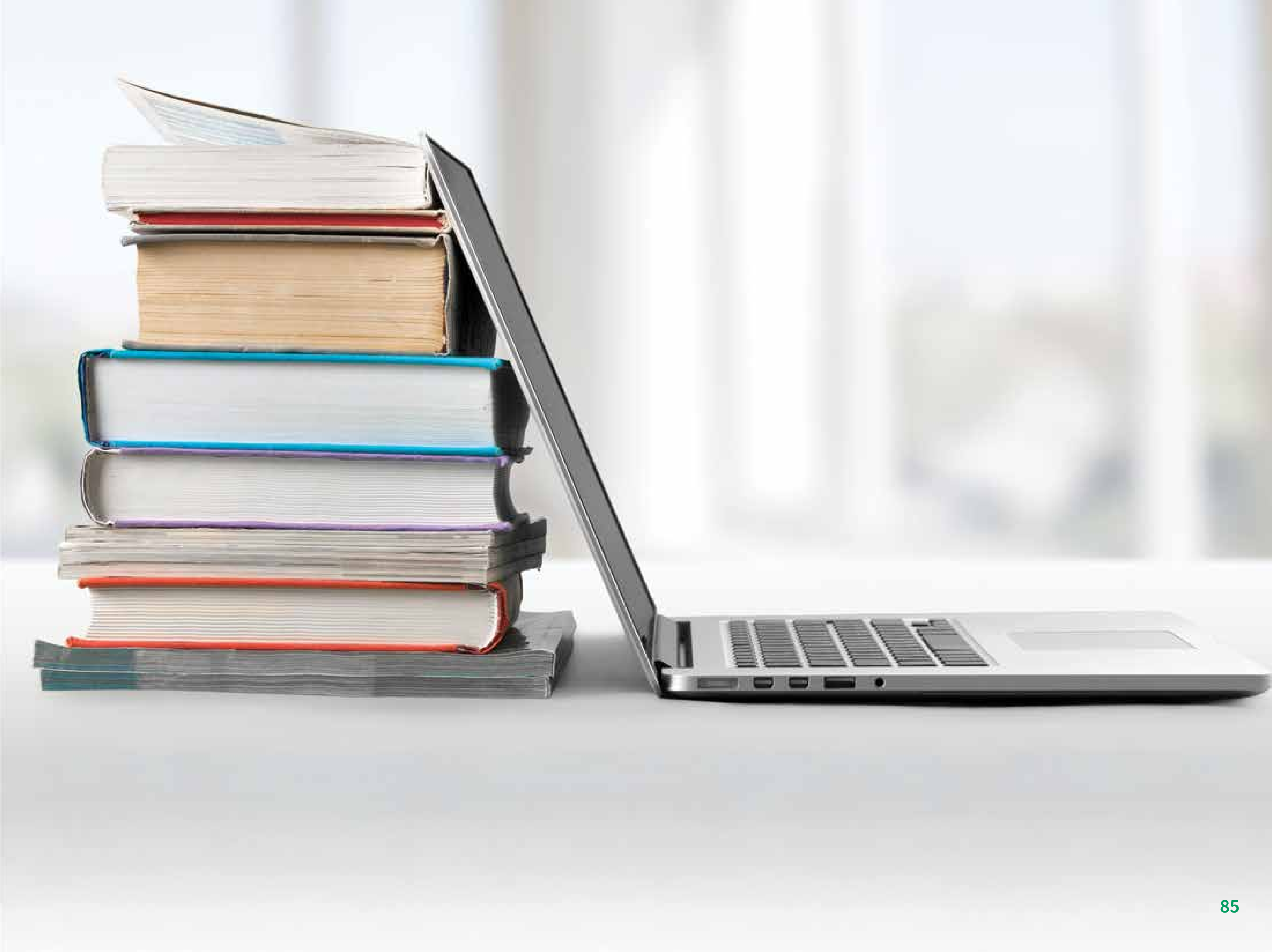
**External**

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

**Internal**

**Brian Woo**
**Jason Ifill**

# YOUTH DEVELOPMENT & EDUCATION



## Youth Development & Education Committee Members

Well rounded young people hold the power to instill change and inspire hope that can cement the course of the generations behind them and secure a bright and sustainable future for our region.

This belief has long driven our commitment to engaging in meaningful partnerships, aimed at nurturing and empowering our youth. Through a range of programmes and initiatives under our Youth Development and Education pillar, we have been honoured to support their interests, hone their talents and contribute to their success.

**EXTERNAL**

Dr Christian Stone (Chairman)

Dr Deirdre Charles

**INTERNAL**

Adanna Branford-Stewart

Sharon Alexander

## Bocas Lit Festival & First Citizens National Poetry Slam

A must-attend activity on Trinidad and Tobago's literary calendar, the Bocas Lit Fest (BLF) is known for bringing together regional and international writers, readers, performers, publishers and booksellers for a celebration of books and writing. The First Citizens National Poetry Slam (FCNPS), now in its 12th year of existence, has become one of the premier events on the BLF calendar. With our keen support, the poetry slam has developed into a valuable creative outlet for awareness and advocacy on a myriad of societal issues by our youth. We have proudly seen it grow into the most successful and revered competition of its kind.

## Launch of Youth Development and Education pillar in Barbados

2024 ushered in another proud moment for the Group – the launch of our social investment programme – Community in Barbados, with a special focus on Youth Development and Education. Throughout the years, our CSR drive in Barbados had primarily focused on culture and sport. However, with Youth Development and Education identified as a key area for investment on the island, the Group launched in January with an invitation to NGOs across Barbadian communities, to partner with us on youth-related initiatives.

In August 2024, we further solidified our commitment to Barbados' youth with the launch of our Girls First Festival Barbados. This engaging and educational festival aimed at building a sense of sisterhood, resilience and high self-esteem among teenaged girls was well received by attendees, parents, schools and groups working with young women.

## UWI Internship

Since 2017, First Citizens has partnered with The University of the West Indies (UWI), St Augustine to host an annual internship programme for students in the field of Computing and Information Technology, Management Studies, Economics and most recently Engineering. The UWI Internship Programme continues to be one of the Group's flagship initiatives, supplementing the University's curriculum in IT, Business and Engineering, while immersing students into the world of work.


## MindWise

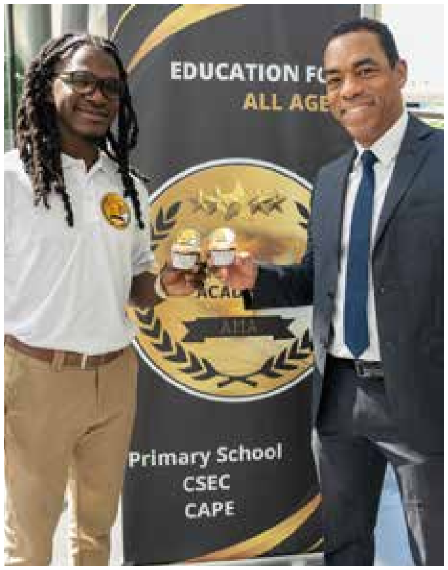
MindWise was established in 2020 by the Ministry of Health and PAHO-WHO in response to the increasing mental health challenges in our nation, exacerbated by the COVID-19 pandemic. The volunteer programme provides student-driven mental health intervention for the people of Trinidad and Tobago backed by the National Coordinating Committee of the Mental Health and Psychosocial Network of Trinidad and Tobago. Today, we are proud of the immense value this project has brought, as it fosters innovation, strengthens community gatekeepers and empowers mental health advocates with digital skills and training.


## Trinidad and Tobago Heart Foundation – Putting Your Heart Health FIRST

In 2023 we were honoured to partner with the T&T Heart Foundation to launch a much-needed health education programme for secondary school students. Entitled "Putting Your Heart Health FIRST," the programme aims to raise awareness about making healthy choices for a brighter future. To date, we have been able to reach hundreds of students across Trinidad and Tobago with the goal of inspiring positive change and cultivating influencers who will advocate for heart health among their peers and in their various social circles.


## National Secondary School Entrepreneurship Competition (NSSEC)

The highly-anticipated National Secondary School Entrepreneurship Competition (NSSEC) is in its 8th year of fostering innovation, leadership and business acumen among young students. The competition exposes secondary school students to dynamic training in entrepreneurship via simulation software which enables participants to become actual entrepreneurs through gamification. We have been proud to support NSSEC from its inception as it offers students first-hand experience of the highs and lows of running a business enterprise.




# FINANCIALS

# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of First Citizens Group Financial Holdings Limited
Report on the audit of the consolidated financial statements

## Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of First Citizens Group Financial Holdings Limited (the Company) and its subsidiaries (together 'the Group') as at 30 September 2024, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

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

- the consolidated statement of financial position as at 30 September 2024;
- 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, comprising material accounting policy information and other explanatory information.

## Basis for opinion

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

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

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

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

# INDEPENDENT AUDITOR'S REPORT *(CONTINUED)*

## Our audit approach

***Overview***


- Overall group materiality: TT$63 million, which represents 5% of profit before taxation.
- The group audit included full scope audits of two significant components domiciled in Trinidad and Tobago and an audit of specific account balances in two other components.
- Valuation of Expected Credit Loss for Stage 3 Loans to Customers.

***Audit scope***

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

***How we tailored our group audit scope***

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

Our assessment of the components of the Group focused primarily on the Group's legal entities. Based on the individual financial significance and our risk assessment, First Citizens Bank Limited and one of its components, First Citizens Investment Services Limited and its subsidiaries, were subject to full scope audits for group audit purposes.

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

In establishing the overall group audit strategy and plan, we determined the type of work needed to be performed at the components by the Group engagement team and by component auditors. Where the work was performed by component auditors, we determined the level of involvement needed by the Group engagement team in the audit work.

# INDEPENDENT AUDITOR'S REPORT *(CONTINUED)*

## Our audit approach (continued)

***Materiality***

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

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

| | |
|---|---|
| **Overall group materiality** | TT$63 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$3.2 million, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

## Our audit approach (continued)

***Key audit matters***

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

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| *Valuation of Expected Credit Loss for Stage 3 Loans to Customers*<br>*Refer to notes 2.d.(i)(c), 3.a.(v), 3.a.(viii).d and 3.a.(xi), and 10 to the consolidated financial statements for disclosures of related accounting policies and balances.*<br><br>As at 30 September 2024, stage 3 loans to customers totalled TT$1.1 billion. The associated expected credit losses amounted to TT$354 million.<br><br>On an annual basis, the Group assesses stage 3 loans to customers for potential impairment. The amount of the expected credit loss is determined by assessing the recoverable value of the collateral (where available) and management's expectation of the extent of loss on a defaulted exposure. Management requires an independent valuation of the collateral obtained as part of the loan origination process.<br><br>Management's expectation is based on the Group's past recovery performance and can vary based on product type or seniority of claim. The recoverable value of collateral is calculated by adjusting for the cost of disposal of the collateral and the expected time to sell the collateral, discounted by the effective interest rate of the facility<br><br>We focused on this area because of the complex and significant judgements made by management over the assessment of the value and timing of the estimated future cash flows that is relevant to the calculation of the expected credit loss. | Our approach to addressing the matter involved the following procedures, amongst others:<br>• inspected stage 1 and 2 loans and assessed appropriateness of the exclusion from stage 3 to test completeness of loans staging;<br>• inspected a sample of customer loan files and agreed data attributes including loan balance, interest rate, collateral value and valuation date to management's listing of stage 3 loans;<br>• assessed the reputation, independence, competence and experience of management's valuators;<br>• compared a sample of recorded collateral values to publicly available benchmark data and evaluated time to dispose based on historical information of similar assets; and<br>• recalculated a sample of the discounted projected cash flows using the effective interest rate and expected years to liquidate. |

# INDEPENDENT AUDITOR'S REPORT *(CONTINUED)*

## Other information

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

# INDEPENDENT AUDITOR'S REPORT *(CONTINUED)*

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

PricewaterhouseCoopers

Port of Spain
Trinidad, West Indies
29 November 2024

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*(Expressed in Trinidad and Tobago dollars)*

| | | As at 30 September | |
|---|---|---|---|
| | | 2024 | 2023 |
| **Assets** | **Notes** | **$'000** | **$'000** |
| Cash and due from other banks | 6 | 5,257,835 | 6,552,782 |
| Statutory deposits with Central Banks | 7 | 2,472,872 | 3,735,904 |
| Investment securities | | | |
| - Fair value through other comprehensive income | 8(a) | 11,352,611 | 7,650,130 |
| - Fair value through profit or loss | 8(b) | 20,804 | 20,298 |
| - Amortised cost | 9 | 4,641,839 | 4,629,349 |
| Loans to customers | 10 | 21,168,850 | 20,089,527 |
| Assets held for sale | | 18,500 | -- |
| Other assets | 11 | 512,582 | 639,099 |
| Investments accounted for using equity method | 12 | 271,978 | 253,822 |
| Tax recoverable | | 58,949 | 58,073 |
| Property and equipment | 13 | 864,328 | 819,127 |
| Intangible assets | 14 | 289,343 | 269,945 |
| Deferred income tax asset | 22 | 105,711 | 105,313 |
| Defined benefit asset | 15 | 40,765 | 78,274 |
| **Total assets** | | 47,076,967 | 44,901,643 |
| **Liabilities** | | | |
| Customers' deposits | 16 | 29,863,685 | 28,656,180 |
| Other funding instruments | 17 | 4,241,451 | 3,856,576 |
| Due to other banks | 18 | 1,419,208 | 1,334,461 |
| Creditors and accrued expenses | 19 | 630,511 | 657,829 |
| Lease liabilities | 20 | 225,550 | 270,599 |
| Taxation payable | | 101,314 | 40,748 |
| Bonds payable | 21 | 1,725,120 | 1,689,456 |
| Deferred income tax liability | 22 | 238,787 | 231,813 |
| **Total liabilities** | | 38,445,626 | 36,737,662 |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*

***(Expressed in Trinidad and Tobago dollars)***

| | | As at 30 September | |
|---|---|---|---|
| | Notes | 2024<br>$'000 | 2023<br>$'000 |
| **Shareholder's equity** | | | |
| Share capital | 23 | 458,557 | 458,557 |
| Statutory reserves | 24 | 1,248,938 | 1,241,412 |
| Retained earnings | | 6,026,503 | 5,605,080 |
| Other reserves | 25 | 897,343 | 858,932 |
| **Total shareholders' equity** | | 8,631,341 | 8,163,981 |
| **Total equity and liabilities** | | 47,076,967 | 44,901,643 |

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

On 26 November 2024, the Board of Directors of First Citizens Group Financial Holdings Limited authorised these consolidated financial statements for issue.

Director
Anthony Isidore Smart

Director
Colin Wharfe

# CONSOLIDATED INCOME STATEMENT

*(Expressed in Trinidad and Tobago dollars)*

| | Notes | Year ended 30 September 2024 $'000 | 2023 $'000 |
|---|---|---|---|
| Interest income calculated using the effective interest method | 26 | 2,354,394 | 2,113,003 |
| Interest expense | 27 | (290,524) | (255,707) |
| **Net interest income** | | 2,063,870 | 1,857,296 |
| Fees and commissions | 28 | 500,691 | 494,187 |
| Losses from disposal of FVOCI investment securities | | (6,136) | (14,410) |
| Other income | 29 | 175,484 | 135,383 |
| **Total net revenue** | | 2,733,909 | 2,472,456 |
| Credit impairment losses on loans | 10 | (13,686) | (56,163) |
| Credit impairment write back on investment securities | 30 | 9,671 | 17,735 |
| Impairment loss on non-financial assets | | (2,591) | -- |
| Administrative expenses | 31 | (872,755) | (823,838) |
| Other operating expenses | 32 | (617,232) | (564,514) |
| **Operating profit** | | 1,237,316 | 1,045,676 |
| Share of profit in joint ventures | 12(a) | 7,008 | 5,142 |
| Share of profit in associates | 12(b) | 25,228 | 19,034 |
| **Profit before taxation** | | 1,269,552 | 1,069,852 |
| Taxation | 33 | (312,642) | (293,102) |
| **Profit after taxation** | | 956,910 | 776,750 |
| **Earnings per share** | | | |
| Basic | | $3.79 | $3.08 |
| **Weighted average number of shares** | | | |
| Basic | | 251,353,562 | 251,353,562 |

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*(Expressed in Trinidad and Tobago dollars)*

| | Year ended 30 September | |
|---|---|---|
| | **2024** **$'000** | **2023** **$'000** |
| Profit for the year | 956,910 | 776,750 |
| **Other comprehensive income** | | |
| **Items that will not be reclassified to profit or loss** | | |
| Re-measurement of net defined benefit asset | (25,738) | (16,157) |
| Net gains/(losses) on investments in equity instruments designated at fair value through other comprehensive income | 12,596 | (70,853) |
| Revaluation of property and equipment | 365 | -- |
| | (12,777) | (87,010) |
| **Items that may be reclassified to profit or loss** | | |
| Exchange difference on translation | 3,520 | (2,433) |
| Net gains on financial debt instruments measured at fair value through other comprehensive income | 47,938 | 1,581 |
| Losses arising on disposal of debt instruments reclassified to profit or loss | 6,136 | 14,410 |
| | 57,594 | 13,558 |
| **Total other comprehensive income/(loss) for the year** | 44,817 | (73,452) |
| **Total comprehensive income for the year** | 1,001,727 | 703,298 |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*(Expressed in Trinidad and Tobago dollars)*

| | Share capital $'000 | Statutory reserves $'000 | Other reserves $'000 | Retained earnings $'000 | Total shareholders' equity $'000 |
|---|---|---|---|---|---|
| **Balance as at 1 October 2023** | 458,557 | 1,241,412 | 858,932 | 5,605,080 | 8,163,981 |
| Profit for the year | -- | -- | -- | 956,910 | 956,910 |
| Other comprehensive income for the year | -- | -- | 44,817 | -- | 44,817 |
| Transfer from reserve to retained earnings | -- | -- | (6,406) | 6,406 | -- |
| Transfer to statutory reserve | -- | 7,526 | -- | (7,526) | -- |
| **Total comprehensive income for the year** | -- | 7,526 | 38,411 | 955,790 | 1,001,727 |
| **Transactions with owners** | | | | | |
| Dividends provided for or paid | -- | -- | -- | (534,367) | (534,367) |
| **Balance at 30 September 2024** | 458,557 | 1,248,938 | 897,343 | 6,026,503 | 8,631,341 |
| | | | | | |
| **Balance as at 1 October 2022** | 458,557 | 1,241,412 | 932,384 | 5,266,954 | 7,899,307 |
| Profit for the year | -- | -- | -- | 776,750 | 776,750 |
| Other comprehensive loss for the year | -- | -- | (73,452) | -- | (73,452) |
| **Total comprehensive income for the year** | -- | -- | (73,452) | 776,750 | 703,298 |
| **Transactions with owners** | | | | | |
| Dividends provided for or paid | -- | -- | -- | (438,624) | (438,624) |
| **Balance at 30 September 2023** | 458,557 | 1,241,412 | 858,932 | 5,605,080 | 8,163,981 |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

*(Expressed in Trinidad and Tobago dollars)*

| | Notes | Year ended 30 September 2024 $'000 | 2023 $'000 |
|---|---|---|---|
| Profit before taxation | | 1,269,552 | 1,069,852 |
| **Adjustments to reconcile profit to net cash provided by operating activities:** | | | |
| Share of profit in associates | | (25,228) | (19,034) |
| Share of profit in joint ventures | | (7,008) | (5,142) |
| Depreciation | 13 | 100,131 | 90,614 |
| Interest income | | (2,354,394) | (2,113,003) |
| Interest expense | | 290,524 | 255,707 |
| Loss / (gain) on disposal of property and equipment | | 111 | (593) |
| Loss on disposal of investment securities | | 6,136 | 14,410 |
| Amortisation of premium/discount on investment securities | | (18,439) | (16,018) |
| Amortisation of bond issue cost | | 1,079 | 1,399 |
| Amortisation of intangible asset | 14 | 25,887 | 25,320 |
| Net movement in impairment allowance on other financial assets | | (17,033) | (34,031) |
| Net pension expense | 15 | 53,218 | 43,163 |
| Net impairment loss on non financial assets | | 2,591 | -- |
| Net movement in allowance for loan loss | | (33,091) | 28,598 |
| **Cash outflows from operating activities before changes in operating assets and liabilities** | | (705,964) | (658,758) |
| Net change in loans to customers | | (1,046,231) | (1,231,573) |
| Net change in customers' deposits | | 1,207,506 | 295,743 |
| Net change in other funding instruments | | 384,876 | (79,776) |
| Interest paid on lease liabilities | | (10,479) | (8,486) |
| Net change in other assets | | 149,822 | (172,226) |
| Net change in statutory deposits with Central Banks | | 1,263,031 | 1,416,549 |
| Dividends received | | 533 | 536 |
| Net change in creditors and accrued expenses | | (46,443) | 117,161 |
| Pension contributions paid | 15 | (55,306) | (54,480) |
| Interest received | | 2,331,910 | 2,054,984 |
| Interest paid | | (272,224) | (273,665) |
| Purchase of investment securities | | | |
| - Fair value through other comprehensive income | 8(a) | (13,853,754) | (5,570,737) |
| - Amortised cost | 9 | (235,045) | (241,212) |
| - Fair value through profit or loss | 8(b) | (4,681,888) | (479,880) |

# CONSOLIDATED STATEMENT OF CASH FLOWS *(CONTINUED)*

***(Expressed in Trinidad and Tobago dollars)***

| | Notes | Year ended 30 September 2024 $'000 | 2023 $'000 |
|---|---|---|---|
| Proceeds from sale of investment securities | | | |
| - Fair value through other comprehensive income | 8(a) | 10,243,293 | 6,095,202 |
| - Fair value through profit or loss | 8(b) | 4,687,167 | 483,024 |
| Proceeds from maturity/redemption of amortised cost investment securities | | 248,464 | 579,444 |
| Taxes refund | | -- | 31,301 |
| Taxes paid | | (258,634) | (240,298) |
| **Net cash (outflow) / inflow from operating activities** | | (649,366) | 2,062,853 |
| **Cash flows from investing activities** | | | |
| Purchase of short-term investments | | (1,651,306) | (804,429) |
| Proceeds from disposals of short-term investments | | 804,429 | 445,034 |
| Proceeds from disposal of property and equipment | | 4,169 | 3,962 |
| Purchase of intangible assets | 14 | (45,788) | (34,178) |
| Purchase of property and equipment | 13 | (155,343) | (80,544) |
| **Net cash outflow from investing activities** | | (1,043,839) | (470,155) |
| **Cash flows from financing activities** | | | |
| Proceeds from bond issued | 21 | 1,049,789 | 57,189 |
| Repayment of bonds payable | 21 | (1,014,125) | (1,318,902) |
| Repayment of lease liabilities | 19 | (52,713) | (49,200) |
| Repayment of loan note payable | | -- | (58,000) |
| Ordinary dividend paid | | (531,445) | (435,702) |
| Preference dividend paid | | (2,922) | (2,922) |
| **Net cash outflows from financing activities** | | (551,416) | (1,807,537) |
| **Net decrease in cash and cash equivalents** | | (2,244,621) | (214,839) |
| **Cash and cash equivalents at beginning of year** | | 4,413,891 | 4,626,277 |
| Effect of exchange rate changes | | 18,051 | 2,453 |
| **Cash and cash equivalents at end of year** | 6 | 2,187,321 | 4,413,891 |

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*(Expressed in Trinidad and Tobago dollars)*

## 1 General information

First Citizens Group Financial Holdings Limited (FCGFH) and its subsidiaries (together the Group or First Citizens Group) provide retail, commercial and corporate banking, investment banking services as well as trustee and asset management services. FCGFH is licensed under the Financial Institutions Act 2008, registered with the Trinidad and Tobago Securities and Exchange Commission in accordance with the Securities Act 2012 and listed on the Trinidad and Tobago Stock Exchange. The Group operates primarily in Trinidad and Tobago and the Eastern Caribbean region.

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

The Group currently comprises the following subsidiaries:

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

With effect from 1 October 2024, First Citizens Bank Limited (Bank) transferred the shares of First Citizens Depository Services Limited (FCDS), First Citizens Trustees Services Limited (FCTS), First Citizens Bank (Barbados) Limited (FCBB) and First Citizens Investment Services Limited (FCIS) to FCGFH, marking the end of the second and final phase of the First Citizens Group's corporate restructuring exercise.

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 material accounting policies

These notes provide a list of the material accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Bank and its Subsidiaries.

a. *Basis of preparation*

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards
- IAS Standards
- Interpretations developed by the IFRS Interpretations Committee (IFRIC Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations)

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, the net pension plan assets measured at fair value and derivative financial 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 judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement 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 IAS1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies (Effective 1 January 2023). The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

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

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

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

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

- Amendments to IAS 1 – Non-current liabilities with covenants (Effective 1 January 2024). These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

- Amendments to IFRS 16 – Leases on sales and Leaseback (Effective 1 January 2024). The amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

- Amendments to IAS 21 – Lack of Exchangeability (Effective 1 January 2025). The amendments introduce requirements to assess when a currency is exchangeable into another currency and when it is not. The amendments require an entity to estimate the spot exchange rate when it concludes that a currency is not exchangeable into another currency.

- Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments (Effective 1 January 2026). The amendments may significantly affect how entities account for the derecognition of financial liabilities and how financial assets are classified. The amendments permit an entity to early adopt only the amendments related to the classification of financial assets and the related disclosures and apply the remaining amendments later. This would be particularly useful to entities that wish to apply the amendments early for financial instruments with ESG (Environmental, Social and Governance)-linked or similar features.

- IFRS 18 – Presentation and Disclosures in Financial Statements (Effective 1 January 2027). This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:
  - the structure of the statement of profit or loss;
  - required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management defined performance measures); and
  - enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

(iii) *IFRS Sustainability Standards that are not yet effective and have not been early adopted by the Group*

- IFRS S1 – General requirements for disclosure of sustainability-related financial information (Effective 1 January 2024). This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.

- IFRS S2 – Climate-related disclosures information (Effective 1 January 2024). This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

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

## 2 Summary of material accounting policies (continued)

b. *Consolidation*

(i) *Principles of consolidation*

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

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

(ii) *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.

(iii) *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.

## 2 Summary of material accounting policies (continued)

b. *Consolidation (continued)*

(iv) *Investment in joint ventures*

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

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

(v) *Investment in associates*

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investment in associates includes goodwill identified on acquisition.

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

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

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and it's 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.

## 2 Summary of material accounting policies (continued)

c. *Foreign currency translation*

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Trinidad and Tobago dollars, which is the Group's presentation currency. The exchange rate between the TT dollar and the US dollar as at the date of these statements was TT$6.6926 = US$1.00 (2023: TT$6.6926 = US$1.00), which represent the Group's mid-rate. The exchange rate between the TT dollar and the Barbados dollar as at the date of these statements was TT$3.4102 = BB$1.00 (2023: TT$3.4102 = BB$1.00), which represent the Group's mid-rate.

(ii) *Transactions and balances*

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

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

(iii) *Group companies*

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

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

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

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. On consolidation, exchange differences arising from the translation of any net investment in foreign entities and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

## 2 Summary of material accounting policies (continued)

d. *Financial assets and financial liabilities*

(i) *Financial assets*

The Group classifies its financial assets based on the following business models:
- Hold to collect
- Hold to collect and sell or
- Held for trading

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

*Hold to Collect - Amortised cost*

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at fair value through profit and loss (FVPL) are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 3.a.v. Interest income from these financial assets is included in “Interest income” using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the consolidated income statement and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the consolidated income statement.

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

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

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

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

*Held for Trading - Fair value through profit or loss*

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

## 2 Summary of material accounting policies (continued)

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

(i) *Financial assets (continued)*

(a) *Debt instruments*

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

Classification and subsequent measurement of debt instruments depend on:

(i) the Group's business model for managing the asset; and
(ii) the cash flow characteristics of the asset.

*Group's business model*

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

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

*Solely payments of principal and interest (SPPI)*

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

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

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

## 2 **Summary of material accounting policies** (continued)

d. *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 from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Gains 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 material accounting policies (continued)

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

(i) *Financial assets (continued)*

(d) *Modification of loans (continued)*

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

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

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

(e) *Derecognition other than on a modification*

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

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

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

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

*(f) Write-off*

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

## 2 Summary of material accounting policies (continued)

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

(ii) *Financial liabilities*

(a) *Classification and subsequent measurement*

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

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

(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 material accounting policies (continued)

e. *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.v. 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.

f. *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.

g. *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.

h. *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 material accounting policies (continued)

i. *Lease transactions*

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

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

(i) *The Group as the lessee*

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

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

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

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

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

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

## 2 Summary of material accounting policies (continued)

i. *Lease transactions (continued)*

(ii) *The Group as the lessor*

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

j. *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 material accounting policies (continued)

k. *Income tax*

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

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

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

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

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

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

l. *Employee benefits*

(i) *Pension plans*

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

## 2 Summary of material accounting policies (continued)

l. *Employee benefits (continued)*

(i) *Pension plans (continued)*

The net asset/(liability) recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is calculated based on cash outflows allocated to current or prior periods using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

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

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

(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 share-based remuneration plan for its employees, which is settled in equity. Shares that have been allocated to employees but not yet transferred and are held in trust are classified as treasury shares. Unallocated shares  will be classified as Treasury Shares.

m. *Cash and cash equivalents*

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

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

## 2 Summary of material accounting policies (continued)

n. *Interest income and expense*

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

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

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

o. *Fee and commission income*

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

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

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

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

(i) *Retail and corporate banking services*

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

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

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

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

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

## 2 Summary of material accounting policies (continued)

o. *Fee and commission income (continued)*

(ii) *Treasury and investment banking*

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

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

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

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

(iii) *Asset management*

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

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

(iv) *Trustee services*

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

(v) *Brokerage & advisory services*

Brokerage & advisory fees are generally 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.

## 2 Summary of material accounting policies (continued)

p. *Dividend income*

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

q. *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.

r. *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.

s. *Dividend distribution*

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

t. *Preference shares*

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

u. *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.

## 2 Summary of material accounting policies (continued)

v. *Intangible assets*

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

(i) *Goodwill*

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

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

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

(ii) *Computer software*

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

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

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

(iii) *Other intangible assets*

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

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

## 2 Summary of material accounting policies (continued)

w. *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).

x. *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. Taking risk is core to the financial business, and operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

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

*Risk management framework*

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

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

To assist the Board of Directors in fulfilling its duties, two Board Sub-Committees 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 SMERMC. This unit is responsible for the identification, analysis, measurement, monitoring and control of credit, market and operational risks for the Group through the Group Credit Risk Management Unit (GCRM), Group Market Risk Unit (GMR), Group Operational Risk and Controls Unit (GORC). Group Enterprise Risk Management also facilitates the monitoring of the Group's risk profile in relation to its risk appetite and the impact of developments in the aforementioned risk areas on strategy and how strategy should be adjusted in light of these developments.

## 3 **Financial risk management** (continued)

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

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

a. *Credit risk*

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

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

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

(i) *Credit risk management*

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

*Loans and advances (including loan commitments and guarantees)*

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

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

## 3 Financial risk management (continued)

a. *Credit risk (continued)*

(ii) *Credit risk grading*

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

*Retail/consumer loans*

The IG code model is a qualitative assessment of key borrower information collected at the time of application such as debt servicing ability, credit history and quality of collateral. External data such as credit bureau scoring information is also used where available. Finally, expert judgement may also be applied where there are other relevant factors which may not be captured as part of the pre-defined data inputs into the model. Once the analysis is completed, the borrower is assigned an IG Code which would equate to an assessment of the PD ranging from extremely low risk (IG 98) to Very High Risk (IG 80).

*Corporate/commercial loans*

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

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

*Investment securities*

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

S&P/Moody's/Fitch/Caricris 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:

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

(iii) *Expected credit loss measurement*

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

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

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

## 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 | Deterioration or Downgrade equating to Three notches or more of the BRR |
| Absolute Measure | 31 days past due/Classified Special Mention | 31 days past due/Classified Special Mention |

*Loans – First Citizens Bank Barbados*

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

## 3 Financial risk management (continued)

a. *Credit risk (continued)*

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

*Investment securities*

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

The Group has not used the low credit risk exemption for any financial instruments in both the years ended 30 September 2023 and 2024.

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

*Loans*

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

## 3 Financial risk management (continued)

a. *Credit risk (continued)*

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

*Investment securities*

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

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

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

*Quantitative criteria*

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

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

*Qualitative criteria*

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

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

## 3 Financial risk management (continued)

a. *Credit risk (continued)*

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

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

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

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

*Purchase Originated Credit-Impaired (POCI)*

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

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

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

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

- PD represents the likelihood of a borrower defaulting on its financial obligation (as defined in note 3.a.iv), either over the next twelve (12) months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next twelve (12) months (12M EAD) or over the remaining lifetime (Lifetime EAD). The EAD is calculated as the outstanding balance of the loan.
- LGD is expressed as the percentage of loss expected to be incurred if the default occurs over the remaining expected lifetime of the loan. It is made up of two main elements; the recoverable value of the collateral (where available) and management's expectation of the extent of loss on a defaulted exposure based on the Group's own past recovery performance and can vary based on product type or seniority of claim. The recoverable value of collateral is calculated by first adjusting for the cost of disposal of the collateral and the expected time to sell the collateral, and then discounting by the effective interest rate of the facility to get the present value.

## 3 **Financial risk management** (continued)

a. *Credit risk (continued)*

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

*PDs*

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

*EAD*

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

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

*LGD*

LGDs for loans are determined based on historical recovery rates as well as the recoverable value of collateral. LGDs vary by product type and are influenced by the collection strategies of the specialist units managing the process (Note 3.a.vi). For sovereign investment securities, LGDs are obtained from Moody's Investor Services' Data Report on Sovereign Global Default and Recovery Rates (1983-2022). 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 2024, (2023: 7 years) for FCTT and fifteen (15) years for FCBB 2024, (2023: 15 years). In determining the tenor of these facilities, an average of the accounts in existence at the reporting date, together with the accounts closed over the last ten years was used to calculate the average life.

*Overdrafts*

In order to determine the lifetime of the consumer overdraft facilities, an average of the effective life of a consumer overdraft facility i.e. the time between an overdraft being opened and then closed was calculated for the historical period since inception. This calculation resulted in the identification of five (5) years and seven (7) years for personal and staff overdrafts respectively (2023: 5 years and 7 years). For commercial and corporate overdraft facilities, the lifetime is taken as one (1) year, as they undergo a robust annual review process.

## 3 **Financial risk management** (continued)

a. *Credit risk (continued)*

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

*Recovery rates*

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

*Credit conversion factors (CCF)*

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

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

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

*Loan portfolio*

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

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

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

## 3 Financial risk management (continued)

a. *Credit risk (continued)*

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

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

RETAIL LOAN PORTFOLIO

| *Trinidad and Tobago* | *Barbados* | *Weight* |
|---|---|---|
| Unemployment rate | Unemployment rate | 0.7 |
| Real GDP Growth | Real GDP Growth | 0.1 |
| Inflation | Inflation | 0.05 |
| Oil Price | 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 |
| Oil Price | Tourist Arrivals | FDI | 0.15 |
| ***Total*** | | | ***1*** |

## 3 Financial risk management (continued)

a. *Credit risk (continued)*

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

The weightings assigned to each economic scenario as at 30 September 2024 were as follows:-

| | Base | Upside | Downside |
|---|---|---|---|
| Loans | 80% | 10% | 10% |

The weightings assigned to each economic scenario as at 30 September 2023 were as follows:-

| | Base | Upside | Downside |
|---|---|---|---|
| Loans | 80% | 10% | 10% |

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

*Determination of macroeconomic scenarios and probabilities*

For each country in which the Group has investment securities, management performs scenario analysis to determine the impact of future economic conditions on the PD in these countries. Two key Macroeconomic Variables (MEVs) which drive the economy are determined for each sovereign. These MEVs are largely determined by Management's judgement, based on knowledge of the sovereign and will only be used in the model if they correlate with the credit rating drivers and meet a priori expectations. The MEVs' impact on each of the sovereign's credit rating drivers is quantified through ordinary least squares regression. 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 worst case. These new data points are inputted into the sovereign credit rating model and a new credit rating is derived in the worst and best cases for each sovereign. Data used in the update of the model as at 31 August 2024 incorporate the global economic conditions as at that particular point in time.

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 judgement and experience.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Management judgement 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.

## 3 Financial risk management (continued)

a. *Credit risk (continued)*

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

*Economic assumptions*

The most significant period-end assumptions used for the ECL estimate as at 30 September 2024 are set out below. The scenarios "base"," best" and "worst" were used for the investment portfolios.

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

*Retail portfolios*

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

*Corporate/Commercial portfolios*

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

*Sensitivity analysis*

Set out below are the changes to the loans ECLs that would result from reasonably possible changes in these parameters from the actual assumptions used by management in the base case estimate of the ECLs (for example, modifying the estimated unemployment rate by 1% in the base scenario to derive the impact on ECLs for the best and worst case scenarios):

| | September 2024 | | September 2023 | |
|---|---|---|---|---|
| **Unemployment Rates** | **PDs** | | **PDs** | |
| | **-1%** | **1%** | **-1%** | **1%** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| | (22,748) | 36,406 | (18,484) | 33,070 |

| | | | | |
|---|---|---|---|---|
| **GDP** | **LGDs** | | **LGDs** | |
| | **-5%** | **5%** | **-5%** | **5%** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| | (8,478) | 9,487 | (9,339) | 10,292 |

## 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..

(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 the Republic of Trinidad and Tobago (GORTT) to the Bank, that provided for the indemnification of the Bank against various claims, losses or liabilities if incurred by FCIS within a stipulated period of time after the date of acquisition in relation to obligations existing or default on assets owned by FCIS at the date of the acquisition.

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

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

The Ministry of Finance continues to recognise its commitment under the LSA agreement by way of granting consecutive extensions under the Liquidity Support Agreement for successive periods from 16 May 2015 with the most recent being from 1 March 2024 to 28 February 2025.

## 3 Financial risk management (continued)

a. *Credit risk (continued)*

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

(e) *Liquidity support agreement (continued)*

Interest continues to accrue at 4% and 5% for the CL Financial USD PNOTE and the CL Financial TTD commercial paper respectively. As at the statement of financial position date, the amount of Promissory Notes due was US$116,159,247 and the amount of the Commercial Paper due TT$284,310,724. The LSA extension was executed on 6 October 2023 confirming the extension to the expiration of the LSA on 28 February 2025. These are classified as amortised cost in the consolidated statement of financial position.

Further, the material indemnified amount outstanding under the LSA represents certain Promissory Note and Commercial Paper obligations which were and are due and owing by CL Financial Limited (CLF) to CMMB (now First Citizens Investment Services Limited ("FCIS")). The GORTT has since petitioned to the Court to wind up CL Financial Limited (CLF) on the basis that CLF was unable to pay its debts and that it was just and equitable that the CLF be wound up. On 25 July 2017, the Court of Appeal, ordered the appointment of a joint provisional liquidator over the assets of CLF pending the determination of the winding up petition. The Liquidator for CLF acknowledged the USD denominated tranches of FCIS' claim by letter dated 28 September 2020 and the TTD denominated tranches of FCIS' claim by letter dated 21 April 2023. The Bank continues to pursue the Liquidator for CLF on the acknowledged amounts.

In keeping with the terms of the LSA and the said indemnity, the Bank continues to make claims against the GORTT, including Claim No. 16 dated 21 July 2023 and updated letters of 11 April 2024 and 18 April 2024 for full settlement in accordance with the Bank's right to be indemnified in respect of the CLF obligations in the LSA. In addition to these efforts, the GORTT and the Bank, will continue to discuss options to settle the CLF obligations in the LSA. All principal and interest payments due on these advances are covered under the LSA.

(f) *Credit-related commitments*

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

(g) *Impairment and provisioning policies*

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

## 3 Financial risk management (continued)

a. *Credit risk (continued)*

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

| | Gross maximum exposure 2024 $'000 | Gross maximum exposure 2023 $'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 | 5,257,835 | 6,552,782 |
| Statutory deposit with Central Banks | 2,472,872 | 3,735,904 |
| Investment securities | | |
| - Fair value through other comprehensive income | 10,941,449 | 7,248,259 |
| - Amortised cost | 4,655,953 | 4,651,301 |
| - Fair value through profit and loss | 20,240 | 19,738 |
| Loans to customers | 21,566,282 | 20,520,050 |
| Other assets | 462,820 | 586,087 |
| Credit commitments | 862,315 | 913,247 |
| Financial guarantees | 177,046 | 160,293 |
| | 46,416,812 | 44,387,661 |

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

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

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

| | Retail Loans 30 September 2024 | | | |
|---|---|---|---|---|
| | Stage 1 12-month ECL $'000 | Stage 2 Lifetime ECL $'000 | Stage 3 Lifetime ECL $'000 | Total $'000 |
| Instalment loans | 2,501,598 | 189,695 | 152,540 | 2,843,833 |
| Demand loans | 593,595 | 36,470 | 86,271 | 716,336 |
| Overdrafts | 91,136 | 884 | 4,174 | 96,194 |
| Credit card | 639,591 | 10,255 | 50,163 | 700,009 |
| Mortgages | 2,960,375 | 177,095 | 247,961 | 3,385,431 |
| **Gross loans** | 6,786,295 | 414,399 | 541,109 | 7,741,803 |
| Loss allowance | (18,502) | (11,464) | (252,203) | (282,169) |
| **Carrying balance** | 6,767,793 | 402,935 | 288,906 | 7,459,634 |

## 3 Financial risk management (continued)

a. *Credit risk (continued)*

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

| | Retail Loans 30 September 2023 | | | |
|---|---|---|---|---|
| | Stage 1 12-month ECL $'000 | Stage 2 Lifetime ECL $'000 | Stage 3 Lifetime ECL $'000 | Total $'000 |
| Instalment loans | 1,832,928 | 258,433 | 142,665 | 2,234,026 |
| Demand loans | 494,488 | 45,247 | 77,467 | 617,202 |
| Overdrafts | 88,428 | 757 | 7,480 | 96,665 |
| Credit card | 599,543 | 9,552 | 49,340 | 658,435 |
| Mortgages | 2,526,479 | 418,959 | 263,585 | 3,209,023 |
| **Gross loans** | 5,541,866 | 732,948 | 540,537 | 6,815,351 |
| Loss allowance | (15,574) | (13,316) | (243,477) | (272,367) |
| **Carrying balance** | 5,526,292 | 719,632 | 297,060 | 6,542,984 |

| | Commercial & Corporate Loans 30 September 2024 | | | |
|---|---|---|---|---|
| | Stage 1 12-month ECL $'000 | Stage 2 Lifetime ECL $'000 | Stage 3 Lifetime ECL $'000 | Total $'000 |
| **Type of facility** | | | | |
| Demand loan | 11,494,984 | 1,293,621 | 551,076 | 13,339,681 |
| Overdraft | 383,059 | 68,771 | 32,967 | 484,797 |
| **Gross loans** | 11,878,043 | 1,362,392 | 584,043 | 13,824,478 |
| Loss allowance | (6,612) | (6,791) | (101,859) | (115,262) |
| **Carrying balance** | 11,871,431 | 1,355,601 | 482,184 | 13,709,216 |

## 3 Financial risk management (continued)

a. *Credit risk (continued)*

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

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

| | Investment Securities 30 September 2024 | | | | |
|---|---|---|---|---|---|
| | 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 | 12,550,013 | -- | -- | -- | 12,550,013 |
| Standard monitoring | 2,330,895 | -- | -- | -- | 2,330,895 |
| Special monitoring | -- | -- | -- | 716,494 | 716,494 |
| **Gross loans** | 14,880,908 | -- | -- | 716,494 | 15,597,402 |
| Loss allowance | (16,253) | -- | -- | -- | (16,253) |
| **Carrying balance** | 14,864,655 | -- | -- | 716,494 | 15,581,149 |

## 3 Financial risk management (continued)

a. *Credit risk (continued)*

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

**Investment Securities**
**30 September 2023**

| | 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 | 8,747,952 | -- | -- | -- | 8,747,952 |
| Standard monitoring | 2,395,189 | 22,371 | -- | -- | 2,417,560 |
| Special monitoring | -- | -- | -- | 734,048 | 734,048 |
| **Gross loans** | 11,143,141 | 22,371 | -- | 734,048 | 11,899,560 |
| Loss allowance | (23,302) | (555) | -- | -- | (23,857) |
| **Carrying balance** | 11,119,839 | 21,816 | -- | 734,048 | 11,875,703 |

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).

**Retail Loans**

| | 30 September 2024 | | | | 30 September 2023 | | |
|---|---|---|---|---|---|---|---|
| IG | Gross Balance $'000 | ECL Allowance $'000 | Carrying Balance $'000 | IG | Gross Balance $'000 | ECL Allowance $'000 | Carrying Balance $'000 |
| 65 | 278,982 | (67,384) | 211,598 | 65 | 291,069 | (75,553) | 215,516 |
| 80 | 169,342 | (11,881) | 157,461 | 80 | 207,307 | (12,601) | 194,706 |
| 85 | 2,334,672 | (109,485) | 2,225,187 | 85 | 2,198,010 | (101,404) | 2,096,606 |
| 90 | 3,353,372 | (32,417) | 3,320,955 | 90 | 2,677,438 | (19,452) | 2,657,986 |
| 95 | 790,391 | (2,072) | 788,319 | 95 | 686,028 | (1,661) | 684,367 |
| 98 | 23,485 | (84) | 23,401 | 98 | 4,631 | (12) | 4,619 |
| Credit cards | 700,009 | (55,783) | 644,226 | Credit cards | 658,436 | (55,175) | 603,261 |
| DDA | 91,550 | (3,063) | 88,487 | DDA | 92,432 | (6,509) | 85,923 |
| **Gross loans** | 7,741,803 | (282,169) | 7,459,634 | **Gross loans** | 6,815,351 | (272,367) | 6,542,984 |

## 3 Financial risk management (continued)

a. *Credit risk (continued)*

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

**Commercial & Corporate Loans**
**30 September 2024**

| BRR | 1<br>$'000 | 2<br>$'000 | 3<br>$'000 | 4<br>$'000 | 5<br>$'000 | 6<br>$'000 | 7<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|---|---|---|---|
| Gross loans | 72 | 856 | 2,942,396 | 3,980,907 | 3,180,724 | 2,598,923 | 471,744 | 13,175,622 |
| Loss allowance | -- | -- | (1,257) | (4,774) | (3,089) | (3,577) | (79,183) | (91,880) |
| **Carrying balance** | 72 | 856 | 2,941,139 | 3,976,133 | 3,177,635 | 2,595,346 | 392,561 | 13,083,742 |

| IG- ratings | 60<br>$'000 | 65<br>$'000 | 80<br>$'000 | 85<br>$'000 | 90<br>$'000 | 95<br>$'000 | 98<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|---|---|---|---|
| Gross loans | -- | 74,033 | 82,424 | 192,458 | 286,423 | 12,037 | 1,481 | 648,856 |
| Loss allowance | -- | (19,945) | (334) | (2,055) | (1,029) | (19) | -- | (23,382) |
| **Carrying balance** | -- | 54,088 | 82,090 | 190,403 | 285,394 | 12,018 | 1,481 | 625,474 |

**Commercial & Corporate Loans**
**30 September 2023**

| BRR | 1<br>$'000 | 2<br>$'000 | 3<br>$'000 | 4<br>$'000 | 5<br>$'000 | 6<br>$'000 | 7<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|---|---|---|---|
| Gross loans | 184 | 236 | 3,133,014 | 3,364,719 | 3,491,162 | 2,549,222 | 395,362 | 12,933,899 |
| Loss allowance | -- | -- | (1,225) | (2,624) | (2,799) | (53,809) | (76,723) | (137,180) |
| **Carrying balance** | 184 | 236 | 3,131,789 | 3,362,095 | 3,488,363 | 2,495,413 | 318,639 | 12,796,719 |

| IG- ratings | 60<br>$'000 | 65<br>$'000 | 80<br>$'000 | 85<br>$'000 | 90<br>$'000 | 95<br>$'000 | 98<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|---|---|---|---|
| Gross loans | -- | 76,794 | 39,224 | 293,088 | 334,347 | 26,714 | 633 | 770,800 |
| Loss allowance | -- | (16,716) | (673) | (2,626) | (955) | (6) | -- | (20,976) |
| **Carrying balance** | -- | 60,078 | 38,551 | 290,462 | 333,392 | 26,708 | 633 | 749,824 |

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

## 3 Financial risk management (continued)

a. *Credit risk (continued)*

(xi) *Credit-impaired assets collateral held*

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

**Credit impaired assets**

| 30 September 2024 | Gross exposure $'000 | Impairment allowance $'000 | Carrying amount $'000 | Fair value of collateral held $'000 |
|---|---|---|---|---|
| **Individual (retail customers)** | | | | |
| Instalment loans | 152,540 | (131,124) | 21,416 | 51,541 |
| Demand loans | 86,271 | (25,700) | 60,571 | 89,271 |
| Overdrafts | 4,174 | (4,009) | 165 | 283 |
| Credit cards | 50,163 | (50,163) | -- | -- |
| Mortgages | 247,961 | (41,207) | 206,754 | 289,768 |
| Sub-total | 541,109 | (252,203) | 288,906 | 430,863 |
| **Corporate & Commercial** | | | | |
| Demand loans | 551,076 | (99,461) | 451,615 | 1,398,502 |
| Overdrafts | 32,967 | (2,399) | 30,568 | 575,509 |
| Sub-total | 584,043 | (101,860) | 482,183 | 1,974,011 |
| **Total loans to customers** | 1,125,152 | (354,063) | 771,089 | 2,404,874 |

## 3 Financial risk management (continued)

a. *Credit risk (continued)*

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

**Credit impaired assets**

| 30 September 2023 | Gross exposure $'000 | Impairment allowance $'000 | Carrying amount $'000 | Fair value of collateral held $'000 |
|---|---|---|---|---|
| **Individual (retail customers)** | | | | |
| Instalment loans | 142,665 | (117,351) | 25,314 | 57,846 |
| Demand loans | 77,467 | (21,705) | 55,762 | 84,573 |
| Overdrafts | 7,480 | (7,349) | 131 | 875 |
| Credit cards | 49,340 | (49,365) | (25) | -- |
| Mortgages | 263,585 | (47,707) | 215,878 | 301,071 |
| Sub-total | 540,537 | (243,477) | 297,060 | 444,365 |
| **Corporate & Commercial** | | | | |
| Demand loans | 566,816 | (144,567) | 422,249 | 1,394,986 |
| Overdrafts | 38,587 | (3,952) | 34,635 | 614,705 |
| Sub-total | 605,403 | (148,519) | 456,884 | 2,009,691 |
| **Total loans to customers** | 1,145,940 | (391,996) | 753,944 | 2,454,056 |

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 2024 $'000 | Credit-impaired (Gross carrying amount) September 2023 $'000 |
|---|---|---|
| Lower than 50% | 19,483 | 19,465 |
| 50 to 60% | 8,026 | 6,084 |
| 60 to 70% | 10,681 | 16,269 |
| 70 to 80% | 9,691 | 13,891 |
| 80 to 90% | 30,257 | 17,963 |
| 90 to 100% | 16,130 | 19,702 |
| greater than 100% | 153,693 | 170,211 |
| **Total** | 247,961 | 263,585 |

## 3 **Financial risk management** (continued)

a. *Credit risk (continued)*

(xii) *Loss allowance*

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

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent step up (or step down) between 12 month and lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from periodic refreshing of inputs to models; currently ten years of data for PDs are being used and management's intention is to maintain this ten year rolling average for the PDs.
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets that were written off during the period (3.a.xiii).
- The Government of Barbados bonds were recognised as at 1 October 2018 as Purchased or Originated Credit Impaired (POCI). These bonds originated at a deep discount that reflects incurred credit losses. An effective interest rate based in the expected cash flows net of expected credit losses is used. This is known as at Credit Adjusted Effective Interest Rate (CAEIR).
- The total amount of undiscounted expected credit losses at initial recognition for Originated credit-impaired financial assets recognised during the period was $9.2million (2023: $15.3 million).

## 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 Loans**

| | Stage 1 12-month ECL $'000 | Stage 2 Lifetime ECL $'000 | Stage 3 Lifetime ECL $'000 | Total $'000 |
|---|---|---|---|---|
| **Loss allowance as at 1 October 2023** | 15,574 | 13,316 | 243,477 | 272,367 |
| **Movement with P&L Impact** | | | | |
| Transfer from stage 1 to stage 2 | (533) | 4,113 | -- | 3,580 |
| Transfer from stage 1 to stage 3 | (151) | -- | 16,661 | 16,510 |
| Transfer from stage 2 to stage 1 | 610 | (4,771) | -- | (4,161) |
| Transfer from stage 2 to stage 3 | -- | (1,417) | 14,599 | 13,182 |
| Transfer from stage 3 to stage 1 | 5 | -- | (765) | (760) |
| Transfer from stage 3 to stage 2 | -- | 11 | (467) | (456) |
| New financial assets originated | 6,355 | 4,680 | 9,605 | 20,640 |
| Change in PDs/LGDs/EADs | (476) | (1,498) | (15,500) | (17,474) |
| Repayments | (2,882) | (2,970) | (3,665) | (9,517) |
| FX and other movements | -- | -- | -- | -- |
| **Total net P&L charge during the period** | 2,928 | (1,852) | 20,468 | 21,544 |
| **Other movement with no P&L impact** | | | | |
| Write-offs | -- | -- | (11,742) | (11,742) |
| **Loss allowance as at 30 September 2024** | 18,502 | 11,464 | 252,203 | 282,169 |

## 3 Financial risk management (continued)

a. *Credit risk (continued)*

(xii) *Loss allowance (continued)*

**Retail Loans**

| | Stage 1 12-month ECL $'000 | Stage 2 Lifetime ECL $'000 | Stage 3 Lifetime ECL $'000 | Total $'000 |
|---|---|---|---|---|
| **Loss allowance as at 1 October 2022** | 18,614 | 15,911 | 263,865 | 298,390 |
| **Movement with P&L Impact** | | | | |
| Transfer from stage 1 to stage 2 | (840) | 3,829 | -- | 2,989 |
| Transfer from stage 1 to stage 3 | (159) | -- | 9,972 | 9,813 |
| Transfer from stage 2 to stage 1 | 248 | (1,837) | -- | (1,589) |
| Transfer from stage 2 to stage 3 | -- | (2,211) | 16,830 | 14,619 |
| Transfer from stage 3 to stage 1 | 35 | -- | (5,869) | (5,834) |
| Transfer from stage 3 to stage 2 | -- | 140 | (2,683) | (2,543) |
| New financial assets originated | 3,663 | 3,667 | 10,630 | 17,960 |
| Change in PDs/LGDs/EADs | (1,768) | (2,590) | (9,120) | (13,478) |
| Repayments | (4,219) | (3,593) | (3,168) | (10,980) |
| **Total net P&L charge during the period** | (3,040) | (2,595) | 16,592 | 10,957 |
| **Other movement with no P&L impact** | | | | |
| Write-offs | -- | -- | (36,980) | (36,980) |
| **Loss allowance as at 30 September 2023** | 15,574 | 13,316 | 243,477 | 272,367 |

## 3 Financial risk management (continued)

a. *Credit risk (continued)*

(xii) *Loss allowance (continued)*

**Commercial & Corporate Loans**

| | Stage 1 12-month ECL $'000 | Stage 2 Lifetime ECL $'000 | Stage 3 Lifetime ECL $'000 | Total $'000 |
|---|---|---|---|---|
| **Loss allowance as at 1 October 2023** | 5,688 | 3,949 | 148,519 | 158,156 |
| **Movement with P&L Impact** | | | | |
| Transfer from stage 1 to stage 2 | (483) | 5,817 | -- | 5,334 |
| Transfer from stage 1 to stage 3 | (48) | -- | 1,889 | 1,841 |
| Transfer from stage 2 to stage 1 | 335 | (2,213) | -- | (1,878) |
| Transfer from stage 2 to stage 3 | -- | (15) | 483 | 468 |
| New financial assets originated | 2,755 | 570 | 2 | 3,327 |
| Change in PDs/LGDs/EADs | (689) | (249) | (3,408) | (4,346) |
| Repayments | (895) | (1,096) | (6,325) | (8,316) |
| Unwind of discounts | (51) | 28 | (484) | (507) |
| FX and other movements | -- | -- | -- | -- |
| **Total net P&L charge during the period** | 924 | 2,842 | (7,843) | (4,077) |
| **Other movement with no P&L impact** | | | | |
| Write-offs | -- | -- | (38,817) | (38,817) |
| **Loss allowance as at 30 September 2024** | 6,612 | 6,791 | 101,859 | 115,262 |

## 3 Financial risk management (continued)

a. *Credit risk (continued)*

(xii) *Loss allowance (continued)*

**Commercial & Corporate Loans**

| | Stage 1 12-month ECL $'000 | Stage 2 Lifetime ECL $'000 | Stage 3 Lifetime ECL $'000 | Total $'000 |
|---|---|---|---|---|
| **Loss allowance as at 1 October 2022** | 5,346 | 8,267 | 89,921 | 103,534 |
| **Movement with P&L Impact** | | | | |
| Transfer from stage 1 to stage 2 | (222) | 1,390 | -- | 1,168 |
| Transfer from stage 1 to stage 3 | (1) | -- | 384 | 383 |
| Transfer from stage 2 to stage 1 | 340 | (1,680) | -- | (1,340) |
| Transfer from stage 2 to stage 3 | -- | (18) | 1,817 | 1,799 |
| New financial assets originated | 1,399 | 1,491 | 2,345 | 5,235 |
| Change in PDs/LGDs/EADs | 1,631 | (307) | 56,773 | 58,097 |
| Repayments | (2,805) | (5194) | (2,721) | (10,720) |
| **Total net P&L charge during the period** | 342 | (4,318) | 58,598 | 54,622 |
| **Loss allowance as at 30 September 2023** | 5,688 | 3,949 | 148,519 | 158,156 |

**Investment Securities**

| | Stage 1 12-month ECL $'000 | Stage 2 Lifetime ECL $'000 | Stage 3 Lifetime ECL $'000 | Total $'000 |
|---|---|---|---|---|
| **Loss allowance as at 1 October 2023** | 23,302 | 555 | -- | 23,857 |
| **Movement with P&L Impact** | | | | |
| Transfer from stage 2 to stage 1 | 555 | (555) | -- | -- |
| New financial assets originated | 549 | -- | -- | 549 |
| Change in PDs/LGDs/EADs/Collateral App | (5,598) | -- | -- | (5,598) |
| Repayments | (1,139) | -- | -- | (1,139) |
| FX and other movements | (1,416) | -- | -- | (1,416) |
| **Total net P&L charge during the period** | (7,049) | (555) | -- | (7,604) |
| **Other movement with no P&L impact** | | | | |
| Financial assets derecognised during the period | -- | -- | -- | -- |
| **Loss allowance as at 30 September 2024** | 16,253 | -- | -- | 16,253 |

## 3 Financial risk management (continued)

a. *Credit risk (continued)*

(xii) *Loss allowance (continued)*

**Investment Securities**

| | Stage 1 12-month ECL $'000 | Stage 2 Lifetime ECL $'000 | Stage 3 Lifetime ECL $'000 | Total $'000 |
|---|---|---|---|---|
| **Loss allowance as at 1 October 2022** | 37,241 | 5,260 | -- | 42,501 |
| **Movement with P&L Impact** | | | | |
| Transfer from stage 2 to stage 1 | -- | -- | -- | -- |
| New financial assets originated | 253 | -- | -- | 253 |
| Change in PDs/LGDs/EADs/Collateral App | (13,312) | (2,489) | -- | (15,801) |
| Repayments | (901) | (2,216) | -- | (3,117) |
| FX and other movements | 21 | -- | -- | 21 |
| **Total net P&L charge during the period** | (13,939) | (4,705) | -- | (18,644) |
| **Other movement with no P&L impact** | | | | |
| Financial assets derecognised during the period | -- | -- | -- | -- |
| **Loss allowance as at 30 September 2023** | 23,302 | 555 | -- | 23,857 |

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 Loans**

| | 30 September 2024 | | | |
|---|---|---|---|---|
| | 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 2023** | 5,541,866 | 732,948 | 540,537 | 6,815,351 |
| Transfer from stage 1 to stage 2 | (166,200) | 140,265 | -- | (25,935) |
| Transfer from stage 1 to stage 3 | (36,237) | -- | 29,620 | (6,617) |
| Transfer from stage 2 to stage 1 | 316,768 | (367,212) | -- | (50,444) |
| Transfer from stage 2 to stage 3 | -- | (50,233) | 40,986 | (9,247) |
| Transfer from stage 3 to stage 1 | 6,348 | -- | (6,942) | (594) |
| Transfer from stage 3 to stage 2 | -- | 5,172 | (5,772) | (600) |
| New financial assets originated | 2,229,595 | 92,541 | 12,788 | 2,334,924 |
| Repayments | (1,105,845) | (139,082) | (58,366) | (1,303,293) |
| Write-off | -- | -- | (11,742) | (11,742) |
| **Gross carrying amount as at 30 September 2024** | 6,786,295 | 414,399 | 541,109 | 7,741,803 |

## 3 Financial risk management (continued)

a. *Credit risk (continued)*

(xii) *Loss allowance (continued)*

**Retail Loans**

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

(xiii) *Gross carrying amount*

**Commercial & Corporate Loans**

| | 30 September 2024 | | | |
|---|---|---|---|---|
| | 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 2023** | 9,185,450 | 3,913,846 | 605,403 | 13,704,699 |
| Transfer from stage 1 to stage 2 | (596,948) | 645,352 | -- | 48,404 |
| Transfer from stage 1 to stage 3 | (16,478) | -- | 15,545 | (933) |
| Transfer from stage 2 to stage 1 | 2,671,295 | (2,872,608) | -- | (201,313) |
| Transfer from stage 2 to stage 3 | -- | (62,174) | 52,174 | (10,000) |
| Transfer from stage 3 to stage 1 | 1,197 | -- | (1,115) | 82 |
| Transfer from stage 3 to stage 2 | -- | 508 | (760) | (252) |
| New financial assets originated | 2,947,775 | 293,601 | 13,654 | 3,255,030 |
| Repayments | (2,314,248) | (556,133) | (62,041) | (2,932,422) |
| Write-off | -- | -- | (38,817) | (38,817) |
| **Gross carrying amount as at 30 September 2024** | 11,878,043 | 1,362,392 | 584,043 | 13,824,478 |

## 3 Financial risk management (continued)

a. *Credit risk (continued)*

(xiii) *Gross carrying amount (continued)*

**Commercial & Corporate Loans**

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

**Investments Securities**

| | 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 2023** | 11,143,141 | 22,371 | -- | 734,048 | 11,899,560 |
| Transfer from stage 2 to stage 1 | 22,371 | (22,371) | -- | -- | -- |
| New financial assets originated | 14,069,118 | -- | -- | 19,680 | 14,088,798 |
| Change in PDs/LGDs/EADs | (194) | -- | -- | 1,435 | 1,241 |
| Repayments | (10,449,560) | -- | -- | (46,154) | (10,495,714) |
| Unwind of discounts | 113,724 | -- | -- | 6,587 | 120,311 |
| FX and other movements | (17,692) | -- | -- | 898 | (16,794) |
| **Gross carrying balance as at 30 September 2024** | 14,880,908 | -- | -- | 716,494 | 15,597,402 |

## 3 Financial risk management (continued)

a. *Credit risk (continued)*

(xiii) *Gross carrying amount (continued)*

**Investments Securities**

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

(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. During the year ended 30 September 2024, $50.5 million of financial assets were written off (2023: Nil). The Group still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

(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.d.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:

| | 2024 Gross maximum exposure $'000 | 2023 Gross maximum exposure $'000 |
|---|---|---|
| Cash and due from other banks | 5,257,835 | 6,552,782 |
| Statutory deposits | 2,472,872 | 3,735,904 |
| Consumer | 4,834,794 | 4,108,794 |
| Agriculture | 162,329 | 22,406 |
| Petroleum | 1,076,426 | 1,118,551 |
| Manufacturing | 772,087 | 603,838 |
| Construction | 1,290,375 | 1,378,748 |
| Distribution | 1,229,949 | 975,878 |
| Hotels and guest houses | 1,952,987 | 1,972,158 |
| Transport, storage and communications | 1,113,957 | 1,025,323 |
| Finance, insurance and real estate | 9,254,525 | 5,966,231 |
| Other business services | 2,849,035 | 2,236,245 |
| Personal services | 22,765 | 22,333 |
| Real estate mortgages | 3,702,464 | 3,385,922 |
| Government related | 8,922,231 | 9,603,183 |
| Credit commitments | 862,315 | 913,247 |
| Financial guarantee | 177,046 | 160,293 |
| Other assets | 462,820 | 586,087 |
| **Total** | 46,416,812 | 44,367,923 |

## 3 **Financial risk management** (continued)

b. *Market risk*

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

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

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

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

(i) *Currency risk*

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

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

## 3 Financial risk management (continued)

b. *Market risk (continued)*

(i) *Currency risk (continued)*

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

| | TT$ $'000 | US$ $'000 | Other $'000 | Total $'000 |
|---|---|---|---|---|
| **As at 30 September 2024** | | | | |
| **Financial assets** | | | | |
| Cash and due from other banks | 369,478 | 3,772,678 | 1,115,679 | 5,257,835 |
| Statutory deposits with central banks | 2,318,951 | 18,992 | 134,929 | 2,472,872 |
| Investment securities | | | | |
| - Fair value through other comprehensive income | 4,684,223 | 6,236,119 | 432,269 | 11,352,611 |
| - Amortised cost | 2,290,397 | 1,021,016 | 1,330,428 | 4,641,841 |
| - Fair value through profit or loss | 20,240 | 225 | 339 | 20,804 |
| Loans to customers | 12,914,375 | 6,412,033 | 1,842,442 | 21,168,850 |
| Other assets | 1,054,486 | (635,823) | 44,157 | 462,820 |
| Investments accounted for using equity methods | 58,550 | 213,428 | -- | 271,978 |
| **Total financial assets** | 23,710,700 | 17,038,668 | 4,900,243 | 45,649,611 |
| **Financial liabilities** | | | | |
| Customers' deposits | 20,478,086 | 6,373,487 | 3,012,112 | 29,863,685 |
| Other funding instruments | 1,744,360 | 1,146,039 | 1,351,051 | 4,241,450 |
| Due to other banks | 200,633 | 1,114,831 | 103,744 | 1,419,208 |
| Lease liabilities | 222,095 | -- | 3,455 | 225,550 |
| Bonds payable | 1,000,000 | 618,142 | 106,978 | 1,725,120 |
| Creditors and accrued expenses | 490,007 | 68,342 | 72,162 | 630,511 |
| **Total financial liabilities** | 24,135,181 | 9,320,841 | 4,649,502 | 38,105,524 |
| **Net on balance sheet position** | (424,481) | 7,717,827 | 250,741 | 7,544,087 |
| Off balance sheet items | 136,977 | 37,866 | 2,203 | 177,046 |
| Credit commitments | 289,567 | 229,300 | 343,448 | 862,315 |

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

## 3 Financial risk management (continued)

b. *Market risk (continued)*

(i) *Currency risk (continued)*

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

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

If the TT$ appreciates by 25 basis points against the US$, the profit would decrease by $17.4 million (2023: decrease by $17.4 million). The average change for the last three (3) years was nil (2023: Nil). There were no changes for 2024 (2023: Nil).

(ii) *Interest rate risk*

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

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

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

## 3 Financial risk management (continued)

b. *Market risk (continued)*

(ii) *Interest rate risk (continued)*

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

| | Up to 1 month $'000 | 1 to 3 months $'000 | 3 to 12 months $'000 | 1 to 5 years $'000 | Over 5 years $'000 | Non-interest bearing $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|
| **As at 30 September 2023** | | | | | | | |
| **Financial assets** | | | | | | | |
| Cash and due from other banks | 3,283,814 | 565,731 | 518,070 | -- | -- | 890,220 | 5,257,835 |
| Statutory deposits with central banks | 18,993 | -- | -- | -- | -- | 2,453,879 | 2,472,872 |
| Investment securities | | | | | | | |
| - Fair value through other comprehensive income | 233,606 | 245,204 | 2,838,328 | 5,748,225 | 1,877,100 | 410,148 | 11,352,611 |
| - Amortised cost | 46,009 | 25,537 | 1,611,105 | 1,390,045 | 1,572,205 | (3,062) | 4,641,839 |
| - Fair value through profit or loss | 20,240 | -- | -- | -- | -- | 564 | 20,804 |
| Loans to customers | 2,211,235 | 1,088,217 | 3,151,125 | 8,810,002 | 5,909,964 | (1,693) | 21,168,850 |
| Investments accounted for using equity methods | -- | -- | -- | -- | -- | 271,978 | 271,978 |
| Other assets | -- | -- | -- | -- | -- | 462,820 | 462,820 |
| **Total financial assets** | 5,813,897 | 1,924,689 | 8,118,628 | 15,948,272 | 9,359,269 | 4,484,854 | 45,649,609 |
| **Financial liabilities** | | | | | | | |
| Customers' deposits | 24,694,022 | 815,602 | 2,128,374 | 423,516 | 153 | 1,802,018 | 29,863,685 |
| Other funding instruments | 809,411 | 720,302 | 1,809,583 | 902,154 | -- | -- | 4,241,450 |
| Due to other banks | 32,080 | -- | 1,131 | 1,282,253 | -- | 103,744 | 1,419,208 |
| Bonds payable | -- | -- | 675,331 | 49,789 | 1,000,000 | -- | 1,725,120 |
| Creditors and accrued expenses | -- | -- | -- | -- | -- | 630,511 | 630,511 |
| **Total financial liabilities** | 25,535,513 | 1,535,904 | 4,614,419 | 2,657,712 | 1,000,153 | 2,536,273 | 37,879,974 |
| **Interest sensitivity gap** | (19,721,616) | 388,785 | 3,504,209 | 13,290,560 | 8,359,116 | | |

## 3 Financial risk management (continued)

b. *Market risk (continued)*

(ii) *Interest rate risk (continued)*

| | Up to 1 month $'000 | 1 to 3 months $'000 | 3 to 12 months $'000 | 1 to 5 years $'000 | Over 5 years $'000 | Non-interest bearing $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|
| **As at 30 September 2023** | | | | | | | |
| **Financial assets** | | | | | | | |
| Cash and due from other banks | 5,159,778 | 135,042 | 203,457 | -- | -- | 1,054,505 | 6,552,782 |
| Statutory deposits with central banks | 13,914 | -- | -- | -- | -- | 3,721,990 | 3,735,904 |
| Investment securities | | | | | | | |
| - Fair value through other comprehensive income | 402,165 | 207,043 | 1,145,577 | 3,097,888 | 2,393,597 | 403,860 | 7,650,130 |
| - Amortised cost | 899 | 29,686 | 1,203,097 | 1,826,884 | 1,572,664 | (3,881) | 4,629,349 |
| - Fair value through profit or loss | 19,738 | -- | -- | -- | -- | 560 | 20,298 |
| Loans to customers | 1,823,383 | 941,393 | 3,228,522 | 8,596,474 | 5,500,539 | (784) | 20,089,527 |
| Investments accounted for using equity methods | -- | -- | -- | -- | -- | 253,822 | 253,822 |
| Other assets | -- | -- | -- | -- | -- | 586,087 | 586,087 |
| **Total financial assets** | 7,419,877 | 1,313,164 | 5,780,653 | 13,521,246 | 9,466,800 | 6,016,159 | 43,517,899 |
| **Financial liabilities** | | | | | | | |
| Customers' deposits | 24,945,453 | 483,969 | 1,329,342 | 316,642 | 153 | 1,580,621 | 28,656,180 |
| Other funding instruments | 600,058 | 742,372 | 1,621,162 | 892,984 | -- | -- | 3,856,576 |
| Due to other banks | 204,638 | -- | 902,846 | 200,000 | -- | 26,977 | 1,334,461 |
| Bonds payable | -- | -- | 1,014,125 | 675,331 | -- | -- | 1,689,456 |
| Creditors and accrued expenses | -- | -- | -- | -- | -- | 657,829 | 657,829 |
| **Total financial liabilities** | 25,750,149 | 1,226,341 | 4,867,475 | 2,084,957 | 153 | 2,265,427 | 36,194,502 |
| **Interest sensitivity gap** | (18,330,272) | 86,823 | 913,178 | 11,436,289 | 9,466,647 | | |

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 $16.1 million (2023: decrease of $42.6 million) and a decrease in reserves of $307.3 million (2023: $309.7 million).

## 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 2024, the Group had the following equity positions within the jurisdiction of Jamaica.

| Equities instruments recognised in OCI | Originating currency JMD '000 | Functional currency TTD '000 |
|---|---|---|
| **As at 30 September 2024** | | |
| Equity instruments | 7,022,097 | 302,563 |
| Disposal | (25,800) | (1,200) |
| FX | -- | (5,510) |
| MTM Movement | (26,831) | (1,135) |
| | 6,969,466 | 294,718 |
| **As at 30 September 2023** | | |
| Equity instruments | 9,795,889 | 430,040 |
| FX | -- | (7,837) |
| MTM Movement | (2,773,792) | (119,550) |
| | 7,022,097 | 302,653 |

*Price sensitivity*

These securities are listed in Jamaica; if prices for equity securities listed in Jamaica move by 15% (2023: 15%) respectively with all other variables including tax being held constant, the effects on the other comprehensive income would have been plus/(minus) TT$44.8 million in 2024 (plus/minus TT$45.5 million in 2023).

## 3 **Financial risk management** (continued)

c. *Liquidity risk*

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

*Liquidity risk management process*

The Group's liquidity management process is carried out by the Bank's Treasury and International Trade Centre and monitored by the Group's Asset and Liability Committee. The Group's liquidity management framework is designed to ensure that there are adequate reserves of cash and other liquid securities to satisfy current and prospective commitments arising from either on-balance sheet or off-balance sheet liabilities. The Group relies on a broad range of funding sources and applies prudent limits to avoid undue concentration. Current and projected cash flows are monitored, together with diversification of funding and contingency planning, and ensuring that funding disturbances are minimised. The Group manages liquidity risk using both expected and contractual cash flows, by preserving a large and diversified base of core deposits from retail and commercial customers, by maintaining ongoing access to wholesale funding and by maintaining a liquid pool of marketable securities dedicated to mitigating liquidity risk as a contingency measure. Fallback mechanisms include access to the local interbank and institutional markets and stand-by lines of credit with external parties and the ability to close out or liquidate market positions.

Compliance with liquidity policies and risk limits is tracked by Group Market Risk and reported into the Senior Management Enterprise Risk Management Committee and via the Group Enterprise Risk Management Unit to the Board Enterprise Risk Management Committee.

## 3 Financial risk management (continued)

c. *Liquidity risk (continued)*

(i) *Financial assets and liabilities*

The table below analyses financial assets and liabilities of the Group into relevant maturity groupings based on the remaining period at the year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

| | Up to 1 month $'000 | 1 to 3 months $'000 | 3 to 12 months $'000 | 1 to 5 years $'000 | Over 5 years $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| **As at 30 September 2024** | | | | | | |
| **Financial liabilities** | | | | | | |
| Customers' deposits | 26,570,136 | 829,565 | 2,166,333 | 437,051 | 170 | 30,003,255 |
| Other funding instruments | 1,080,821 | 723,165 | 1,853,468 | 942,111 | -- | 4,599,565 |
| Bonds payable | 4,162 | 8,189 | 729,792 | 245,942 | 1,029,132 | 2,017,217 |
| Due to other banks | 141,671 | -- | 51,232 | 1,341,551 | -- | 1,534,454 |
| Lease liabilities | 5,437 | 10,874 | 47,908 | 119,365 | 98,537 | 282,121 |
| Creditors and accrued expenses | 630,511 | -- | -- | -- | -- | 630,511 |
| **Total financial liabilities** | 28,432,738 | 1,571,793 | 4,848,733 | 3,086,020 | 1,127,839 | 39,067,123 |
| **Financial assets** | | | | | | |
| Cash and due from other banks | 4,404,820 | 571,173 | 517,798 | -- | -- | 5,493,791 |
| Statutory deposits with central banks | 153,922 | -- | -- | -- | 2,318,950 | 2,472,872 |
| Investment securities | | | | | | |
| - Fair value through other comprehensive income | 195,702 | 108,331 | 3,173,191 | 6,383,423 | 2,161,638 | 12,022,285 |
| - Amortised cost | 53,397 | 59,686 | 1,808,855 | 1,905,005 | 2,187,073 | 6,014,016 |
| - Fair value through profit and loss | 20,240 | -- | -- | -- | -- | 20,240 |
| Loans to customers | 2,001,282 | 1,315,723 | 4,063,737 | 11,460,751 | 6,991,790 | 25,833,283 |
| Other assets | 462,820 | -- | -- | -- | -- | 462,820 |
| **Total financial assets** | 7,292,183 | 2,054,913 | 9,563,581 | 19,749,179 | 13,659,451 | 52,319,307 |
| **Net liquidity position** | (21,140,555) | 483,120 | 4,714,848 | 16,663,159 | 12,531,612 | 13,252,184 |

## 3 Financial risk management (continued)

c. *Liquidity risk (continued)*

(i) *Financial assets and liabilities (continued)*

| | Up to 1 month $'000 | 1 to 3 months $'000 | 3 to 12 months $'000 | 1 to 5 years $'000 | Over 5 years $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| **As at 30 September 2023** | | | | | | |
| **Financial liabilities** | | | | | | |
| Customers' deposits | 26,546,746 | 492,306 | 1,342,567 | 326,485 | 202 | 28,708,306 |
| Other funding instruments | 806,110 | 745,013 | 1,649,831 | 942,292 | -- | 4,143,246 |
| Bonds payable | 3,345 | 6,584 | 1,056,720 | 690,729 | -- | 1,757,378 |
| Due to other banks | 233,399 | -- | 924,063 | 210,284 | -- | 1,367,746 |
| Lease liabilities | 6,452 | 9,825 | 44,534 | 149,308 | 114,899 | 325,018 |
| Creditors and accrued expenses | 657,829 | -- | -- | --- | -- | 657,829 |
| **Total financial liabilities** | 28,253,881 | 1,253,728 | 5,017,715 | 2,319,098 | 115,101 | 36,959,523 |
| **Financial assets** | | | | | | |
| Cash and due from other banks | 6,221,026 | 136,460 | 201,580 | -- | -- | 6,559,066 |
| Statutory deposits with central banks | 146,736 | -- | -- | -- | 3,589,168 | 3,735,904 |
| Investment securities | | | | | | |
| - Fair value through other comprehensive income | 576,758 | 175,904 | 1,191,282 | 3,847,620 | 2,892,077 | 8,683,641 |
| - Amortised cost | 15,854 | 62,598 | 366,322 | 3,509,099 | 2,199,784 | 6,153,657 |
| - Fair value through profit and loss | 19,704 | -- | -- | -- | -- | 19,704 |
| Loans to customers | 1,233,518 | 1,162,323 | 4,196,010 | 11,130,890 | 6,635,761 | 24,358,502 |
| Other assets | 586,087 | -- | -- | -- | -- | 586,087 |
| **Total financial assets** | 8,799,683 | 1,537,285 | 5,955,194 | 18,487,609 | 15,316,790 | 50,096,561 |
| **Net liquidity position** | (19,454,198) | 283,557 | 937,479 | 16,168,511 | 15,201,689 | 13,137,038 |

## 3 Financial risk management (continued)

c. *Liquidity risk (continued)*

(ii) *Assets held for managing liquidity risk*

The Group holds a diversified portfolio of cash and high-quality highly-liquid securities to support payment obligations and contingent funding in a stressed market environment. The Group's assets held for managing liquidity risk comprise:

- Cash and balances with central banks;
- Certificates of deposit;
- Government bonds and other securities that are readily acceptable in repurchase agreements with central banks; and
- Secondary sources of liquidity in the form of highly liquid instruments in the Group's investment portfolios.

(iii) *Off-Balance sheet items*

The table below analyses the contingent liabilities and commitments of the Group into relevant maturity groupings based on the remaining period at the year end to the contractual maturity date.

| | Up to 1 month $'000 | 1 to 3 months $'000 | 3 to 12 months $'000 | 1 to 5 years $'000 | Over 5 years $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| **As at 30 September 2024** | | | | | | |
| Credit commitments | 518,867 | -- | 343,448 | -- | -- | 862,315 |
| Acceptances | 1,917 | 8,130 | 2,203 | -- | -- | 12,250 |
| Guarantees | 75,415 | 3,806 | 37,344 | 1,722 | 34,068 | 152,355 |
| Letters of credit | -- | 1,209 | 10,952 | 280 | -- | 12,441 |
| Capital commitments | -- | -- | 158,010 | -- | -- | 158,010 |
| **Total** | 596,199 | 13,145 | 551,957 | 2,002 | 34,068 | 1,197,371 |
| **As at 30 September 2023** | | | | | | |
| Credit commitments | 599,157 | -- | 314,090 | -- | -- | 913,247 |
| Acceptances | 277 | 13,202 | 14,284 | -- | -- | 27,763 |
| Guarantees | 73,952 | 1,968 | 16,550 | 25,024 | 1,736 | 119,230 |
| Letters of credit | -- | 1,665 | 11,355 | 280 | -- | 13,300 |
| Capital commitments | -- | -- | 186,348 | -- | -- | 186,348 |
| **Total** | 673,386 | 16,835 | 542,627 | 25,304 | 1,736 | 1,259,888 |

## 3 Financial risk management (continued)

d. *Fiduciary activities*

The Group provides custody, trustee and investment management services to third parties which involve the Group making allocation and purchase and sale decisions in relation to a wide range of financial instruments. Those assets that are held in a fiduciary capacity are not included in these consolidated financial statements. The assets under administration at 30 September 2024 totalled $35.7 billion (2023: $34.9 billion).

e. *Capital management*

The Group's objectives when managing capital, which is a broader concept than the equity on the face of the statement of financial position, are:-

- To comply with the capital requirements set by the regulators in the differing jurisdictions in which the Group operates;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits for other stakeholders;
- To ensure that the Group can remain solvent during periods of adverse earnings or economic decline; and
- To ensure that the Group is adequately capitalised to cushion depositors and other creditors against losses.

Capital adequacy and the use of regulatory capital are monitored monthly by the Group ALCO, employing techniques based on the guidelines developed by the Basel Committee on Banking Regulations and Supervisory practices, as implemented by the Central Banks of Trinidad and Tobago and Barbados for supervisory purposes. The required information is filed with the Central Bank of Trinidad & Tobago on a monthly basis and with the Central Bank of Barbados quarterly.

The Financial Institution (Capital Adequacy) Regulations 2020 of Trinidad and Tobago was promulgated effective 14 May 2020, being the Basel II/III framework. These Regulations require each financial institution to:-

- Maintain a ratio of regulatory capital to risk adjusted assets (Credit, Operational and Market) of not less than the minimum standard of 10%.
- Maintain a ratio of Tier 1 capital to risk adjusted assets (Credit, Operational and Market) of not less than the minimum standard of 6%.
- Maintain a ratio of common equity Tier 1 capital to risk adjusted assets (Credit, Operational and Market) of not less than the minimum standard of 4.5%.

The Central Bank of Barbados requires each financial institution to:-

- Maintain a ratio of qualifying capital to risk-weighted assets of not less than the minimum standard of 8%, of which the core capital shall be at least 4%.

The Group's regulatory capital is comprised of:-

- Tier 1 Capital - ordinary share capital, statutory reserve fund, capital reserve, general reserve and retained earnings.
- Tier 2 Capital – preference shares, qualifying subordinated loan capital and impairment allowances.

## 3 **Financial risk management** (continued)

e. *Capital management (continued)*

| | 2024 '000 | 2023 '000 |
|---|---|---|
| **Tier 1 Capital** | | |
| Share capital | 458,557 | 354,957 |
| Statutory reserve | 1,248,938 | 1,241,412 |
| Capital reserve | 161,985 | 187,723 |
| General reserve | 59,213 | 46,438 |
| Retained earnings | 6,026,503 | 5,605,080 |
| Less: Intangible assets | (289,343) | (269,945) |
| **Total Tier 1 Capital** | 7,665,853 | 7,165,665 |
| **Tier 2 Capital** | | |
| Preference shares | 103,600 | 103,600 |
| Eligible reserve provision | 35,428 | 30,953 |
| **Total Tier 2 Capital** | 139,028 | 134,553 |
| **Total Capital** | 7,804,881 | 7,300,218 |
| **Ratios** | | |
| Risk adjusted assets (credit, operational & market) | 43,764,780 | 40,242,382 |
| Qualifying capital to risk adjusted assets | 17.83% | 18.14% |
| Tier 1 capital to risk adjusted assets | 17.52% | 17.80% |

As at 30 September 2024 and 2023, the Group and its qualifying subsidiaries were in compliance with these requirements.

## 3 Financial risk management (continued)

f. *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 | |
|---|---|---|---|---|
| **Financial assets** | **2024** | **2023** | **2024** | **2023** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Cash and due from other banks | 5,491,832 | 6,552,782 | 5,491,832 | 6,552,782 |
| Statutory deposits with Central Banks | 2,472,872 | 3,735,904 | 2,472,872 | 3,735,904 |
| Financial instruments | | | | |
| - Loans to customers | 21,168,850 | 20,089,527 | 23,787,176 | 21,733,945 |
| - Investment securities- amortised cost | 4,641,840 | 4,629,349 | 4,674,318 | 4,727,912 |
| Other assets | 462,750 | 586,087 | 462,750 | 586,087 |
| **Financial liabilities** | | | | |
| Customers' deposits | 29,937,286 | 28,656,180 | 30,082,179 | 28,722,895 |
| Other funding instruments | 4,241,451 | 3,856,576 | 4,281,225 | 4,336,640 |
| Bonds payable | 1,725,120 | 1,689,456 | 1,634,471 | 2,951,169 |
| Due to other banks | 1,419,208 | 1,334,461 | 1,471,725 | 1,485,203 |
| Creditors and accrued expenses | 630,511 | 657,829 | 630,511 | 657,829 |

The fair values of the Group's financial instruments are determined in accordance with IFRS Accounting Standards. See Note 3 and 4 for further details of the fair value measurements.

*Financial instruments where carrying value is equal to fair value*

Due to their liquidity and short-term maturity, the carrying values of certain financial instruments approximate their fair values. Financial instruments where carrying value is approximately equal to fair value include cash and due from other banks, statutory deposits with Central Banks and creditors and accrued expenses.

*Loans to customers less allowance for loan losses*

Loans to customers are net of specific and other provisions for impairment, which reflects the additional credit risk. The estimated fair value of these loans represents the discounted amount of future cash flows based on prevailing market rates.

## 3 Financial risk management (continued)

f. *Fair value of financial assets and liabilities (continued)*

(i) *Financial instruments not measured at fair value (continued)*

*Investment securities – amortised cost*

Fair value for amortised cost assets is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is estimated using a discounted cash flow valuation methodology where all cash-flows of the instruments are discounted at an appropriate yield plus a credit spread where applicable. The fair value of the amortised cost portfolio is computed for disclosure purposes only. See note 3.f.ii for Fair Value Hierarchy.

*Customer deposits*

Due to their liquidity and short-term maturity, the carrying values of some customer deposits approximate their fair value. The fair value of the other customer deposits is computed using discounted cash flow analyses at current market interest rates.

*Bonds payable*

The fair value of bonds payable is calculated using discounted cash flow analyses assuming the 'yield to call' method of valuation, when call options are in the money. When they are not in the money, the yield to maturity method of valuation is used. These bonds carry fixed interest rates and have been discounted using the prevailing market rate of similar instruments.

(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)

f. *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 2024**<br>**Investment securities** | **Level 1**<br>**$'000** | **Level 2**<br>**$'000** | **Level 3**<br>**$'000** | **Total**<br>**$'000** |
|---|---|---|---|---|
| Fair value through profit or loss | | | | |
| - Debt securities | -- | 20,240 | -- | 20,240 |
| - Equity securities | 564 | -- | -- | 564 |
| | 564 | 20,240 | -- | 20,804 |
| Fair value through other comprehensive income | | | | |
| - Debt securities | 3,775,540 | 7,163,769 | -- | 10,939,309 |
| - Equity securities | 397,487 | 3,239 | 12,576 | 413,302 |
| | 4,173,027 | 7,167,008 | 12,576 | 11,352,611 |
| **Total Investment securities** | 4,173,591 | 7,187,248 | 12,576 | 11,373,415 |

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

## 3 Financial risk management (continued)

f. *Fair value of financial assets and liabilities (continued)*

(ii) *Fair value hierarchy (continued)*

There were no transfers between Level 1 and Level 2 during the year. Reconciliation of Level 3 items are as follows:-

| | Debt Securities $'000 | Equity $'000 | Total $'000 |
|---|---|---|---|
| **September 2024** | | | |
| Opening balance | -- | 12,370 | 12,370 |
| Fair value through OCI | -- | 885 | 885 |
| Exchange | -- | 21 | 21 |
| Disposal | -- | (700) | (700) |
| Closing balance | -- | 12,576 | 12,576 |

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

## 4 Critical accounting estimates and judgements

The Group makes estimates and assumptions about the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below:

a. *Fair value of financial assets –fair value through other comprehensive income*

The Group uses the discounted cash flow method to determine the fair value of the financial assets not traded in active markets. The discounted cash flow method discounts the cash-flows of the financial assets at an appropriate yield plus a credit spread where applicable. The carrying value of financial assets measured at fair value through other comprehensive income would decrease by $307.3 million if the discount rate used in the discounted cash flow analysis is increased by 100 basis points from management's estimates (2023: $309.7 million).

## 4 Critical accounting estimates and judgements (continued)

a. *Fair value of financial assets – fair value through other comprehensive income (continued)*

The Group's credit spread methodology utilises gradient tenors and currency specific spreads. The appropriate credit spread for the agency or corporate fixed income security is determined using a cubic spline interpolation of the appropriate currency and credit rating category in the credit spread matrix based on the remaining tenor of the facility. This singular credit spread is then added to the discount spot rates to value the facility using the discounted cashflow method.

The models used to determine fair values are validated, and periodically reviewed by experienced personnel at Group Market Risk.

b. *Measurement of the expected credit loss allowance*

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 3.a.v, which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL;
- Establishing groups of similar financial assets for the purposes of measuring ECL;
- Determination of macroeconomic drivers and forecasting macroeconomic scenarios;
- Recovery rates on unsecured exposures; and
- Drawdown of approved facilities

On an annual basis, the Group assesses Stage 3 loans to customers for potential impairment. The amount of the expected credit loss is determined by assessing the recoverable value of the collateral (where available) and management's expectation of the extent of loss on a defaulted exposure. Management requires an independent valuation of the collateral obtained as part of the loan origination process.

Management's expectation is based on the Group's past recovery performance and can vary based on product type or seniority of claim. The recoverable value of collateral is calculated by adjusting for the cost of disposal of the collateral and the expected time to sell the collateral, discounted by the effective interest rate of the facility.

*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 50% based on the average Loss Given Default rate on Sovereign bonds during the period 1983 to 2022 as reported by Moody's Investors Service (note 3.a.v).

## 4 Critical accounting estimates and judgements (continued)

c. *Income taxes*

Management judgement is required in determining provisions for income taxes and there are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. When appropriate, particularly where the ultimate tax determination is uncertain, management also obtains opinions or advice from leading tax advisors and regularly reassesses its strategy in relation to such exposures.

The Group is subject to income tax in various jurisdictions. Tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Substantive enactment is considered to be achieved when further steps in the enactment process will not change the outcome of a proposed change in tax law. Management considers the legislative process applicable in each jurisdiction in which it operates in determining at what point a proposed change in tax law will be considered substantively enacted by identifying the point after which further steps in the enactment process will not affect the outcome of the proposed change.

d. *Retirement benefits*

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations.

The assumptions used in determining the net cost (income) for pensions include the discount rate, salary and pension increases. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds, and where no deep corporate market exists, the Government bonds are used, that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. In determining the salary increases, the Group considered long-term salary inflation, age, merit and promotion (note 15.j for sensitivity).

e. *Fair valuation of properties*

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making the judgement, the Group considers information from a variety of sources including:

(i) Current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

(ii) Recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(iii) Discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The Group engages external, independent and qualified valuators to determine the fair value of the Group's land and buildings, at least every three years in accordance with the Group's policy (note 13 (ii)). The last independent valuations were done in September 2024. The valuations for 2023 were performed by management in September 2023.

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

## 4 **Critical accounting estimates and judgements** (continued)

f. *Estimated impairment of goodwill*

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 2 b (ii). 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 organised into five business segments based on products and services as follows:-

- **Retail banking:** Includes loans and mortgages, deposit, foreign exchange transactions, credit and debit cards and card merchant acquiring business with retail and commercial customers.
- **Corporate banking:** Loans and credit facilities and deposits and current accounts for corporate and institutional customers.
- **Treasury management and investment banking:** Liquidity management and investment banking services including corporate finance, and specialised financial trading.
- **Asset management:** Investment products and services to institutional investors and intermediaries.
- **Group function:** Finance, legal, and other centralised functions.

Other Group operations comprise fund management, institutional finance and providing computer services, none of which constitutes a separately reportable segment and business activities from head office.

As the Group's segment operations are all financial with a majority of revenues deriving from interest and the Group Chief Executive Officer relies primarily on net interest revenue to assess the performance of the segment, the total interest income and expense for all reportable segments is presented on a net basis.

There were no changes in the reportable segments during the year.

Transactions between the business segments are carried out at arm's length. The revenue from external parties reported to the Group Chief Executive Officer is measured in a manner consistent with that in the consolidated income statement. The segmental information is reported gross and therefore consolidation adjustments have not been eliminated.

Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in inter-segment net interest income. Interest charged for these funds is based on the Group's average cost of funding. There are no other material items of income or expense between the business segments.

Internal charges and transfer pricing adjustments have been reflected in the performance of each business. Revenue-sharing agreements are used to allocate external customer revenues to a business segment on a reasonable basis.

The Group's management reporting is based on a measure of operating profit comprising net interest income, loan impairment charges, net fee and commission income, other income and non-interest expenses.

The information provided about each segment is based on the internal reports about segment profit or loss, assets and other information, which are regularly reviewed by the Executive Management.

Segment assets and liabilities comprise operating assets and liabilities, being the majority of the consolidated statement of financial position.

## 5 **Segment analysis** (continued)

a. *Segment results of operations*

The segment information provided to the Executive Management for the reportable segments is as follows:-

| **Year ended 30 September 2024** | **Retail banking $'000** | **Corporate banking $'000** | **Treasury & investment banking $'000** | **Trustee & asset management $'000** | **Group functions $'000** | **Total $'000** |
|---|---|---|---|---|---|---|
| Net interest income | 703,869 | 835,366 | 518,395 | 5,623 | 617 | 2,063,870 |
| Inter-segment net interest income | 82,621 | (74,194) | (8,427) | -- | -- | -- |
| Net fee and commission income | 263,629 | 32,731 | 115,402 | 94,931 | 4,950 | 511,643 |
| Net foreign exchange gains | 35,210 | 1,027 | 106,507 | 39 | 911 | 143,694 |
| Other income | 5,056 | 481 | 139,385 | 2,467 | 596,471 | 743,860 |
| **Total net revenue** | 1,090,385 | 795,411 | 871,262 | 103,060 | 602,949 | 3,463,067 |
| Impairment (charges)/write back | (17,923) | 11,188 | 1,765 | 955 | -- | (4,015) |
| Impairment on non financial asset | (5,832) | -- | 3,241 | -- | -- | (2,591) |
| Depreciation and amortisation expense | (65,046) | (288) | (17,972) | (5,352) | (37,376) | (126,034) |
| Administrative expenses | (287,263) | (30,939) | (144,474) | (27,858) | (264,811) | (755,345) |
| Other operating expenses | (421,411) | (12,969) | (96,970) | (11,507) | (78,704) | (621,561) |
| **Total non-interest expenses** | (797,475) | (33,008) | (254,410) | (43,762) | (380,891) | (1,509,546) |
| **Profit before taxation** | 292,910 | 762,403 | 616,852 | 59,298 | 222,058 | 1,953,521 |
| Income tax expense | (1,207) | (13) | (292,385) | (19,037) | -- | (312,642) |
| **Profit for the year** | 291,703 | 762,390 | 324,467 | 40,261 | 222,058 | 1,640,879 |
| **As at 30 September 2024** | | | | | | |
| **Total assets** | 12,310,842 | 12,238,796 | 23,298,047 | 475,847 | 6,144,590 | 54,468,122 |
| **Total liabilities** | 22,943,245 | 3,260,986 | 13,141,021 | 109,734 | 89,268 | 39,544,254 |
| **Property & equipment** | 413,102 | 1,109 | 226,847 | 5,750 | 217,520 | 864,328 |
| **Intangibles** | 36,039 | -- | 6,132 | 17 | 90,269 | 132,457 |

## 5 Segment analysis (continued)

a. *Segment results of operations (continued)*

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

## 5 Segment analysis (continued)

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

| Year ended 30 September 2024 | Total management reporting $'000 | Adjustments and eliminations $'000 | Total consolidated $'000 |
|---|---|---|---|
| Net interest income | 2,063,870 | -- | 2,063,870 |
| Non-interest income | 1,399,197 | (729,159) | 670,038 |
| Impairment losses | (4,015) | -- | (4,015) |
| Non-interest expenses | (1,502,940) | 12,954 | (1,489,986) |
| **Operating profit** | 1,956,112 | (716,205) | 1,239,907 |
| Share of profit of associates and joint ventures accounted for by the equity method | -- | 32,236 | 32,236 |
| Income tax expense | (312,642) | -- | (312,642) |
| **Profit for the year** | 1,643,470 | (683,969) | 959,501 |
| **As at 30 September 2024** | | | |
| **Total assets** | 54,995,487 | (7,918,520) | 47,076,967 |
| **Total liabilities** | 39,544,254 | (1,098,628) | 38,445,626 |

## 5 Segment analysis (continued)

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

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

## 6 Cash and due from other banks

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Cash and bank balances | 2,063,030 | 3,130,589 |
| Short-term investments | 3,194,805 | 3,422,193 |
| | 5,257,835 | 6,552,782 |
| Short-term investments: | | |
| - 3 months from the date of acquisition | 1,543,500 | 2,617,763 |
| - Maturity over 3 months | 1,651,305 | 804,430 |
| | 3,194,805 | 3,422,193 |

The average effective interest rate on short-term bank deposits was 5.25% (2023: 6.24%); these deposits have an average maturity of 90 days (2023: 90 days).

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

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Cash and bank balances | 2,063,030 | 3,130,589 |
| Short-term investments – maturity within 3 months | 1,543,500 | 2,617,763 |
| Due to other banks | (1,419,209) | (1,334,461) |
| | 2,187,321 | 4,413,891 |

## 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 2024, the current ratio was 10% for First Citizens Bank Limited as per the Monetary Policy Announcement of the Central Bank of Trinidad and Tobago in July 2024 (2023: 14%) and 9% for First Citizens Depository Services Limited (2023: 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 2024, 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 (2023: 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 2024 and 2023, the Group and its qualifying subsidiaries were in compliance with these requirements.

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

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| Listed investments | 4,069,012 | 757,242 |
| Unlisted investments | 7,285,739 | 6,895,757 |
| | 11,354,751 | 7,652,999 |
| Provision for impairment | (2,140) | (2,869) |
| | 11,352,611 | 7,650,130 |
| Debt securities | | |
| Listed | 3,671,524 | 368,693 |
| Unlisted | 7,267,785 | 6,877,661 |
| | 10,939,309 | 7,246,354 |
| Equity securities | | |
| Listed | 397,487 | 388,549 |
| Unlisted | 15,815 | 15,227 |
| | 413,302 | 403,776 |
| Current portion | 3,313,899 | 1,754,785 |
| Non-current portion | 8,038,712 | 5,895,345 |
| | 11,352,611 | 7,650,130 |

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

Unlisted investments include securities of/or guaranteed by the Government of the Republic of Trinidad and Tobago to the amount of $6,351.0 million (2023: $6,136.8 million).

Investment securities totalling $3,786.6 million (2023: $3,401.7 million) are pledged to secure the repurchase agreements (see Note 17).

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| Balance at beginning of the year | 7,650,130 | 8,261,168 |
| Exchange differences | (5,947) | (7,793) |
| Additions | 13,853,754 | 5,570,737 |
| Disposals | (10,249,430) | (6,109,613) |
| Net movements in provisions for impairment | (235) | 2,578 |
| Net amortisation of discounts | 8,903 | 3,217 |
| Fair value gains/(losses) | 95,436 | (70,164) |
| Balance at end of year | 11,352,611 | 7,650,130 |
| *Fair value gains/(losses) based on:* | | |
| Quoted market prices | 21,405 | (101,655) |
| Other techniques | 74,031 | 31,491 |
| | 95,436 | (70,164) |
| *The movement in the provision for impairment is as follows:* | | |
| Allowance at beginning of the year | 2,869 | 5,447 |
| Write back for the year | (729) | (2,578) |
| Allowance at the end of year | 2,140 | 2,869 |

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

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Bond | 20,240 | 19,738 |
| Listed – equity securities | 564 | 560 |
| | 20,804 | 20,298 |
| The movement in investment securities may be summarised as follows: | | |
| At beginning of year | 20,298 | 20,141 |
| Additions | 4,681,888 | 479,880 |
| Disposals | (4,687,167) | (483,024) |
| Fair value gains | 5,785 | 3,301 |
| At end of year | 20,804 | 20,298 |

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

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Unlisted investments | 4,655,953 | 4,651,301 |
| Provision for impairment | (14,114) | (21,952) |
| | 4,641,839 | 4,629,349 |
| Current portion | 1,682,221 | 1,233,682 |
| Non-current portion | 2,959,618 | 3,395,667 |
| | 4,641,839 | 4,629,349 |
| Balance at beginning of the year | 4,629,349 | 4,921,739 |
| Exchange differences | -- | (7) |
| Additions | 235,045 | 241,212 |
| Disposals/maturities | (248,464) | (579,444) |
| Amortisation of unrealised gains | (660) | (621) |
| Net amortisation of discounts | 9,536 | 12,801 |
| Net movement in impairment | 7,837 | 16,066 |
| ECL gains on POCI | 9,196 | 17,603 |
| Balance at end of year | 4,641,839 | 4,629,349 |

## 10 Loans to customers

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---:|---:|
| Stage 1 | 18,865,450 | 14,794,241 |
| Stage 2 | 1,575,679 | 4,579,869 |
| Stage 3 | 1,125,152 | 1,145,940 |
| | 21,566,281 | 20,520,050 |
| Performing loans | 20,441,116 | 19,374,109 |
| Underperforming loans | 378,951 | 406,850 |
| Non-performing loans | 746,214 | 739,091 |
| | 21,566,281 | 20,520,050 |
| Allowance for loan losses | (397,431) | (430,523) |
| | 21,168,850 | 20,089,527 |
| *Allowance for loan losses* | | |
| Allowance at beginning of the year | 430,523 | 401,924 |
| Charge/(write back) for the year | 21,294 | 65,577 |
| Loans written off during the year | (54,386) | (36,978) |
| Allowance at the end of year | 397,431 | 430,523 |
| *Impairment loss on loans net of recoveries* | | |
| Charge for the year | 21,294 | 65,577 |
| Amounts recovered during the year | (7,608) | (9,414) |
| | 13,686 | 56,163 |

## 11 Other assets

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| Prepayments | 49,762 | 53,012 |
| Accrued receivable | 117,851 | 253,023 |
| Accrued interest | 344,935 | 333,031 |
| Due from parent | 34 | 33 |
| | 512,582 | 639,099 |

## 12 Investments accounted for using equity method

| | | |
|---|---|---|
| Investment in joint venture | 55,272 | 48,264 |
| Investment in associates | 216,706 | 205,558 |
| | 271,978 | 253,822 |

## 12(a) Investment in joint venture

| | | |
|---|---|---|
| Beginning of the year | 48,264 | 43,122 |
| Share of profit after tax | 7,008 | 5,142 |
| At end of year | 55,272 | 48,264 |

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 2024, as the 30 September 2024 information was not available.

| Name | Country of incorporation | Assets $'000 | Liabilities $'000 | Revenues $'000 | Profits $'000 | % Interest held |
|---|---|---|---|---|---|---|
| **2024** | | | | | | |
| ISL | Trinidad & Tobago | 232,223 | 11,134 | 56,316 | 28,032 | 25% |
| **2023** | | | | | | |
| ISL | Trinidad & Tobago | 199,495 | 6,438 | 47,022 | 20,568 | 25% |

## 12(b) Investment in associates

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| St Lucia Electricity Services Limited | 190,928 | 181,190 |
| Term Finance Holdings Limited | 25,778 | 24,368 |
| | 216,706 | 205,558 |

(i) St Lucia Electricity Services Limited is listed on the Eastern Caribbean Securities Exchange. The investment in associate at 30 September 2024 includes goodwill of $4.6 million (2023: $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 2024 (2023: August 2023), as September 2024 was not available.

(ii) Term Finance Holdings Limited whose principal activity is providing short-term loans to individuals and small-medium sized business. The investment in this company as at 30 September 2024, includes goodwill of $14.5 million (2023: $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 2024 and September 2023.

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Beginning of the year | 205,558 | 200,992 |
| Share of profit after tax | 25,228 | 19,034 |
| Dividend received | (14,080) | (14,468) |
| At end of year | 216,706 | 205,558 |

## 12 b. Investment in associates (continued)

| Name | Country of incorporation | Assets $'000 | Liabilities $'000 | Revenues $'000 | Profits $'000 | % Interest held $'000 |
|---|---|---|---|---|---|---|
| **2024** | | | | | | |
| St Lucia Electricity Services Limited | St Lucia | 1,425,074 | 450,309 | 1,007,023 | 107,900 | 19.11% |
| Term Finance Limited | Trinidad & Tobago | 258,961 | 202,971 | 71,441 | 23,051 | 19.99% |
| **2023** | | | | | | |
| St Lucia Electricity Services Limited | St Lucia | 1,431,782 | 507,961 | 986,364 | 82,704 | 19.11% |
| Term Finance Limited | Trinidad & Tobago | 196,159 | 147,769 | 60,213 | 16,592 | 19.99% |

The fair value of the investment in associates at 30 September 2024 is $216.7 million (2023: $205.5 million).

## 13 Property and equipment

| Year ended 30 September 2024 | Freehold premises $'000 | Leasehold premises $'000 | Motor vehicles & equipment $'000 | Work in progress $'000 | ROU Leased Vehicles $'000 | ROU Leased Buildings $'000 | ROU Leased Equipment $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|
| Opening net book amount | 402,709 | 30,567 | 73,382 | 44,499 | 9,996 | 186,169 | 71,805 | 819,127 |
| Additions | 46,869 | 7,105 | 82,592 | 18,778 | 9,323 | 5,789 | 10,885 | 181,341 |
| Disposals | -- | -- | (3,776) | -- | (834) | (1,792) | (746) | (7,148) |
| Revaluation surplus | 13,047 | -- | -- | -- | -- | -- | -- | 13,047 |
| Impairment loss | (15,091) | -- | -- | -- | -- | (8,317) | -- | (23,408) |
| Transfer | 92 | 8,678 | 24,733 | (33,503) | -- | -- | | -- |
| Reclassification | (18,500) | -- | -- | -- | -- | -- | -- | (18,500) |
| Depreciation charge | (448) | (7,079) | (33,990) | -- | (5,465) | (31,040) | (22,109) | (100,131) |
| Closing net book amount | 428,678 | 39,271 | 142,941 | 29,774 | 13,020 | 150,809 | 59,835 | 864,328 |
| **As at 30 September 2024** | | | | | | | | |
| Cost/valuation | 465,170 | 169,572 | 666,670 | 29,774 | 32,628 | 235,264 | 95,427 | 1,694,505 |
| Accumulated depreciation | (36,492) | (130,301) | (523,729) | -- | (19,608) | (84,455) | (35,592) | (830,177) |
| Net book amount | 428,678 | 39,271 | 142,941 | 29,774 | 13,020 | 150,809 | 59,835 | 864,328 |

## 13 **Property and equipment** (continued)

| Year ended 30 September 2023 | Freehold premises $'000 | Leasehold premises $'000 | Motor vehicles & equipment $'000 | Work in progress $'000 | ROU Leased Vehicles $'000 | ROU Leased Buildings $'000 | ROU Leased Equipment $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|
| Opening net book amount | 403,673 | 19,813 | 74,085 | 20,004 | 10,136 | 99,941 | 66,842 | 694,494 |
| Additions | 5,314 | 1,191 | 25,631 | 48,408 | 5,460 | 115,439 | 17,173 | 218,616 |
| Disposals | -- | -- | (2,739) | -- | (392) | (238) | -- | (3,369) |
| Transfer | 34 | 15,186 | 8,693 | (23,913) | -- | -- | -- | -- |
| Depreciation charge | (6,312) | (5,623) | (32,288) | -- | (5,208) | (28,973) | (12,210) | (90,614) |
| Closing net book amount | 402,709 | 30,567 | 73,382 | 44,499 | 9,996 | 186,169 | 71,805 | 819,127 |
| **As at 30 September 2023** | | | | | | | | |
| Cost/valuation | 433,319 | 161,981 | 571,306 | 44,499 | 28,755 | 258,872 | 86,996 | 1,585,728 |
| Accumulated depreciation | (30,610) | (131,414) | (497,924) | -- | (18,759) | (72,703) | (15,191) | (766,601) |
| Net book amount | 402,709 | 30,567 | 73,382 | 44,499 | 9,996 | 186,169 | 71,805 | 819,127 |
| **As at 30 September 2022** | | | | | | | | |
| Cost/valuation | 428,021 | 145,606 | 542,672 | 20,004 | 24,702 | 147,343 | 84,558 | 1,392,906 |
| Accumulated depreciation | (24,348) | (125,793) | (468,587) | -- | (14,566) | (47,402) | (17,716) | (698,412) |
| Net book amount | 403,673 | 19,813 | 74,085 | 20,004 | 10,136 | 99,941 | 66,842 | 694,494 |

## 13 Property and equipment (continued)

*Recognised fair value measurements*

(i) *Fair value hierarchy*

This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its non-financial assets carried at fair value into the three levels prescribed under the accounting standards. An explanation of each level is provided in note 3.f.ii.

| **Level 3** | **2024** | **2023** |
|---|---|---|
| | **$'000** | **$'000** |
| Land and building on freehold land | 402,005 | 371,932 |
| Building on leased land | 26,073 | 28,400 |
| Freehold land | 600 | 2,377 |
| | 428,678 | 402,709 |

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 2024, the Group's freehold premises were stated at revalued amounts as determined by an external 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 consolidated 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 updates their assessment of the fair value of each property, taking into account the most recent independent valuations. Management determines a property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available Management considers information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences;
- discounted cash flow projections based on reliable estimates of future cash flows.

The most significant input into this valuation approach is price per square foot. If the price per square foot increases by 100 basis points, the fair value will increase by $13.0 million (2022: $13.0 million) with a corresponding entry in the reserve in shareholders' equity.

## 13 Property and equipment (continued)

*Recognised fair value measurements (continued)*

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

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

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| Cost | 463,788 | 416,828 |
| Accumulated depreciation | (174,341) | (173,894) |
| Net book amount | 289,447 | 242,934 |

## 14 Intangible assets

| | Goodwill<br>$'000 | Software<br>$'000 | Other intangible assets<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|
| **As at 30 September 2024** | | | | |
| Acquisition cost | 156,886 | 465,200 | 849 | 622,935 |
| Accumulated amortisation | -- | (333,592) | -- | (333,592) |
| Net book amount | 156,886 | 131,608 | 849 | 289,343 |
| **Year ended 30 September 2024** | | | | |
| Opening net book amount | 156,886 | 112,210 | 849 | 269,945 |
| Additions | -- | 45,788 | -- | 45,788 |
| Disposals | -- | (503) | -- | (503) |
| Amortisation charge | -- | (25,887) | -- | (25,887) |
| Closing net book amount | 156,886 | 131,608 | 849 | 289,343 |
| **As at 30 September 2023** | | | | |
| Acquisition cost | 156,886 | 419,915 | 849 | 577,650 |
| Accumulated amortisation | -- | (307,705) | -- | (307,705) |
| Net book amount | 156,886 | 112,210 | 849 | 269,945 |

## 14 **Intangible assets** (continued)

| | Goodwill $'000 | Software $'000 | Other intangible assets $'000 | Total $'000 |
|---|---|---|---|---|
| **Year ended 30 September 2023** | | | | |
| Opening net book amount | 156,886 | 103,352 | 849 | 261,087 |
| Additions | -- | 34,178 | -- | 34,178 |
| Amortisation charge | -- | (25,320) | -- | (25,320) |
| Closing net book amount | 156,886 | 112,210 | 849 | 269,945 |

*Impairment test for goodwill*

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

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| First Citizens Investment Services Limited (FCIS) | 156,886 | 156,886 |
| | 156,886 | 156,886 |

Goodwill is reviewed annually for impairment, or more frequently when there are indicators that impairment may have occurred. The impairment test carried out as at 30 September 2024 for FCIS, revealed that the recoverable amount is in excess of the carrying amount. The recoverable amounts of the cash generating units were determined based on value-in-use. Cash flow projections used in the value-in-use calculations were based on financial projections by management covering a five (5) year period and a discount rate. Cash flow beyond that five-year period have been extrapolated using the growth rate for the respective units.

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

| | FCIS | |
|---|---|---|
| | 2024 | 2023 |
| Net interest margin growth | 9.63% | 3.54% |
| Operating profit growth rate | 9.48% | 4.22% |
| Discount factors | 3.92% | 3.58% |

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

## 15 Defined benefit asset

| | | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|---|
| a. | *Net asset in statement of financial position* | | |
| | Present value of obligation | (1,818,074) | (1,697,088) |
| | Pension plan assets at fair value | 1,858,839 | 1,775,362 |
| | Net defined benefit asset | 40,765 | 78,274 |
| b. | *Movement in present value of defined benefits obligation:* | | |
| | Beginning of year | 1,697,088 | 1,579,316 |
| | Current year service cost | 56,142 | 47,242 |
| | Interest cost | 101,810 | 94,955 |
| | Members' contributions | 16,039 | 16,002 |
| | Transfer payment received | -- | 726 |
| | Re-measurements | | |
| | - Experience adjustments | 19,691 | 16,183 |
| | Benefits paid | (72,696) | (57,336) |
| | Defined benefit obligation at end of year | 1,818,074 | 1,697,088 |
| c. | *The defined benefit obligation is allocated among the Plan's members as follows:* | | |
| | - Active | 61% | 61% |
| | - Deferred members | 6% | 6% |
| | - Pensioners | 33% | 33% |

The weighted average duration of the defined benefit obligation at year end 18.0 years (2023: 18.0 years).

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

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

## 15 Defined benefit asset (continued)

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| d. *Movement in fair value of plan assets:* | | |
| Beginning of year | 1,775,362 | 1,671,130 |
| Interest income | 106,432 | 100,631 |
| Return of plan assets, excluding interest income | (19,906) | (8,674) |
| Company's contributions | 55,306 | 54,480 |
| Members contributions | 16,039 | 16,002 |
| Transfer payment received | -- | 726 |
| Benefits paid | (72,696) | (57,336) |
| Expense allowance | (1,698) | (1,597) |
| Fair value of plan assets at end of year | 1,858,839 | 1,775,362 |
| Actual return on plan asset | 86,526 | 91,957 |
| e. *Asset allocation:* | | |
| Local and regional equity securities | 391,616 | 443,776 |
| Overseas equities (outside CARICOM) | 455,336 | 344,706 |
| TT$ denominated bonds | 896,379 | 892,350 |
| US$ denominated bonds | 36,417 | 36,781 |
| Cash and cash equivalents | 79,091 | 57,749 |
| Fair value of plan assets at end of year | 1,858,839 | 1,775,362 |

All asset values as at 30 September 2024 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.

## 15 **Defined benefit asset** (continued)

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| f. *Expenses recognised in profit or loss* | | |
| Current service costs | 56,142 | 47,242 |
| Net interest on net defined benefit liability/asset | (4,622) | (5,676) |
| Administrative expenses | 1,698 | 1,597 |
| Net pension cost | 53,218 | 43,163 |
| g. *Re-measurement recognised in other comprehensive income* | | |
| Experience losses | (39,597) | (24,857) |
| Total amount recognised in other comprehensive income | (39,597) | (24,857) |
| h. *Reconciliation of opening and closing statement of financial position balances* | | |
| Opening net defined benefit asset | 78,274 | 91,814 |
| Net pension cost | (53,218) | (43,163) |
| Re-measurements recognised in other comprehensive income | (39,597) | (24,857) |
| Company contribution paid | 55,306 | 54,480 |
| Closing net defined benefit asset | 40,765 | 78,274 |
| i. *Summary of principal assumptions as at 30 September* | | |
| Discount rate | 6.00% | 6.00% |
| Average individual salary increases | 5.50% | 5.50% |
| Future pension increases | 1.25% | 1.25% |

Assumptions regarding future mortality are based on published mortality tables. The life expectancies underlying the value of the defined benefit obligation are as follows:

| | 2024 | 2023 |
|---|---|---|
| Life expectancy at age 60 for current pensioners in years | | |
| - Male | 22.0 | 21.9 |
| - Female | 26.2 | 26.2 |
| Life expectancy at age 60 for current members in years | | |
| - Male | 22.8 | 22.8 |
| - Female | 27.1 | 27.1 |

## 15 **Defined benefit asset** (continued)

j. *Sensitivity analysis*

The calculation of the defined benefit obligation is sensitive to the assumptions used. The following table summarises how the defined benefit obligation would have changed as a result of a change in the assumptions used.

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| **1% pa increase** | | |
| Discount rate | (268,471) | (250,606) |
| Future salary increases | 143,377 | 133,835 |
| Future pension increases | 199,556 | 186,275 |
| **1% pa decrease** | | |
| Discount rate | 358,345 | 334,497 |
| Future salary increases | (121,205) | (113,140) |
| Future pension increases | (160,034) | (149,385) |

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at 30 September 2024 by $28.0 million (2023: $26.1 million.

These sensitivities were calculated by re-calculating the defined benefit obligations using the revised assumptions.

k. *Funding*

The Group meets the balance of the cost of funding the defined benefit Pension Plan and must pay contributions at least equal to those paid by members, which are fixed. The funding requirements are based on regular (at least every 3 years) actuarial valuations of the Plans and the assumptions used to determine the funding required may differ from those set out above. The Group expects to pay $56.8 million to the Pension Plan during 2024/2025.

l. *Management of the Plan*

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

## 16 Customers' deposits

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Deposits are analysed by sector as follows: | | |
| Public institutions | 10,256,265 | 10,053,296 |
| Private institutions | 8,917,456 | 8,032,467 |
| Consumers | 10,689,964 | 10,570,417 |
| | 29,863,685 | 28,656,180 |
| Current portion | 27,637,999 | 26,758,764 |
| Non-current portion | 2,225,686 | 1,897,416 |
| | 29,863,685 | 28,656,180 |

Deposits due to customers only include financial instruments classified as liabilities at amortised cost. Deposits amounting to $3.9 billion (2023: $2.7 billion) are at fixed rates. All other deposits are at variable rates.

## 17 Other funding instruments

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Repurchase agreements | 3,786,624 | 3,401,735 |
| Funds under management | 6,081 | 6,095 |
| USD fixed rate note | 448,746 | 448,746 |
| | 4,241,451 | 3,856,576 |
| *Other funding instruments are analysed by sector as follows:* | | |
| Public institutions | 873,973 | 701,771 |
| Private institutions | 2,400,506 | 2,235,168 |
| Consumers | 966,972 | 919,637 |
| | 4,241,451 | 3,856,576 |
| Current portion | 3,339,297 | 2,963,592 |
| Non-current portion | 902,154 | 892,984 |
| | 4,241,451 | 3,856,576 |

The securities sold under the repurchase agreements only include financial instruments classified at amortised cost (see Note 9). Interest rates on these repos range from 0.4% to 5.4% in 2024 (2023: 0.4% to 5.0%).

## 18 Due to other banks

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Short-term | 934,254 | 849,223 |
| Medium-term | 484,954 | 485,238 |
| | 1,419,208 | 1,334,461 |

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

## 19 Creditors and accrued expenses

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Accrued expenses | 275,701 | 242,819 |
| Other liabilities | 232,477 | 269,322 |
| Interest payable | 64,261 | 45,961 |
| Due to GORTT | 27,672 | 26,572 |
| Due to brokers | 348 | 7,360 |
| Funds payable to bondholders | 30,052 | 65,795 |
| | 630,511 | 657,829 |

The amount due to GORTT relates to what is owed by the Group with respect to payments made on claims which were subsequently recovered pursuant to Liquidity Support Agreement outlined in note 3 a.(viii) (e).

The Group in its capacity as bond paying agent receives payments from bond issuers on a periodic basis for payment to bond holders. Also, from time to time, the Group holds funds to remit to third parties for placement of investments on behalf of plans under management.

## 20 Lease liabilities

The Group leases many assets including buildings and vehicles. Information about the leases for which the Group is a lessee is presented as follows:-

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| Opening balance | 270,599 | 184,457 |
| Additions | 18,091 | 135,523 |
| Repayments | (52,713) | (49,200) |
| Disposals | (10,427) | (181) |
| | 225,550 | 270,599 |
| **Maturity analysis** | | |
| Less than one year | 53,858 | 45,976 |
| One to five years | 91,964 | 132,358 |
| More than five years | 79,728 | 92,265 |
| | 225,550 | 270,599 |

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

| | | |
|---|---|---|
| Interest expenses (included in finance cost) | 10,479 | 8,486 |
| Expenses related to short term leases (included in rent paid) | 4,138 | 7,925 |

## 21 Bonds payable

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| (i) Fixed Rate Bond TTD 100 Million (Series 2) | -- | 100,000 |
| (ii) Fixed Rate Bond TTD 860.7 Million | -- | 860,755 |
| (iii) Multiple Series BBD Bond | 106,978 | 110,559 |
| (iv) Fixed Rate Bond USD 92.36 Million | 618,142 | 618,142 |
| (v) Fixed Rate Bond TTD 1.0 billion | 1,000,000 | -- |
| | 1,725,120 | 1,689,456 |
| Current portion | 675,331 | 1,014,125 |
| Non current portion | 1,049,789 | 675,331 |
| | 1,725,120 | 1,689,456 |

## 21 Bonds payable (continued)

(i) TTD Fixed Rate Bond Series 2 – In August 2014, this bond for $100 million was issued. This bond is unsecured and carries a fixed rate of 3.25 % with a tenor of ten (10) years. This bond was repaid in August 2024.

(ii) 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. This bond was repaid in April 2024.

(iii) Multiple Series BBD 100 million, with tenors of two (2) years. 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 6 Bond – In March 2022, this bond for BBD 15.65 million was issued. This bond is unsecured and carries a fixed rate of 2.25%, with a tenor of two (2) years. This bond was repaid in March 2024.
- Series 7 Bond – In September 2023, this bond for BBD 16.77 million was issued. This bond is unsecured and carries a fixed rate of 2.25%, with a tenor of two (2) years.
- Series 8 Bond – In March 2024, this bond for BBD 14.6 million was issued. This bond is unsecured and carries a fixed rate of 2.25%, with a tenor of two (2) years.

(iv) 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.

(v) TTD Fixed Rate Bond – In April 2024, this bond for $1.0 billion was issued. This bond is unsecured and carries a fixed rate of 4.9%, 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, in whole or in part on any interest payment date subject to a notice of 60 days.

## 22 Deferred income tax liability

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

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| The movement on the deferred income tax account is as follows: | | |
| At beginning of year | (126,500) | (159,755) |
| Impact of revaluation adjustments recorded directly to shareholders' equity: | | |
| - Revaluation on the fair value through other comprehensive income Investment securities | (26,083) | 22,614 |
| - Revaluation on property | (189) | -- |
| - Revaluation on amortised cost due to reclassification | 198 | 493 |
| - Remeasurement of defined benefit liability | 13,859 | 8,700 |
| Credit to consolidated income statement (note 33) | 5,639 | 1,448 |
| At end of year | (133,076) | (126,500) |

## 22 Deferred income tax liability (continue)

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

| | Balance at 1.10.23 $'000 | (Charge)/ credit to income statement $'000 | (Charge)/ credit to other comprehensive income $'000 | Balance at 30.09.24 $'000 |
|---|---|---|---|---|
| **Deferred income tax assets** | | | | |
| Provisions | 1 | -- | -- | 1 |
| Lease liabilities | 91,609 | (7,827) | -- | 83,782 |
| Accelerated tax depreciation | 11,496 | 8,284 | -- | 19,780 |
| Intangible asset recognised on business combination | 1,634 | -- | -- | 1,634 |
| Fair value measurement of assets through profit or loss | 573 | (59) | -- | 514 |
| | 105,313 | 398 | -- | 105,711 |
| **Deferred income tax liabilities** | | | | |
| Retirement benefit asset | (16,817) | (731) | -- | (17,548) |
| Re-measurement of defined benefit liability | (101,083) | -- | 13,859 | (87,224) |
| Fair value measurement of fair value through other comprehensive income | (9,415) | -- | (26,083) | (35,498) |
| Fair value measurement of amortised cost | (980) | -- | 198 | (782) |
| Zero coupon instruments | (7,930) | (1,216) | -- | (9,146) |
| Right of use assets | (85,369) | 7,138 | -- | (78,231) |
| Unrealised exchange and other gains | (6,176) | 50 | -- | (6,126) |
| Revaluation gain on property and equipment | (772) | -- | (189) | (961) |
| Revaluation of PPE – Associates | (3,271) | -- | -- | (3,271) |
| | (231,813) | 5,241 | (12,215) | (238,787) |
| **Net deferred income tax liability** | (126,500) | 5,639 | (12,215) | (133,076) |

## 22 Deferred income tax liability (continue)

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

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

## 23 Share capital

The total authorised number of shares are issued and fully paid. Thirty-nine point nine percentage (39.9%) of these shares are trading on the Trinidad and Tobago Stock Exchange.

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| ***Ordinary Shares*** | | |
| 251,353,562 ordinary shares of no par value | 539,957 | 539,957 |
| Treasury shares/stock | (185,000) | (185,000) |
| | 354,957 | 354,957 |
| *Preference shares* | | |
| 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 |
| | 103,600 | 103,600 |
| **Total shares** | 458,557 | 458,557 |

The Class A preference shares are non-participating and non-voting. The option for redemption expired in September 1999. The shares pay cumulative dividend of 4% per annum. The Class B preference shares pay cumulative dividends of 2% per annum when declared, but are non-participatory, non-voting and non-redeemable.

### Employee Share Ownership Plan

In April 2017, the shareholders approved the establishment of an employee share ownership plan for the Group's staff. This ESOP was subsequently approved by the Board of Inland Revenue in December 2018. The first distribution was made in January 2019 based on the profit of the Group for the financial period ending 30 September 2018.

The plan is designed to provide long-term incentives to the employees. The object of the plan is to permit and facilitate the transfer of the annual bonus distribution if any, of the Group's employees who are participants in the ESOP to the Trustee to be applied towards the purchase of shares in the Company to be held by the Trustee for the use and benefit of participants and otherwise dealt with in accordance with the provisions of section 35 of the Income Tax Act (Clause 3 – Trust Deed).

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, all of which will be vested after five years from the being allocated.

## 23 Share capital (continued)

**Employee Share Ownership Plan (continued)**

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:

| *Shares allocated to the Plan* | **2024 Number of shares** | **2023 Number of shares** |
|---|---|---|
| Opening balance | 4,963,567 | 5,234,235 |
| Purchase of shares | -- | 62,350 |
| Shares allocated to employees | (389,554) | (333,018) |
| Total unallocated shares | 4,574,013 | 4,963,567 |

## 24 Statutory reserves

The Financial Institutions Act 2008, Part VI, Section 56 1(a) (Trinidad and Tobago) stipulates that a Bank must transfer at the end of each financial year no less than 10% of its profits after taxation to a Statutory Reserve Fund until the amount standing to the credit of the Statutory Reserve Fund is not less than the stated capital or assigned capital of the Company. The FIA 2008 Section 60.1 also indicated that no licensee shall incur deposit liabilities of an amount exceeding twenty (20) times the sum of its stated capital or assigned capital and Statutory Reserve Fund.

In accordance with the Financial Institutions Act 1996-16, the Bank's subsidiary, First Citizens Bank (Barbados) Limited, is required to transfer to a reserve fund a minimum of 25% of the net income for the year, wherever the amount of the reserve fund is less than the stated capital.

## 25 Other reserves

i *Fair value reserve*

For debt instruments, the fair value reserve comprises the cumulative net change in the fair value of investment securities measured at FVOCI, less ECL allowances recognised in profit or loss, net of deferred tax, until the assets are derecognised or impaired. For equity financial assets which are measured at FVOCI, fair value gains and losses are not recycled to the income statement.

ii *Revaluation reserve*

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

## 25 Other reserves (continue)

iii. *Re-measurement of defined benefit obligation*

The re-measurements of the defined benefit obligation represent actuarial gains and losses, returns on plan assets (outside of any changes recorded as net interest) and any changes in the asset ceiling (outside of any changes recorded as net interest).

iv. *Translation reserve*

The translation reserve comprises all foreign currency differences arising from translation of the financial statements of foreign operations.

The following table shows a breakdown of the balance sheet line item "other reserves" and the movement in these reserves during the period:

| | Financial assets at FVOCI $'000 | Re-measurement of defined benefits obligation $'000 | Revaluation surplus $'000 | Foreign currency translation $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Balance as at 1 October 2023** | 479,924 | 187,723 | 135,592 | 55,693 | 858,932 |
| Reclassified to income statement | 6,136 | -- | -- | -- | 6,136 |
| Revaluation net of tax | 60,534 | -- | -- | -- | 60,534 |
| Re-measurement | -- | (25,738) | 365 | -- | (25,373) |
| Transfer to retained earnings | (6,406) | -- | -- | -- | (6,406) |
| Currency translations | -- | -- | -- | 3,520 | 3,520 |
| **Balance at 30 September 2024** | 540,188 | 161,985 | 135,957 | 59,213 | 897,343 |
| **Balance as at 1 October 2022** | 534,786 | 203,880 | 135,592 | 58,126 | 932,384 |
| Reclassified to income statement | 14,410 | -- | -- | -- | 14,410 |
| Revaluation net of tax | (69,272) | -- | -- | -- | (69,272) |
| Re-measurement | -- | (16,157) | -- | -- | (16,157) |
| Currency translations | -- | -- | -- | (2,433) | (2,433) |
| **Balance at 30 September 2023** | 479,924 | 187,723 | 135,592 | 55,693 | 858,932 |

## 26 Interest income calculated using the effective interest method

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| Loans to customers | 1,520,890 | 1,411,909 |
| Investment securities: | | |
| - Fair value through other comprehensive income | 698,073 | 459,003 |
| - Amortised cost | 131,918 | 241,471 |
| - Fair value through profit or loss | 3,513 | 620 |
| | 2,354,394 | 2,113,003 |

## 27 Interest expense

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| Customers' deposits | 64,434 | 49,929 |
| Other funding instruments | 150,132 | 122,931 |
| Bonds payable | 75,958 | 82,847 |
| | 290,524 | 255,707 |

## 28 Fees and commissions

*Disaggregation of fees and commission income*

The following table of fees and commissions from contracts with customers in the scope of IFRS 15 is disaggregated by major type of services. The table also includes a reconciliation of the disaggregated fees and commission income with the Group's operating reporting segments (Note 5).

| Year ended 30 September 2024 | Retail banking $'000 | Corporate banking $'000 | Treasury & investment banking $'000 | Trustee & asset management $'000 | Total $'000 |
|---|---|---|---|---|---|
| Account service fees | 38,617 | 1,216 | 20 | -- | 39,853 |
| Transaction fees | 173,792 | 9,306 | 7,701 | -- | 190,799 |
| Asset management fees | 20,158 | 532 | 96,652 | 51,464 | 168,806 |
| Trustee fees | -- | -- | -- | 43,467 | 43,467 |
| Underwriting & brokerage fee | -- | 7,606 | 10,766 | -- | 18,372 |
| Financial guarantees & loan commitments | 25,060 | 14,071 | 263 | -- | 39,394 |
| **Total fees and commission** | 257,627 | 32,731 | 115,402 | 94,931 | 500,691 |
| **Time of revenue recognition** | | | | | |
| At a point in time | 173,792 | 16,912 | 18,467 | -- | 209,171 |
| Transferred over time | 83,835 | 15,819 | 96,935 | 94,931 | 291,520 |
| | 257,627 | 32,731 | 115,402 | 94,931 | 500,691 |

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

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

## 29 Other Income

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| Foreign exchange transaction gains less losses | 155,974 | 138,456 |
| Foreign exchange translation gains less losses | (12,283) | (10,476) |
| Other Income | 31,793 | 7,403 |
| | 175,484 | 135,383 |

## 30 Credit impairment write back on investments securities

| | | |
|---|---|---|
| Write back/(charge) to impairment allowances | 8,531 | 14,697 |
| Net gain on derecognition of financial assets | 1,140 | 3,038 |
| | 9,671 | 17,735 |

## 31 Administrative expenses

| | | |
|---|---|---|
| Staff expenses | 631,061 | 611,831 |
| Pension expenses (note 15.f) | 53,218 | 43,163 |
| Audit Fees | 8,026 | 6,841 |
| Other administrative expenses | 54,418 | 45,302 |
| Depreciation | 100,145 | 91,327 |
| Amortisation charges | 25,887 | 25,320 |
| Impairment loss on non-financial assets | -- | 54 |
| | 872,755 | 823,838 |

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

| | 2024<br>Employees | 2023<br>% | 2024<br>Employees | 2023<br>% |
|---|---|---|---|---|
| First Citizens Bank Limited and its Subsidiaries | 1,530 | 83 | 1,511 | 83 |
| Subsidiaries | 311 | 17 | 313 | 17 |
| | 1,841 | 100 | 1,824 | 100 |

## 32 Other operating expenses

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| Property expenses | 66,001 | 56,699 |
| Technical and professional – non audit services | 796 | 450 |
| Technical and professional | 55,336 | 22,593 |
| Advertising expenses | 9,737 | 10,154 |
| Hardware and software maintenance | 86,050 | 85,707 |
| Deposit insurance (see below) | 41,642 | 42,235 |
| Credit card expenses | 161,839 | 145,474 |
| Equipment rental & maintenance | 15,780 | 14,328 |
| Communication charges | 14,578 | 18,892 |
| Security services | 18,265 | 15,560 |
| Stationery and service-related expenses | 16,716 | 15,230 |
| Tax on assets | 10,848 | 10,529 |
| Operating expenses | 119,644 | 126,663 |
| | 617,232 | 564,514 |

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.

## 33 Taxation

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| Current tax | 305,717 | 248,936 |
| Prior period under provision | 12,564 | 45,156 |
| Deferred tax (Note 22) | (5,639) | (990) |
| | 312,642 | 293,102 |

## 33 Taxation (continued)

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

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Profit before taxation | 1,285,092 | 1,069,852 |
| Tax calculated at 35% (2023: 35%) | 449,781 | 374,448 |
| Income exempt from tax | (208,016) | (174,946) |
| Expenses not deductible for tax purposes | 82,778 | 71,778 |
| Prior period under/(over) provision | 12,564 | 45,156 |
| Effects of different tax rates in other countries and businesses within the group | (24,465) | (23,334) |
| | 312,642 | 293,102 |

## 34 Dividends

| | | |
|---|---|---|
| Ordinary dividend paid per share – final for 2023 (2022) | 166,500 | 114,673 |
| Ordinary dividend paid per share – interim for 2024 (2023) | 364,945 | 321,029 |
| Preference dividend paid | 2,922 | 2,922 |
| | 534,367 | 438,624 |

## 35 Related party transactions and balances

a. *Directors and key management personnel*

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Salaries and other short-term employee benefits | 63,242 | 62,318 |
| Loans and receivables | 18,940 | 16,842 |
| Interest income | 860 | 796 |
| Customers' deposits | 23,401 | 29,359 |
| Interest expense | 268 | 336 |
| Other funding instruments | 669 | 2,352 |
| Interest expense – other funding instruments | 33 | 122 |

## 35 Related party transactions and balances (continued)

b. *Transactions with associate*

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| Loans and receivables | 153,828 | 126,147 |
| Interest Income | 7,845 | 5,947 |
| Customer deposit | 6,420 | 10,265 |
| Interest expense | 3 | 2 |

c. *Transactions with related party*

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| Customers' deposits | 63,521 | 62,423 |

d. *Pension plan*

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| Employer's contribution (Note 15.d) | 55,306 | 54,480 |

e. *Government of the Republic of Trinidad and Tobago*

On the formation of the Bank, it was agreed that the assets and liabilities of the predecessor financial institutions would be transferred to the Bank and the non-performing portfolio sold to a liquidating company in consideration for an equivalent amount of Government-guaranteed notes and commercial paper.

In 2009, the Bank entered into a Liquidity Support Agreement with GORTT and the Central Bank in relation to the acquisition of the shares of Caribbean Money Market Brokers Limited, now First Citizens Investment Services Limited which provided indemnification of the Bank against certain losses (Note 3.a.vii).

Reimbursement amounts based on claims made over the period are disclosed below: -

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| **Liabilities** | | |
| Due to GORTT (Note 19) | 27,672 | 26,572 |

## 35 Related party transactions and balances (continued)

f. *Other transactions with the Government of the Republic of Trinidad and Tobago*

In addition to the balances in (e) 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:

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| Loans and receivables | 2,886,497 | 3,349,488 |
| Interest income | 211,031 | 234,544 |
| Customers' deposits | 10,276,138 | 10,038,125 |
| Interest expense | 22,672 | 17,325 |
| Investment securities - FVOCI | 6,553,022 | 6,505,494 |
| Investment securities - Amortised cost | 417,535 | 420,275 |
| Investment income | 359,140 | 428,464 |

g. The (COVID-19) Small & Medium Enterprises (SME) Stimulus Loan is an initiative the GORTT embarked upon, geared specifically towards bringing relief to the Small and Medium Enterprises businesses that were negatively affected as a result of the crisis caused by the COVID-19 pandemic. The GORTT provided a guarantee for 75% or 100% of the loan value. The interest on these loans will be paid by the GORTT for the duration of the loan.

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| SME loans | 52,874 | 61,759 |
| Interest income | 1,734 | 1,884 |

## 36 Commitments

a. *Capital commitments*

| | | |
|---|---|---|
| Capital expenditure approved by the Directors but not provided for in these accounts | 158,010 | 186,348 |

b. *Credit commitments*

| | | |
|---|---|---|
| Commitments for loans approved not yet disbursed | 862,315 | 913,247 |

## 37 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.

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| Acceptances | 12,250 | 27,763 |
| Guarantees | 152,355 | 119,230 |
| Letters of credit | 12,441 | 13,300 |
| | 177,046 | 160,293 |

## 38 Subsequent events

The first phase of the First Citizens Group's corporate legal restructure exercise was completed on 15 October 2021, with the amalgamation of the Bank with a special purpose vehicle to facilitate the formation of a new Financial Holding Company, First Citizens Group Financial Holdings Limited (FCGFH), the cancellation and delisting of the Bank's shares and the issuance and listing of FCGFH shares on the Trinidad and Tobago Stock Exchange. Trading in FCGFH shares commenced on 18 October, 2021.

With effect from 1 October, 2024, First Citizens Bank Limited (Bank) transferred the shares of First Citizens Depository Services Limited (FCDS), First Citizens Trustees Services Limited (FCTS), First Citizens Bank (Barbados) Limited (FCBB) and First Citizens Investment Services Limited (FCIS) to FCGFH, marking the end of the second and final phase of the First Citizens Group's corporate restructuring exercise. The Bank remains a subsidiary of FCGFH.

The shares of FCTS, FCDS and FCIS were transferred by vesting order to FCGFH by virtue of Legal Notice No. 102 of 2024. The shares of FCBB were transferred in accordance with the laws of Barbados and the share transfer form is lodged with the Barbados regulatory authorities awaiting adjudication.

On 26 November 2024, the Board of Directors declared a final dividend payment of $0.88 per ordinary share payable to shareholders.

# NOTES

# NOTES

First Citizens

We put you first