Annual Report 2011

First Citizens

focus

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Our window-shaped graphic is symbolic of our perspective. It defines how we see things as well as our ability to draw the right elements into focus. Our theme this year converges the 'soft' and 'hard' qualities of the First Citizens customer experience. We have a unique attitude to individualized Service, where a pleasant and rewarding customer interaction is our aim, every time. We have created pioneering Products to enhance our customers' lives. We are committed to staying on the cutting edge of our industry, but more importantly, our main focus is on what **we put first... YOU!**


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vision

To become the most competitive financial group in Trinidad and Tobago with a well established international presence.

mission

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

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Corporate Information and Profile of Subsidiaries

First Citizens

Board of Directors

For the year ended September 30, 2011

* Samuel A. Martin – Chairman
* Michal Andrews – Deputy Chairman
* Winston Connell
* Kirby Anthony Hosang
Marlene Juman
* Govind Maharaj
* Inskip Pollonais
* Michael A. A. Quamina
* Inez B. Sinanan
** Nyree D. Alfonso – Chairperson
** Cindy Bhagwandeen
** Shobee Jacelon
** Anthony Mohammed
** Ramish Ramanand
** Ved Seereeram
*** Larry Howai
*** Vishnu D. K. Musai
*** Anil Seeterram

* *Resigned December 30, 2010*
** *Appointed December 31, 2010*
*** *Appointed March 28, 2011*

Corporate Information

Group Chief Executive Officer
Larry Howai
BSc Economics, CMA, FIB

Group Corporate Secretary
Sharon L. Christopher
LLB (UWI), LLM (Lond.), LEC

Registered Office
9, Queen's Park East,
Port of Spain,
Trinidad, W.I.
Tel: (868) 624-3178
Fax: (868) 624-5981
Website: www.firstcitizenstt.com

Auditor
PricewaterhouseCoopers
11-13, Victoria Avenue,
Port of Spain
Trinidad, W.I.

First Citizens Asset Management Limited

Board of Directors

* Kirby Anthony Hosang – Chairman
* Gloria Rolingston – Deputy Chairman
* Gordon Borde
* Larry Howai
* Inskip Pollonais
* Inez B. Sinanan
** Rishi Baddaloo – Interim Chairman
** Narinejit Pariag
** Dr. Rodney Ramroop
** Susan Romano-Davis

* *Resigned December 30, 2010*
** *Appointed December 31, 2010*

50, St. Vincent Street,
Port of Spain,
Trinidad, W.I.
Tel: (868) 623-9091-7; (868) 625-8115-8
Fax: (868) 625-2349; (868) 624-8937
Website: www.firstcitizenstt.com

First Citizens Trustee Services Limited

Board of Directors

* Michael A. A. Quamina – Chairman
Sharon L. Christopher
* Govind Maharaj
Shiva Manraj
** Anthony Mohammed – Chairman
** Cindy Bhagwandeen
*** Vishnu Musai

* *Resigned December 30, 2010*
** *Appointed January 13, 2011*
*** *Appointed July 20, 2011*

45, Abercromby Street,
Port of Spain,
Trinidad, W.I.
Tel: (868) 623-9091-7; (868) 625-8115-8
Fax: (868) 627-6426
Website: www.firstcitizenstt.com

First Citizens Securities Trading Limited

Board of Directors

* Michal Andrews – Chairman
* Winston Connell
Sékou Mark
* Inskip Pollonais
Dirk Smith
** Ved Seereeram – Chairman
** Ramish Ramanand
*** Larry Nath

* *Resigned December 30, 2010*
** *Appointed January 13, 2011*
** *Appointed July 25, 2011*

45, Abercromby Street,
Port of Spain,
Trinidad, W.I.
Tel: (868) 623-9091-7; (868) 625-8115-8
Fax: (868) 627-6426
Website: www.firstcitizenstt.com

First Citizens (St. Lucia) Limited

Board of Directors

* Samuel A. Martin – Chairman
* Michal Andrews – Deputy Chairman
Michael Chastanet
Sharon L. Christopher
Shiva Manraj
Sékou Mark
** Larry Howai
*** Nyree D. Alfonso – Chairperson
*** Anthony Mohammed
**** Larry Nath

* *Resigned December 30, 2010*
** *Resigned July 25, 2011*
*** *Appointed January 13, 2011*
**** *Appointed July 25, 2011*

Noble House
6, Brazil Street,
Castries, St. Lucia, W.I.
Tel: (758) 452-5111-3
Fax: (758) 452-5114

First Citizens Financial Services (St. Lucia) Limited

Board of Directors

* Samuel A. Martin – Chairman
* Michal Andrews – Deputy Chairman
Michael Chastanet
Sharon L. Christopher
Shiva Manraj
Sékou Mark
** Larry Howai
*** Nyree D. Alfonso – Chairperson
*** Anthony Mohammed
**** Larry Nath

* *Resigned December 31, 2010*
** *Resigned July 25, 2011*
*** *Appointed January 13, 2011*
**** *Appointed July 25, 2011*

Noble House
6, Brazil Street,
Castries,
St. Lucia, W.I.
Tel: (758) 452-5111-3
Fax: (758) 452-5114

First Citizens Investment Services Limited

Board of Directors

* Samuel A. Martin – Chairman
Sharon L. Christopher
* Kirby Anthony Hosang
Larry Howai
* Michael A. A. Quamina
* Inez B. Sinanan
** Nyree D. Alfonso – Chairperson
** Shobee Jacelon
** Marlene Juman
** Ved Seereeram
*** Anil Seeterram

* *Resigned December 30, 2010*
** *Appointed January 13, 2011*
*** *Appointed April 8, 2011*

17, Wainwright Street,
St Clair,
Trinidad, W.I.
Tel: (868) 622-3247
Fax: (868) 627-5496
Website: www.firstcitizensinvestment.com

First Citizens Brokerage & Advisory Services

Board of Directors

* Samuel A. Martin – Chairman
Sharon L. Christopher
* Kirby Anthony Hosang
Larry Howai
* Michael A. A. Quamina
* Inez B. Sinanan
** Nyree D. Alfonso – Chairperson
** Shobee Jacelon
** Marlene Juman
** Ved Seereeram

* *Resigned December 30, 2010*
** *Appointed January 13, 2011*

17, Wainwright Street,
St Clair,
Trinidad, W.I.
Tel: (868) 622-3247
Fax: (868) 627-5496
Website: www.firstcitizensinvestment.com

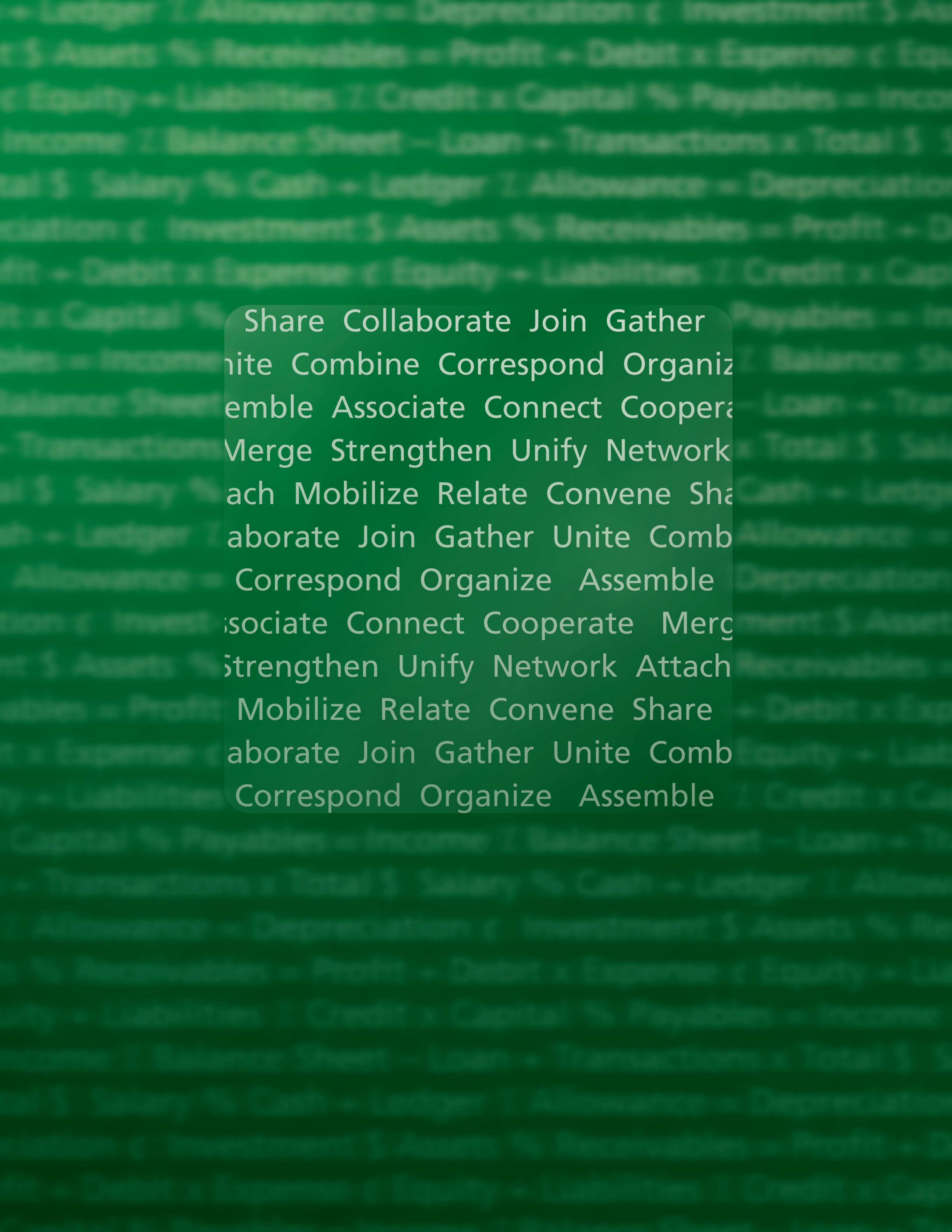
First Citizens Investment Services (Barbados) Limited

Board of Directors

* Samuel A. Martin – Chairman
Dr. Trevor A. Carmichael Q.C.
Sharon L. Christopher
* Kirby Anthony Hosang
Larry Howai
* Michael A. A. Quamina
* Inez B. Sinanan
** Nyree D. Alfonso – Chairperson
** Shobee Jacelon
** Marlene Juman
** Ved Seereeram

* *Resigned December 30, 2010*
** *Appointed January 13, 2011*

Warrens Great House
Warrens,
St Michael,
Barbados, W.I.
Tel: (246) 426-2020
Fax: (246) 426-0266
Website: www.firstcitizensinvestment.com



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Chairperson's Report

Nyree D. Alfonso

GROUP PERFORMANCE

I am pleased to report that profit after taxation for the First Citizens Group increased by 14.6%, from \$626.7 million to \$718.2 million, for the financial year ended September 30, 2011. Total assets increased by 5.5% moving from \$29.5 billion in 2010 to \$31.2 billion in 2011. This latter increase was largely as a result of the growth in our loans, statutory deposits and cash and due from banks. These were funded by bonds payable and other funding instruments. First Citizens remains the best capitalized bank in the industry. Its capital base increased by 5.0% from \$4.9 billion in 2010 to \$5.1 billion.

The slowing of the economy, coupled with the challenges in the domestic market (high liquidity, weak demand for credit, low interest rates and reduction in credit quality) required First Citizens to take proactive measures to manage our loan and investment portfolios.

THE INTERNATIONAL ECONOMY

The global economy has weakened as the ongoing debt crisis of the euro region and its effects on the real economy weigh heavily on investor confidence.

Historically, average quarterly GDP growth in the United States was 3.28%. However, third quarter GDP growth came in less than expected as the economy expanded at 2.0% compared to 1.8% recorded during the second quarter. The US economy has not been without its challenges for 2011 having lost its AAA sovereign credit rating by Standard and Poor's on August 5, 2011. This downgrade was a major blow to investor confidence which was seen from the sharp decline in the US stock market in the subsequent days as investors opted for safe haven assets. At the end of November, the US unemployment rate measured 8.6%, down from the 9.4% rate recorded in December 2010. While this decline indicates that hiring is probably accelerating, significantly more jobs would be needed to achieve a sustainable rebound in consumer spending, which accounts for 70% of the US economy. The housing market has shown signs of improvement since 2010, and while it may not be a major drag on GDP growth in the short-term, downside risks still exist for this demand-sensitive sector. The Federal Reserve continues to maintain its monetary policy stance of "exceptionally low" interest rates (at least through mid-2013) as the US economy remains susceptible to a slowdown in the global economy stemming from the eurozone debt crisis.

The eurozone economy experienced a quarterly expansion of 0.2% in the second quarter of 2011 following an expansion of 0.8% in the first quarter. Despite inflationary pressures which surpassed their 2% target, the European Central Bank, under the leadership of its new President, Mario Draghi, opted to lower its policy rate by 25 basis points in November 2011 to 1.25% in order to lower borrowing costs and stimulate economic activity.

Not surprisingly, the sovereign debt crisis continues to be the main concern for financial markets throughout Europe. Recent proposals to resolve the crisis include the expansion of the European Financial Stability Facility (EFSF), the main function of which is to provide financial assistance to euro area member states, as well as a 50% debt haircut for Greek debt holders. Additionally, the issue of bank recapitalization was addressed, with European banks having to raise their core Tier 1 capital to 9% of risk-weighted assets by mid 2012 (an estimated €106 billion in additional capital).

Saving the euro and solving Europe's sovereign debt crisis will be no easy task, and continued turbulence in the global financial markets can be expected as the eurozone leaders continue their efforts to address the region's challenges.

REGIONAL

Real GDP in the Latin America and Caribbean region is set to expand by 4.5 % in 2011, and 4.0% in 2012. This is lower than the 6.1% growth recorded in 2010. Economic performance varied across the region with South American countries continuing to lead. Growth in these countries was led by relatively high commodity prices for most of the year, along with the continued expansion of domestic demand. Most South American economies recorded growth in excess of 5% but showed a notable slowdown estimated at 3.8% in 2011. In the Central American region, the recovery gathered some momentum, fueled by domestic demand and increased agricultural exports.

For most Caribbean countries, a stronger sign of economic recovery surfaced in 2011, though still below desired levels. Guyana and Suriname continued to post strong growth, while economies highly dependent on tourism, namely Barbados and the OECS region, faced challenges as the economies of source tourist markets, namely the US and Europe, faced constraints. Fiscal challenges also posed a problem for most Caribbean countries as they struggle to contain high public debt levels accumulated as a result of economic slowdown.

TRINIDAD & TOBAGO

Trinidad & Tobago's economy grew by 0.6% year on year in the second quarter of 2011 after contracting 2.4% in the first quarter of 2011. The second quarter outturn was driven by improved performance in the energy sector where activity grew by 1.4% in the quarter ending June 2011. This follows a decline of 3.6% in the first quarter. The non-energy sector experienced a decline of 0.1% at the end of the second quarter (year-on-year of 2011). This was largely attributed to a decline in the construction sector which contracted at a rate of 3.7% year on year. The manufacturing and agriculture sectors increased by 4.5% and 1.6% year on year respectively.

Headline inflation increased to 5.7% year-on-year in November 2011 from 3.7% in October 2011. The increase was driven primarily by food prices which was reported at 12.3% during the period. Core inflation slowed to 1.4%. Interest rates continue to trend lower with commercial banks' excess balances rising to TT$6 billion in December 2011. The Central Bank has maintained its repo rate at 3.00%.

Overall, the economy is projected to decline by 1.4% in 2011 (calendar year) as a result of flat growth in the petroleum sector coupled with lower levels of economic activity in the non-petroleum sector.

FIRST CITIZENS

During the year, the Group successfully issued a US$175 million bond on the international capital market. This bond was significantly oversubscribed. Standard and Poor's and Moody's also re-affirmed First Citizens investment grade ratings of BBB+/A2 and Baa1/A1 respectively. These are notable achievements, especially given the global economic environment and the challenges faced in the fixed income markets. The Bank thus remains the highest rated indigenous bank in the English-speaking Caribbean.

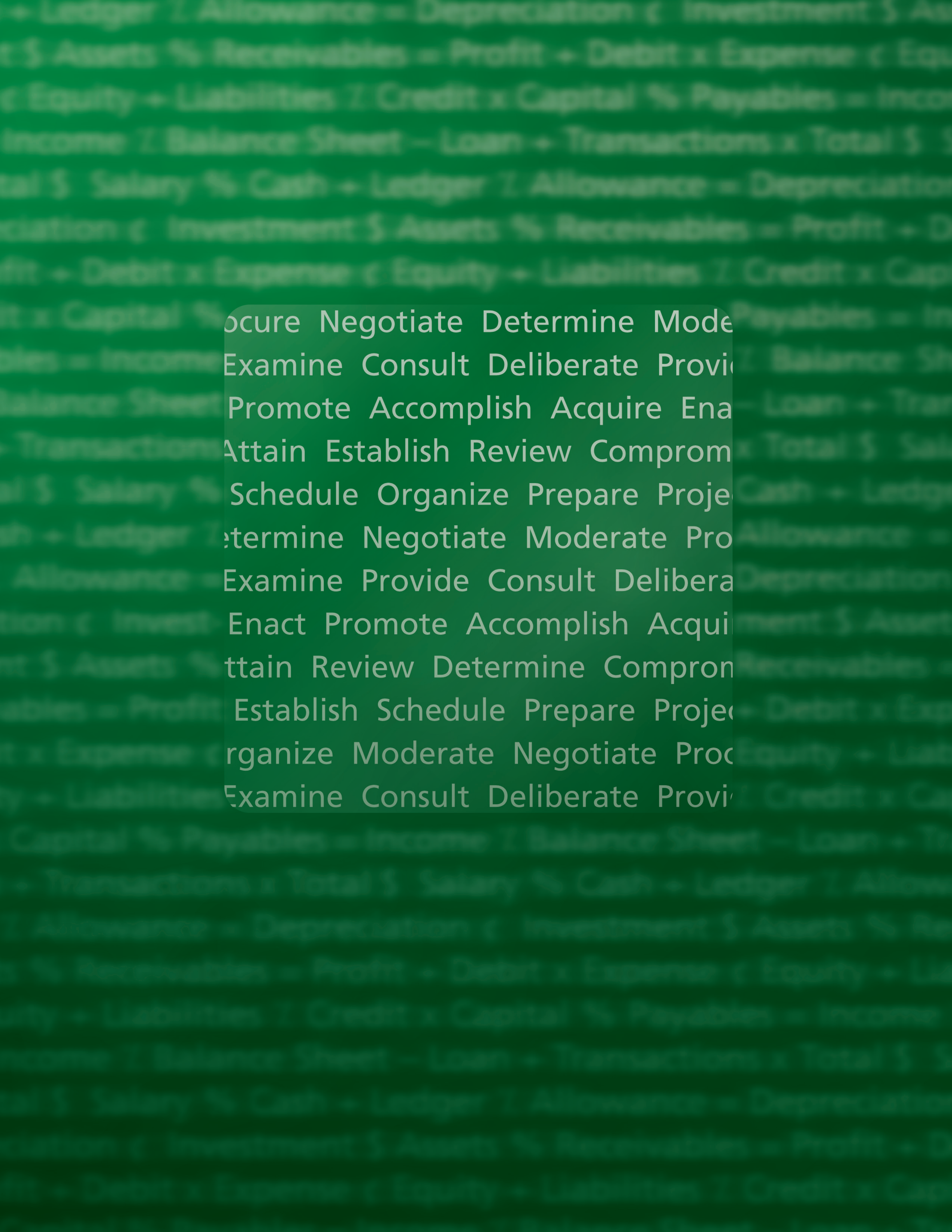
The Group continues to identify threats and formulate strategies to mitigate risks. The Group has seen growth—both in its asset base as well as its profits—over the last financial year. We continue to be committed to strengthening our financial base, as well to grow both locally and regionally, and to providing excellent customer service.

CONCLUSION

We are indeed proud of all of our achievements during the financial year. I wish to express my sincere gratitude to the staff, customers, investors, shareholders, my fellow directors and all other stakeholders for their invaluable contributions towards the continuing growth and achievements of the First Citizens Group.

I am optimistic that Trinidad & Tobago will see a return to growth in 2012, but this will be heavily contingent on the outcome of discussions currently taking place regarding the future of the euro and the eurozone itself. The gradual slowing in China, India and Brazil are also areas of concern, and we continue to follow these developments closely.

Nyree D. Alfonso
Chairperson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Group Chief Executive Officer's Report

Larry Howai

HIGHLIGHTS

The First Citizens Group continued to perform robustly in 2011. Some highlights of this performance include:

- Profit after tax increased by 14.6% from $626.7 million to $718.2 million;
- Total assets increased from $29.5 billion to $31.2 billion;
- Standard & Poor's and Moody's maintained the Group's investment grade rating at BBB+ and Baa1 respectively;
- The Group's capital base increased by over 5% from $ 4.9 billion to $5.1 billion;
- Capital to assets ratio remained best of class at 58% (risk adjusted).

OVERVIEW OF PERFORMANCE

During the financial year ended September 30, 2011, profit after tax increased to $718.2 million. The Group's Asset base increased from $29.5 billion to $31.2 billion. In spite of the general deceleration in the local economy, the Group's gross loan base grew from $8.8 billion to $9.0 billion.

One of the most significant events for the Group was the successful issue of a US$175 million bond on the international capital market. This bond was significantly oversubscribed.

As a result of the our consistent performance, the high quality of our balance sheet as well as our strong capital ratios, Standard and Poor's and Moody's maintained the ratings of First Citizens, notwithstanding the general turmoil in the international financial sector. These ratings confirmed the financial standing of the Group which remains the highest rated indigenous financial institution in Trinidad and Tobago and one of the top rated indigenous bank in the English-speaking Caribbean.

BANKING OPERATIONS

Implementation of our customer service strategies was on-going, and our concentration on marketing and sales resulted in robust growth in our retail banking products—instalment loans, mortgage loans and credit cards. This occurred in spite of the general slowing of the local economy. Our Electronic Banking Unit in particular was able to show significantly improved results in telebanking, internet banking, point of sale acquiring and credit card adoption and usage, in keeping with our strategic emphasis on this area of our business.

SUPPORT SERVICES

During the year our support services focused on improving the efficiency and effectiveness of our operating systems. Focus continued on streamlining of systems and procedures and the management of risk at all levels within the organization. We have strengthened our human resource management capability and introduced new systems for business continuity planning. The risk management measures implemented during the year significantly enhanced the Group's anti-money laundering capability.

SUBSIDIARIES

The Group's subsidiaries continued to perform well, expanding the range of products and services which they offer and growing in market share and profitability. The Asset Management Company has increased assets under management from $10.5 billion to $11.1 billion, while the Trustee Company focused on streamlining its operations and increasing its revenue generating capability, with fee income increasing from $21.0 million in 2010 to $22.3 million in 2011. The First Citizens Securities Trading Company continued to make a significant contribution to Group liquidity and earnings with profit after tax increasing from $46.3 million to $54.8 million. First Citizens Investment Services Limited also contributed $85.9 million to profit after tax.

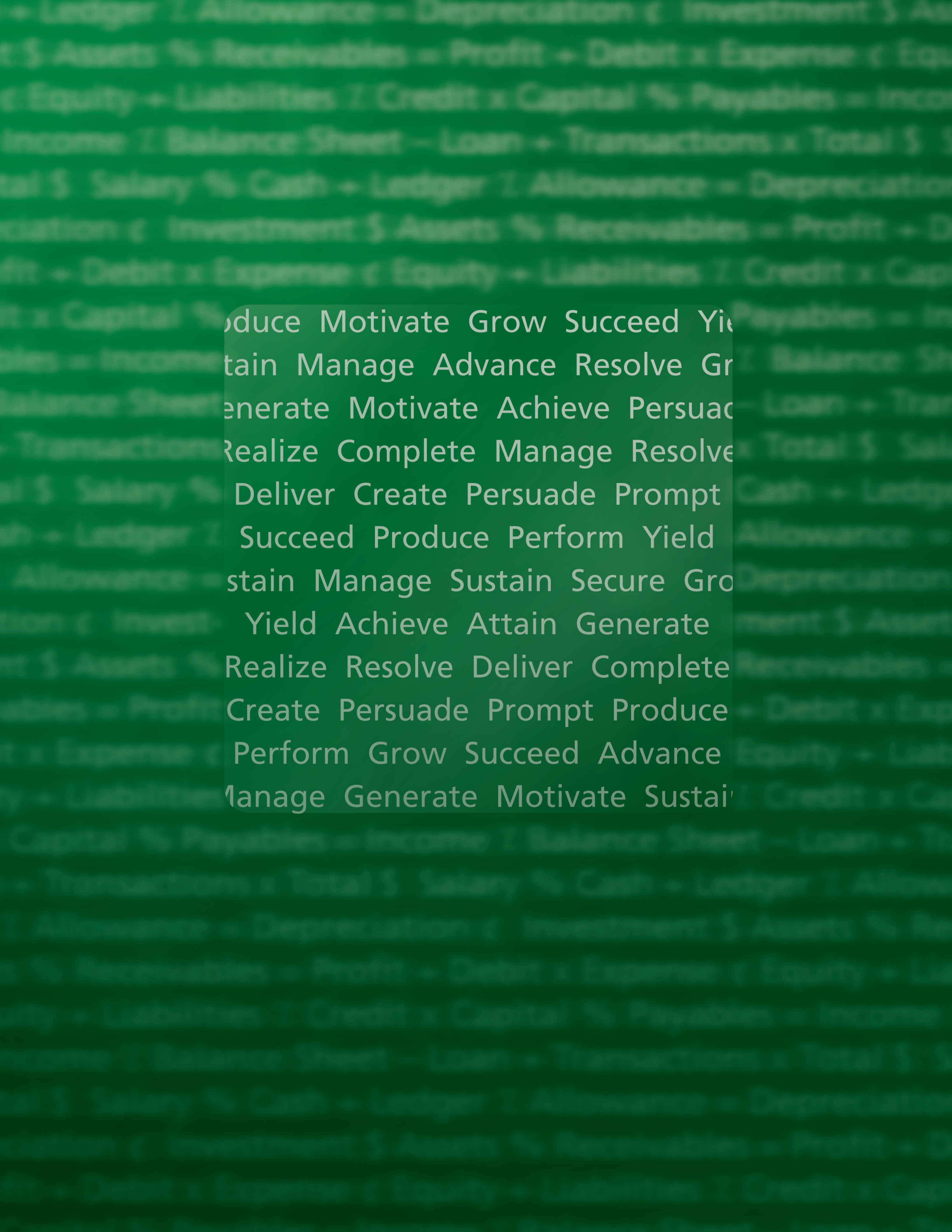
FUTURE OUTLOOK

The developed world economies are expected to emerge gradually from the recent recession in the coming year but many risks remain. Should the expected growth occur, prices of oil and natural gas, the mainstay of the local economy, will likely stabilize which will strengthen Government's fiscal position and strengthen its capacity to stimulate growth in the local economy.

The condition of the local and regional economies will require the Group to continue its efforts at managing and reducing its expenses and ensuring the best quality risk assessment of loans and investments on its books. These are the two main areas of focus in the new fiscal year to ensure that the growth of the loan and asset base of the Group continues.

In closing, I would like to express my appreciation to the Board, our employees and all our stakeholders who, together, continue to maintain the Group's position as one of the most successful financial institutions in the English-speaking Caribbean.

Larry Howai
Group Chief Executive Officer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Statement of Management Responsibility

The Financial Institutions Act, 2008 (the Act) requires that management prepare and acknowledge responsibility for preparation of the financial statements annually, establish and maintain an adequate internal control structure and procedures for financial reporting, safeguarding the assets of the company as well as ensuring compliance with the Act.

It is management's responsibility to apply the appropriate accounting policies and make accounting estimates that are reasonable. Management is responsible for ensuring that the statements presented are a fair and true presentation of the state of affairs of the company, which includes ensuring that the information from which the statements are derived are designed and properly monitored in a manner which would allow accurate information to be provided. In addition, management is responsible for ensuring that the information presented is free from material misstatement whether due to fraud or error.

Management accepts responsibility for the annual financial statements as well as the responsibility for the maintenance of the accounting records and internal controls which form the basis of the financial statements. The financial statements of the First Citizens Group are prepared in accordance with International Financial Reporting Standards and the appropriate accounting policies have been established and applied in a manner which gives a true and fair view of the Group's financial affairs and operating results.

In addition, it is noteworthy to mention that nothing has come to the attention of management to indicate that the Group will not remain a going concern for the next 12 months from the date of this statement.

Group Chief Executive Officer
December 19, 2011

Chief Financial Officer
December 19, 2011

Ten Year Summary of Financial Data

Period 2002-2011

TT$ millions

As at September 30	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Total Assets	31,160	29,534	27,714	15,843	15,059	12,662	11,633	8,472	7,006	6,552
Total Funding	25,626	23,989	22,702	12,351	12,469	10,075	9,125	6,160	4,764	4,510
Shareholders' Equity	5,146	4,900	4,098	2,672	2,193	1,918	1,792	1,575	1,473	1,291
Total Loans	9,020	8,788	7,674	6,559	6,040	5,059	4,572	3,215	2,438	1,994
Investments	10,611	11,175	10,549	4,121	3,193	2,452	2,308	1,585	1,225	1,122
Profit Before Tax	688	671	621	503	439	404	345	316	233	183
Non-Performing Loans/Total Loans	4.55%	1.16%	1.03%	0.8%	0.6%	0.8%	1.2%	1.6%	2.4%	2.7%
Efficiency Ratio	46.74%	44.89%	40.46%	43.7%	44.1%	43.6%	45.7%	44.8%	44.8%	43.1%
Capital/Assets	16.5%	16.6%	14.8%	16.9%	14.6%	15.1%	15.4%	18.6%	21%	19.7%

Directors' Report
for the year ended September 30, 2011

The Directors present herewith the annual report and financial statements for the year ended September 30, 2011.

PRINCIPAL ACTIVITIES

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

REGULATION

The Bank is licensed under the Financial Institutions Act, 2008 and is regulated under the applicable rules and regulations of the Central Bank of Trinidad and Tobago, including the Inspector of Financial Institutions and the Securities and Exchange Commission (SEC).

FUTURE DEVELOPMENTS

The Group will continue to focus on our core range of services over the next financial year. We intend to strengthen our brand by enhancing the customer experience. First Citizens Investment Services Limited and First Citizens Financial Services (St. Lucia) Limited continue to assist us in growing our business in select countries regionally.

RESULTS AND DIVIDENDS

The Group's total assets stood at $31.2 billion as at the end of September, 2011. This represents growth of 5.5% as compared to 2010. In 2011, profit after tax grew by 14.6% to $718.2 million, as compared to $626.7 million in the previous year. Dividends of $185 million were paid for financial year 2010. An interim dividend has been paid of $78 million for 2011.

DIRECTORS' RESPONSIBILITY STATEMENT

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

a. In the preparation of the Annual Financial Statements, the applicable International Financial Reporting Standards have been followed and there have been no material departure from these standards;

b. That proper and sufficient care has been taken for the maintenance of adequate internal controls, risk management systems and accounting records for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

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

ACKNOWLEDGEMENT

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

By order of the Board:

Sharon L. Christopher
Group Corporate Secretary
December 19, 2011

Nyree D Alfonso
Chairperson

Anthony Mohammed
Deputy Chairman

Cindy Bhagwandeen
Director

Vishnu D K Musai
Director

Larry Howai
Director

Ramish Ramanand
Director

Shobee Jacelon
Director

Anil Seeterram
Director

Marlene Juman
Director

Ved Seereeram
Director

Board of Directors
First Citizens

L - R: Anil Seeterram, Larry Howai, Marlene Juman, Shobee Jacelon, Ramish Ramanand, Anthony Mohammed, Vishnu D.K. Musai, Nyree D. Alfonso, Cindy Bhagwandeen, Ved Seereeram

Board of Directors' Profiles
First Citizens

NYREE D. ALFONSO - CHAIRPERSON

Nyree D. Alfonso is an Attorney-at-Law who has been in private practice for more than 20 years specializing in commercial litigation. She was admitted to practice both in Trinidad & Tobago and the Eastern Caribbean States. Ms. Alfonso graduated from UWI with a Bachelor of Laws Degree (Hons) and earned her Master of Laws Degree in commercial and corporate law with emphasis on taxation, commercial credit, security and borrowing and corporate restructuring/insolvencies from King's College, University of London.

She also obtained a Legal Education Certificate from the Hugh Wooding Law School. She was awarded a post graduate diploma (Merit) in Maritime Law in June 2009 from Lloyd's Maritime Academy/London Metropolitan University and is currently undertaking a course of study which will lead to a full LLM in Maritime Law.

Ms. Alfonso serves as Director/Corporate Secretary to several companies in the private sector and was a founding member of the Rotary Club of Maraval, and a Council Member of the St. John Ambulance Association and Brigade of Trinidad & Tobago.

She was appointed to the Boards of First Citizens Holdings Limited and First Citizens Bank Limited as Chairperson in December 2010. In January 2011 she was appointed Chairperson of First Citizens (St Lucia) Limited, First Citizens Financial Services (St. Lucia) Limited, First Citizens Investment Services Limited, First Citizens Brokerage & Advisory Services Limited and First Citizens Investment Services (Barbados) Limited.

CINDY BHAGWANDEEN - DIRECTOR

Cindy Bhagwandeen has a BSc from UWI, an LLB from the University of London, and a Legal Education Certificate from the Hugh Wooding Law School. Ms Bhagwandeen has worked on several high profile and landmark cases with prominent Attorneys-at-Law, including the Honourable Attorney General of Trinidad & Tobago, Mr. Anand Ramlogan, and Sir Fenton Ramsahoye, QC. She manages a successful law practice in San Fernando which specializes in matters such as Judicial Review, Constitutional Motions, Medical Negligence Claims, Personal Injury Claims and various torts against the State. She was appointed to the Board of First Citizens Bank Limited in December 2010, and to the Board of First Citizens Trustee Services Limited in January 2011.

LARRY HOWAI - DIRECTOR

Larry Howai has over 30 years' experience in the financial services industry, most of them with First Citizens where he has been Chief Executive Officer since 1997. Holder of a BSc in Economics (UWI), Mr Howai is a qualified Certified Management Accountant and Fellow of the Institute of Banking and Finance of Trinidad & Tobago. He has held directorships in several companies, and is currently on the Board of First Citizens Bank Limited and several of its subsidiaries, as well as the Advisory Board of Habitat for Humanity. He is the Chairman of the National Gas Company of Trinidad & Tobago Limited, the National Energy Corporation of Trinidad & Tobago Limited, Vice President of the Bankers Association of Trinidad & Tobago and Chairman of the e-Business Roundtable.

SHOBEE JACELON - DIRECTOR

Shobee Jacelon graduated with an Honours Degree in Geography, followed by a Masters Degree in Information Science and Technology at the University of Western Ontario. On her return to Trinidad & Tobago she worked first as Assistant Librarian at the UWI Library, followed by an 8 year stint at The Caribbean Industrial Research Institute (CARIRI) as an Information Specialist in disseminating technical information to businesses, Government and research institutes, both in the private and public sectors. The subsequent five years in her family's jewellery business (Maraj Jewellers) were spent in customer service, human resource and marketing.

Over the last 16 years Mrs. Jacelon has been involved with four international companies at an executive level in marketing nutritional supplements. She has recently set up her own company, Lifestyle Solutions Limited. She was appointed to the Board of First Citizens Bank Limited in December 2010 and to the Boards of First Citizens Investment Services Limited, First Citizens Brokerage and Advisory Services Limited and First Citizens Investment Services (Barbados) Limited in January 2011.

MARLENE JUMAN - DIRECTOR

Marlene Juman was appointed to act as Permanent Secretary, Ministry of Finance, in March 2010. She entered the Public Service over 20 years ago, where she served in the Ministry of Finance, first in the Inland Revenue Division as a Field Auditor and then as an Accountant, VAT Administration. She later worked with the Treasury Division as a Treasury Accountant, followed by Treasury Director, Financial Management. After a period of 12 years in the Ministry of Finance, she was assigned to the Ministry of Education where she spent five years as Deputy Permanent Secretary.

Ms. Juman is an Accountant with qualifications in AAT and ACCA and has a Diploma in Human Resource Management and a certification in Project Management. She is currently assigned to the Investments Division with responsibilities for the monitoring of the State Agencies. Ms Juman was appointed to the Boards of First Citizens Holdings Limited and First Citizens Bank Limited in June and July, respectively.

ANTHONY MOHAMMED - DIRECTOR

Anthony Mohammed is a Fellow of the Association of Chartered Certified Accountants and a member of the Institute of Chartered Accountants of Trinidad & Tobago. He has over 20 years' experience in Auditing, Accounting and Finance and, at present, holds the position of Finance Manager at Air Liquide Trinidad & Tobago Limited. Mr. Mohammed was appointed to the Board of First Citizens Bank Limited in December 2010. In January 2011 he was appointed to the Board of First Citizens Trustee Services Limited as Chairman, and to the Boards of First Citizens (St Lucia) Limited and First Citizens Financial Services (St Lucia) Limited.

VISHNU D K MUSAI - DIRECTOR

Vishnu D.K. Musai has an MBA from the Institute of Business, UWI, and an ACCA from the Glasgow College of Technology. He has worked as a Accountant at the Ministry of Finance, and at GTM Life Insurance Company Limited (now Mega Insurance Company Limited) as Secretary/Accountant. He was also the Chairman of Trinidad & Tobago Forests Products Limited for several years.

At present, Mr. Musai is the Principal Partner of the auditing firm Vishnu D.K. Musai & Company. He brings to the Bank a wealth of experience in accounting, finance and management. He is a practising member of the Institute of Chartered Accountants of Trinidad & Tobago and was appointed to the Board of First Citizens Bank Limited in March 2011, and to the Board of First Citizens Trustee Services Limited in July 2011.

RAMISH RAMANAND - DIRECTOR

Ramish Ramanand works at the Petroleum Company of Trinidad & Tobago Limited and has a Diploma in Management from Henley Business School, a BA in Human Resource Management Degree from a university in the UK (APU), and a Certificate of Risk Management from the Arthur Lok Jack Institute of Business. Mr. Ramanand was appointed to the Board of Directors of First Citizens Bank Limited in December 2010, and to the Board of First Citizens Securities Trading Limited on January 13, 2011.

ANIL SEETERRAM - DIRECTOR

Anil Seeterram has over 15 years of international, regional and local experience as a forensic accountant, auditor, management consultant and banker. He is the Managing Partner of The Phi Group, a highly specialised consulting practice with clients in the energy, financial services, manufacturing, ICT and retail sectors.

Mr. Seeterram is a Canadian-qualified Chartered Accountant. He has an MBA (Hons) from the University of Western Ontario, a joint post-graduate diploma in Investigative and Forensic Accounting from the University of Toronto and the CICA and a Bachelor of Commerce Degree from McGill University. Mr. Seeterram was appointed to the Board of First Citizens Holdings Limited in December 2010, to the Board of First Citizens Bank Limited in March 2011, and to the Board of First Citizens Investment Services Limited in April 2011.

VED SEEREERAM - DIRECTOR

Ved Seereeram is a Financial Consultant, advising Regional Governments and Corporations on capital market transactions, risk management and credit administration over the last 12 years. Prior to private consulting, Mr. Seereeram worked for Citibank for 8 years and was the Managing Director of Citicorp Merchant Bank. He spent 10 years at Scotiabank managing major corporate client portfolios. Mr. Seereeram holds an MBA from the University of Western Ontario and a BSc in Business Administration from the University of the West Indies. He was appointed to the Board of First Citizens Bank Limited on December 31, 2010 and to the Boards of First Citizens Securities Trading Limited, First Citizens Investment Services Limited, First Citizens Brokerage and Advisory Services Limited and First Citizens Investment Services (Barbados) Limited in January 2011.

Executive Management Team
First Citizens

L - R: Jason Julien, A. John Allum, Sharon Christopher, Sékou Mark, Larry Howai, Larry Nath

Executive Management Team's Profiles First Citizens

LARRY HOWAI
GROUP CHIEF EXECUTIVE OFFICER

Larry Howai has over 30 years' experience in the financial services industry, most of them with First Citizens where he has been Chief Executive Officer since 1997. Holder of a BSc in Economics (UWI), Mr. Howai is a qualified Certified Management Accountant and Fellow of the Institute of Banking and Finance of Trinidad & Tobago. He has held directorships in several companies, and is currently on the Board of First Citizens Bank Limited and several of its subsidiaries, as well as the Advisory Board of Habitat for Humanity. He is the Chairman of the National Gas Company of Trinidad & Tobago Limited, the National Energy Corporation of Trinidad & Tobago Limited, Vice President of the Bankers Association of Trinidad & Tobago and Chairman of the e-Business Roundtable.

SHARON L. CHRISTOPHER
DEPUTY CHIEF EXECUTIVE OFFICER – CORPORATE ADMINISTRATION

Sharon Christopher has been Deputy Chief Executive Officer – Corporate Administration of First Citizens since 2007. An Attorney-at-Law (Legal Education Certificate, Hugh Wooding Law School) and a holder of a Masters of Laws from the London School of Economics and Political Science, she has over 22 years' experience in the financial services industry. Her experience and training is wide-ranging, covering such areas as corporate governance, negotiation skills, alternative dispute resolution, fraud, anti-money laundering, leadership development and communication skills. Ms. Christopher has held directorships on numerous public and private sector boards, notably in the energy sector, as well as charitable boards. She currently sits on the board of the St. Lucia Electricity Services Limited and on the boards of several subsidiaries within the First Citizens Group.

LARRY NATH
DEPUTY CHIEF EXECUTIVE OFFICER – BANKING OPERATIONS

Larry Nath joined First Citizens as Deputy Chief Executive Officer – Banking Operations, in June 2011. He has a BBA and MSIA from Purdue University. He also completed the Leadership programme at the Wharton School. Mr. Nath's career has given him a wealth of experience in commercial, corporate and energy-sector banking. He is currently the Deputy Chairman of a Public Sector Board.

A. JOHN ALLUM
GENERAL MANAGER – RETAIL & COMMERCIAL BANKING

John Allum has over 40 years experience in the financial services industry. Most of his career was spent at another financial institution, where he progressed through the ranks to an Executive level position before taking early retirement in 2006. He has held directorships at Infolink Services limited and Credit Reporting Services Limited and is a past President of the St. Mary's College Past Students Union.

SEKOU A. MARK
GENERAL MANAGER – CORPORATE BANKING

Sékou A. Mark joined First Citizens as General Manager – Corporate Banking, in September 2008. Mr. Mark has a Masters of Business Administration with a focus on International Business Finance from George Washington University. He has worked at the World Bank and as a Private Sector Specialist in Latin American and Caribbean markets at the Inter-American Development Bank (IDB) where he gained a wealth of global banking experience. He was the Official Representative of The Republic of Trinidad & Tobago on the Board of Executive Directors of the IDB, the Inter-American Investment Corporation and the Multilateral Investment Fund. At First Citizens, Mr. Mark manages a portfolio of loans and investments in excess of US$1 billion.

JASON JULIEN
GENERAL MANAGER – FIRST CITIZENS INVESTMENT SERVICES LIMITED

Jason Julien is a Chartered Financial Analyst. He has a BSc in Management Studies from UWI, and an MBA from Edinburgh Business School. His career has covered consultancy with PricewaterhouseCoopers, and management positions at an international bank and at 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, hosted the Business Breakfast TV show, is a bi-weekly columnist and has written numerous articles on economic, investment and financial matters. Mr. Julien was also honoured as one of the Distinguished Alumni of UWI, St Augustine.

Senior Management Team
First Citizens

L - R: Rosemary Alves, Corporate Manager – Group Operations and Process Improvement; **Anthony St. Clair,** Chief Internal Auditor – Group Internal Audit; **Waltnel Sosa,** Corporate Manager – Strategic Initiatives/Projects; **Avril Edwards,** Corporate Manager – Electronic Banking; **Dirk Smith,** Corporate Manager – Treasury/International Trade Centre; **Shiva Manraj,** Chief Financial Officer – Finance and Planning; **Raymond Crichton,** Asst. General Manager – Credit Administration

L - R: **Warren Sookdar,** Chief Information Officer – Information and Communications Technology; **Harjoon Heeralal,** Corporate Manager – Group Corporate Planning; **Lindi Ballah-Tull,** Head – Legal; **Judith Sobion,** Asst. General Manager – Human Resources; **Christopher Sandy,** General Manager – First Citizens Trustee Services; **Kurt Valley,** General Manager – First Citizens Asset Management

Management's Discussion and Analysis of Financial Conditions

OVERVIEW

The following discussion aims to offer Management's perspective on the Group's financial statements and its general operations for the year ended September 30, 2011.

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

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

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

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

CRITICAL ACCOUNTING POLICIES

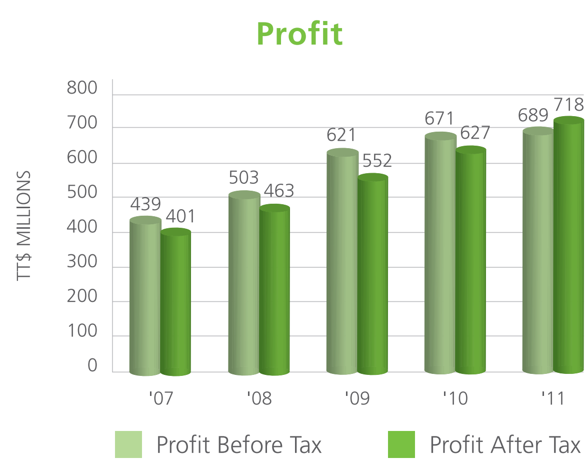
The accounting and reporting policies of the Group conform to International Financial Reporting Standards (IFRS). Developments related to these standards are actively monitored, and disclosure is provided in accordance with global industry best practice.

RESULTS OF OPERATIONS

At the end of the financial year ended September 30, 2011, First Citizens Group, inspite of challenging market conditions reported a profit before tax of $688.6 million. This profit represented $17.4 million or 2.6% over the $671.1 million earned in September 2010. In September 2011, profit after tax of $718.2 million was recorded. This represented a 14.6% increase over the previous year. The Group's assets increased from the previous year by over $1.6 billion or 5.5%, closing at $31.2 billion and resulting in a return on average assets of 2.37% and a return on average equity of 14.3%. Increases in other income like fees and commissions and gain on sale of investments and a decrease in impairment provision net of recoveries contributed to the financial success over the past year.

Over the last financial year the Group continued to face the challenge of managing its treasury as a result of falling global interest rates as many major economies contracted.

As the global slowdown endures, the Group will continue to manage its treasury as well as create more innovative products so as to better serve its customers.



NET INTEREST INCOME

Over the last financial year, in a direct response to global market conditions, the greatest challenge for the Group was managing interest rate spreads. With little or no economic activity, increases in inflation along with rising unemployment continue to dampen credit demand. Based on these circumstances the repo rate was reduced from 4.5%

at the beginning of the financial year to 3.0% as at September 30, 2011. The prime lending rate was also reduced from 9.0% to 7.75% or 125 basis points as at September 30, 2011. The Group however managed to maintain its interest rate spreads.

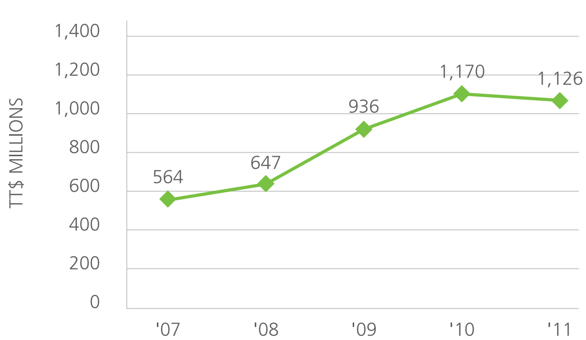
Net interest income is the most significant contributor to the Group's net income. It accounts for 77.5% of the Group's total income. The Group's net income has been steadily increasing over the years, reaching $1,170 million in 2010. There was, however, a $44 million or 3.8% decline in 2011.

Over the financial year ended September 30, 2011 all categories of interest income decreased, resulting in an overall reduction of $138 million or 8.1% to $1,571 million.

Loans interest income decreased by 7% to $674 million. Although the loans to customers net of provision increased by approximately $369 million, interest income decreased due to significant reduction in interest rates.

Interest expense decreased by $93.8 million or 17.4% to $446 million. This decrease was due to the reduction in our cost of funds due to decreasing customer deposits and repurchase agreements interest rates.

Net Interest Income



NON-INTEREST INCOME

In the year 2011, non-interest income increased by 20.0% to $326.8 million, accounting for 22.5% of total revenues. The major contributor to this category of earnings was fees and commissions of $231.0 million compared to $200.1 million in 2010.

NON-INTEREST EXPENSE

Total non-interest expense decreased by $12.3 million or 1.6%, amounting to $772.2 million at the end of September 2011. This reduction is mainly due to the decrease in provisioning on loans to customers and operating expenses offset by increases in staff expenses.

The Group's efficiency ratio, the ratio of non-interest expenses (excluding impairment provision) to total income increased to 46.7% in 2011. The Group continues to renew its commitment to strive towards increasing efficiency of utilisation of resources and controlling its expense levels, while delivering superior customer service.

ASSETS AND LIABILITIES

Total Assets were $31.2 billion as at the end of September 2011 up by $1.6 billion or 5.5%. This increase is mainly as a result of the increase in loans to customers and other financial assets specifically, cash and due from other banks.

THE LOAN PORTFOLIO

As at September 30, 2011, the net loan portfolio increased by $369 million to $8.8 billion. Loans grew within a few sectors, led by finance, insurance and real estate ($202 million) and real estate mortgages ($159 million).

NON-PERFORMING LOANS

Non-performing loans as a ratio of total gross loans increased from 1.16% to 4.55% as at September 30, 2011, displaying a significant decline in credit quality. This decline in credit quality is characteristic of the industry, which averaged 5.5%. The credit risk function continues to execute the Group's policy in an attempt to treat with this situation.

INVESTMENT PORTFOLIO

Available for sale investments decreased marginally during the year to $8.8 billion from $9.2 billion. This was mainly due to reduction in fair values and limited investment opportunities, encouraging more investments in short term instruments.

LOAN LOSS PROVISIONS

The Group accounts for the credit risk associated with lending activities through its allowance for bad and doubtful debts. This allowance, as determined through the application of the Group's loan loss provision model, is an expense recognized in the income statement. Total provision for the Group at the end of September 2011 amounted to $225.5

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

	Year ended September 30, 2009 vs September 30, 2010				Year ended September 30, 2010 vs September 30, 2011			
	Increase/(decrease) due to				Increase/(decrease) due to			
	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	411,682	(239,778)	(127,361)	44,542	(326)	(65,949)	26	(66,249)
Loans to customers	111,416	(84,519)	(13,235)	13,661	59,164	(101,985)	(8,321)	(51,142)
Loan notes	75,033	(49,619)	(22,952)	2,462	4,447	(24,371)	(658)	(20,582)
Total increase in interest income	598,130	(373,916)	(163,548)	60,665	63,285	(192,305)	(8,953)	(137,973)
Interest Expense Attributable to:								
Customers' deposits	89,271	(151,197)	(40,565)	(102,491)	4,688	(107,060)	(2,178)	(104,550)
Other funding instruments	202,203	(137,222)	(110,869)	(45,887)	35,559	(81,699)	(14,214)	(60,354)
Due to other banks	(6,107)	913	(349)	(5,542)	(6,190)	(10,152)	6,110	(10,232)
Debt securities in issue	10,842	(26,987)	(2,580)	(18,725)	9,475	65,282	6,532	81,289
Total increase in interest expense	296,210	(314,494)	(154,362)	(172,646)	43,532	(133,629)	(3,750)	(93,847)
Increase/(decrease) in net interest income	301,920	(59,423)	(9,186)	233,311	19,753	(58,676)	(5,203)	(44,126)

million, which represents 2.5% of total loans and 0.5 times coverage on the value of total non-performing loans.

PROVISION FOR TAXATION

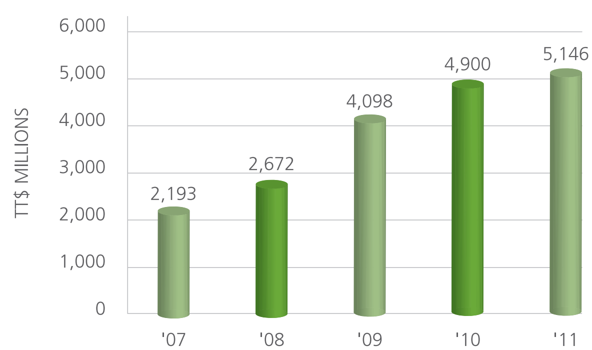
The Group recorded a credit for the year of $29.6 million. This was due to tax credits earned by the Bank during 2011.

SHAREHOLDERS' EQUITY

Total shareholders' equity increased by $0.2 billion over the last financial year to $5.1 billion. The increase in the Group's capital base was as a result of the increase in net profit for the year offset by dividend of $263 million paid to shareholders and an unfavorable movement in fair value reserves of $209 million.

The Group and its subsidiaries are subject to various capital requirements administered by banking regulators. Such regulators require that the bank maintain minimum amounts and ratios of total and Tier 1 capital (as defined in the regulation) to risk weighted assets (as defined). This standard corresponds with International Basel standards wherein there is a minimum capital adequacy ratio of 8%. This is a risk-based capital measure which recognises the inherent credit risk in off-balance transactions. As at the year's end, the Group was well capitalized with a Tier 1 capital adequacy ratio of 45.5%.

Capital



COMPLIANCE AND RISK MANAGEMENT

Since January 2007, the Group has recognized the need to place greater emphasis on creating a strong risk management culture in order to understand, manage and evaluate risks versus the rewards being earned. The risk function is currently divided into two main risk monitoring areas: Market and Credit Risk is being managed by the Credit Administration Department, and Operational Risk is being managed by the Operational Risk and Compliance Unit.

The Compliance function has the overall managerial responsibility to develop, establish and maintain an effective program to monitor compliance, prevent and detect lapses and recommend any necessary corrective action to fully meet the statutory and regulatory requirements and compliance best practice standards in all jurisdictions in which the Group operates, in addition to "Group wide" adherence to compliance programs. The employee hotline, which allows staff members a confidential medium for making queries or for reporting known or suspected compliance breaches for investigation, continues in operation and is increasingly being utilised by staff.

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

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

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

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

COMPLIANCE AND RISK MONITORING AND REPORTING

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 compliance and risk management and control framework and policies for the First Citizens Group.

To this end, the Board established a sub committee, the Board Enterprise Risk Management Committee, which is scheduled to meet quarterly with the Chairman of the Senior Management Enterprise Risk Management Committee, the Assistant General Manager – Credit Administration, and the Assistant General Manager – Operational Risk and Compliance, to discuss compliance with statutory, regulatory and other legal requirements, significant risks to the Group and the appropriateness of management's actions.

ASSET/LIABILITY MANAGEMENT

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

CREDIT RISK MANAGEMENT

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

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

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

Loans are immediately placed on a non-accrual basis if principal or interest is more than three months in arrears (six months in the case of residential mortgages). This process can be initiated even earlier if the loan is deemed uncollectable in accordance with the terms of the facility.

MARKET RISK MANAGEMENT

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

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

INTEREST RATE RISK MANAGEMENT

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

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

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

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

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

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

LIQUIDITY RISK MANAGEMENT

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

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

OPERATIONAL RISK MANAGEMENT

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

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

MANAGEMENT OF INTERNAL CONTROLS

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

Frequent internal assessments ensure the quality of these processes, which have been subject to an independent external quality assessment by the International Institute of Internal Auditors (IIA) during 2007. The Group's audit process received the highest rating accreditation from the IIA. This affirms the department's independence, objectivity and professional care in giving assurance on risk management practices, governance initiatives and compliance with policies, procedures, regulations and legislation. The Audit Committee continues to oversee the operations of the department, ensuring the highest quality of communications to management, and action items are identified for areas of weakness identified.

COMPLIANCE RISK

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

The steps taken to address this risk have been described earlier.

CONCLUSION

The last financial year has been one of many challenges for the First Citizens Group. These occurred because of the overall slowdown in the economy, especially in credit demand while at the same time controlling the effects of lower interest rates, both locally and globally on the loans and investment portfolio.

Despite the challenges, the Group continues to position itself as a strong financial institution through its consistent growth in its profits and asset base, as well as its efficient management of expenses. Coupled with sound management and corporate governance, the First Citizens Group is well poised to become one of the most competitive financial institutions in the region.

Group Profile

Office of the Group Chief Executive Officer

Larry Howai
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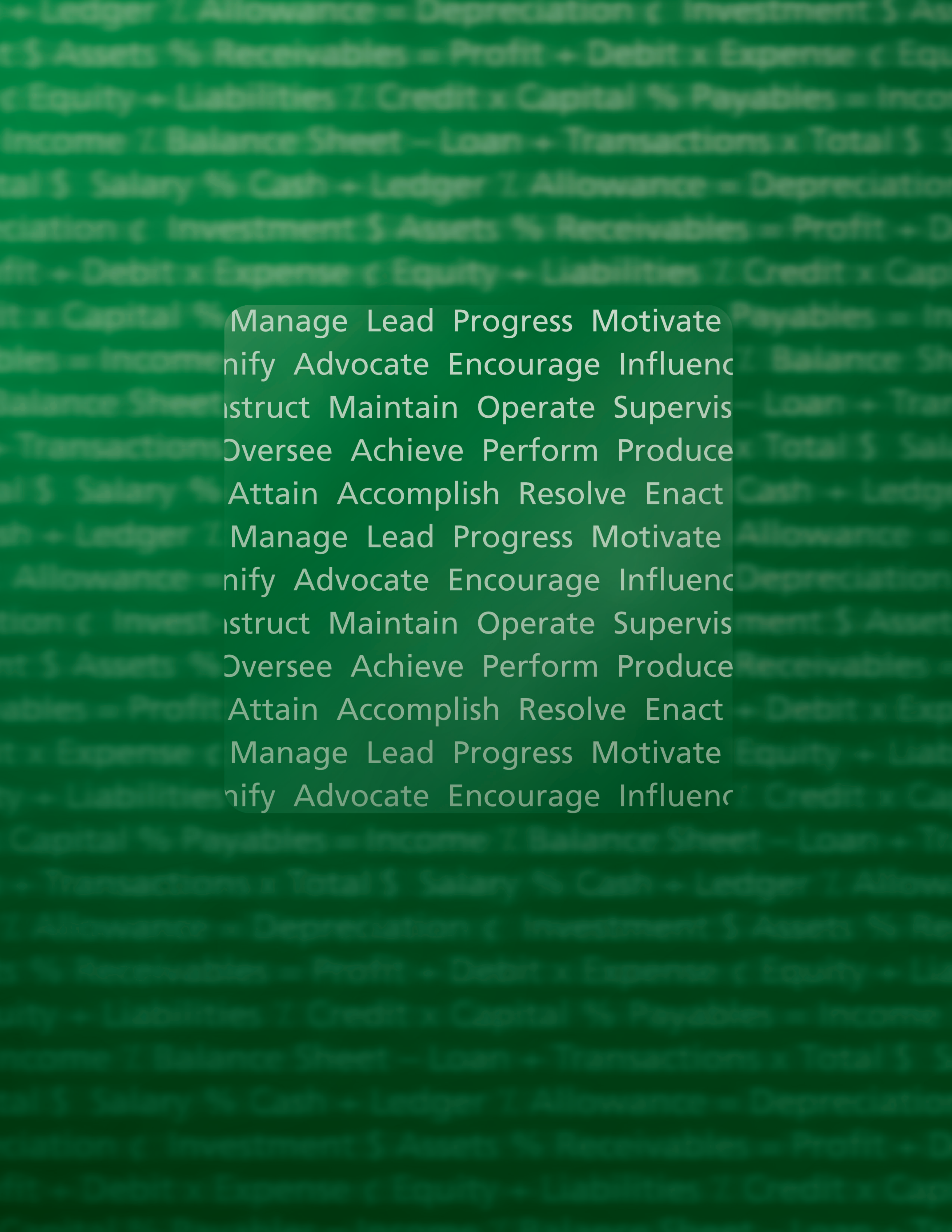
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Corporate Governance Structure

We believe that a good corporate governance regime is central to the efficient use of corporate capital and helps to ensure that a company takes into account the interests of a wide range of constituencies, including the communities within which it operates. In this regard, our Board of Directors is accountable to all of the company's stakeholders and provides the assurance that the company is operating for the benefit of society as a whole. This supervisory role also assists in maintaining the confidence of investors (both foreign and domestic) and increases the company's ability to attract capital.

Within the Group, the corporate governance framework is designed to ensure the strategic guidance of the company, the effective monitoring of the Board's management and its accountability to the company and the shareholders. The current structure of the Board Committees is as follows:

- Corporate Governance
- Board Enterprise Risk Management
- Audit
- Human Resources
- Credit

CORPORATE GOVERNANCE COMMITTEE

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

Other responsibilities include:

1. Integrity of information – Overseeing and reviewing the Group's processes for providing information to the Board. This is done through an assessment of the reporting channels through which the Board receives information, and the assessment of the quality and timeliness of information received.
2. Corporate governance principles – Developing and recommending a set of corporate governance principles applicable to the Group. The Committee also reviews the composition of all Board Committees and their terms of reference, and brings to the Board for approval a code of best practice for the functioning of these Committees.
3. Evaluation of performance – Developing an effective mechanism for an annual evaluation of the performance and effectiveness of the full Board, the operations of Committees and the contributions of individual directors.

The members of the Committee are:

Nyree D. Alfonso – Chairperson

Anil Seeterram

BOARD ENTERPRISE RISK MANAGEMENT COMMITTEE

In a world of increasingly complex and unrestricted global capital flows, the Group is exposed to greater volatility than ever before. As a result of this volatility, the management of risk is integral to the formulation and achievement of the Group's strategic goals.

The Board Enterprise Risk Management Committee is therefore responsible for reviewing with the management team the strategies, plans, policies and actions formulated for the management of the Group's exposures and for covering all areas of risk identified by the management team.

The Committee oversees the operations of the Operational Risk and Compliance Unit which has overall responsibilities for:

1. Establishing and maintaining an effective programme to monitor compliance with all statutory and regulatory requirements
2. Anti-Money Laundering Compliance
3. The management of Operational Risk using local and international best practices from that area

The Committee also oversees the operations of the Credit Administration Department and the Group Market Risk Unit as they relate to its responsibility for managing the credit and market risks faced by the Group.

In addition, particular emphasis is placed on the risks associated with new business ventures (divestments, acquisitions, mergers, etc.); operations in foreign jurisdictions; new legislation/regulations; corporate financing/capital structure; and reputation.

The members of the Committee are:

Ved Seereeram – Chairman

Shobee Jacelon

Ramish Ramanand

AUDIT COMMITTEES

The Financial Institutions within the First Citizens Group are each required by the Financial Institutions Act, 2008 to have an Audit Committee. In keeping with this requirement, Audit Committees were established for the Bank as well as its subsidiaries. The Audit Committee is the principal agent of the Board of Directors in overseeing the:

i. quality and integrity of the Group's Financial statements

ii. independence, qualifications, engagement and performance of the external auditors

iii. review of the performance of the Group's internal auditors

iv. integrity and adequacy of internal controls and the quality and adequacy of disclosures to the shareholders

v. scope and results of audits performed by the external auditor and the Group Internal Audit Department, as well as reports of the Inspector of Banks

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

The role and responsibilities of the Audit Committees of the Boards of the First Citizens Group are:

1. External auditor – The supervision of the relationship with the external auditor, including recommending the firm to be engaged as the external auditor, evaluating the auditor's performance and the determination of the selection criteria for the appointment of the external auditor

2. Critical accounting judgments and estimates – Reviewing and discussing with management and the external auditor the corporation's critical accounting policies and the quality of accounting judgments and estimates made by management

3. Internal controls – Becoming familiar with and understanding the Group's system of internal controls and, on a periodic basis, reviewing with both internal and external auditors the adequacy of this system

4. Compliance – Reviewing the organisation's procedures in addressing compliance with the law and important corporate policies, including the company's Code of Conduct

5. Financial statements – Reviewing and discussing the Group's annual financial statements with management and the external auditor and recommending that the Board approve these statements

6. Internal audit function –

    - Overseeing the Group's internal audit function, including reviewing reports submitted by the Chief Internal Auditor

    - Authorising the Internal Auditor to carry out special investigations into any area of the organisation's operations which may be of interest and concern to the Committee

    - Ensuring that the Group's Internal Audit Department is aware of the live issues of the Group (including major areas of change and new ventures) and that these are incorporated into its work plans

- Ensuring internal audit has full, free and unrestricted access to all the company's activities, records, property and personnel necessary to fulfill its agreed objective
- Communication – Providing a channel of communication to the Board for the external and internal auditors
- Composition – Each committee should have at least three members, of which the majority should be independent directors

The members of the Group Audit Committee are:

Holding Company

Carlton Watson – Chairman
Mulchan Lewis

Bank

Anthony Mohammed – Chairman
Marlene Juman
Vishnu D. K. Musai
Anil Seeterram

Asset Management

Narinejit Pariag – Chairman
Rishi Baddaloo
Dr. Rodney Ramroop

Trustee Services

Vishnu D. K. Musai – Chairman
Anthony Mohammed
Shiva Manraj
Cindy Bhagwandeen

First Citizens Investment Services

Anil Seeterram – Chairman
Larry Howai
Ved Seereeram

HUMAN RESOURCES COMMITTEE

The Human Resources Committee of the Board consists of seven members of which the Chief Executive Officer, the Group Corporate Secretary and the Assistant General Manager – Human Resources are *ex officio* members.

The Board selects the chair of the Human Resources Committee and he/she serves in the capacity for a period.

The role of the Committee is to:

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

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

i. Recruitment, selection and succession planning – Policies on the recruitment, selection of and succession planning for senior staff, that is, General Managers and above

ii. Industrial Relations – Collective labour negotiating, grievances, disputes and other matters arising between the Bank and the employees and the representative Union

iii. Terms and conditions of employment – The compensation philosophy to be adopted by the Group

   - The determination of the details of the remuneration packages for all employees

iv. Talent development – Policies relating to the alignment of our human capital with our business needs and the requisite developmental, retention and attraction strategies within the Group

v. Occupational Health and Safety – Policies relating to Occupational Health and Safety that ensure compliance with the OSH Act

vi. Culture and core values – Policies relating to the core values, beliefs and behaviors to be promoted throughout the Group

vii. Organisation structure – Policies relating to organization and design

The members of the Committee are:

Shobee Jacelon – Chairman
Marlene Juman
Vishnu D. K. Musai

CREDIT COMMITTEE

The role of the Credit Committee is:

1. To approve credit facilities in excess of TT$20 million for the Group
2. To review the quality of the loan portfolio and strategies being implemented to manage the Group's exposure to Credit Risk
3. To review the Group's Credit Policies and make changes to ensure adequacy of scope and coverage as well as appropriate rigor and continuing relevance to the changes in the environment

The members of the Committee are:

Nyree D. Alfonso – Chairperson

Ved Seereeram

Anil Seeterram

The Mastery of Service Excellence: The Art of Service Masterpiece

We are back at # 1 in Customer Service!

We have just emerged from three, solid years of culture-building strategies and human resource interventions. Our effort was concentrated on creating a customer-focused and service-oriented organization, First Citizens has been rated "The Bank That Offers The Best Customer Service" in the most recent Omnibus Survey conducted by Caribbean Market Research in June 2011. We are the Bank that prides itself in "Putting The Customer First".

CEO Larry Howai, together with Deputy CEOs Sharon Christopher and Larry Nath, continued to commit time and resources to that cornerstone of the Bank's core endeavors: Customer Service. In so doing, the Bank was able to reap the tangible reward of once again being the leader in service among its competitors.

This 'masterpiece' in the art of service was created out of what can be considered the Group's single largest investment: that of its human capital training. First Citizens commitment is unrivalled by any other financial institution in the region. During the period 2007 – 2010, more than 1,500 employees (existing and incoming), inclusive of executives and management, participated in 22,000 training hours. These comprised the Service Quality Institute programmes facilitated through local partners IBB Limited and specially certified in-house personnel.

Just one year after concluding the major Service Excellence milestones, and having already been voted the **Best Bank** several times over, First Citizens Service Excellence masterpiece can now be readily recognized through positive customer feedback. This was gleaned from pre- and post-reviews of our service, and the contributions of staff—the internal Service Excellence experience champions, both of which show that our customers' perception of our service has shifted dramatically. The figures which follow support this.

Financial Services Ombudsman Reports:
60% reduction in reported complaints

(Post Service Excellence) - Customer Compliments:
Increased by 800%

(Post Service Excellence) - Customer Complaints:
Reduced by 50%

Another highlight for our customers has been the exceptional delivery of homegrown and world-class expertise. Our staff consistently created memorable customer experiences.

In recognition of this, and in keeping with the First Citizens internal customer value proposition for outstanding contributions, the Group's Executive, Management and Customer Service Team culminated the three-year strategy with the hosting of the Service Excellence Reward and Recognition Ceremony at the Hilton in this financial year.

Among those recognized for their outstanding work in Service Excellence were the Director and Partners of IBB limited, our in-house Strategy Leader and Project Manager, as well as other key employee participants and certified facilitators who collectively succeeded in putting First Citizens' service in the lead once more. An array of awards were presented, including:

Service Excellence - Celebrity Manager Award
Service Excellence - Celebrity Employee Award
Service Excellence - Most Outstanding Customer Service Initiative Unit
Service Excellence - Most Outstanding Customer Service Initiative Branch

First Citizens: serving first citizens with excellence!

CARE

UP TO THE CHALLENGE

Since its inception in 1998, the *Citizens in Action to Restore the Environment* (CARE) Programme has undertaken initiatives aimed at preserving Trinidad's natural and human environment. The First Citizens staff challenge—which commenced in 2009—was founded to generate environmental awareness amongst staff, build camaraderie and team spirit and improve the community at large.

Overall, the venture was an overwhelming success. Through community-building initiatives such as CARE, we demonstrate our commitment to making Trinidad & Tobago a pleasant place to live, work and play.

The Group salutes the three teams who completed the 2010 CARE Staff Environmental Challenge—*Green Aiders*, *Southside CARE*, and *A Global Dream*. *Green Aiders* won first place for the green space they developed at the New Horizons Rehabilitation Facility in Piparo, South Trinidad.

1st Place - Development of a 'Green Space' at the New Horizons Rehab Facility in Piparo, South Trinidad. (*Green Aiders* - First Citizens Investment Services, San Fernando, Independence Square and Rapsey Street)

2nd Place, the *Southside CARE Crew* beams with pride at the beautiful butterfly sanctuary they constructed on the San Fernando General Hospital compound. (*Southside CARE Crew* - Point Fortin, Siparia, Princes Town, Gulf View, San Fernando, Marabella, Point Lisas, and Couva)

3rd Place - A *Global Dream* completed the restoration of Argyle Waterfall Tourist site, constructed bamboo benches and beautified the trail leading to the falls. (A *Global Dream* - Scarborough, Canaan and Roxborough)

Culture & Community

Larry Howai – Group CEO, First Citizens (second from right), Professor Clement Sankat and Christine Sahadeo – UWI Senior Lecturers with other officials at the groundbreaking ceremony

Staff undertaking plastering work

Mr. George happily accepts the keys to his new home from Larry Howai – Group CEO, First Citizens at the handover ceremony in Coalmine, Sangre Grande

BRINGING JOY TO A FAMILY IN NEED

As a responsible corporate citizen, the Group is a firm believer in using our resources to help those in need. First Citizens joined forces with Habitat for Humanity - UWI Chapter, as they embarked on a life-changing project for a family in need. The Campus Chapter is a student-based organization aimed at mobilizing volunteers and community partners to build affordable housing and promote homeownership as a means of breaking the cycle of poverty in Trinidad & Tobago.

Patriarch Cuthbert George, together with his wife Joanne, who has been wheelchair-bound for the past 17 years, were living in straitened circumstances due to the medical bills incurred by Mrs. George's illness. First Citizens set out to transform life for the George family through the gift of a two-bedroom house. The project was made possible through a donation from First Citizens, as well as the combined volunteer efforts of First Citizens staff, Habitat for Humanity, and students of the Campus Chapter.

Mr. and Mrs. George were overcome with joy when presented with their new home. First Citizens and the volunteers were deeply touched to have made such a difference in the lives of the George family.

FESTIVAL OF EIDS

For the second year in a row, First Citizens was the principle sponsor of the *Festival of Eids* at the ASJA Haji Shafik Rahaman Education Complex during the month of October. The two-day celebration showcased cultural displays, food and merchandise, as well as entertaining performances by the internationally renowned Nasheed Singers. On-site staff warmly welcomed visitors from all corners of the country, encouraging them to partake in the festivities and to learn more about First Citizens.

The Group is proud to sponsor events like the *Festival of Eids*, which promote the diverse cultures and customs of Trinidad & Tobago. By aligning ourselves with this annual cultural event, we are able to reaffirm our status as the Nation's truly local bank.

(L-R) The Honourable Nizam Baksh and Senator The Honourable Fazal Karim discuss one of the cultural pieces exhibited at the First Citizens booth as The Honourable Chandresh Sharma and Yacoob Ali – ASJA President General, look on

SUPPORTING ISLAND BEAUTY

Via our subsidiary, First Citizens Investment Services, St. Vincent, the Group is involved in the culture of St. Vincent and the Grenadines' through our sponsorship of Vincy Mas. First Citizens was also afforded the honour of title sponsor of the Caribbean's most prestigious pageant, the *Miss Carival Pageant*, now in its 26th year.

(L-R) Dale Mohammed – Community Relations Officer, First Citizens, Miss St. Kitts and Nevis Iantavian Dias-Queeley – Miss Carival 2011, and Norlann Gabriel – Manager, First Citizens Investment Services St. Vincent, share a photo at the end of an exciting night of pageantry

The pageant, a showcase of the Caribbean's talent and beauty, saw contestants from Anguilla, Barbados, Dominica, Dominican Republic, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Trinidad & Tobago, and Venezuela. Miss St. Kitts and Nevis, Iantavian Dias-Queely, emerged winner and also won the Best Swimwear, Best Talent, Best Gown, and Miss Photogenic titles. The 1st runner up was Miss St. Vincent and the Grenadines, Aviar Charles with Miss Anguilla, Shellya Rogers, capturing the 2nd runner up spot.

Our involvement in cultural events like Vincy Mas and the *Miss Carival Pageant* helps us reinforce our regional relationships, while preserving the culture of St. Vincent and the Grenadines.

The Divali Night Opening Ceremony also featured a puja

These children set their starlights blazing with the first-lit deyas for Divali

AN ENLIGHTENED CELEBRATION

Since 2007, First Citizens has been a proud sponsor of Divali Nagar, one of the most anticipated events on Trinidad & Tobago's cultural calendar. The event marks an annual showcase of Hindu and Indo-Trinidadian traditions, which include such customs as the lighting of deyas. This year, patrons were once again invited for nine nights of celebrations featuring convenient access to our on-site branch as well as bountiful offerings of tasty Indian delicacies. Our attentive Customer Service Representatives encouraged attendees to learn more about First Citizens services while enjoying the Divali festivities.

SUPPORTING ISLAND HERITAGE

For the 24th year in a row, First Citizens sponsored the *Miss Heritage Personality Pageant*, one of the premier events of The *Tobago Heritage Festival*. The pageant, which was held at the Cyd Gray Complex in Roxborough, highlights Tobagonian culture, talent and beauty. In the weeks leading up to the pageant, contestants took part in numerous volunteer initiatives aimed at improving life on the island.

This year *Miss Bago House of Culture Stars*, Kadisha Kent, won the *Miss Heritage Personality 2011* title as well as the *Best Talent* prize. Miss Kent received a First Citizens nEo account, a cash prize, and a Tertiary Education Grant. She will now reign over *The Tobago Heritage Festival* and act as a Cultural Ambassador for Tobago.

First Citizens is proud to sponsor such landmark events in Tobago, and pledges our continued support for the *Miss Heritage Personality Pageant*.

(L-R) Arlene St. Louis Brathwaite – Assistant Branch Manager, First Citizens Scarborough Branch; Jeniece Jack – 1st runner up; Kadisha Kent – Miss Heritage Personality 2011; Aiesha Campbell – 2nd runner up; Assemblyman Tracy Davidson-Celestine – Secretary of Community Development and Culture, THA; and Sharon Christopher – Deputy CEO, First Citizens

PROMOTING OUR LOCAL CULTURE

First Citizens leads the way in promoting the diverse cultures of Trinidad & Tobago. To commemorate Emancipation Day, the Group committed support to the National Action Cultural Committee (NACC) towards its annual *Emancipation Calypso Competition*. The NACC—the cultural arm of the National Joint Action Committee—is one of the premier institutions charged with developing and promoting the Arts in Trinidad & Tobago. It goes beyond celebrating the Emancipation holiday by promoting 'Emancipation' year round as a source of pride throughout the Caribbean.

The *Emancipation Calypso Competition* was held at the SWWTU Hall in Port of Spain, and was attended by many supporting communities and schools. Timel Rivas was the winner of the first prize in the 5-18 age group of the competition.

Kalifa Baisden receives a prize from a NACC representative

Ferdinand Smith performs his song entitled 'Celebrate'

The staff of FCIS St. Lucia are a happy bunch as they pose with their paintbrushes and rollers led by Carole Eleuthere-Jn. Marie, Regional Manager – Eastern Caribbean & Barbados (back row – 3rd R)

DO SOMETHING GOOD

First Citizens Investment Services (St. Lucia) is a proud sponsor of the *Do Something World (St. Lucia)* foundation. The foundation has touched the lives of thousands of St. Lucians through community service and outreach programmes. Year after year, *Do Something World* continues to make a positive difference by addressing important social issues.

As part of our sponsorship efforts, the First Citizens team enthusiastically undertook the task of cleaning, scraping, priming, and painting the dormitories at the Boys' Training Centre in Massade, Gros Islet. By day's end, the freshly painted dorms were completely transformed with a bright and colourful makeover! The young wards of the BTC were overjoyed with their new dorms and expressed their sincere appreciation and gratitude to the First Citizens Investment Services team. The Group has pledged its continued support for the work of *Do Something World (St. Lucia)*.

Youth & Education

COMMITTED TO EDUCATION

The Group believes that education is the key to unlocking Trinidad & Tobago's vast supply of human potential and, as such, we pledge our continued support to these students. Since 1996 First Citizens has been sponsoring UWI students with bursaries to assist them in achieving their goals.

Cheryl La Roche – Manager, First Citizens Tunapuna Branch (centre) poses with the four students who received First Citizens Busaries to aid in their pursuit of undergraduate degrees. (L-R) Curtis Ramkissoon, Natalia Mohammed, Hemwatte Lakhan, and Nirvani Sahatoo

Young musicians display their musical talent

CHANGING LIVES THROUGH MUSIC

The Group believes in the transformational power of music to develop the Nation's youth. We sponsored a series of developmental workshops for young musicians aimed at helping them hone their talent. The workshops, which were a part of the *2010 Trinidad & Tobago Steelpan and Jazz Festival*, were hosted by the Queen's Royal College Foundation and ran for a total of four days. Through initiatives such as these, we hope to cultivate a new generation of local musicians who will maintain Trinidad & Tobago's local musical traditions.

THE FORMULA FOR SUCCESS

To celebrate the achievements of the members of the Trinidad & Tobago Mathematics Olympiad Team, the Group held an Award ceremony to honour the students who attended the 51st International Mathematics Olympiad in Kazakhstan and fully support them in their pursuit of academic excellence.

This country's first Silver Medalist of the Mathematics Olympiad, Kerry Singh – Presentation College, poses with Dr. Indra Haraksingh – Chair of the T&T Math Olympiad at the Annual Awards Function held at the University of the West Indies

CULTIVATING THE BUSINESS LEADERS OF TOMORROW

First Citizens has a 12-year partnership with Junior Achievement (JA) Trinidad & Tobago. The JA programme, which is designed to develop entrepreneurial skills in youth, brought students from over 30 secondary schools nationwide to the *Annual Junior Achievement Trade Fair* at Woodford Square.

Among the groups were three First Citizens sponsored teams: *SPEECHLESS*, *Youths Making A Difference (YUMAD)* and *Dynamic Achievers Revealing Excellence (DARE)*, who all took pride in marketing and selling their innovative products. With First Citizens as sponsors, Junior Achievement Trinidad & Tobago helps prepare the Nation's youth for a rewarding and successful future.

Members of First Citizens *DARE* team display a variety of products at the *Junior Achievement Trade Fair*

A student from Mc Bean Presbyterian School happily shows off one of the books from the First Citizens Schools Library Collection. At left is Marian Leavitt – former Manager, First Citizens, Couva

BROADENING THE MINDS OF STUDENTS

In our ongoing effort to enhance the education of the country's youth, First Citizens initiatied the *First Citizens Library Collection Project*. It was founded with the objective of supplying at least four primary schools a year with books and other educational materials. This year, First Citizens furnished St. Theresa's Girls' RC School, Mc Bean Presbyterian School, Clarke Road Hindu School, and Pentecostal Light & Life Primary School (Tobago) with library supplies to support their educational needs. The Group pledges to continue the mission of the First Citizens Library Collection project into the future.

MONEY CAMP SHARES FINANCIAL TIPS

The Corporate Banking Unit hosted its 3rd annual *First Citizens Money Camp* at the First Citizens Corporate Center. The programme is designed to teach financial management concepts such as budgeting, banking, and credit. As such, *Money Camp* is an essential tool in helping to build the First Citizens brand with both the Bank's key clients and the younger generation.

This year's *First Citizens Money Camp* participants included children of some of the Group's Investment Services, Asset Management, and Corporate Banking customers, as well as some Board and staff members' children. Some of the programme highlights included interactive workshops, lifestyle events, and presentations by Karene Asche – Calypso Monarch 2011, and Nikki Crosby – Radio Announcer/Music and Theatre Artiste. The celebrities helped to reinforce the values that *Money Camp* set out to communicate, and gave insight into their own financial experiences.

A golf instructor shares a few tips and tricks with the young ladies of the 2011 *Money Camp*

These happy campers show off their certificates signaling their completion of the *First Citizens Money Camp* programme. Joining them is Sékou Mark - General Manager, Corporate Banking (back row, L), Nola Drayton-Smith - Manager, First Citizens Finance & Planning (back row, 2nd from L), Keshwar Khodai - Senior Manager, First Citizens Treasury/ITC (back row, R) and Charlene King - Manager's Secretary, Corporate Banking (front row, R)

VEGETABLES 101

Building on last year's *Fruits and Veggies* poster, the Group sponsored a second poster—*Vegetables, Root Crops, and Herbs of Trinidad & Tobago*. The poster highlights local vegetables, along with their scientific names. Together, these posters are meant to educate youth about the different fruits and vegetables indigenous to Trinidad & Tobago. The Ministry of Education has been instrumental in distributing the posters to different schools throughout the country.

On hand to present the poster to each of the represented schools was (L) Clifton de Coteau – Minister of the Ministry of Education; Nasser Khan – Project Researcher/Producer; students; Dexter Charles – Manager, First Citizens, Group Corporate Communications; Cynthra Persad – Director of Research at the Ministry of Food Production; Jason Julien – General Manager, First Citizens Investment Services

SCRABBLE SWEET SIXTEEN

First Citizens hosted its 16th annual *National Schools' Scrabble Tournament* at the Andre Kamperveen Hall, Dr. Joao Havelange, Center of Excellence, Macoya. The event, aptly themed *Sweet Sixteen*, attracted about 150 students from various primary and secondary schools throughout Trinidad & Tobago.

The day began with an opening address by Warren Sookdar, Chief Information Officer – First Citizens Information & Communications Technology, who emphasized the Group's commitment to youth development, especially in the areas of education and sport. After the address, excitement was in the air as students squared off for intense rounds of play.

Loohilda Francis – School Supervisor I, St. George East, who spoke on behalf of the Minister of Education, The Honourable Dr. Tim Gopeesingh, commended the efforts of the First Citizens Group for holding a tournament designed to "create avenues to help children improve and become well-rounded citizens". First Citizens management and staff saw the event as an opportunity to promote good sportsmanship, fair play, and literacy amongst youth.

A proud Bishops High School, Tobago, as they receive the prize for Most Improved Secondary School from Kirt Tempro – Manager, First Citizens Systems & Procedures

Elated students from The University School who received their trophy for 1st place School from Larry Howai – Group CEO, First Citizens

Women's Issues

Women's issues are on the agenda

This year, First Citizens is proud to introduce *Women's Issues* as part of the Group's CSR initiatives. As Trinidad & Tobago's truly local bank, we are moved to aid, in tangible ways, the advancement of women. Over the course of this past year, this cause has gathered impetus. With the support of various NGO's, as well as through the efforts of our staff, we have made strides in the battle against domestic violence and cancer, as well as tremendous progress in the areas of gender equality and equal opportunity.

First Citizens is dedicated to using our resources to empower the women of Trinidad & Tobago to fulfill their potential—at home, at work, and in society.

A CARD FOR A CAUSE

The Ballroom of the Trinidad Hilton and Conference Centre was transformed for the launch of the First Citizens Pink Credit Card. The event was the outcome of months of planning led by the Marketing, Retail, Electronic Banking, and Group Corporate Communications Units as the Group launched the first ever *Card for a Cause*.

Each holder of a Pink Card will have the opportunity to give their support to the battle against domestic violence. Monthly contributions from as little as $25 to a maximum of $100 will go to The Rape Crisis Society, The Coalition against Domestic Violence and Families in Action. The First Citizens Group will also contribute seed money of $200,000 into the Pink fund annually.

Avril Edwards – Corporate Manager Electronic Banking Unit, provided insight into the details of the card. Sharon Christopher – Deputy CEO, Corporate Administration, expressed that "the launch confirms our commitment to addressing women's issues as another pillar in our Corporate Social Responsibility Programme."

Group CEO, Larry Howai, together with Sharon Christopher, unveiled the Pink Credit Card before specially invited guests and members of the media. Several leading ladies took the opportunity to sign up for the First Citizens Pink Card immediately following the launch.

Sharon Christopher and Larry Howai with a giant replica of the Pink Card

(L-R) Marion J. Taylor – Member of the Board of Directors, Rape Crisis Society; Sharon Christopher – Deputy Chief Executive Officer, First Citizens; Elizabeth Spence – Managing Director, Families in Action; Christine Cambridge, representative – Coalition Against Domestic Violence; Avril Edwards – Corporate Manager, First Citizens

Artistes Maxi Priest and Shurwayne Winchester perform for attendees

BASIA BEAT BREAST CANCER MUSIC FESTIVAL II

First Citizens was the title sponsor of the *Beat Breast Cancer Music Festival II*, which was held in the Paddock area of the Queen's Park Savannah. The event, now in its second year, was founded to enable women diagnosed with breast cancer to receive CT/PET scans. The event featured well-known musical artistes such as Bunji, Fay Ann, Machel Montano, Shurwayne, and Maxi Priest, to name a few. Members of First Citizen's Executive and Senior Management, as well as staff and other attendees, enjoyed the festivities under brilliant sunshine. The Group is committed to assisting women in Trinidad & Tobago in their fight against cancer.

WINAD GALA LECTURE SERIES

First Citizens was proud to be the Gold Sponsor at the *Women's Institute for Alternative Development*'s (WINAD) 10th Anniversary celebrations held at the Hyatt Regency Hotel. For the past 10 years, WINAD has advocated gender equality and the empowerment of women. The NGO is also known for its inter-generational Women's Leadership Programmes, the Small Arms Treaty initiative, and for their involvement with many volunteer based groups in Trinidad & Tobago.

Susan Taylor, former editor in Chief of Essence Magazine and world-renowned philanthropist, delivered the feature address entitled *Celebrating the Journey of Womanhood*. Ms. Taylor, who has Trinidadian roots, is a strong advocate for youth, women's programmes and the development of community networks. First Citizens was honoured to support WINAD in their efforts to empower the women of Trinidad & Tobago.

(L-R) Susan Taylor – Feature Speaker; Dexter Charles, Group Corporate Communications Manager; Jennifer Armstrong-Khan – Senior Communications Officer, First Citizens

Facilitators and organizers of the First Citizens sponsored Caribbean Leading Ladies Conference

CREATING LEADING LADIES

The Basia Survivor Network hosted the first *Caribbean Leading Ladies Conference* at the Hilton, Barbados. The conference, which was sponsored by First Citizens, was held to support women in their quest to become future leaders. Participants also benefited from expert advice in fashion, make up, spirituality, and women's health.

First Citizens was well represented by two of our own leading ladies, who had the honour of speaking at the conference. Deputy CEO Sharon Christopher spoke on the topic *Let's Talk About What Happens When Women Lead*, while Carole Eleuthere-Jn. Marie – Regional Manager, Eastern Caribbean & Barbados, presented on *Taking Control Of Your Money For Financial Independence*. First Citizens looks forward to future partnerships with the Basia Survivor Network as we strive to develop the many talents of Caribbean women.

Sports

CARIFIN 2011 – AN EXPLOSION OF FUN, FITNESS, AND FRIENDSHIP!

The 20th annual CariFin Games proved to be yet another action packed event this year! The games, which promote health and fitness, consisted of activities that spanned a few months. The season closed with the highly anticipated *CariFin Cross Country and Family Day*.

As a platinum sponsor, the First Citizens Group echoed CariFin's Mantra, Fun, Fitness, and Friendship, encouraging staff to get involved in a sporting activity. Staff, their families and friends, learnt the importance of developing and maintaining their overall wellbeing.

Through events such as these, the Group encourages staff to develop camaraderie, team spirit, and self-discipline.

Taking one for the team, First Citizens' Vidal Sealy carries the torch during the Ceremonial Torch Run

Carla Questelles-Forde – St. James Branch, poses with her prizes: (Urban Challenge – 1st Place; Team Walk – 2nd Place; Ms. Carifin – 2nd Place)

The Green Mile posse

A First Citizens Production to display the meaning of this year's theme – An Explosion of Fun, Fitness and Friendship

Deodath Harrikissoon – Siparia Branch accepts one of his prizes from Jason Julien – General Manager, First Citizens Investment Services. (Urban Challenge – 2nd Place. Fun Walk – 2nd Place)

DEVELOPING SPORTING LEADERS

In keeping with its mandate to recognize, promote and contribute to all aspects of sport in Trinidad & Tobago, the First Citizens Sports Foundation kicked off its activities for 2011 by providing an opportunity for Trinidad & Tobago nationals to become National Certified Sports-For-All Leaders.

Forty-six participants engaged in The Association for International Sport-for-All (TAFISA) *Sport-For-All Workshop*, facilitated by Bae Dixon, TAFISA's Business Development and Marketing Director, and Nicolas Valgoni, Sports Director of the Pan American Sport-For-All Federation in Argentina.

TAFISA is the leading Sport-For-All Association, with over 200 members in 130 countries from all continents. The organization seeks to ensure that the world becomes more active. TAFISA's assistance in hosting the workshop has equipped our certified nationals to do just that.

Graduates from the workshop worked on an exciting project called *World Challenge Day*, where TAFISA challenges similarly-sized communities from different countries to see who can make more people in their respective communities active for at least 15 minutes a day! The First Citizen Sports Foundation will continue to seek out opportunities to make a positive impact on society.

Workshop facilitators Bae Dixon (2nd L) and Nicolas Valgoni (2nd R) share a special moment with three of the newly certified Sport-For-All Leaders

Bae Dixon gives some individual attention to this group of participants

Warren Sookdar – Chief Information Officer ICT, First Citizens, and Dexter Skeene – CEO, Pro League, are flanked by Club representatives whilst displaying the League's First Citizens Cup

FIRST CITIZENS CUP KICKS OFF!

For 10 consecutive years First Citizens, in alliance with the TT Pro League, has sponsored the *First Citizens Cup Football League*. The Cup, one of the most prestigious leagues in the local football arena, was officially launched at the VIP Lounge, Hasely Crawford Stadium.

The TT Pro League continues to be the breeding ground for our present and future Soca Warriors. As part of our aim to maintain the 'fan spirit' throughout the competition, the Group worked closely with the TT Pro League to conceptualize new ways to keep them at the top. At each match, spectators had the opportunity to win cash through the "Dash for Cash" Promotion—$500 during the quarter and semis, and $1,000 during the final match.

First Citizens is proud to be a part of this alliance as we continue to demonstrate our commitment to football.

IN SUPPORT OF YOUTH FOOTBALL

First Citizens was pleased to collaborate with BG Trinidad & Tobago (BGTT) to host two major football competitions—the *Girls Intercol* and the *Big Five Secondary School Football League* (SSFL). The matches, which both took place at Hasley Crawford Stadium, concluded when Debe High School walked away with the Girls Intercol trophy whilst the Green Machine, a.k.a. St. Augustine Secondary School, won the *Big Five* competition.

(L-R) Harjoon Heeralal – Corporate Manager, Group Corporate Planning, Krysta De Lima – Chief of Staff, BGTT; Ewing Davis – President, SSFL; and Rosemary Alves – Corporate Manager, Group Operations & Process Improvement, with the Captain of Debe High School, who lifts the Girls Intercol trophy

The members of the Green Machine happily look on as their Captain holds their Big Five trophy up high as (L-R) Mario Young – Assistant General Manager, Retail Banking, Sékou Mark – General Manager, Corporate Banking, Wendell Constantine – Brand & Communications Manager, BGTT and Ewing Davis – President, SSFL, congratulate them

ALL STAR TEAM SELECTED AT MINI POLO 2011

The *First Citizens National Primary Schools Mini Polo League* culminated with the closing ceremony held at the Queen's Royal College. The league gained attention this year due to the presence of a Canadian recruitment coach who was present to observe the games. Subsequently, the coach selected 14 young athletes (seven male and seven female) as members of the All Star Team. These athletes benefitted as they were afforded the opportunity to attend his two-day training camp and were also invited to the Bahamas to participate in a tournament. First Citizens is committed to using our resources to support the youth of Trinidad & Tobago in the pursuit of their athletic dreams.

The male All Star Team

The female All Star Team

(L-R) Andrew Fredericks and Dr. Rolph V. G. De Gannes, DVM, receive the winning trophy from Jason Julien – General Manager, First Citizens Investment Services, for Oriental Appeal's first place in the First Citizen's First Classic

FIRST OUT OF THE GATE!

For seven years, First Citizens has been sponsoring *New Year's Day at the Races*. The event, held at the Arima Race Club, Santa Rosa Park, is a key attraction for experienced punters and novices alike, and draws a huge crowd of eager supporters.

This year the Group pledged a total of $250,000 in support of the Sport of Kings and was proud to be a part of a day of racing. Apart from the excitement of the competition, the event always provides an excellent opportunity for First Citizen's management, staff, and customers to mingle and share their tips!

Several trophies were presented to the day's big winners and to some lucky losers as well. There was no shortage of excitement at *New Year's Day at the Races 2011*!

Zane O'Brien, son of John O'Brien and trainer of Sweet Alex, receives the Sian's Gold Trophy from Sékou Mark – General Manager, Corporate Banking Unit First Citizens

And they're off!

FIRST CITIZENS HONOURS OUTSTANDING CRICKETERS

First Citizens has sponsored the *West Indies Players' Association* (WIPA) *Awards* since its inception in 2002. This year, the WIPA Awards in recognition of the outstanding achievements of West Indian cricketers took place at Queen's Hall, St. Ann's. Over the years, the Group has given much needed support to the sport of cricket in Trinidad & Tobago by working closely with both WIPA and the T&T Cricket Board to ensure cricket's continued prominence in the Trinbagonian society. We continue to sponsor such initiatives as the Trinidad & Tobago Cricket Board T-20 Cricket Festival and the First Citizens Clarke Road United Cricket Club, which produced household names such as Darren Ganga and Adrian Bharath.

First Citizens congratulates all of the nominees on their performances during 2010 and commends the West Indies Player's Association for its devotion to the promotion of the sport and its players throughout the West Indies.

(L-R) Larry Howai – Group CEO, First Citizens; Chris Gayle of Jamaica – First Citizens WIPA West Indies *Cricketer of the Year 2010*; Stephanie Taylor of Jamaica – First Citizens WIPA West Indies *Women's Cricketer of the Year 2010*; and Rosemary Alves – Corporate Manager, First Citizens

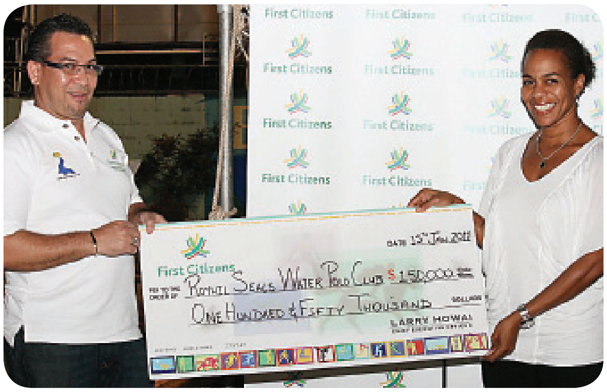
SECONDARY SCHOOL CHESS TOURNAMENT

First Citizens recognizes the numerous benefits of playing chess, especially as they pertain to youth development. The Group holds annual chess tournaments to encourage students to hone their critical thinking skills, gain insight into the competition and learn the benefits of planning and patience.

For the third consecutive year, Esan Wiltshire of Miracle Ministries vied for and won the *First Citizens Secondary Schools Chess Championship* title. The tournament, which had over 50 students participating, was organized by the Trinidad & Tobago Chess Academy at the Algico Plaza, Port of Spain.

First Citizens continues to seek out ways to assist youths in becoming life-long learners and contributing members of society.

Esan Wiltshire proudly displays his winning trophy



Dirk Smith – Corporate Manager Treasury/ITC, First Citizens, presents the sponsorship cheque to Joy Marcelle – Vice President, Royhill Seals Water Polo Club

IT'S WATER POLO TIME AGAIN

For the sixth consecutive year, First Citizens partnered with Royhill Seals Water Polo Club to host the *National Secondary Schools Water Polo Tournament*. This year, First Citizens contributed $150,000 toward the event, which was held at Marlins' Swim Club in Westmoorings.

Over the years, the league has attracted a number of secondary schools and has produced players who now compete at the national level. It is through our sponsorship of events such as these that we help to cultivate the athletes of tomorrow.

TOBAGO YOUNGSTERS SWIM THEIR HEARTS OUT!

The Tobago YMCA hosted its first annual School Swim Meet at the YMCA Pool in Black Rock, Tobago. First Citizens was proud to be a lead sponsor at this inaugural two-day event which was attended by primary and secondary schools in Tobago. It was a landmark moment for Tobago as well as their youth, as it was the first time they were able to compete in their own pool. First Citizens is honoured to be a part of this notable occasion.

Vernie Shield – former Manager, Tobago Branches, with the winners of the 6 and Under category. (L-R) 1st place – Marquise Nelson, Scarborough RC Primary School; 3rd place – Thomas Chung, Buccoo Government Primary School; a representative of the Michael K Hall Community School collects the 2nd place prize on behalf of Amir Francis

DREAMS AND CIRCLES OF EXCELLENCE

Months of hard work and meticulous planning by the First Citizens Sports Foundation culminated in the staging of two successful award functions held in honor of our Nation's sporting heroes. Thirty-four young sporting personalities were honored at a gala Youth Awards Ceremony entitled *Dream* earlier this year. The *Top 10 Youths of the Year* included: Cherelle Thompson (Swimming), Denise Francis (Cycling), Amelia Corbie (Taekwando), Channon Thompson (Volleyball), Kernesha Spann (Athletics), Quinn Cabralis (Chess), Cadell Lyons (Swimming), Quincy Alexander (Cycling), Brandon Legall (Volleyball), and Christian Homer (Swimming). Adding to the excitement were the awards line up for the *Top Special Olympic Athletes*, *Most Outstanding Paralympic Athlete*, and to students and schools who won the *Sportsmanship Awards*. Entertainer Neval Chatelala brought the evening to a close with an energetic medley of songs that definitely inspired the Top 10 to dream of being named *Youth of the Year*!

The honor roll didn't end there! The National Academy for the Performing Arts (NAPA), was the stage for another first-class event—*First Citizens Sports Awards 2010*. On that night, it was all about *Circles of Excellence* with the spotlight turned to 49 of the Nation's senior sportsmen and women. The Trinidad & Tobago Netball Association kicked off the list of awardees receiving the Jeffery Stollmeyer Award, while the Lystra Lewis Award for the top team went to the Trinidad & Tobago Womens Hockey Team.

The audience was on the edge of their seats in anticipation of the announcement of the *Top Ten Athletes of the Year 2010*. Recipients included Roger Daniel (Shooting), Jenhue Gordon (Athletics), George Bovell III (Swimming), Adrian Barath (Cricket), Tariq Abdul Haaq (Boxing), Njisane Phillip (Cyclng), Cleopatra Borel-Brown (Shot Putt), Monifa Sealy (Golf), Anisa Mohammed (Cricket), and Kelly-Ann Billingy (Volleyball). The applause was deafening as swimmers Christian Homer and Cherelle Thompson were announced as the *Top Male and Female Youth* winners. Roger Daniel and Cleopatra Borel-Brown walked away with the *2010 Sportsman and Sportswoman of the Year* titles.

It was all glitz and glamour on stage

Dr. Keith Clifford – Chairman, First Citizens Sports Foundation, shares a photo with the *Top Youths of the Year*, Cherelle Thompson and Christian Homer

Hasley Crawford – Sports Ambassador, presents the *Sportsman of the Year* Trophy to Shooter – Roger Daniel

Nyree D. Alfonso – First Citizens Chairperson, with Shot Putter Cleopatra Borel-Brown – *Sportswoman of the Year*

Financial Statements

Independent Auditor's Report

To the shareholders of
First Citizens Bank Limited

Report on the Consolidated Financial Statements
We have audited the accompanying consolidated financial statements of First Citizens Bank Limited (the Bank) and its Subsidiaries (together, the Group), which comprise the consolidated statement of financial position as of 30 September 2011 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the financial position of the Group as of 30 September 2011, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers
23 December 2011
Port of Spain
Trinidad, West Indies

Consolidated Statement of Financial Position

(expressed in Trinidad and Tobago dollars)

	Notes	As at 30 September 2011 $'000	2010 $'000
ASSETS			
Cash and due from other banks	5	1,600,743	711,333
Statutory deposits with Central Bank	6	4,071,727	3,366,484
Financial assets			
- Available-for-sale	7(a)	8,787,840	9,216,438
- Held to maturity	7(b)	1,819,039	1,955,782
- Designated at fair value	7(c)	5,354	2,848
- Loans and receivables less allowances for losses:			
Loans to customers	8	8,795,000	8,426,214
Other loans and receivables	9	1,836,619	1,808,810
Loan notes	10	2,677,187	2,744,071
Finance leases	11	4,756	5,424
Other assets	12	578,192	312,793
Investment in joint ventures	13	16,130	14,185
Investment in associate	14	112,852	110,422
Due from parent company		2,045	1,977
Tax recoverable		18,396	28,971
Property, plant and equipment	15	422,492	393,348
Intangible assets	16	157,735	156,886
Retirement benefit asset	17	254,186	278,377
TOTAL ASSETS		31,160,293	29,534,363
LIABILITIES			
Customers' deposits	19	16,047,346	15,999,103
Other funding instruments	20	6,641,669	5,519,290
Derivative financial instruments	21	—	16,527
Due to other banks		80,099	169,318
Creditors and accrued expenses	22	196,119	194,386
Taxation payable		2,890	—
Bonds payable	23	2,936,615	2,470,678
Deferred income tax liability	18	51,434	207,375
Notes due to parent company	24	58,000	58,000
TOTAL LIABILITIES		26,014,172	24,634,677
CAPITAL AND RESERVES ATTRIBUTABLE TO THE PARENT COMPANY'S EQUITY HOLDERS			
Share capital	25	640,000	640,000
Statutory reserve	26	661,446	699,282
Other reserves		912,360	1,125,636
Retained earnings		2,932,315	2,434,768
TOTAL SHAREHOLDERS' EQUITY		5,146,121	4,899,686
TOTAL EQUITY AND LIABILITIES		31,160,293	29,534,363

The notes on page 81 to 144 form an integral part of these consolidated financial statements.

On December 16, 2011, the Board of Directors of First Citizens Bank Limited authorised these consolidated financial statements for issue.

Director: ______________________ Director: ______________________

Consolidated Income Statement

(expressed in Trinidad and Tobago dollars)

	Notes	Year Ended 30 September 2011 $'000	2010 $'000
Interest income	27	1,571,447	1,709,420
Interest expense	28	(445,928)	(539,775)
Net Interest Income		1,125,519	1,169,645
Fees and commissions	29	231,000	200,124
Gain/(loss) on sale of available-for-sale financial assets		11,759	(1,040)
Foreign exchange gains	30	58,663	59,268
Other income		25,384	13,988
Total Net Income		1,452,325	1,441,985
Impairment loss on loans, net of recoveries	8(c)	(71,891)	(110,823)
Impairment loss on other financial assets		(21,594)	(26,381)
Administrative expenses	31	(422,290)	(362,177)
Other operating expenses	32	(256,467)	(285,163)
Operating Profit		680,083	657,441
Share of profit in joint ventures		1,944	2,071
Share of profit in associate	14	6,526	11,618
Profit Before Taxation		688,553	671,130
Taxation	33	29,638	(44,449)
Profit Attributable to Equity Holders of the Parent Company		718,191	626,681

The notes on page 81 to 144 form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

(expressed in Trinidad and Tobago dollars)

	Year ended 30 September	
	2011	**2010**
	$'000	**$'000**
Profit attributable to Equity Holders of the Parent Company	718,191	626,681
Other Comprehensive Income		
Exchange difference on translation	278	10,038
Revaluation of available-for-sale assets net of tax	(209,215)	299,057
Revaluation of property, plant and equipment net of tax	—	2,494
Share of other comprehensive income of associates and joint ventures accounted for under the equity method	152	(3,220)
Total other comprehensive income	(208,785)	308,369
Total comprehensive income for the year attributable to the Equity Holders for the Parent Company	509,406	935,050

The notes on page 81 to 144 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 Reserve $'000	Fair Value Reserve $'000	Revaluation Surplus $'000	Exchange Differences on Translation $'000	Retained Earnings $'000	Total $'000
Balance at 1 October 2010	640,000	699,282	1,029,717	85,002	10,917	2,434,768	4,899,686
Total Comprehensive Income for the Period							
Profit for the year	—	—	—	—	—	718,191	718,191
Other Comprehensive Income							
Exchange difference on translation	—	—	—	—	(4,213)	4,491	278
Fair value gains transferred to income on disposal of financial assets	—	—	24,900	—	—	—	24,900
Revaluation of available-for-sale financial assets	—	—	(234,115)	—	—	—	(234,115)
Share of associates and Joint venture	—	—	152	—	—	—	152
Total Comprehensive Income	—	—	(209,063)	—	(4,213)	722,682	509,406
Transfer from statutory reserve	—	(37,836)	—	—	—	37,836	—
Dividends paid (Note 34)	—	—	—	—	—	(262,971)	(262,971)
Balance at 30 September 2011	640,000	661,446	820,654	85,002	6,704	2,932,315	5,146,121
Balance as restated as at 1 October 2009	640,000	697,968	733,880	82,508	879	1,942,343	4,097,578
Total Comprehensive Income for the Period							
Profit for the year	—	—	—	—	—	626,681	626,681
Other Comprehensive Income							
Exchange difference on translation	—	—	—	—	10,038	—	10,038
Fair value gains transferred to income on disposal of financial assets	—	—	8,173	—	—	—	8,173
Revaluation of available-for-sale financial assets	—	—	290,884	—	—	—	290,884
Revaluation of property, plant and equipment	—	—	—	2,494	—	—	2,494
Share of associates and joint ventures	—	—	(3,220)	—	—	—	(3,220)
Total Comprehensive Income	—	—	295,837	2,494	10,038	626,681	935,050
Transfer to statutory reserve	—	1,314	—	—	—	(1,314)	—
Dividends (Note 34)	—	—	—	—	—	(132,942)	(132,942)
Balance at 30 September 2010	**640,000**	**699,282**	**1,029,717**	**85,002**	**10,917**	**2,434,768**	**4,899,686**

The notes on page 81 to 144 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flow

(expressed in Trinidad and Tobago dollars)

	Year Ended 30 September	
	2011	**2010**
	$'000	**$'000**
Profit before taxation	688,553	671,130
Adjustments to reconcile profit to net cash provided by operating activities:		
Share of profit in associate	(6,526)	(11,618)
Share of profit in joint ventures	(1,944)	(2,071)
Interest income	(1,571,447)	(1,709,420)
Interest received	1,602,769	1,875,651
Interest expense	445,928	539,775
Interest paid	(471,862)	(657,080)
Depreciation and amortisation	56,703	59,543
Gain on disposal of property, plant and equipment	—	(114)
Gain on sale of available-for-sale financial assets	(11,759)	1,040
Amortisation of premium on investment securities	16,144	3,460
Amortisation of bond issue cost	3,708	377
Amortisation of intangible asset	—	21,087
Impairment loss on other financial assets	21,594	26,381
Net pension expense	33,884	8,884
Net movement in allowance for loan loss	(71,891)	110,823
Cash flows from operating activities before changes in operating assets and liabilities	733,854	937,848
Net change in loans to customers	(296,895)	(1,114,010)
Net change in finance leases	668	2,089
Net change in customers' deposits	48,243	663,224
Net change in other funding instruments	1,122,379	570,823
Net change in other assets	(187,657)	(67,154)
Net change in due from parent company	(68)	(87)
Net change in statutory deposits with Central Bank	(705,243)	(828,947)
Dividends received	268	67
Net change in creditors and accrued expenses	27,667	(26,520)
Pension contributions paid	(9,693)	(7,206)
Taxes paid	(51,592)	(32,519)
Net cash flow from operating activities	681,931	97,608

Consolidated Statement of Cash Flow (continued)

(expressed in Trinidad and Tobago dollars)

	Note	Year Ended 30 September 2011 $'000	2010 $'000
Cash Flows From Investing Activities			
Purchase of financial assets			
- Available-for-sale		(5,696,773)	(4,095,868)
- Held to maturity		(109,469)	—
- Designated at fair value		(2,909)	(950)
- Other loans and receivable		(18,520)	—
Proceeds from sale of financial assets			
- Available-for-sale		5,736,551	3,845,751
- Held to maturity		255,922	51,308
- Designated at fair value		661	397
- Other loans and receivable		—	89,725
Repayment on loan notes receivable		73,700	76,307
Repayment of derivative financial instrument		(16,527)	—
Proceeds from CBTT loan notes		—	(285,765)
Net change in short-term investments		(58,025)	(359,018)
Proceeds from disposal of property, plant and equipment		768	1,112
Purchase of property, plant and equipment		(86,615)	(49,675)
Net cash flow from investing activities		78,764	(726,676)
Cash Flows From Financing Activities			
Net change in debt securities		461,331	74,983
Ordinary dividend paid		(260,049)	(130,020)
Preference dividend paid		(2,922)	(2,922)
Net cash flow from financing activities		198,360	(57,959)
Effect of exchange rate changes		(38,451)	8,740
Net increase/(decrease) in cash and cash equivalents		920,604	(678,287)
Cash and cash equivalents at beginning of year		113,649	791,936
Cash and cash equivalents at end of year	5	1,034,253	113,649

The notes on page 81 to 144 form an integral part of these consolidated financial statements.

1 General Information

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

The Bank is a subsidiary of First Citizens Holdings Limited (Holdings), a company owned by the Government of the Republic of Trinidad and Tobago (GORTT).

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

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

The transfers also involved the issue of long-term notes by Taurus Services Limited (note 10 (i)), Holdings (note 10 (ii)) and the Central Bank of Trinidad and Tobago (the Central Bank) (note 10 (iii)). These non-transferable notes have floating rates of return with an interest rate floor. Additionally, funding support through long-term borrowings issued by the Central Bank was received and the Bank has been successful in obtaining concessionary waivers of interest and principal payments. In September 2007, the Bank repaid these amounts to the Central Bank.

The Bank and its wholly owned subsidiary, First Citizens Asset Management Limited incorporated in Trinidad and Tobago, are engaged in the business of banking and financial intermediation including the provision of mortgages for residential and commercial properties, plant and equipment leasing, merchant banking and asset management services. First Citizens Securities Trading Limited (incorporated in Trinidad and Tobago), also a wholly owned subsidiary of the Bank, is engaged in the provision of financial management services. First Citizens (St. Lucia) Limited, a wholly owned subsidiary of the Bank, incorporated under the laws of St. Lucia, has been established as an offshore financial vehicle for the Bank and its subsidiaries. First Citizens Trustee Services Limited (incorporated in Trinidad and Tobago) is also a wholly owned subsidiary of the Bank and is engaged in providing trustee, administration and paying agency services for pension plans, bonds and mutual funds. First Citizens Financial Services (St. Lucia) Limited, a wholly owned subsidiary of the Bank, incorporated under the laws of St. Lucia, has been established to conduct selected banking and financial service operations in the Caribbean Region.

Due to financial difficulties experienced by CL Financial Limited (CLF), a major conglomerate in Trinidad and Tobago, the GORTT intervened pursuant to a Memorandum of Understanding (MoU) with CLF, to protect the interests of policyholders, depositors and creditors of CLF's financial services arm. As part of this intervention, the GORTT directed the Group to acquire Caribbean Money Market Brokers Limited (CMMB). The Group assumed control of CMMB effective 2 February 2009. In 2010, CMMB was renamed First Citizens Investment Services Limited.

First Citizens Investment Services Limited is incorporated in the Republic of Trinidad and Tobago. Its principal business includes dealing in securities and such other business as is authorised pursuant to its registration under the Securities Industry Act 1995 of the Republic of Trinidad and Tobago. The registered office is 17 Wainwright Street, St. Clair, Trinidad and Tobago.

In 2009, the Group also acquired 100% of the equity shareholding of First Citizens Brokerage and Advisory Services Limited (formerly CMMB Securities and Asset Management Limited (CMMBSAM)). This acquisition was not part of the MoU between the GORTT and CLF and was separate from the acquisition of First Citizens Investment Services Limited. First Citizens Brokerage and Advisory Services Limited is incorporated in the Republic of Trinidad and Tobago and its principal business activity includes dealing in securities on the Trinidad and Tobago Stock Exchange. In addition, the Company also conducts other business pursuant to its registration under the Securities Industry Act 1995 of the Republic of Trinidad and Tobago.

1 General Information (continued)

The Group has a 25% investment in a joint venture entity, Infolink Services Limited, and a 14.29% investment in another entity, Trinidad & Tobago Interbank Payment System Limited (TTIPS). Infolink's principal activity is the provision of automated banking machine reciprocity whilst that of TTIPS is the operation of an automated clearings house.

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

2 Summary Of Significant Accounting Policies

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

2.1 Basis of preparation

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

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

a) Standards, amendments and interpretations which are effective and have been adopted by the Group

- IAS 1 (revised), 'Presentation of financial statements' (effective 1 January 2010). Clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current, (providing the entity has the unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be requested by the counterparty to settle in share at any time.

- IFRS 5 (Amendment), 'Non-current assets held-for-sale and discontinued operations' (effective from 1 January 2010). This amendment clarifies that the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations are only those set out in IFRS 5.

- IAS 7 'Statement of cash flows' (effective 1 January 2010). This states that only expenditure that results in recognizing an asset can be classified as cash flow from investing activities.

- IAS 17 'Leases' (effective 1 January 2010). The classification of leases of land and building. Deletion of specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating using the general principles of IAS 17.

2 Summary Of Significant Accounting Policies (continued)

2.1 Basis of preparation (continued)

a) Standards, amendments and interpretations which are effective and have been adopted by the Group (continued)

- IFRIC 19 'Extinguishing financial liabilities with equity instruments' (effective 1 July 2010). This interpretation addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. It does not address the accounting by the creditor.

- IAS 36 (Amendment), 'Impairment of assets' (effective from 1 January 2010). Amendment to clarify that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purpose of impairment testing is an operating segment as defined by paragraph 5 of IFRS 8 Operating Segments (i.e. before the aggregation of segments with similar economic characteristics permitted by IFRS 8.12).

- IAS 39 (Amendment), 'Financial instruments: Recognition and Measurement' (effective from 1 January 2010):

  - Assessment of loan prepayment penalties as embedded derivatives – A prepayment option is considered closely related to the host contract when the exercise price reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract.

  - Scope exemption for business combination contract – The scope exemption for contracts between an acquirer and a vendor in a business combination to buy or sell an acquiree at a future date applies only to binding forward contracts, not derivative contracts where further actions are still to be taken.

  - Cash flow hedge accounting – Gains or losses on cash flow hedges of a forecast transaction that subsequently results in the recognition of a financial instrument or on cash flow hedges or recognised financial instruments should be reclassified in the period that the hedged forecast cash flows affects profit or loss.

  - Hedging using internal contracts – Amendments to clarify that entities should no longer use hedge accounting transactions between segments in their separate financial statements.

- IFRS 3 'Business combinations' (effective 1 July 2010). The amendments relate to the classification and measurement. Key features are as follows:-

  The amendment clarifies that the amendments of IFRS 7 Financial instruments: Disclosure, IAS 32, Financial instruments: presentation and IAS 39 Financial instrument: recognition and measurement, that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS (as revised 2008).

  The amendment limits the scope of the measurement choices that only the component of non-controlling interests (NCI) that are present ownership interests that entitle their holders to a proportionate share of the entity's net assets, in event of liquidation, shall be measured either: at fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. Other components of NCI are measured at their acquisition date fair value, unless another measurement basis is required by another IFRS.

  This amendment did not have a significant impact on the Group's financial statements for the period.

b) Standards, amendments and interpretations which are effective but which are not relevant to the Group's operations

The following standards, amendments and interpretations are effective for accounting periods beginning on or after 1 January 2010 but are not relevant to the Group's operations:

- IFRS 1 First-time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters (Amendments) – (effective from 1 July 2010).

2 Summary Of Significant Accounting Policies (continued)

2.1 Basis of preparation (continued)

b) Standards, amendments and interpretations which are effective but which are not relevant to the Group's operations (continued)

- IFRS 1 First time adoption of IFRS – Amendments relating to oil and gas assets and determining whether an arrangement contains a lease (effective from 1 January 2010).
- IFRS 2 (Amendment), Share based payments – Group Cash-settled Share-based payment transactions (effective from 1 January 2010).
- IFRS 8 Operating Segments (effective 1 January 2010).

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

- IFRS 9, 'Financial instruments part 1: Classification and measurement' (effective 1 January 2015). IFRS 9 was issued in November 2009 and replaces those parts of IAS 39 relating to the classification and measurement of financial assets. Key features are as follows:

  - Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

  - An instrument is subsequently measured at amortised cost only if it is a debt instrument and both the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only payments of principal and interest (that is, it has only 'basic loan features'). All other debt instruments are to be measured at fair value through profit or loss.

  - All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.

The Group is assessing the impact of this standard and will apply from 1 October 2015.

- IAS 24 (Revised), 'Related party disclosures' (effective from 1 January 2011). The revised standard simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition. It provides a partial exemption from the disclosure requirements for government-related entities. The Group will adopt this standard from 1 October 2011.

- IFRIC 14 'Prepayment of a minimum funding requirement' (Amendment) (effective 1 January 2011). The standard provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset.

- IFRS 10 Consolidated Financial Statements (effective 1 January 2013). The standards requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation - Special Purpose Entities.

2 Summary Of Significant Accounting Policies (continued)

2.1 Basis of preparation (continued)

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

- IFRS 11 Joint Arrangements (effective 1 January 2013). This standard replaces IAS 31 Interests in Joint Ventures. The standard requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement.

- IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2013). This standard requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

2.2 Consolidation

(a) Principles of consolidation

The consolidated financial statements include the accounts of the Bank and its wholly owned subsidiaries, First Citizens Securities Trading Limited, First Citizens Asset Management Limited, First Citizens (St. Lucia) Limited, First Citizens Trustee Services Limited, First Citizens Financial Services (St. Lucia) Limited, First Citizens Investment Services Limited, First Citizens Investment Services (Barbados) Limited and First Citizens Brokerage and Advisory Services Limited. The financial statements of the consolidated subsidiaries used to prepare the consolidated financial statements were prepared as of the parent company's reporting date. The consolidation principles are unchanged as against the previous years.

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

(b) Investment in subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which effective control is transferred to the Group. They are de-consolidated from the date on which control ceases. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of income from the effective acquisition date or up to the effective date on which control ceases as appropriate.

(c) Business combinations and goodwill

Accounting for business combinations under IFRS 3 only applies if it is considered that a business has been acquired. A business combination is a transaction or other event in which the acquirer obtains control of one or more businesses. Under IFRS 3 a business is defined as an integrated set of activities and assets conducted and managed for the purpose of providing a return to investors or lower costs or other economic benefits directly and proportionately to participants. A business generally consists of inputs and resulting outputs that are or will be used to generate revenue.

2 Summary Of Significant Accounting Policies (continued)

2.2 Consolidation (continued)

(c) Business combinations and goodwill (continued)

Business combinations are accounted for using the purchase method of accounting. The cost of the acquisition is the consideration given in exchange for control over the identifiable assets, liabilities and contingent liabilities of the acquired company. The consideration includes the cash paid plus the fair value at the date of exchange of assets given, liabilities incurred or assumed and equity instruments issued by the Group. Contingent consideration arrangements are included in the cost of acquisition at fair value. Directly attributable transaction costs are expensed in the current period and are reported in administrative expenses.

The acquired net assets, being the assets, liabilities and contingent liabilities, are initially recognised at fair value. Where the Group does not acquire 100% ownership of the acquired company non-controlling interests are recorded as the proportion of the fair value of the acquired net assets attributable to the non-controlling interest. Goodwill is recorded as the surplus of the cost of acquisition over the Group's interest in the fair value of the acquired net assets. Any goodwill and fair value adjustments are recorded as assets and liabilities of the acquired company in the functional currency of that company. Goodwill is not amortised, but is assessed for possible impairment at the year end and is additionally tested annually for impairment.

Goodwill may also arise upon investments in associates, being the surplus of the cost of the investment over the Group's share of the fair value of the net identifiable assets. Such goodwill is recorded within investment in associates.

Changes in ownership interest in subsidiaries are accounted for as equity transactions if they occur after control has already been obtained and if they do not result in a loss of control.

(d) Transactions and non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recorded in equity. Gains or losses on disposal to non-controlling interest are also recorded in equity.

Interests in the equity of subsidiaries not attributable to the parent are reported in consolidated equity as non-controlling interest. Profits or losses attributable to non-controlling interests are reported in the consolidated statement of comprehensive income as profit or loss attributable to non-controlling interests.

e) Investment in joint ventures

A joint venture exists where the Group has a contractual arrangement with one or more parties to undertake activities typically, however not necessarily, through entities that are subject to joint control.

Investments in joint ventures are accounted for using the equity method of accounting. These investments are initially recorded at cost and the carrying amount is increased or decreased to recognise the Group's share of profits or losses.

(f) 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 accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

2 Summary Of Significant Accounting Policies (continued)

2.2 Consolidation (continued)

(f) Investment in associates (continued)

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated statement of income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also 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. Dilution gains and losses in associates are recognised in the consolidated statement of income.

2.3 Foreign currency translation

(a) 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$6.3211=US$1.00 (2010: TT$6.273=US$1.00), which represent the Group's mid-rate.

(b) 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 statement of income.

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

(c) Group companies

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

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
(iii) all resulting exchange differences are recognised in other comprehensive income.

2 Summary Of Significant Accounting Policies (continued)

2.3 Foreign currency translation (continued)

(c) Group companies (continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and of borrowings are recognised in other comprehensive income. When a foreign operation is disposed of or partially disposed of, such exchange differences are recognised in the consolidated income statement as part of the gain or loss on sale. 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.

2.4 Derivative financial instruments

Derivative financial instruments including swaps are initially recognised in the consolidated statement of financial position at cost (including transaction costs) and are subsequently re-measured at their fair values. Fair values are obtained from quoted market prices, discounted cash flow models and options pricing models as appropriate. All derivatives are carried as assets when their fair value is positive and as liabilities when negative.

The carrying values of the interest rate swap, which will vary in response to changes in market conditions, are recorded as assets or liabilities with the corresponding resultant charge or credit in the consolidated statement of income.

2.5 Financial assets and financial liabilities

2.5.1 Financial assets

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

(a) Loans and receivables

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

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

Loans and receivables are initially recognised at fair value – which is the cash consideration to originate or purchase the loan including transaction costs – and measured subsequently at amortised cost using the effective interest method. Loans and receivables are reported in the consolidated statement of financial position as loans and advances to banks or customers or as loan notes. Interest on loans is included in the consolidated statement of income under interest income. In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognised in the consolidated statement of income under impaired loss on loan and receivables net of recoveries.

(b) Available-for-sale financial assets

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

2 Summary Of Significant Accounting Policies (continued)

2.5 Financial assets and financial liabilities (continued)

2.5.1 Financial assets (continued)

(b) Available-for-sale financial assets (continued)

Available-for-sale financial assets are initially recognised at fair value and subsequently carried at fair value with gains and losses being recognised in the consolidated statement of comprehensive income except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in the consolidated statement of income as 'gains and losses from investment securities'. Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated statement of income. Dividends on available-for-sale equity instruments are recognised in the consolidated statement of income when the Group's right to receive payments are established.

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

This category comprises two sub-categories: financial assets held for trading and financial assets designated by the Group as fair value through profit or loss upon initial recognition.

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Derivatives are also categorized as held for trading.

The Group also designates certain financial assets upon initial recognition as at fair value through profit or loss (fair value option). This designation cannot be subsequently changed. According to IAS 39, the fair value option is only applied when the following conditions are met:

(i) The application of the fair value option reduces or eliminates an accounting mismatch that would otherwise arise; or
(ii) The financial assets are part of a portfolio of financial instruments which is risk managed and reported to senior management on a fair value basis.

(d) Held to maturity

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

(i) Those that the Group upon recognition designates at fair value through profit or loss;
(ii) Those that the Group designates as available-for-sale;
(iii) Those that meet the definition of loans and receivables.

Held to maturity investments are initially recognised at fair value including direct and incremental transaction costs and are measured subsequently at amortised cost, using the effective interest method.

2.5.2 Financial liabilities

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

2 Summary Of Significant Accounting Policies (continued)

2.5 Financial assets and financial liabilities (continued)

2.5.3 Recognition and derecognition of financial instruments

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

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

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

2.5.4 Determination of fair value

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

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

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

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

2.6 Reclassification

The Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the available-for-sale category if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair values at the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are made. Effective interest rates for financial assets reclassified to the loans and receivables and held to maturity categories are determined at the reclassification date.

2.7 Impairment of financial assets

(a) Assets carried at amortised cost

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

2 Summary Of Significant Accounting Policies (continued)

2.7 Impairment of financial assets (continued)

(a) Assets carried at amortised cost (continued)

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

i) Delinquency in contractual payments of principal or interest;
ii) Cash flow difficulties experienced by the borrower (for example, equity ratio, net income percentage of sales);
iii) Breach of loan covenants or conditions;
iv) Initiation of bankruptcy proceedings;
v) Deterioration of the borrower's competitive position;
vi) Deterioration in the value of collateral; and
vii) Downgrading below investment grade level.

The estimated period between a loss occurring and its identification is determined by local management for each identified portfolio. In general, the periods used vary between three (3) months and twelve (12) months; in exceptional cases, longer periods are warranted.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

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

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

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

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

2 Summary Of Significant Accounting Policies (continued)

2.7 Impairment of financial assets (continued)

(a) Assets carried at amortised cost (continued)

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

(b) Assets classified as available-for-sale

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

(c) Renegotiated loans

Loans that are either subject to collective impairment assessment or individually significant and whose terms have been negotiated are no longer considered to be past due but are treated as new loans. In subsequent years, the asset is considered to be past due and disclosed only if renegotiated again.

2.8 Impairment of non-financial assets

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).

2.9 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.

2.10 Sale and repurchase agreements and lending of securities

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

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

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

2 Summary Of Significant Accounting Policies (continued)

2.11 Lease transactions

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

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

(a) The Group as the lessee

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

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

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

(b) 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.

To date, the Group has not entered into operating leases over the Group's assets.

2.12 Property, plant and equipment

Freehold premises are shown at fair value based on assessments performed by management or by independent valuators when considered necessary, less subsequent depreciation for buildings. All other property, plant and equipment are stated at historical cost less depreciation. The valuations of freehold premises are assessed when circumstances indicate there may be a material change in value.

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

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

Increases in the carrying amount arising on revaluation of freehold premises are credited to fair value reserves in shareholders' equity. Decreases that affect previous increases of the same assets are charged against fair value reserves directly in equity; all other decreases are charged to the consolidated statement of income. 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.

2 Summary Of Significant Accounting Policies (continued)

2.12 Property, plant and equipment (continued)

Upon revaluation, the difference between depreciation based on the revalued carrying amount of the asset (depreciation charged to the consolidated income statement) and depreciation based on the asset's original cost is transferred from fair value reserve to retained earnings.

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

Depreciation and amortisation are computed on all assets except land.

The provision for depreciation and amortisation is computed at varying rates to allocate the cost of the assets to their residual value.

The following rates are used:

Buildings	2% straight line
Equipment and furniture	20% to 25% straight line
Computer equipment and motor vehicles	20% to 33.3% straight line
Leasehold improvements	Amortised over the life of the lease

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

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount is the higher of the assets fair value less cost to sell and value in use. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. When revalued assets are sold, the amounts included in fair value reserves are transferred to retained earnings.

2.13 Income tax

Current income tax is calculated on the basis of the applicable tax law in the respective jurisdiction and is recognised in the consolidated income statement of income for the period except to the extent it relates to items recognised directly in equity. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Business Levy is calculated for the Trinidad and Tobago entities at a rate of 0.2% of gross receipts. This amount is payable only if higher than the current year's assessment for corporation tax.

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax base of assets and liabilities and their carrying values in the consolidated financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by at the date of the consolidated statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

However, the 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.

The principal temporary differences arise from depreciation on property, plant and equipment, the defined benefit asset, tax losses carried forward, revaluation gains/losses on available-for-sale financial assets and the amortisation of zero coupon instruments.

2 Summary Of Significant Accounting Policies (continued)

2.13 Income tax (continued)

Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the difference will not reverse in the foreseeable future.

Deferred income tax related to fair value re-measurement of available-for-sale investments, which are charged or credited directly to equity, is also credited or charged directly to equity and is subsequently recognised in the consolidated statement of income together with the deferred gain or loss.

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.

2.14 Employee benefits

(a) Pension plans

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

For defined benefit plans, the pension accounting costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the consolidated statement of income so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who value the plans annually. The liability recognised in the consolidated statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the date of the consolidated financial position less the fair value of the plan assets together with adjustments for unrecognised actuarial gains and losses and past service costs. The pension obligation is measured at the present value of the estimated future cash outflows using interest rates of government securities, which have terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of the plan assets or 10% of the defined benefit obligations are charged or credited to income over the employees' expected average remaining working lives. Past service costs are recognised immediately, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight line basis over the vesting period.

(b) 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.

2 Summary Of Significant Accounting Policies (continued)

2.15 Cash and cash equivalents

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

2.16 Interest income and expense

Interest income and interest expense are recognised in the consolidated statement of income for all interest bearing instruments on an accrual basis using the effective interest method based on the actual purchase price. Interest income includes coupons earned on fixed income investments, loans and accrued discount and premium on treasury bills and other discounted instruments. When loans become doubtful of collection, they are written down to their recoverable amounts.

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

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

2.17 Fee and commission income

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

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

2.18 Dividend income

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

2.19 Computer software

Costs associated with maintaining computer software programmes are recognised as an expense when incurred. However, expenditure that enhances or extends the benefits of computer software programmes beyond their original specifications and lives is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives but not exceeding a period of three years.

2 Summary Of Significant Accounting Policies (continued)

2.20 Borrowings

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

2.21 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.

2.22 Dividend distribution

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders. Dividends for the year, which are declared after the year end, are disclosed in the subsequent events note. There was no such dividend declarations subsequent to the year ended 30 September 2011.

2.23 Preference shares

Preference shares on which dividends are declared at the discretion of the directors are classified as equity.

2.24 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.

2.25 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 their estimated useful economic life, generally not exceeding 20 years. Intangible assets with an indefinite useful life are not amortised. Generally, the identified intangible assets of the Group have a definite useful life. At each date of the consolidated statement of financial position, intangible assets are reviewed for indications of impairment or changes in estimated future economic benefits. If such indications exist, the intangible assets are analysed to assess whether their carrying amount is fully recoverable. An impairment loss is recognised if the carrying amount exceeds the recoverable amount.

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

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

2 Summary Of Significant Accounting Policies (continued)

2.25 Intangible assets (continued)

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investment in associates.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(b) Other intangible assets

The other intangible assets mainly relate to a brand acquired in a business combination. 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.

2.26 Fiduciary activities

The Group acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these consolidated financial statements, as they are not assets of the Group (Note 3.4).

2.27 Comparatives

Where necessary comparative figures have been adjusted to take into account changes in presentation in the current year.

3 Financial Risk Management

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the 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 is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial

3 Financial Risk Management (continued)

instruments and non-derivative financial instruments. In addition, internal audit is responsible for the independent review of risk management and the control environment.

The most important types of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk.

3.1 Credit risk

Credit exposures arise principally in lending activities that lead to loans and advances and in investment activities that bring debt securities and other bills into the Group's asset portfolio. Credit risk also occurs in off balance sheet financial instruments such as loan commitments. This risk relates to the possibility that a counter party will cause a financial loss to the Group by failing to discharge an obligation. All the Group's lending and investment activities are conducted with various counter parties and it is in pursuing these activities that the Group becomes exposed to credit risk. It is expected that these areas of business will continue to be principal ones for the Group in the future and with loans and advances currently comprising a significant portion of the Group's assets and being responsible for a substantial portion of the revenue generated, it is anticipated that the Group will continue to be exposed to credit risk well into the future. The management of credit risk is therefore of utmost importance to the Group and an appropriate organisational structure has been put in place to ensure that this function is effectively discharged for the Group's business; management therefore carefully manages its exposure to credit risk. Exposure to credit risk is managed through appropriate credit policies, procedures, practices and audit functions, together with approved limits. Exposure is also managed by obtaining collateral and corporate and personal guarantees.

3.1.1 Credit risk management

In its management of credit risks, the Group has established an organisational structure which supports the lending philosophy of the Group. This structure comprises the Board of Directors, the Board Credit Committee (BCC), Senior Management Enterprise-wide Risk Committee (SMERC), the Chief Executive Officer (CEO), the Credit Administration Department 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 SMERC together with the CEO monitor the effectiveness of credit procedures and policies and may direct changes to strategies to improve the effectiveness of policies. The major focus of the Credit Administration Department is to formulate credit policies, monitor compliance with them and on a continuous basis to assess their relevance to the changing business environment. Most of these policies are established and communicated through the Group's written Credit Policy Manual. This document sets out in detail the current policies governing the lending function and provides a comprehensive framework for prudent risk management of the credit function. Major areas of focus are: General Credit Criteria; Credit Risk Rating; Controls Risk Mitigants over the Credit Portfolio and Credit Concentration among others.

3.1.2 Credit risk measurement

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

3 Financial Risk Management (continued)

3.1 Credit risk (continued)

3.1.3 Credit classification system

(a) Loans to customers

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

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

(b) Debt securities and other bills

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

(c) Other loans and receivables

In measuring credit risk of receivables at a counterparty level, the Group assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty. They have been developed internally and combine statistical analysis with credit officer judgment. Clients of the Group are segmented into three rating classes or grades. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary. The Group regularly validates the performance of the rating and their predictive power with regard to default events.

Group's internal ratings scale and mapping of external ratings

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

The ratings of the major rating agency shown in the table above are mapped to our rating classes based on the long-term average default rates for each external grade. The Group uses the external ratings where available to benchmark our internal credit risk assessment. Observed defaults per rating category vary year on year, especially over an economic cycle.

3.1.4 Risk limit control and mitigation policy

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, industry and country segments. The Group monitors its concentration of credit exposure so that no single borrower or industry default will have a material impact on the Group. These limits are implemented and monitored by the Credit Administration Department via the stipulations of the Group Credit Policy Manual.

(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 fraction 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.

3 Financial Risk Management (continued)

3.1 Credit risk (continued)

3.1.4 Risk limit control and mitigation policy (continued)

(b) Industry exposure limits

These limits have been established based on a ranking of the riskiness of various industries. The ranking is guided by a model developed for the Group for this purpose. The model utilises a scale incorporating scores of 1 to 8 with 1 being the least risky. These have been consolidated into four (4) bands of exposure limits which have been set in relation to the total credit portfolio with a smaller limit being assigned to the more risky industries.

(c) Country exposure limits

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

(d) Collateral

The principal collateral types for loans and advances are:
- Cash deposits
- Mortgages over residential properties
- Charges over business assets such as premises and accounts receivable
- Charges over financial instruments such as debt securities and equities
- Government guarantees

It was agreed inter alia, in the Liquidity Support Agreement dated May 15, 2009, made between the Government of the Republic of Trinidad and Tobago (GORTT), the Central Bank of Trinidad and Tobago (CBTT) and the First Citizens Bank Limited (the Bank), that the GORTT would provide certain assurances to the Bank so that the acquisition of the shares of Caribbean Money Market Brokers Limited now First Citizens Investment Services Limited (FCIS), would not reduce the capital adequacy ratio of the Bank below 10% for the five years from the date of completion of the said acquisition of the shares.

The terms of the agreement under which the Bank acquired FCIS included certain financial assurances by the GORTT that provide 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 as set out in the provisions of the Liquidity Support Agreement.

All reasonable claims by the Bank in respect of such losses are expected to be settled within 30 days once the Bank has made all reasonable efforts to recover or resist such claims, losses or liabilities.

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

3 Financial Risk Management (continued)

3.1 Credit risk (continued)

3.1.4 Risk limit control and mitigation policy (continued)

(e) Credit-related commitments

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

3.1.5 Impairment and provisioning policies

The Group impairment provision policy is covered in detail in Note 2.7.

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

Collectively assessed impairment allowances are provided for: (i) portfolios of homogenous assets that are individually below materiality thresholds; and (ii) losses that have been incurred but have not yet been identified, by using the available historical loss experience adjusted for current conditions, experienced judgment and statistical techniques.

3.1.6 Maximum exposure to credit risk before collateral held or other credit enhancement

	Gross maximum exposure 2011 $'000	Gross maximum exposure 2010 $'000
Credit risk exposures relating to financial assets carried on the Group's consolidated statement of financial position are as follows:		
Cash and due from other banks	1,600,743	711,333
Statutory Deposit with Central Bank	4,071,727	3,366,484
Financial assets		
Available-for-sale	8,866,173	9,168,213
Less impairment allowance	(117,131)	(12,824)
Held to maturity	1,819,039	1,955,782
Loans to customers	9,020,486	8,788,091
Less: impairment allowance	(225,486)	(361,877)
Other loans and receivable	1,870,039	1,839,485
Less: impairment allowance	(33,420)	(30,675)
Loan notes	2,677,187	2,744,071
Finance leases	4,756	5,424
Interest receivable	86,035	117,357
Other assets	274,970	—
	29,915,118	28,290,864

3 Financial Risk Management (continued)

3.1 Credit risk (continued)

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

Credit risk exposures relating to off balance sheet financial assets are as follows:

Credit commitments	425,594	415,257
Total Credit Risk Exposure	30,340,712	28,706,121

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

3.1.7 Loans and other financial assets

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

30 September 2011

	Loans to customers $'000	Other loans & receivables $'000	Financial assets available for sale $'000	Held to maturity $'000	Loan notes $'000	Finance leases $'000
Neither past due nor impaired	6,476,846	1,457,361	8,699,978	1,819,039	2,677,187	5,512
Past due but not impaired	1,963,666	366,900	140,714	—	—	25
Individually impaired	610,734	45,778	25,250	—	—	—
Gross	9,051,246	1,870,039	8,865,942	1,819,039	2,677,187	5,537
Unearned interest	(30,760)	—	—	—	—	(781)
Less: Allowance for impairment	(225,486)	(33,420)	(7,838)	—	—	—
Less: Claims on Liquidity Support	—	—	(109,062)	—	—	—
Net	8,795,000	1,836,619	8,749,042	1,819,039	2,677,187	4,756

30 September 2010

	Loans to customers $'000	Other loans & receivables $'000	Financial assets available for sale $'000	Held to maturity $'000	Loan notes $'000	Finance leases $'000
Neither past due nor impaired	6,231,797	1,505,146	9,157,073	1,955,782	2,744,071	6,326
Past due but not impaired	2,016,042	297,615	3,361	—	—	86
Individually impaired	634,588	36,724	7,779	—	—	—
Gross	8,882,427	1,839,485	9,168,213	1,955,782	2,744,071	6,412
Unearned interest	(94,336)	—	—	—	—	(988)
Less: Allowance for impairment	(361,877)	(30,675)	(12,824)	—	—	—
Net	8,426,214	1,808,810	9,155,389	1,955,782	2,744,071	5,424

3 Financial Risk Management (continued)

3.1 Credit risk (continued)

3.1.7 Loans and other financial assets (continued)

The terms of the agreement under which the Group acquired First Citizens Investment Services Limited (FCIS) included an indemnification provided by the Government of the Republic of Trinidad and Tobago against various claims, losses or liabilities incurred by FCIS after the date of acquisition in relation to assets owned by FCIS at the date of the said acquisition.

(a) Neither past due nor impaired

The credit quality of the portfolio of loans to customers that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Group.

i. Loans to customers

	30 September 2011				
	Loans individuals $'000	**Loans corporate $'000**	**Total loans $'000**	**Loan note $'000**	**Finance lease $'000**
Standard	1,688,723	4,788,113	6,476,836	2,677,187	5,512
Special Mention	—	—	—	—	—
	1,688,723	4,788,113	6,476,836	2,677,187	5,512

	30 September 2010				
	Loans individuals $'000	**Loans corporate $'000**	**Total loans $'000**	**Loan note $'000**	**Finance lease $'000**
Standard	1,604,811	4,626,986	6,231,797	2,744,071	6,326
Special Mention	—	—	—	—	—
	1,604,811	4,626,986	6,231,797	2,744,071	6,326

ii. Other loans and receivables

	30 September 2011			30 September 2010		
	Loans individuals $'000	**Loans corporate $'000**	**Total loans $'000**	**Loans individuals $'000**	**Loans corporate $'000**	**Total loans $'000**
Investment Grade	537	511,501	512,038	1,070	246,946	248,016
Speculative Grade	23,781	921,542	945,323	34,418	1,222,712	1,257,130
	24,318	1,433,043	1,457,361	35,488	1,469,658	1,505,146

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

3 Financial Risk Management (continued)

3.1 Credit risk (continued)

3.1.7 Loans and other financial assets available-for-sale (continued)

(a) Neither past due nor impaired (continued)

	Individuals (retail customers) $'000	Corporate $'000	Total $'000
	30 September 2011		
Instalment loans	591,668	—	591,668
Demand loans	87,143	4,399,200	4,486,343
Overdrafts	5,579	98,247	103,826
Credit cards	238,250	—	238,250
Mortgages	766,093	290,666	1,056,759
Loans to customers	1,688,733	4,788,113	6,476,846
Impairment allowance	(30,252)	(33,322)	(63,574)
Loans net of impairment	1,658,481	4,754,791	6,413,272
Finance leases	—	5,512	5,512
Other loans and receivables	24,318	1,433,043	1,457,361
Available-for-sale	—	8,699,978	8,699,978
Impairment allowance	—	—	—
Held to maturity	—	1,819,039	1,819,039
Loan notes	—	2,677,187	2,677,187
	30 September 2010		
Instalment loans	620,235	—	620,235
Demand loans	123,647	4,257,183	4,380,830
Overdrafts	5,740	87,606	93,346
Credit cards	206,817	—	206,817
Mortgages	648,372	282,197	930,569
Loans to customers	1,604,811	4,626,986	6,231,797
Impairment allowance	(32,025)	(19,597)	(51,622)
Loans net of impairment	1,572,786	4,607,389	6,180,175
Finance leases	—	6,326	6,326
Other loans and receivables	36,527	1,468,619	1,505,146
Available-for-sale	—	9,157,073	9,157,073
Impairment allowance	—	(5,046)	(5,046)
Held to maturity	—	1,955,782	1,955,782
Loan notes	—	2,744,071	2,744,071

3 Financial Risk Management (continued)

3.1 Credit Risk (continued)

3.1.7 Loans and financial assets available-for-sale (continued)

(b) Past due but not impaired

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

30 September 2011	Up to 30 days $'000	30 to 60 days $'000	60 to 90 days $'000	>90 days $'000	Total $'000
Individual (retail customers)					
Instalment loans	137,368	13,281	3,301	12	153,962
Demand loans	73,594	16,487	1,316	1,826	93,223
Overdrafts	13,555	405	176	—	14,136
Credit cards	—	5,530	—	—	5,530
Mortgages	451,437	20,114	5,546	3,828	480,925
Sub-total	675,954	55,817	10,339	5,666	747,776
Impairment allowance	(8,398)	(1,032)	(155)	(63)	(9,648)
Corporate					
Large corporate customers	598,363	49,986	42,155	—	690,504
Mortgages	502,485	21,816	1,085	—	525,386
Sub-total	1,100,848	71,802	43,240	—	1,215,890
Impairment allowance	(4,212)	(321)	(244)	—	(4,777)
Total Loans To Customers	1,776,802	127,619	53,579	5,666	1,963,666
Available-for-sale financial assets	37,957	—	—	102,757	140,714
Other loans and receivables	—	—	—	366,900	366,900
Finance lease	25	—	—	—	25
Fair value of collateral					
Individual (retail customers)	2,096,209	51,665	8,846	6,059	2,162,779
Corporate	1,791,816	45,024	1,577	—	1,838,417

3 Financial Risk Management (continued)

3.1 Credit Risk (continued)

3.1.7 Loans and financial assets available-for-sale (continued)

(b) Past due but not impaired (continued)

30 September 2010	Up to 30 days $'000	30 to 60 days $'000	60 to 90 days $'000	>90 days $'000	Total $'000
Individual (retail customers)					
Instalment loans	171,111	16,941	3,692	—	191,744
Demand loans	63,295	14,281	1,226	953	79,755
Overdrafts	17,083	593	22	—	17,698
Credit cards	—	5,743	—	—	5,743
Mortgages	421,905	39,285	9,070	4,071	474,331
Sub-total	673,394	76,843	14,010	5,024	769,271
Impairment allowance	(10,757)	(1,382)	(208)	(28)	(12,375)
Corporate					
Large corporate customers	665,290	58,626	13,925	—	737,841
Mortgages	463,827	34,823	6,246	4,034	508,930
Sub-total	1,129,117	93,449	20,171	4,034	1,246,771
Impairment allowance	(8,724)	(685)	(115)	(5)	(9,529)
Total Loans To Customers	1,802,511	170,292	34,181	9,058	2,016,042
Available-for-sale financial assets	3,361	—	—	—	3,361
Other loans and receivables	—	—	—	297,615	297,615
Finance lease	86	—	—	—	86
Fair value of collateral					
Individual (retail customers)	1,360,604	76,520	13,302	4,774	1,455,200
Corporate	2,378,490	123,118	31,953	8,995	2,542,556

3 Financial Risk Management (continued)

3.1 Credit Risk (continued)

3.1.7 Loans and financial assets available-for-sale (continued)

(c) Individually impaired

	Individual (retail customers)					Corporate		Total
30 September 2011	**Instalment $'000**	**Demand Loans $'000**	**Overdrafts $'000**	**Credit Cards $'000**	**Mortgages $'000**	**Large Corporate Customers $'000**	**Mortgages $'000**	**$'000**
Loans to customers	27,342	8,442	1,037	13,088	7,942	532,053	20,830	610,734
Impairment allowance	(23,145)	(4,029)	(602)	(9,170)	(1,859)	(103,351)	(5,331)	(147,487)
Fair value of collateral	15,584	9,281	280	—	15,090	547,443	31,828	619,506
Available-for-sale	—	—	—	—	—	—	25,250	25,250
Impairment allowance	—	—	—	—	—	—	(7,838)	(7,838)
Other loans and receivables	22,985	—	—	—	—	22,793	—	45,778
Impairment allowance	(11,530)	—	—	—	—	(21,890)	—	(33,420)
Fair value of collateral	6,499	—	—	—	—	813	—	7,312
30 September 2010								
Loans to customers	28,828	8,531	922	10,491	7,468	566,497	11,851	634,588
Impairment allowance	(21,400)	(2,222)	(19)	(365)	(2,779)	(256,303)	(5,262)	(288,350)
Fair value of collateral	18,193	10,974	335	—	13,256	622,337	23,613	688,708
Available-for-sale	—	—	—	—	—	7,779	—	7,779
Impairment allowance	—	—	—	—	—	(7,779)	—	(7,779)
Other loans and receivables	13,498	—	—	—	—	23,226	—	36,724
Impairment allowance	(8,262)	—	—	—	—	(22,413)	—	(30,675)
Fair value of collateral	5,236	—	—	—	—	813	—	6,049

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

3 Financial Risk Management (continued)

3.1 Credit Risk (continued)

3.1.7 Loans and financial assets available-for-sale (continued)

(d) Loans and advances renegotiated

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

	2011 $'000	2010 $'000
Renegotiated loans and advances to customers		
Continuing to be impaired after restructuring	—	210,520
Non-impaired after restructuring-would otherwise have been impaired	—	—
Non-impaired after restructuring-would otherwise not have been impaired	739,782	1,103,478
Total	739,782	1,313,998

3.1.8 Credit quality of available-for-sale and held to maturity securities

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

30 September 2011 S&P	Other loans & receivables $'000	Available for sale securities $'000	Held to maturity $'000
A- to AAA	473,776	5,729,427	599,608
BBB- to BBB+	120	1,490,167	877,665
Lower than BBB-	1,316,945	1,328,820	341,766
Unrated	45,778	200,628	—
	1,836,619	8,749,042	1,819,039
30 September 2010			
A- to AAA	157,710	5,644,174	1,160,531
BBB- to BBB+	11,167	917,986	302,906
Lower than BBB-	1,601,955	1,785,158	492,345
Unrated	37,978	808,071	—
	1,808,810	9,155,389	1,955,782

3.1.9 Repossessed collateral

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

3 Financial Risk Management (continued)

3.1 Credit Risk (continued)

3.1.10 Concentration of risks of financial assets with credit risk exposure

The following table breaks down the Group's main credit exposure of loans as categorised by industry sectors of counter parties.

	2011 Gross maximum exposure ($'000)	2010 Gross maximum exposure ($'000)
Loans and receivables:		
Consumer	1,253,719	1,200,468
Agriculture	8,107	12,574
Petroleum	512,966	557,292
Manufacturing	334,906	556,764
Construction	3,365,205	3,505,622
Distribution	137,793	113,388
Hotels and guest houses	261,377	475,982
Transport, storage and communications	280,148	144,313
Finance, insurance and real estate	7,126,015	6,605,397
Other business services	708,230	768,921
Personal services	79,408	51,437
Real estate mortgages	2,091,843	1,933,147
Government related	7,947,675	8,608,050
Finance leases	4,756	5,424
Interest receivable	86,035	117,357
	24,198,182	24,656,136

3.2 Market risk

The Group takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency 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 and equity prices. The Group separates exposures to market risk into either trading or non-trading portfolios.

The market risks arising from trading and non-trading activities are measured separately by the Credit and Risk Management department who submit reports to the Senior Management Enterprise Risk Committee on a regular basis. Additionally, on a monthly basis, the Group Market Risk Committee reviews and approves the yield curves used to value all investment securities, derivatives and trading liabilities.

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

Non-trading portfolios primarily arise from the interest-rate management of the Group's retail and commercial banking assets and liabilities. Non-trading portfolios also consist of interest rate, foreign exchange and equity risks arising from the Group's financial assets available-for-sale.

3 Financial Risk Management (continued)

3.2 Market risk (continued)

3.2.1 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$ dominating trading. However, as supply usually lags behind customer demand, the Group may find itself in an overbought or oversold position.

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

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

As at 30 Sept 2011	**TT$ $'000**	**US$ $'000**	**Other $'000**	**Total $'000**
FINANCIAL ASSETS				
Cash and due from other banks	527,602	711,881	361,260	1,600,743
Financial assets:				
- Available-for-sale	4,971,796	3,353,109	462,935	8,787,840
- Held to maturity	526,600	386,855	905,584	1,819,039
- Other loans and receivables	583,896	1,168,405	84,318	1,836,619
- Designated at fair value	5,276	78	—	5,354
- Loans and receivables less allowances for losses:				
Loans to customers	7,068,689	1,726,311	—	8,795,000
Loan notes	1,781,515	895,672	—	2,677,187
Other assets	565,276	11,217	1,699	578,192
TOTAL FINANCIAL ASSETS	**16,030,650**	**8,253,528**	**1,815,796**	**26,099,974**
FINANCIAL LIABILITIES				
Customers' deposits	12,901,688	2,918,795	226,862	16,047,345
Other funding instruments	2,372,525	3,012,917	1,256,227	6,641,669
Due to other banks	—	58,928	21,171	80,099
Bonds payable	1,406,550	1,530,065	—	2,936,615
Creditors and accruals	189,509	3,273	3,337	196,119
TOTAL FINANCIAL LIABILITIES	**16,870,272**	**7,523,978**	**1,507,597**	**25,901,847**
Net on statement of financial position	(839,622)	729,550	308,199	198,127
Off balance sheet items	149,570	624	—	150,194
Credit commitments	232,800	192,794	—	425,594

3 Financial Risk Management (continued)

3.2 Market risk (continued)

3.2.1 Currency risk (continued)

As at 30 Sept 2010	**TT$ $'000**	**US$ $'000**	**Other $'000**	**Total $'000**
FINANCIAL ASSETS				
Cash and due from other banks	218,486	214,164	278,683	711,333
Financial assets:				
- Available-for-sale	5,246,922	3,565,742	403,774	9,216,438
- Held to maturity	483,724	564,581	907,477	1,955,782
- Other loans and receivables	684,093	953,406	171,311	1,808,810
- Loans and receivables less allowances for losses:				
Loans to customers	6,483,432	1,936,509	6,273	8,426,214
Loan notes	1,855,215	888,856	—	2,744,071
Other assets	308,562	3,219	1,012	312,793
TOTAL FINANCIAL ASSETS	**15,280,434**	**8,126,477**	**1,768,530**	**25,175,441**
FINANCIAL LIABILITIES				
Customers' deposits	11,785,763	3,980,269	233,071	15,999,103
Other funding instruments	1,964,270	2,573,664	981,356	5,519,290
Derivative financial instruments	—	16,527	—	16,527
Due to other banks	—	134,485	34,833	169,318
Bonds payable	1,406,550	1,064,128	—	2,470,678
Creditors and accruals	186,403	775	7,208	194,386
TOTAL FINANCIAL LIABILITIES	**15,342,986**	**7,769,848**	**1,256,468**	**24,369,302**
Net on statement of financial position	(62,552)	356,629	512,062	806,139
Off balance sheet items	168,271	23,551	70	191,892
Credit commitments	271,900	143,357	—	415,257

Included in the "Other" category are assets and liabilities held in UK pound sterling, Canadian dollars, Euros, Eastern Caribbean Dollars and Yen.

If the TT$ appreciates by 1% against the US$, the profit would increase by $3.3 million (2010: $3.4 million). One percent was considered a reasonable possible shift since the US$ rate has not changed by more than 1% year-on-year over the past 3 years.

3 Financial Risk Management (continued)

3.2 Market risk (continued)

3.2.2 Interest rate risk

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. Cash-flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of the changes in market interest rate. The Group takes on exposure to the effects of fluctuations in the prevailing level of market interest rates on both its fair value and cash flow risks.

The Group's objective in the management of its interest rate risk is to reduce the sensitivity of its earnings and overall portfolio value to fluctuations in the interest rate.

The strategy employed to achieve this involves the active pricing of deposit and loan products, increasing market share of loans and funding, diversifying portfolios, changing the mix of products in accordance with market trends and reducing funding mismatch through long-term instruments.

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

As at 30 September 2011 Financial Assets	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
Cash and due from other banks	911,533	632	512,112	—	—	176,466	1,600,743
Statutory deposits with Central Bank	243,748	781,792	325,825	—	—	2,720,362	4,071,727
Financial assets:							
- Available-for-sale	27,368	116,401	1,277,942	2,073,612	5,234,912	57,605	8,787,840
- Other loans and receivables	701,289	387,131	320,302	427,897	—	—	1,836,619
- Held to maturity	31,676	95,967	192,893	334,723	1,163,780	—	1,819,039
- Fair valued through Profit or loss	5,354	—	—	—	—	—	5,354
Loan to customers and finance leases	803,584	849,103	1,607,476	3,977,489	1,787,590	—	9,025,242
Loan loss provision	—	—	—	—	—	(225,486)	(225,486)
Loan notes	1,866,491	—	73,700	294,786	442,210	—	2,677,187
Oher assets	—	—	68,742	206,228	—	303,222	578,192
Total Financial Assets	**4,591,043**	**2,231,026**	**4,378,992**	**7,314,735**	**8,628,492**	**3,032,169**	**30,176,457**
Financial Liabilities							
Due to other banks	—	21,949	52,873	—	—	5,277	80,099
Customers' deposits	12,567,871	1,170,530	2,186,655	121,981	308	—	16,047,345
Other funding instruments	1,095,110	2,610,935	2,502,609	377,862	6,628	48,525	6,641,669
Bonds payable	—	—	488,565	906,551	1,529,979	11,520	2,936,615
Notes due to parent company	—	—	—	—	—	58,000	58,000
Total Financial Liabilities	**13,662,981**	**3,803,414**	**5,230,702**	**1,406,394**	**1,536,915**	**123,322**	**25,763,728**
Interest Sensitivity Gap	**(9,071,938)**	**(1,572,388)**	**(851,710)**	**5,908,341**	**7,091,577**		

3 Financial Risk Management (continued)

3.2 Market risk (continued)

3.2.2 Interest rate risk (continued)

As at 30 September 2010 **Financial Assets**	**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**
Cash and due from other banks	455,252	627	88,697	—	—	166,757	711,333
Statutory deposits with Central Bank	235,475	562,938	218,789	102,566	—	2,246,716	3,366,484
Financial assets:							
- Available-for-sale	244,350	411,215	815,388	2,224,050	5,460,386	61,049	9,216,438
- Other loans and receivables	24,715	89,398	1,233,186	461,511	—	—	1,808,810
- Held to maturity	5,775	70,050	179,951	533,721	1,166,285	—	1,955,782
- Fair valued through Profit or loss	—	—	—	—	—	2,848	2,848
Loan to customers and finance leases	826,155	649,219	1,491,843	3,943,910	1,882,388	—	8,793,515
Loan loss provision	—	—	—	—	—	(361,877)	(361,877)
Loan notes	1,859,675	—	73,700	294,798	515,898	—	2,744,071
Total Financial Assets	**3,651,397**	**1,783,447**	**4,101,554**	**7,560,556**	**9,024,957**	**2,115,493**	**28,237,404**
Financial Liabilities							
Due to other banks	118,711	—	50,381	—	—	226	169,318
Customers' deposits	11,091,765	2,110,633	2,622,530	173,929	246	—	15,999,103
Other funding instruments	892,852	1,686,249	1,813,030	1,117,950	9,209	—	5,519,290
Derivative financial instrument —	—	16,527	—	—	—	—	16,527
Bonds payable	—	—	564,570	993,372	906,550	6,186	2,470,678
Notes due to parent company	—	—	—	—	—	58,000	58,000
Total Financial Liabilities	**12,103,328**	**3,796,882**	**5,067,038**	**2,285,251**	**916,005**	**64,412**	**24,232,916**
Interest Sensitivity Gap	**(8,451,931)**	**(2,013,435)**	**(965,484)**	**5,275,305**	**8,108,952**		

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. This is managed using computer simulations of rising and falling interest rates, and the matching of funding sources with the relevant financing.

A 100 basis point increase in interest rates will cause an increase in profit of $3.4 million (2010: $1.5 million).

3.2.3 Other price risk

Other price risk arises due to the possibility that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is affected by changing prices of equity instruments mainly classified as available-for-sale securities with fair value movements recognised in shareholders' equity. Management has determined that the impact of the price risk on equity instruments classified as available-for-sale is immaterial at the end of both periods reported.

3 Financial Risk Management (continued)

3.3 Liquidity risk

The 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 fluctuation in cash flows. The Group is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits and other funding instruments, loan draw downs, guarantees and from margin and other calls on cash settled derivatives. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty.

Liquidity risk management process

The Group's liquidity management process is carried out by the Treasury Department and monitored by the Group's Asset and Liability Committee (ALCO). The Group's liquidity management framework is designed to ensure that there are adequate reserves of cash and other liquid securities to satisfy current and prospective commitments arising from either on-balance sheet or off balance sheet liabilities. The Group relies on a broad range of funding sources and applies prudent limits to avoid undue concentration. Current and projected cash flows are monitored, together with diversification of funding and contingency planning, and ensuring that funding disturbances are minimised. The Group manages liquidity risk using both expected and contractual cash flows, by preserving a large and diversified base of core deposits from retail and commercial customers, by maintaining ongoing access to wholesale funding and by maintaining a liquid pool of marketable securities dedicated to mitigating liquidity risk as a contingency measure. Fallback techniques 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.

3.3.1 Financial assets and liabilities

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

As at 30 September 2011	Up to 1 month $'000	1 to 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Financial Liabilities						
Due to banks	5,277	21,373	53,449	—	—	80,099
Customers' deposits	12,573,491	1,182,763	2,215,002	125,736	310	16,097,302
Other funding instruments	1,129,197	2,854,952	2,451,530	394,300	7,350	6,837,329
Bonds payable	21,183	—	641,345	2,638,941	467,003	3,768,472
Notes due to parent company	58,000	—	—	—	—	58,000
Total Financial Liabilities	**13,787,148**	**4,059,088**	**5,361,326**	**3,158,977**	**474,663**	**26,841,202**
Total Financial Assets	**4,816,125**	**2,235,409**	**5,000,431**	**10,023,711**	**13,939,016**	**36,014,692**
Liquidity Gap	**(8,971,023)**	**(1,823,679)**	**(360,895)**	**6,864,734**	**13,464,353**	**(9,173,490)**

3 Financial Risk Management (continued)

3.3 Liquidity risk (continued)

3.3.1 Financial assets and liabilities (continued)

As at 30 September 2010	Up to 1 month $'000	1 to 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Financial Liabilities						
Due to banks	119,122	—	52,823	—	—	171,945
Customers' deposits	11,103,612	2,135,094	2,664,812	186,370	398	16,090,286
Other funding instruments	888,064	887,605	1,705,863	2,140,714	10,546	5,632,792
Derivative financial instrument	—	—	16,527	—	—	16,527
Bonds payable	21,183	—	695,042	1,385,689	980,306	3,082,220
Notes due to parent company	58,000	—	—	—	—	58,000
Total Financial Liabilities	**12,189,981**	**3 ,022,699**	**5,135,067**	**3,712,773**	**991,250**	**25,051,770**
Total Financial Assets	**3,891,921**	**1,941,234**	**4,915,992**	**10,851,658**	**15,585,143**	**37,185,948**
Liquidity Gap	**(8,298,060)**	**(1,081,465)**	**(219,075)**	**7,138,885**	**14,593,893**	**12,134,178**

3.3.2 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.

3.3.3 Off balance sheet items

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

As at 30 September 2011	Up to 1 month $'000	1 to 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Loan commitments	425,594	—	—	—	—	425,594
Acceptances	59	—	565	—	—	624
Guarantees	80,931	33,900	12,509	10,373	—	137,713
Letters of credit	3,777	1,424	2,132	4,524	—	11,857
Operating leases	1,762	3,524	15,979	38,053	42,199	101,517
Capital commitments	—	—	16,905	—	—	16,905
Total	512,123	38,848	48,090	52,950	42,199	694,210

3 Financial Risk Management (continued)

3.3 Liquidity risk (continued)

3.3.3 Off balance sheet items (continued)

As at 30 September 2010	Up to 1 month $'000	1 to 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Loan commitments	415,257	—	—	—	—	415,257
Acceptances	1,532	158	85	74	—	1,849
Guarantees	83,511	29,725	8,754	43,154	1,859	167,003
Letters of credit	2,308	4,473	3,250	13,009	—	23,040
Operating leases	—	—	—	56,005	31,687	87,692
Capital commitments	—	—	52,238	—	—	52,238
Total	**502,608**	**34,356**	**64,327**	**112,242**	**33,546**	**747,079**

3.4 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 2011 totalled $11,130 million (2010: $10,530 million).

3.5 Capital management

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

- To comply with the capital requirement set by the regulators under the Financial Institutions Act (2008);
- 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 the regulatory capital are monitored monthly by the ALCO Committee, employing techniques based on the guidelines developed by the Basel Committee on Banking Regulations and Supervisory practices, as implemented by the Central Bank of Trinidad and Tobago for supervisory purposes. The required information is filed with the Central Bank of Trinidad and Tobago on a monthly basis.

The Central Bank of Trinidad and Tobago requires each financial institution to:-

- Maintain a ratio of qualifying capital to risk adjusted assets of not less than the minimum standard of 8%.
- Core capital must not be less than fifty percent (50%) of qualifying capital i.e. supplementary capital must not exceed core capital.

3 Financial Risk Management (continued)

3.5 Capital management (continued)

The Group's regulatory capital is managed by

- Tier 1 (Core) Capital: share capital, retained earnings and reserves created by appropriations of retained earnings.
- Tier 2 (Supplementary) Capital: qualifying subordinated loan capital, impairment allowances and unrealised gains arising on the fair valuation of available-for-sale securities and property, plant and equipment.

	2011 $'000	2010 $'000
Tier 1 (Core) Capital		
Share capital	536,400	536,400
Statutory reserve	661,446	699,282
Retained earnings	2,932,315	2,434,768
Total Tier 1	4,130,161	3,670,450
Tier 2 (Supplementary) Capital		
Preference shares	103,600	103,600
Fair value reserves	912,360	1,125,636
Eligible reserve provision	90,627	92,055
Total Tier 2	1,106,587	1,321,291
Total Regulatory Capital	5,236,748	4,991,741
Ratios		
Risk adjusted assets	9,085,248	10,831,325
Qualifying capital to risk adjusted assets	57.64%	46.09%
Core capital to qualifying capital	78.87%	73.53%

3 Financial Risk Management (continued)

3.6 Fair value of financial assets and liabilities

(a) 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	
	2011	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Financial Assets				
Cash and due from other banks	1,600,743	711,333	1,600,743	711,333
Statutory deposits with Central Bank	4,071,727	3,366,484	4,071,727	3,366,484
Financial assets:				
- Loans and receivables less allowance for loan losses:				
- Loans to customers	8,795,000	8,426,214	8,980,894	8,899,246
- Held to maturity	1,819,039	1,955,782	1,817,364	1,969,940
- Other loans and receivables	1,836,619	1,808,810	1,836,619	1,808,810
- Loan notes	2,677,187	2,744,071	3,264,154	3,080,636
- Finance leases	4,756	5,424	5,524	7,047
Financial Liabilities				
Customers' deposits	16,047,346	15,999,103	16,079,125	16,085,989
Other funding instruments	6,641,669	5,519,290	6,756,816	5,080,802
Bonds payable	2,936,694	2,470,678	3,318,161	2,798,215
Notes due to related companies	58,000	58,000	58,000	58,000
Off Balance Sheet				
Acceptances	—	—	624	1,849
Guarantees	—	—	137,712	167,003
Letter of credit	—	—	11,857	23,040

The fair values of the Group's financial instruments are determined in accordance with International Accounting Standard (IAS) 39 "Financial instruments: recognition and measurement".

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 equal to fair value include cash and due from other banks and statutory deposits with the Central Bank.

Loans to customers less allowance for loan losses

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

Held to maturity investments

Fair value for held-to-maturity assets is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

3 Financial Risk Management (continued)

3.6 Fair value of financial assets and liabilities (continued)

(a) Financial instruments not measured at fair value (continued)

Other loans and receivables

Receivables are net of provisions for impairment. The estimated fair value of receivables represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value. Receivables are generally for a period of less than one year.

Loan notes

The fair value of these notes are calculated using discounted cash flow analyses of comparable government borrowing rates for the terms indicated.

Customer deposits

Due to their liquidity and short-term maturity, the carrying values of some customer deposits approximate their fair value. The fair value of the other customer deposits are computed using discounted cash flow analyses at current market interest rates.

Bonds payable

The fair value of the Series A, Series B and the TT$500 million bonds is calculated using discounted cash flow analysis assuming the 'yield-to-call' method of valuation. These bonds carry fixed interest rates and have been discounted using the prevailing market rate of similar instruments. However, the fair value of the US denominated bonds is based on quoted market prices.

Note due to parent company

This note is payable on demand (no maturity stated). The fair value of this note approximates its carrying value.

(b) Fair value hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to these valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:-

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes debt instruments.
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

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

3 Financial Risk Management (continued)

3.6 Fair value of financial assets and liabilities (continued)

(b) 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 2011 **Financial Assets**	**Level 1** **$'000**	**Level 2** **$'000**	**Level 3** **$'000**	**Total** **$'000**
Financial assets designated at fair value				
- Equity securities	5,354	—	—	5,354
	5,354	—	—	5,354
Available-for-sale financial assets:				
- Investment securities – debt	2,179,536	4,465,651	2,103,855	8,749,042
- Investment securities – equity	15,403	6,392	17,003	38,798
	2,194,939	4,472,043	2,120,858	8,787,840
Total Financial Assets	2,200,293	4,472,043	2,120,858	8,793,194

As at 30 September 2010 **Financial assets**	**Level 1** **$'000**	**Level 2** **$'000**	**Level 3** **$'000**	**Total** **$'000**
Financial assets designated at fair value				
- Equity securities	2,848	—	—	2,848
	2,848	—	—	2,848
Available-for-sale financial assets:				
- Investment securities – debt	1,772,227	5,591,374	1,791,788	9,155,389
- Investment securities – equity	56,262	—	4,787	61,049
	1,828,489	5,591,374	1,796,575	9,216,438
Total Financial Assets	1,831,337	5,591,374	1,796,575	9,219,286
Financial Liabilities				
Derivative financial instrument	16,527	—	—	16,527
Total Liabilities	16,527	—	—	16,527

There were no transfer between Level 1 and Level 2 during the year.

Reconciliation of Level 3 Items

	Available-for-sale **Debt Securities** **$'000**	**Total Assets** **Equity Securities** **$'000**	**$'000**
Opening Balance	1,791,788	4,787	1,796,575
Purchases	312,067	12,810	324,877
Settlement	—	(594)	(594)
Balance as at September 30 2011	**2,103,855**	**17,003**	**2,120,858**

3 Financial Risk Management (continued)

3.7 Deferred day 1 profit/loss

The Group policy is not to recognize day 1 gains or losses in the consolidated financial statements.

4 Critical Accounting Estimates and Judgements

The Group makes estimates and assumptions about the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below:

a) Fair value of available-for-sale financial instruments

The Group uses the 'yield-to-call' method to determine the fair value of available-for-sale and fair value through profit and loss financial assets not traded in active markets. This method uses a risk free yield curve at the year end and an imputed credit spread which is based on the profile of the financial asset – term, duration, call option, etc. as determined by management. The 'yield-to-call' method discounts the cash flows of the financial assets based on the assumption that those assets with embedded call options will be called by the issuer at the first opportunity. The carrying amount of available-for-sale and fair value through profit and loss financial assets would decrease by $344.6 million if the discount rate used in the discounted cash flow analysis is increased by 100 basis points from management's estimates (2010: $478.3 million).

b) Estimation of the impairment loss on the loan portfolio

The Group estimates the impairment loss on its loan portfolio by comparing the present value of the future cash flows to the carrying amounts in the consolidated financial statements. The Group makes assumptions about the amount and timing of future cash flows as well as the loss experience of the portfolio. The loss experience considers both the recovery rate on the portfolio as well as the probability of default by the customer. Management considers both the market and economic conditions at the year end and may modify the loss experience on the portfolio if necessary, to reflect current conditions.

Future cash flows for the individually significant loans and loans in arrears are estimated based on credit reviews performed by management and management's estimate of the value of the collateral held.

If the Group's estimation of the loss experience on the portfolio were adjusted by 1% upwards, the impairment provision for loans and receivables would increase by $8.0 million (2010: $23.3 million).

c) Held-to-maturity investments

The Group follows the IAS 39 guidance on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held to maturity. This classification requires significant judgment. In making this judgment, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to reclassify the entire category of $1,819 million (2010: $1,955 million) as available-for-sale. The investments would therefore be measured at fair value not amortised cost. If the entire held-to-maturity investments are tainted, the fair value of investments would decrease by $1.7 million (2010: $14.2 million), with a corresponding entry in the fair value reserve in shareholders' equity.

d) Income taxes

The Group is subject to income taxes in different jurisdictions. Significant estimates are required in determining the Group's provision for income taxes and its deferred tax position. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Management has made estimates of tax deductions based on current information available.

4 Critical Accounting Estimates and Judgements (continued)

e) Retirement benefits

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations.

The assumptions used in determining the net cost (income) for pensions include the discount rate. The Bank 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 Bank considers the 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 the terms of the related pension liability.

f) Fair valuation of properties

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the Bank determines the amount within a range of reasonable fair value estimates. In making the judgement, the Bank considers information from a variety of sources including:

i) Current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
ii) Recent prices of similar properties in less active market, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
iii) Discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

If the value of the properties were to reduce or increase by 5%, the property values would reduce to $281.3 million or increase to $287.2 million in the consolidated financial statements.

g) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.2(c). 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 exceeds the fair value less cost to sell calculation, and there will be no impairment of goodwill.

5 Cash And Due From Other Banks

	2011 $'000	**2010 $'000**
Cash and bank balances	696,403	131,091
Short-term investments	904,340	580,242
	1,600,743	711,333
Short-term investments:		
- Maturity within 3 months	417,949	151,876
- Maturity over 3 months	486,391	428,366
	904,340	**580,242**

5 Cash And Due From Other Banks (continued)

The average effective interest rate on short-term bank deposits was 0.10% (2010: 1.17%); these deposits have an average maturity of 90 days (2010: 90 days).

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

	2011 $'000	2010 $'000
Cash and bank balances	696,403	131,091
Short-term investments – maturity within 3 months	417,949	151,876
Due to other banks	(80,099)	(169,318)
	1,034,253	113,649

6 Statutory Deposits With Central Bank

Under the provisions of the Financial Institutions Act 2008, the Bank and its subsidiary (First Citizens Asset Management Limited) are required to maintain as a deposit with the Central Bank 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 2011, the current ratio was 17% for First Citizens Bank Limited and 9% for First Citizens Asset Management Limited. Under the provisions of the Act, it can be waived for a specified period of time and on such conditions as may be determined by the Central Bank. In 2006 the Central Bank introduced another compulsory special deposit account, which amounted to $ 1,107.6 million as at year end (2010: $884.3 million) and carries an average interest rate of 1.6 % (2010: 1.5%) per annum. Interest is to be paid semi-annually.

7(a) Available-for-sale financial assets

	2011 $'000	2010 $'000
Securities of/or guaranteed by the		
Government of the Republic of Trinidad and Tobago	5,622,469	4,922,521
Listed investments	1,694,593	1,823,780
Unlisted investments	1,470,778	2,470,137
Total investments	8,787,840	9,216,438
Debt Securities		
Listed	2,179,536	1,772,227
Unlisted	6,569,506	7,383,162
Total Debt Securities	8,749,042	9,155,389
Equity Securities		
Listed	34,785	56,262
Unlisted	4,013	4,787
Total Equity Securities	38,798	61,049
Current portion	1,443,270	1,470,954
Non current portion	7,344,570	7,745,484
	8,787,840	9,216,438

Investment securities totalling $6,508 million (2010: $5,447 million) are pledged to secure the repurchase agreements (see Note 20). Interest rates on these repos range from 0.5% to 2.0% in 2011 (2010: 0.5% to 2.0%).

7(a) Available-for-sale financial assets (continued)

	2011 $'000	2010 $'000
Balance at beginning of the year	9,216,438	10,095,083
Exchange differences	26,841	12,449
Additions	5,696,773	4,065,697
Disposals	(5,736,551)	(3,786,092)
Reclassification	(700)	(1,558,472)
Impairment allowance	(4,755)	(12,294)
Claims under liquidity support agreement	(109,062)	—
Net fair value (losses)/gains	(301,144)	400,069
Balance at end of year	8,787,840	9,216,438
Fair Value based on		
Quoted market prices	(1,415)	(5,230)
Other techniques	(299,729)	405,299
	(301,144)	400,069

The movement in the impairment provision balance is as follows:

	2011 $'000	2010 $'000
Allowance at start of year	12,824	530
Exchange differences	60	—
Charge for the year	33,431	20,467
Claims under liquidity support agreement	109,062	—
Provision written off during the year	(38,246)	(8,173)
Allowance at the end of year	117,131	12,824

7(b) Held to maturity

	2011 $'000	2010 $'000
Securities of/or guaranteed by the Government of the Republic of Trinidad and Tobago	536,397	475,150
Unlisted investments	958,997	1,480,632
Listed Investments	323,645	—
Total held to maturity securities	1,819,039	1,955,782
Current portion	320,536	242,890
Non current portion	1,498,503	1,712,892
	1,819,039	1,955,782
Balance at beginning of the year	1,955,782	452,175
Exchange differences	9,082	(2,062)
Additions	109,469	—
Disposals	(255,922)	(52,803)
Reclassification from available-for-sale	—	1,558,472
Amortisation	628	—
Balance at end of year	1,819,039	1,955,782

7(c) Designated at fair value

	2011 $'000	2010 $'000
Equity securities:		
- Listed	5,354	2,848

The movement in investment securities may be summarised as follows:

	2011 $'000	2010 $'000
At beginning of year	2,848	2,363
Additions	2,909	950
Disposals	(661)	(397)
Gains/(losses) from changes in fair value	258	(68)
At end of year	5,354	2,848

The above equity 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.

8(a) Loans to customers

	2011 $'000	2010 $'000
Performing loans	8,610,109	8,685,892
Non-performing loans	410,377	102,199
	9,020,486	8,788,091
Allowance for loan losses (Note 8(b))	(225,486)	(361,877)
	8,795,000	8,426,214

Loans analysed by sector

	2011 $'000	2010 $'000
Consumer	1,199,674	1,163,941
Agriculture	8,107	12,574
Petroleum	351,874	379,903
Manufacturing	112,184	119,367
Construction	3,182,856	3,271,104
Distribution	131,491	107,485
Hotels and guest houses	337,535	369,417
Transport, storage and communications	109,729	143,722
Finance, insurance and real estate	786,401	583,587
Other business services	629,386	652,407
Personal services	79,408	51,437
Real estate mortgage	2,091,841	1,933,147
	9,020,486	8,788,091
Current portion	3,253,102	2,965,336
Non current portion	5,541,898	5,460,878
	8,795,000	8,426,214

8(b) Allowance for loan losses

	2011 $'000	2010 $'000
Allowance at start of year	361,877	249,678
Charge for the year	81,895	115,981
Loans written off during the year	(218,286)	(3,782)
Allowance at the end of year	225,486	361,877

8(c) Impairment loss on loan net of recoveries

Charge for the year	81,895	115,981
Amounts recovered during the year	(10,004)	(5,158)
	71,891	110,823

9 Other Loans And Receivables

Corporate	1,822,736	1,789,460
Individuals	47,303	50,025
Total other loans and receivables	1,870,039	1,839,485
Less: impairment allowance	(33,420)	(30,675)
	1,836,619	1,808,810
Current portion	1,408,722	1,347,299
Non current portion	427,897	461,511
	1,836,619	1,808,810
Balance at beginning of the year	1,808,810	1,909,358
Exchange differences	12,034	(5,138)
Net additions/disposals	18,520	(153,720)
Net movement in provision	(2,745)	58,310
Balance at end of year	1,836,619	1,808,810
The movement in the impairment provision balance is as follows:		
Allowance at start of year	30,675	88,985
Exchange difference	50	—
Charge for the year	3,261	5,685
Provision written off during the year	(566)	(63,995)
Allowance at the end of year	33,420	30,675

10 Loan Notes

The loan notes due to the Group comprise the following:

	2011 $'000	2010 $'000
i) Taurus Services Limited	753,341	821,828
ii) First Citizens Holding Limited (Holdings)	57,355	62,569
iii) Notes receivable from Central Bank	1,866,491	1,859,674
	2,677,187	2,744,071

(i) This represents several interest bearing notes issued by Taurus Services Limited as consideration for assets sold to Taurus Services Limited as part of the restructuring of the three former banks and Government support for the Company on its formation (See Note 1).

The terms of the original notes, dated 30 September 1994, were as follows:

- Tenor of 15 years with effect from 30 September 1994;
- Interest rate of 4.5% below prime with a floor rate of 11.5% per annum;
- A moratorium of 5 years on principal payments; and
- Government guarantee.

On 1 October 2000, a new agreement was entered into whereby the GORTT made a bullet payment to reduce part of the interest accrued. The unpaid portion of the interest up to that date of $150 million was capitalised. Thereafter, accrued interest was capitalised semi-annually until 30 September 2002 (the end of the moratorium) and this totalled $198.4 million. The new principal balance outstanding on the restructured loan notes as at 30 September 2004 which included all capitalised interest to that date amounted to $1,267 million.

The terms of this new agreement are as follows:
- Tenor of 22 years with effect from 1 October 2000;
- Interest rate of 4.5% below prime with a floor rate of 11.5% per annum;
- A moratorium of 2 years on both principal and interest;
- Payment of principal and interest in semi-annual intervals thereafter; and
- Government guarantee.

To date, these notes have been serviced in accordance with the new agreement. These notes are not transferable.

On 8 November 2007, the Group was informed of the GORTT's intention to early repay these notes. To date, there have been no further developments.

(ii) This represents the balance on a loan note issued by Holdings as consideration for $40 million redeemable preference shares in the Bank and a non-interest bearing note in the amount of $58 million issued by the Bank. The original terms of the note were as follows:
- Tenor of 15 years with effect from 30 September 1994;
- Interest rate of 4.5% below prime with a floor rate of 11.5% per annum; and
- Government guarantee.

On 1 October 2000, a new agreement was entered into whereby unpaid interest up to that date of $11.2 million was capitalised. Thereafter, accrued interest was capitalised semi-annually until 30 September 2002 (the end of the moratorium) and this totalled $17.9 million. The new principal balance outstanding on the restructured loan note as at 30 September 2004 which includes all capitalised interest to date amounted to $96.5 million.

10 Loan Notes (continued)

The terms of this new agreement are as follows:
- Tenor of 22 years with effect from 1 October 2000;
- Interest rate of 4.5% below prime with a floor rate of 11.5% per annum;
- A moratorium of 2 years on both principal and interest;
- Payment of principal and interest in semi-annual intervals thereafter; and
- Government guarantee.

To date, this note has been serviced in accordance with the agreements. This note is not transferable.

(iii) This balance represents four pro-notes due from the Central Bank of Trinidad & Tobago, received as consideration for the CLICO Investment Bank (CIB) fixed deposits portfolio transferred to the Group, as part of the liquidation of that financial institution, as at 1st February 2009. Two notes totalling TT$970.8 million (2010: $970.8 million) are at 2.7% (2010: 3.5%). The other two totalling US$137.2 million (2010: $137.2 million) are at 1.2% (2010: 1.75%). All notes are being renewed quarterly and interest is received quarterly.

11 Finance Leases

	2011 $'000	2010 $'000
Gross lease receivable	5,537	6,412
Unearned finance charges	(781)	(988)
Net investment in finance leases	4,756	5,424
The gross investment in finance lease receivable is analysed as follows:		
- Up to one year	2,384	2,193
- One year to five years	3,153	4,219
	5,537	6,412
The net investment in finance leases may be analysed as follows:		
- Up to one year	2,059	1,880
- One year to five years	2,697	3,544
	4,756	5,424

12 Other Assets

	2011	2010
Accounts receivable and prepayments	217,187	195,436
Accrued interest	86,035	117,357
Receivable from the GORTT	274,970	—
	578,192	312,793

The receivable from the Government of the Republic of Trinidad and Tobago (GORTT) represents amounts due from the GORTT relating to claims made pursuant to the Liquidity Support Agreement ("Agreement") amongst the GORTT, The Central Bank of Trinidad and Tobago and First Citizens Bank Limited dated 15 May 2009. See note 3.1.4 (d).

As at 30 September 2011, the GORTT has paid $65 million to the Bank in relation to the claims made to date and the Bank has outstanding claims of $275 million due from the GORTT. This balance is expected to be repaid over two (2) with interest accruing at 2% per annum.

13 Investment in Joint Ventures

		2011 $'000	2010 $'000
a)	Infolink Services Limited	15,472	13,637
b)	Trinidad & Tobago Interbank Payment System Limited	658	548
		16,130	14,185

a) 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.

b) This investment represents 14.29% in the equity capital of Trinidad & Tobago Interbank Payment System Limited whose principal activity is operation of an automated clearings house.

Name	Country of Incorporation	Assets $'000	Liabilities $'000	Revenues $'000	Profits /(Loss) $'000	% Interest Held
2011						
Infolink Services Limited	Trinidad & Tobago	63,313	1,427	20,785	7,340	25
Interbank Payment System Limited	Trinidad & Tobago	4,763	147	2,179	769	14.29
2010						
Infolink Services Limited	Trinidad & Tobago	56,232	1,686	13,868	8,053	25
Interbank Payment System Limited	Trinidad & Tobago	4,027	195	213	393	14.29

14 Investment In Associate

	2011 $'000	2010 $'000
Beginning of the year	110,422	113,325
Share of reserve movement	203	(3,220)
Share of profit after tax	6,526	11,618
Exchange differences	600	(337)
Dividend received from associate	(4,899)	(10,964)
At end of year	112,852	110,422

The investment in associate at 30 September 2011 includes goodwill of $4.6 million (2010: $4.6 million). The Group's share of the results of associate, which is listed on the Eastern Caribbean Securities Exchange, and its share of the assets (including goodwill and liabilities) are as follows:

Name	Country of incorporation	Assets $'000	Liabilities $'000	Revenues $'000	Profits /(Loss) $'000	% Interest held
2011						
St. Lucia Electricity Services Limited	St. Lucia	1,117,710	551,505	714,402	34,151	19.11
2010						
St. Lucia Electricity Services Limited	St. Lucia	1,090,219	525,587	650,276	60,795	19.11

The fair value of the investment in associate at 30 September 2011 is $132.6 million (2010: $131.6 million).

15 Property, Plant And Equipment

	Freehold Premises $'000	Leasehold Premises $'000	Motor Vehicles & Equipment $000	Work in Progress $'000	Total $'000
Year ended 30 September 2011					
Opening net book amount	247,059	24,603	81,504	40,182	393,348
Additions	10,004	26,550	50,061	—	86,615
Disposals	—	(70)	(698)	—	(768)
Transfers	30,986	1,314	175	(32,475)	—
Depreciation charge	(3,799)	(9,249)	(43,655)	—	(56,703)
Closing net book amount	284,250	43,148	87,387	7,707	422,492
At 30 September 2011					
Cost/valuation	288,516	82,361	422,599	7,707	801,183
Accumulated depreciation	(4,266)	(39,213)	(335,212)	—	(378,691)
Net book amount	284,250	43,148	87,387	7,707	422,492
Year ended 30 September 2010					
Opening net book amount	245,675	26,874	96,616	31,723	400,888
Additions	1,292	6,705	33,221	8,457	49,675
Disposals	—	(4)	(994)	—	(998)
Revaluation gain	3,326	—	—	—	3,326
Transfers	3	11	(16)	2	—
Depreciation charge	(3,237)	(8,983)	(47,323)	—	(59,543)
Closing net book amount	247,059	24,603	81,504	40,182	393,348
At 30 September 2010					
Cost/valuation	256,097	55,722	389,179	40,182	741,180
Accumulated depreciation	(9,038)	(31,119)	(307,675)	—	(347,832)
Net book amount	247,059	24,603	81,504	40,182	393,348
At 1 October 2009					
Cost/valuation	251,756	54,020	329,194	31,723	666,693
Accumulated depreciation	(6,081)	(27,146)	(232,578)	—	(265,805)
Net book amount	245,675	26,874	96,616	31,723	400,888

An independent valuation of the Bank's land and buildings was performed by an independent valuator to determine the fair value of the properties as at 30 September 2009. Management is of the opinion that the market value of these specific properties have not changed significantly from the date the valuation was obtained.

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

	2011 $'000	2010 $'000
Cost	208,137	198,133
Accumulated depreciation	(67,623)	(63,824)
Net book amount	140,514	134,309

16 Intangible Assets

	Goodwill $'000	Other Intangible Assets $'000	Total $'000
As at 30 September 2011			
Acquisition cost	156,886	849	157,735
Accumulated amortisation and impairment	—	—	—
Net book amount	156,886	849	157,735
Year ended 30 September 2011			
Opening net book amount	156,886	—	156,886
Reclassification of stockbroker's licence	—	849	849
Amortisation charge	—	—	—
Closing net book amount	156,886	849	157,735

	Goodwill $'000	Other Intangible Assets $'000	Total $'000
As at 30 September 2010			
Acquisition cost	156,886	25,305	182,191
Accumulated amortisation and impairment	—	(25,305)	(25,305)
Net book amount	156,886	—	156,886
Year ended 30 September 2010			
Opening net book amount	156,886	21,087	177,973
Amortisation charge	—	(21,087)	(21,087)
Closing net book amount	156,886	—	156,886

During 2010, a decision was taken to re-brand Caribbean Money Market Brokers Limited (CMMB) under the First Citizens brand. CMMB changed its name to First Citizens Investment Services Limited and as a result the CMMB brand was deemed impaired and was subsequently written-off.

Goodwill is reviewed annually for impairment, or more frequently when there are indicators that impairment may have occurred. There was no impairment identified in 2011 (2010: nil).

17 Retirement Benefit Asset

	2011 $'000	2010 $'000
The amount recognised in the consolidated statement of financial position is derived as follows:		
Pension plan assets at fair value	927,845	818,971
Present value of defined benefit obligation	(861,425)	(717,507)
Value of surplus	66,420	101,464
Unrecognised actuarial losses	187,766	176,913
Retirement benefit asset	254,186	278,377
The amounts recognised in the consolidated statement of income are as follows:		
Expected return on plan assets	58,354	61,084
Interest cost	(44,457)	(41,702)
Current service cost	(41,317)	(28,266)
Net actuarial gain recognised in year	(6,464)	—
Net pension expenses	(33,884)	(8,884)
Movement in the asset recognised in the consolidated statement of financial position is as follows:		
At beginning of year	278,377	280,055
Net pension expenses	(33,884)	(8,884)
Members' contributions paid	9,693	7,206
At end of year	254,186	278,377
The movement in the defined benefit obligation over the year is as follows:		
Beginning of year	717,507	543,217
Current service cost	41,317	28,266
Interest cost	44,457	41,702
Members' contributions	9,693	7,206
Actuarial loss	61,910	108,283
Benefits paid	(12,589)	(10,446)
Expense allowance	(870)	(721)
	861,425	717,507
The movement in the fair value of the plan assets for the year is as follows:		
Beginning of year	818,971	771,629
Expected return on plan assets	58,354	61,084
Actuarial gain/(loss)	44,593	(16,987)
Company's contributions	9,693	7,206
Members' contributions	9,693	7,206
Benefits paid	(12,589)	(10,446)
Expense allowance	(870)	(721)
	927,845	818,971
The major actuarial assumptions are:		
Discount rate:		
- Active members and deferred pensioners	6.25%	6.25%
Expected return on plan assets	7.10%	7.10%
Salary increases	6.00%	6.00%
Pension increases	3.00%	3.40%

The actual return on plan assets was $9.2 million (2010: $44 million).

17 Retirement Benefit Asset (continued)

Retirement benefit plan assets are comprised as follows:

	2011		2010	
	$'000	%	$'000	%
Equity securities	343,303	37	253,881	31
Debt securities	501,036	54	507,762	62
Other	83,506	9	57,328	7
	927,845	100	818,971	100

The expected rate of return on assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at year end. Expected returns on equity reflect the long-term rates of return experienced in the respective markets.

Expected contributions to post employment benefit plans for the year ending 30 September 2012 are $7.7 million (2011: $7.5 million).

The amounts recognised in the consolidated statement of financial position for a five year period is as follows:

At 30 September	2011 $'000	2010 $'000	2009 $'000	2008 $'000	2007 $'000
Present value of defined benefit obligation	861,425	717,507	543,217	430,872	348,174
Fair value of plan assets	(927,845)	(818,971)	(771,629)	(758,822)	(653,493)
Surplus in the plan	(66,420)	(101,464)	(228,412)	(327,950)	(305,319)
Experience gain/(loss) on plan liabilities	61,910	108,283	57,258	40,397	5,587
Experience gain/(loss) on plan assets	44,593	(16,987)	(62,293)	39,267	(9,020)

18 Deferred Income Tax

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 25% (2010: 25%).

	2011 $'000	2010 $'000
The movement on the deferred income tax account is as follows:		
At beginning of year	(207,375)	(99,274)
Impact of revaluation adjustments recorded directly to shareholders' equity:		
- Revaluation on available-for-sale investments	67,278	(98,761)
- Amortisation on held-to-maturity investments transferred from available-for-sale	1,836	—
- Revaluation on property, plant and equipment	377	(1,208)
Credit/(Charge) to consolidated statement of income (note 33)	(86,450)	(8,132)
At end of year	(51,434)	(207,375)

18 Deferred Income Tax (continued)

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 relate to the same fiscal authority. Deferred income tax assets and liabilities are attributable to the following items:

	Balance at 1.10.10 $'000	(Charge)/credit to income statement $'000	(Charge)/credit to other comprehensive income $'000	Balance at 30.09.11 $'000
Deferred income tax assets				
Tax losses carried forward	86,106	86,586	—	172,692
Derivative financial liability	4,132	(4,132)	—	—
Impairment loss on available-for-sale financial asset	8,897	7,039	—	15,936
Provisions	96	53	—	149
Fair Value adjustments on business combination				
- Financial assets held to maturity	4,392	(1,943)	—	2,449
- Other funding instruments	13,051	(12,449)	—	602
Fair value measurement of assets through profit or loss	440	(65)	—	375
	117,114	75,089	—	192,203
Deferred income tax liabilities				
Retirement benefit asset	(69,592)	6,048	—	(63,544)
Fair value measurement of available-for-sale financial asset	(165,718)	—	67,278	(98,440)
Fair value measurement of held-to-maturity	(13,060)	—	1,836	(11,224)
Intangible asset (brand) recognised on business combination	(774)	—	—	(774)
Zero coupon instruments	(30,307)	4,477	—	(25,830)
Accelerated tax depreciation	(15,654)	1,209	—	(14,445)
Unrealised exchange and other gains	(3,044)	(373)	—	(3,417)
Revaluation gain on property, plant and equipment	(26,340)	—	377	(25,963)
	(324,489)	11,361	69,491	(243,637)
Net deferred income tax liability	(207,375)	86,450	69,491	(51,434)

18 Deferred Income Tax (continued)

	Balance at 1.10.09 $'000	(Charge)/credit to income statement $'000	(Charge)/credit to other comprehensive income $'000	Balance at 30.09.10 $'000
Deferred income tax assets				
Tax losses carried forward	99,893	(13,787)	—	86,106
Derivative financial liability	—	4,132	—	4,132
Impairment loss on available-for-sale financial asset	3,681	5,216	—	8,897
Provisions	96	—	—	96
Fair value adjustments on business combination				
- Financial assets held to maturity	7,256	(2,864)	—	4,392
- Other funding instruments	21,943	(8,892)	—	13,051
Fair value measurement of assets through profit or loss	417	23	—	440
	133,286	(16,172)	—	117,114
Deferred income tax liabilities				
Retirement benefit asset	(68,744)	(848)	—	(69,592)
Fair value measurement of available-for-sale financial asset	(80,017)	—	(98,761)	(178,778)
Intangible asset (brand) recognised on business combination	(6,046)	5,272	—	(774)
Zero coupon instruments	(24,566)	(5,741)	—	(30,307)
Accelerated tax depreciation	(26,064)	10,410	—	(15,654)
Unrealised exchange and other gains	(1,991)	(1,053)	—	(3,044)
Revaluation gain on property, plant and equipment	(25,132)	—	(1,208)	(26,340)
	(232,560)	8,040	(99,969)	(324,489)
Net deferred income tax liability	(99,274)	(8,132)	(99,969)	(207,375)

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Bank and one of the subsidiaries did not recognise deferred income tax assets of $19.3 million and $13.8 million respectively (2010: nil and $13.8 million) in respect of losses amounting to $77.3 million and $55 million respectively (2010: nil and $55 million) that can be carried forward against future taxable income due to the uncertainty of its recovery.

19 Customers' Deposits

Deposits are analysed by sector as follows:

	2011 $'000	2010 $'000
Public institutions	7,147,858	7,269,499
Private institutions	4,818,314	4,841,996
Consumers	4,081,174	3,887,608
	16,047,346	15,999,103
Current portion	15,925,057	15,824,744
Non current portion	122,289	174,359
	16,047,346	15,999,103

Deposits due to customers only include financial instruments classified as liabilities at amortised cost. Deposits amounting to $6.6 billion (2010: $6.9 billion) are at fixed rates. All other deposits amounting to $9.4 billion (2010: $9.2 billion) are at variable rates. As at year end, the unprocessed CIB deposit liabilities held amounted to $23.9 million (2010: $45.0 million).

20 Other Funding Instruments

Loan participation	19,886	22,366
Repurchase agreements	6,498,758	5,447,135
Funds under management	123,025	49,789
	6,641,669	5,519,290

Other funding instruments are analysed by sector as follows:

Public institutions	6,482,185	5,413,925
Private institutions	159,484	105,365
	6,641,669	5,519,290
Current portion	6,257,178	4,392,131
Non Current portion	384,491	1,127,159
	6,641,669	5,519,290

Interest rates on these repos range from 0.5% to 2.0% in 2011 (2010: 0.5% to 2.0%).

21 Derivative Financial Instruments

In order to hedge against interest rate risk on some of the fixed rate bonds of value US$111 million in the available-for-sale portfolio, the Group entered into a notional US$50 million forward starting 3 year swap which had an effective commencement date of 1 October 2011 and a maturity date of 1 October 2014.

The Group paid a fixed interest rate of 3.25% and the Group received a floating rate based on the 3 month US Libor rate. The trade date of the instrument was 29 April 2010.

The interest rate swap was liquidated on 30 September 2011.

22 Creditors and Accrued Expenses

	2011 $'000	2010 $'000
Other liabilities	93,830	109,634
Interest payable	53,764	79,698
Funds payable to bondholders	48,525	5,054
	196,119	194,386

23 Bonds Payable

	2011	2010
(i) First Citizens (St. Lucia) Limited US$100 million Bond	—	496,505
(ii) First Citizens (St. Lucia) Limited US$100 million Bond	488,565	567,623
(iii) Fixed Rate Bond TT$500 million	500,000	500,000
(iv) Fixed Rate Bond TT$500 million	406,550	406,550
(v) Fixed Rate Bond TT$500 million	500,000	500,000
(vi) First Citizens (St. Lucia) Limited US$175 million Bond	1,041,500	—
	2,936,615	2,470,678
Current portion	488,565	567,623
Non current portion	2,448,050	1,903,055
	2,936,615	2,470,678

i) US$100 million bond (issued on international financial market in February 2004) – This bond is unsecured and carries a fixed rate of interest of 5.125% with a tenor of seven (7) years. Interest is payable semi-annually in arrears. During the year the Group repurchased US$10 million from the bondholders. The principal balance outstanding will be repaid at maturity - February 2011.

ii) US$100 million bond (issued on the international financial market in February 2005) – This bond is unsecured and carries a fixed rate of interest of 5.46% with a tenor of seven (7) years. Interest is payable semi-annually in arrears. During the year the Group repurchased US$7 million from the bondholders. The principal balance outstanding will be repaid at maturity - February 2012.

iii) TT$500 million Fixed Rate Bond (issued in August 2008) – This bond is unsecured and carries a fixed rate of interest of 8.35% with tenor of five and one half (5 1/2) years. Interest is payable semi-annually in arrears. Principal will be repaid in a bullet payment at maturity.

23 Bonds Payable (continued)

iv) TT$500 million Fixed Rate Bond (issued in October 2008) – A related party purchased $93.45 million of this bond. This Bond is unsecured and carries a fixed rate of 8.45% with a tenor of seven (7) years. Interest is payable semi-annually in arrears. Principal will be repaid in a bullet payment at maturity.

v) TT$500 million Fixed Rate Bond (issued in August 2009) – This Bond is unsecured and carries a fixed rate of 5.25 % with a tenor of seven (7) years. Interest is payable semi-annually in arrears. Principal will be repaid in a bullet payment at maturity.

vi) US$175 million Fixed Rate Bond (issued in February 2011) – This bond was issued on the international financial market through a private placement. This bond is unsecured and carries a fixed rate of interest of 4.903% with a tenor of five (5) years. Interest is payable semi-annually in arrears. The principal outstanding will be paid at maturity. A related party purchased US$9.4 million of this bond.

24 Notes Due To Parent Company

	2011 $'000	2010 $'000
First Citizens Holdings Limited (Holdings)	58,000	58,000

The amount due to Holdings is a non-interest bearing note with no specified maturity date, issued in part consideration for a note acquired from Holdings (see note 10 (ii)).

25 Share Capital

The total authorised number of shares are issued and fully paid. These shares are not traded in an open market and during the year there were no movements in each type and/or class of share. In the prior year, a capital injection of $300,000,000 was made by First Citizens Holdings Limited.

236,400,000 ordinary shares of no par value	236,400	236,400
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
	340,000	340,000
Capital contribution	300,000	300,000
	640,000	640,000

The Class A preference shares are non-convertible, non-participating and non-voting. The option for redemption expired in September 1999. The shares pay cumulative dividend of 4% per annum.

The Class B preference shares pay cumulative dividends of 2% per annum, but are non participatory, non-voting, non-convertible and non-redeemable.

26 Statutory Reserve

The Financial Institutions Act 2008, Part VI, Section 56 1(a) stipulates that a Bank must transfer at the end of each financial year no less than 10% of its profits after taxation to a Reserve Fund until the amount standing to the credit of the Reserve Fund is not less than the stated capital or assigned capital of the Bank.

27 Interest Income

	2011 $'000	2010 $'000
Loans to customers	674,003	725,145
Other financial assets	753,354	819,603
Loan notes	144,090	164,672
	1,571,447	1,709,420

28 Interest Expense

	2011 $'000	2010 $'000
Customers' Deposits	125,870	230,420
Other funding instruments	144,078	214,644
Bonds payable	175,980	94,691
	445,928	539,775

29 Fees And Commissions

	2011 $'000	2010 $'000
Credit related fees	11,856	20,714
Transaction service fees/commissions	76,751	65,220
Portfolio and other management fees	142,393	114,190
	231,000	200,124

30 Foreign Exchange Gains

	2011 $'000	2010 $'000
Transaction gains less losses	52,811	55,309
Translation gains less losses	5,852	3,959
	58,663	59,268

31 Administrative Expenses

	2011 $'000	2010 $'000
Wages and salaries	288,654	247,554
Pension expenses (note 17)	33,884	8,884
Other administrative expenses	43,049	46,196
Depreciation (note 15)	56,703	59,543
	422,290	362,177

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

	2011		2010	
	Employees	**%**	**Employees**	**%**
First Citizens Bank Limited	1,338	88	1,244	87.3
Subsidiaries	182	12	181	12.7
	1,520	100	1,425	100

32 Other Operating Expenses

	2011 $'000	2010 $'000
Property expenses	46,447	43,355
Technical and professional	10,633	27,080
Advertising expenses	25,483	19,636
Hardware and software maintenance	15,788	15,545
Deposit insurance (see below)	23,536	18,671
Operating expenses	134,580	160,876
	256,467	285,163

The Central Bank and Financial Institutions (Non-Banking) (Amendment) Act, 1986 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.

33 Taxation

Current tax (including prior year under/over provision)	56,812	36,317
Deferred tax (credit)/change (Note 18)	(86,450)	8,132
	(29,638)	44,449

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

Profit before taxation	688,553	671,130
Tax calculated at 25%	172,138	167,782
Income exempt from tax	(247,785)	(100,793)
Expenses not deductible for tax purposes	(78,306)	2,501
Utilisation of recognition of previously unrecognised tax losses	128,675	(10,914)
Prior year under/(over) provision	6,552	(734)
Business levy	5,087	3,932
Effects of different tax rates in other countries (i)	(15,999)	(17,325)
Taxation charge	(29,638)	44,449

(i) This represents the difference in tax charged in St Lucia at 1% versus Trinidad and Tobago at 25%.

34 Dividend Per Share

Ordinary shares

Final dividend for 2010 of $0.77 per share (2009: $0.55 per share)	182,028	130,020
Interim dividend for 2011 of $0.33 per share (2010: nil)	78,021	—
	260,049	130,020

Preference shares

Annual dividend for 2011 of $0.028 per share (2010: $0.028 per share)	2,922	2,922
	262,971	132,942

35 Related Party Transactions

	2011 $'000	2010 $'000
(a) Directors and key management personnel		
Salaries and other short-term employee benefits	21,300	17,754
Loans to customers	25,478	19,575
Interest income	341	1,036
Customers' deposits	4,308	1,389
Interest expense	55	39
Other funding instruments	907	704
Interest expense - other funding	39	10

The total value of collateral held for loans due from key management personnel for 2011 is $10.7 million (2010: $15.1 million).

(b) Transactions with Associate

	2011 $'000	2010 $'000
Loans and receivables	119,201	133,301
Interest income	4,596	10,517

(c) Transactions with Parent

	2011 $'000	2010 $'000
Customers' deposits	1,271	941
Long-term notes (Note 24)	58,000	58,000
Loan notes (Note 10)	57,355	62,569
Interest income on loan notes	7,045	7,494

(d) Government of the Republic of Trinidad and Tobago

As stated in note 1, on the formation of the Bank it was agreed that the assets and liabilities of the predecessor financial institutions would be transferred to the Bank and the non-performing portfolio sold to a liquidating company in consideration for an equivalent amount of Government-guaranteed notes and commercial paper. In addition, the Central Bank agreed to put specific liquidity arrangements in place by way of a long-term loan. The current amount outstanding on these obligations and the related income and expenses are disclosed below:-

	2011 $'000	2010 $'000
Assets		
Loan notes (note 10 i & ii)	753,341	821,828
Loan note Central Bank (note 10 iii)	1,866,491	1,859,675
Interest Income		
Loan notes with Taurus Services Limited	92,536	100,412
Loan note with the Central Bank of Trinidad and Tobago	39,969	47,909

35 Related Party Transactions (continued)

(e) Other transactions with the Government of the Republic of Trinidad and Tobago

In addition to the balances in (d) above, the Group in its ordinary course of business enters into lending, deposit and investment transactions with the GORTT, other state owned institutions, state agencies and local government bodies. Transactions and balances between the Group and these related parties are as follows:

	2011 $'000	**2010 $'000**
Loans to customers	2,433,986	2,295,755
Interest income	182,291	98,013
Deposits	7,147,858	7,269,499
Interest expense	64,408	90,046
Investments	6,158,866	5,397,671
Investment income	387,858	67,713
Other funding instruments	6,482,185	5,413,925
Interest expense	48,309	57,370
Due from GORTT (Note 12)	274,970	—

The collateral held for the above loans is $2,879 million (2010: $1,762 million).

36 Commitments

(i) Capital commitments Capital expenditure approved by the Directors but not provided for in these accounts amounts to:	16,705	52,238
(ii) Credit commitments Commitments for loans approved not yet disbursed amount to:	425,594	415,257

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.

37 Contingent Liabilities (continued)

(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.

	2011 $'000	2010 $'000
Acceptances	624	1,849
Guarantees	137,713	167,003
Letters of credit	11,857	23,040
	150,194	**191,892**

38 Lease Rentals

The Group leased certain premises under non-cancellable operating leases expiring in various years up to 2025. The leases contain renewal options from five to twenty-five years. Rental expense incurred under lease agreements amount to $24.7 million for the year (2010: $22.5 million).

The future lease obligations under non-cancellable leases are summarised below:

- Up to one year	21,265	23,501
- One year to five years	38,053	41,522
- Over five years	42,199	32,476
	101,517	**97,499**

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