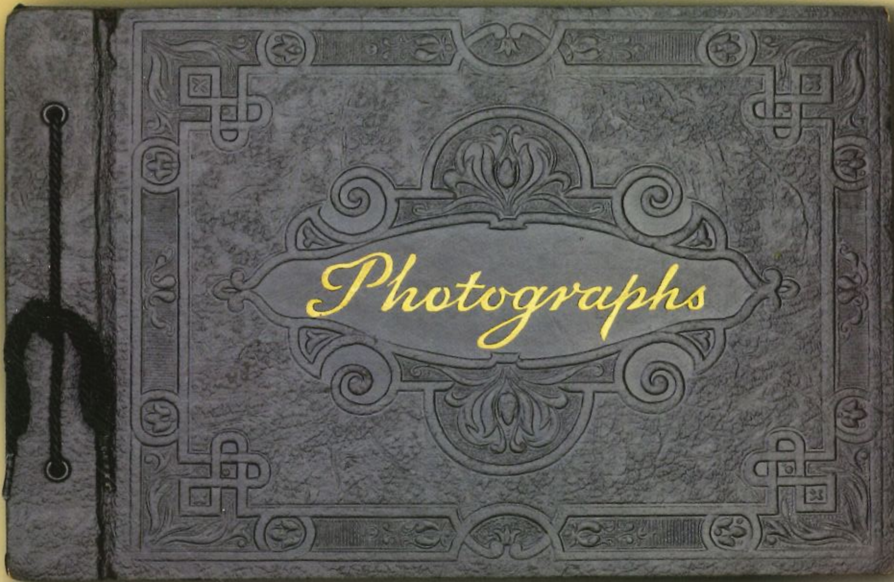
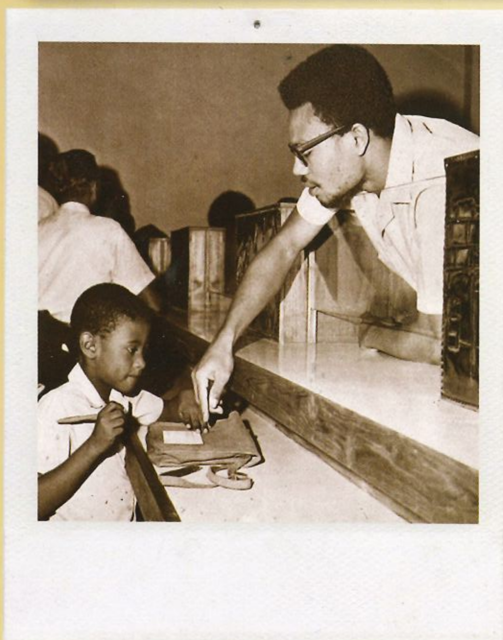
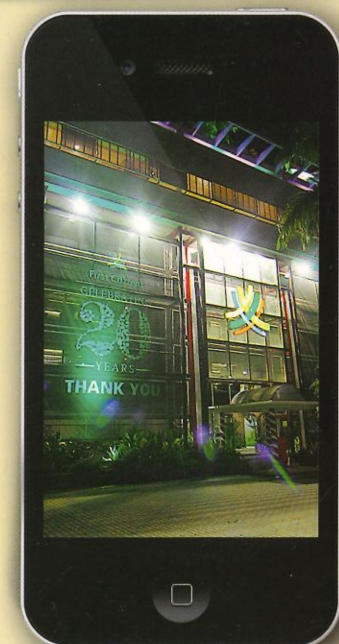






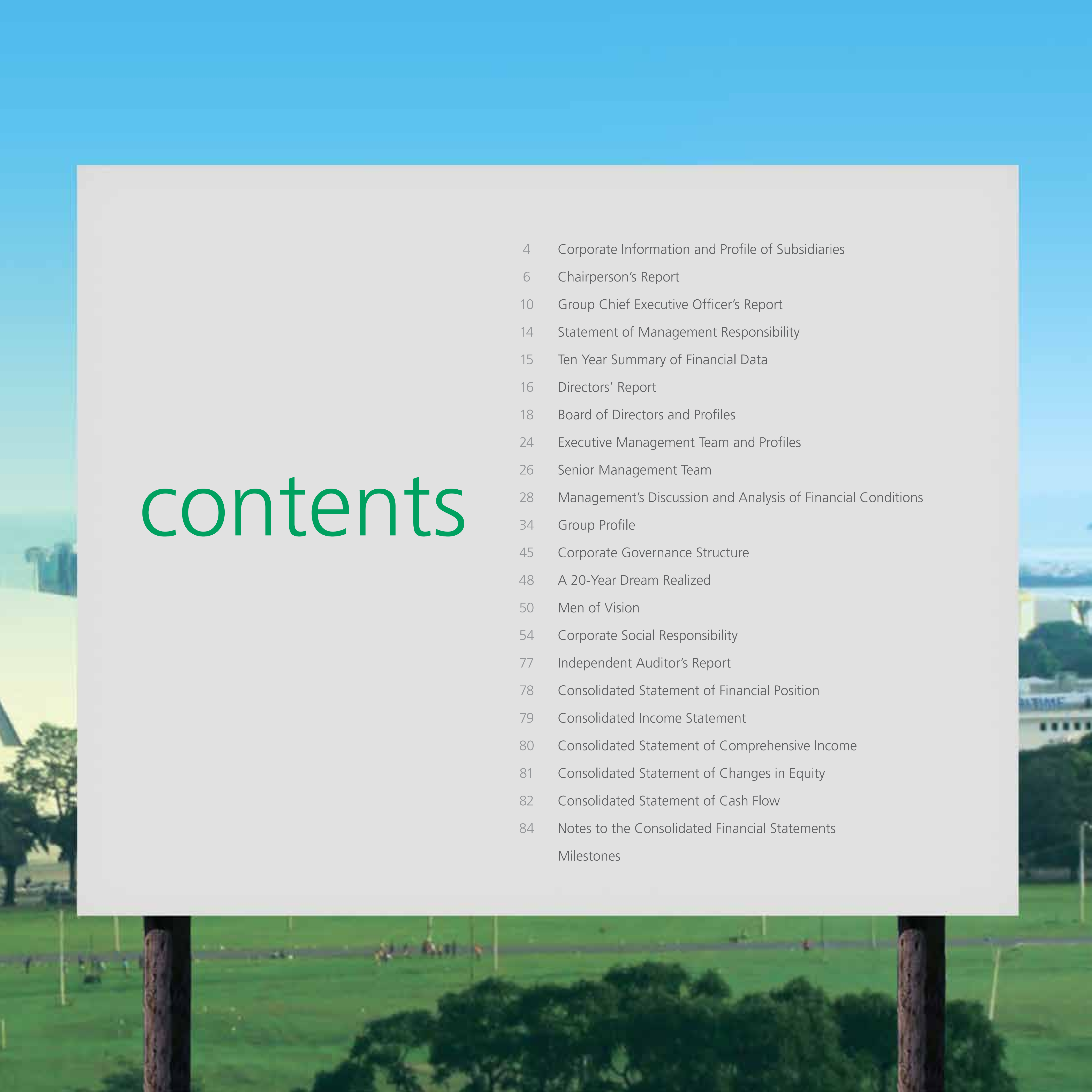
Annual Report 2013

vision

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

mission

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



contents

4 Corporate Information and Profile of Subsidiaries
6 Chairperson’s Report
10 Group Chief Executive Officer’s Report
14 Statement of Management Responsibility
15 Ten Year Summary of Financial Data
16 Directors’ Report
18 Board of Directors and Profiles
24 Executive Management Team and Profiles
26 Senior Management Team
28 Management’s Discussion and Analysis of Financial Conditions
34 Group Profile
45 Corporate Governance Structure
48 A 20-Year Dream Realized
50 Men of Vision
54 Corporate Social Responsibility
77 Independent Auditor’s Report
78 Consolidated Statement of Financial Position
79 Consolidated Income Statement
80 Consolidated Statement of Comprehensive Income
81 Consolidated Statement of Changes in Equity
82 Consolidated Statement of Cash Flow
84 Notes to the Consolidated Financial Statements
Milestones

Corporate Information and Profile of Subsidiaries

First Citizens

Board of Directors
For the year ended September 30, 2013

Nyree D. Alfonso – Chairperson
Anil Seeterram – Deputy Chairman
* Rishi Baddaloo
*** Cindy Bhagwandeen
Shobee Jacelon
Marlene Juman
Anthony Mohammed
Vishnu D. K. Musai
* Larry Nath
** John Tang Nian
Ramish Ramanand
Ved Seereeram

* *Appointed December 31, 2012*
** *Appointed June 25, 2013*
*** *Resigned December 31, 2013*

Corporate Information

Group Chief Executive Officer
Larry Nath
BBA, MSIA, Acc.Dir.

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

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

Rishi Baddaloo – Chairman
* Feona Lue Ping Wa – Deputy Chairperson
** Marlene Juman
Narinejit Pariag
Susan Romano-Davis
** Anil Seeterram

* *Appointed December 31, 2012*
** *Appointed February 5, 2013*

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

Anthony Mohammed – Chairman
** Cindy Bhagwandeen
Sharon L. Christopher
Shiva Manraj
Vishnu D. K. Musai
* John Tang Nian

* *Appointed August 22, 2013*
** *Resigned December 31, 2013*

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

Ved Seereeram – Chairman
Larry Nath
Ramish Ramanand
* Dirk Smith

* *Resigned July 31, 2013*

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

Nyree D. Alfonso – Chairperson
Michael Chastanet
Sharon L. Christopher
Shiva Manraj
Anthony Mohammed
Larry Nath

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

Nyree D. Alfonso – Chairperson
Michael Chastanet
Sharon L. Christopher
Shiva Manraj
Anthony Mohammed
Larry Nath

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

Nyree D. Alfonso – Chairperson
Sharon L. Christopher
Shobee Jacelon
Marlene Juman
Larry Nath
Ved Seereeram
Anil Seeterram

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

Nyree D. Alfonso – Chairperson
Sharon L. Christopher
Shobee Jacelon
Marlene Juman
Larry Nath
Ved Seereeram
Anil Seeterram

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

Nyree D. Alfonso – Chairperson
Dr. Trevor A. Carmichael Q.C.
Sharon L. Christopher
Shobee Jacelon
Marlene Juman
Larry Nath
Ved Seereeram
Anil Seeterram

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

FCCR – First Citizens Costa Rica S.A.

Board of Directors

Nyree D Alfonso – President
Anil Seeterram – Vice President
** Cindy Bhagwandeen
Sharon L. Christopher
Shiva Manraj
Larry Nath
Ved Seereeram
* John Tang Nian

* *Approved August 22, 2013*
** *Resigned December 31, 2013*

Oficentro Eurocenter 1,
Barreal de Heredia,
Costa Rica
Tel: (506) 223-95581
Fax: (506) 223-95860
Website: www.firstcitizenstt.com

First Citizens Bank (Barbados) Limited

Board of Directors

Nyree D. Alfonso – Chairperson
Dr. Trevor A. Carmichael Q.C.
Sharon L. Christopher
Shobee Jacelon
Marlene Juman
* Renee Kowlessar
Ved Seereeram
** Anil Seeterram
* Peter Williams

* *Appointed February 28, 2013*
** *Appointed July 17, 2013*

1st Floor, Carlisle House,
Hincks Street,
Bridgetown,
Barbados, W.I.
Tel: (246) 431-2353
Fax: (246) 430-0221
Website: www.firstcitizensbb.com


First Citizens
CELEBRATING
20
YEARS
Chairperson's Report
Nyree D. Alfonso

GROUP PERFORMANCE

I am pleased to report that profit before taxation for the First Citizens Group increased by 3.9%, from $714.2 million to $742.2 million, for the financial year ended September 30 2013. Total assets increased by 6.6%, moving from $34.0 billion in 2012 to $36.3 billion in 2013. First Citizens remains the best-capitalized bank in the industry: its capital base increased by 7.6 % from $5.7 billion in 2012 to $6.2 billion. Based on these results, a dividend of $1.09 has been declared, which equates to a payout ratio of 45%, consistent with the range outlined in our prospectus for the Initial Public Offering.

THE INTERNATIONAL ECONOMY

Economic recovery in the United States continued during the second and third quarters of 2013, registering quarterly growth of 2.5% and 2.8% respectively (growth in the first quarter, initially reported at 2.5%, was subsequently revised downwards to 1.1% and the third quarter was revised to 3.6%). The third quarter figure exceeded expectations with growth being fueled by a 1.5% gain in consumer spending. The growth forecast for the full year 2013 is positive, with the Federal Reserve expecting an expansion between 2.0% and 2.3% before increasing to 3.0% in 2014. Similarly, the Organization for Economic Cooperation and Development estimates economic growth in the United States for 2013 at 1.7%, increasing to 2.7% in 2014. The IMF has a slightly lower projection of 1.5% and 2.5% for 2013 and 2014 respectively.

The economy of the Eurozone expanded by 0.1% (quarter on quarter) during the third quarter of 2013, following a 0.3% (quarter on quarter) expansion in the second quarter. These two consecutive expansions follow six quarters of contraction from the fourth quarter of 2011. The third quarter expansion was driven by 0.3% growth in Germany (the largest Eurozone economy), but was tempered by 0.1% contractions in France and Italy (the second and third largest economies). With much of the concern over the breakup of the Eurozone that dominated the last two years now being subdued (regardless of whether or not the underlying problems still exist or not), a sense of stability has permeated the European markets.

Economic activity in the emerging markets expanded by 4.9% (year-on-year) in 2012, with growth of 4.5% forecast for 2013. As has been the trend, the economic performance of the emerging markets has outpaced that of the developed markets. But this performance is continuing to slow, declining from 7.5% (year-on-year) in 2010, primarily as a result of weaker demands for commodities and raw materials from the developed economies.

REGIONAL

Economic growth in the Caribbean region remains subdued largely as a result of slower tourism-related inflows as well as a decline in construction activity. The region also continues to grapple with excessively high debt levels, which in some countries have become unsustainable.

Following a contraction in GDP of 0.4% and 0.6% during the first and second quarters of 2013, the Central Bank of Barbados has announced that a further contraction of 0.7% was experienced during the third quarter of the year. The third quarter decline compares with a 0.1% expansion recorded for the same period of 2012 and resulted from contractions in both the tradable and non-tradable sectors of 1.53% and 0.51% respectively. On November 20 2013, Standard & Poor's lowered its long-term credit rating for Barbados by two notches, from BB+ to BB-, with a 'Negative' credit rating outlook. According to the rating agency, the downgrade reflected the mounting external pressures associated with a persistent current account deficit and external financing challenges, as well as the country's ongoing high fiscal deficit.

Preliminary data show that, on average, the economy of the East Caribbean area expanded during the first half of 2013, with major sectors like construction, hotels and restaurants, and agriculture all recording increases in output. For the six-month period, total visitor arrivals declined by a significant 6.9%, compared to a decline of 4% in the same period of 2012. The IMF estimated that this region experienced a decline in GDP in 2012 of 0.2%, and 1% and 2% growth is projected in 2013 and 2014, respectively.

Costa Rica's economic growth has continued to slow, beginning in 2012 when the country experienced GDP growth of 2.5% for the first half of 2013 (down from 5.9% in the first half of 2012). The Banco Central de Costa Rica (BCCR) has revised the annual GDP growth rate to 3.0% from the 4.0% originally forecast due to the slowdown in external and internal demand factors related to the Eurozone recession, weak US growth, and a slowdown in private consumption (2.9% versus 4.5% in the first half of 2012). The IMF has reduced its economic forecast for Latin America to 2.7% from 3.0% for 2013; Costa Rica's slowing economic activity also resulted in the country's projected growth rate being revised downwards to 3.0% from 4.0%.

TRINIDAD & TOBAGO

Overall, for the second quarter of 2013, GDP grew 2.1% (year-on-year) compared to 1.6% recorded in the previous quarter. The country's non-energy sector continued to show positive momentum, recording yet another quarter of expansion during the second quarter of 2013. This is the ninth consecutive quarter of expansion. Year-on-year, the non-energy sector grew 2.4% in the second quarter of 2013–the same rate as the previous three months. The top three best performing sectors were finance (+5.3%), manufacturing (+3.8%) and construction (+3.5%). The energy sector posted growth of 1.6% in the second quarter of 2013, even as the petrochemicals subsector recorded a significant contraction of 9.3%. The Ministry of Finance and the Economy estimated that GDP would expand at a rate of 1.6% for the full year 2013, supported by the non-energy sector. This projection is in line with the International Monetary Fund (IMF), which also forecast growth of 1.6% in 2013, with projected expansion by 2.3% in 2014. The performance is likely to be driven by the non-energy sector, particularly in the construction, finance and distribution sectors. Inflation for the 12 months to October 2013 decelerated to 2.7% from 3% in September, mainly due to the slowdown in core inflation which stood at 1.9% in October from 2.9% in September.

As at the end of March 2013, the country's total public sector debt stood at 54.3% of GDP–a decline from the 57% of GDP recorded at the end of September 2012. Contingent liabilities represented 17.4% of GDP at the end of March 2013, while external debt of central government was at a stable 6.3% of GDP.

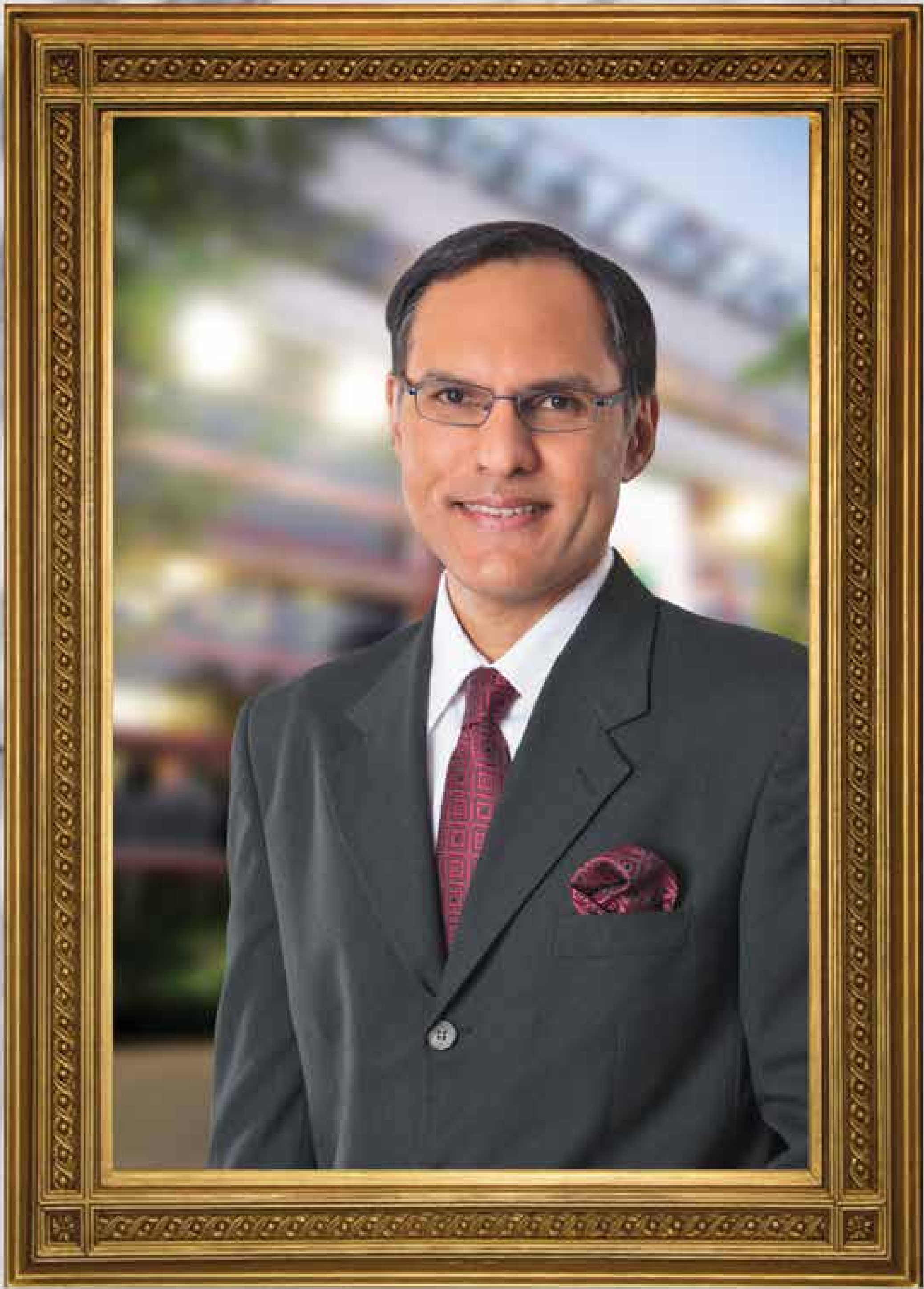
Amid the sluggish economic growth and tepid inflation environment, the Central Bank has maintained an accommodative monetary policy stance, keeping the repo rate steady at 2.75% since September 2012. Liquidity in the domestic financial system remains high. The slow recovery of the economy, coupled with 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.

Going forward, given the unsettled economic outlook, our key priorities include robust risk management, improved operational efficiencies and enhanced corporate governance and the generation of sustainable results.

On behalf of the Board, I would like to congratulate the management and staff of the First Citizens Group on their successes over the past year. I also wish to express my appreciation to you, our new shareholders, for your outstanding response to our Initial Public Offering. I look forward to your continued support in 2014.

Nyree D. Alfonso
Chairperson


First Citizens



Group Chief Executive Officer's Report

Larry Nath

HIGHLIGHTS

The First Citizens Group had a very good year in which we met or exceeded many of our targets. All of our business lines contributed to our overall performance. Some highlights include:

- Profit before tax increased by 3.9% to $742.2 million
- Profit after tax amounted to $606.5 million or 35.9% growth year-on-year
- Total assets increased from $34 billion to $36.3 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 7.6% to $6.2 billion
- Qualifying capital to risk adjusted assets ratio remained best of class at 64.5%

OVERVIEW OF PERFORMANCE

For the financial year ended September 30, 2013, profit before tax increased to $742.2 million. Profit after tax amounted to $606.5 million. Non-performing loans as a percentage of total loans stood at 4.25%. The Group's funding base increased from $27.4 billion to $28 billion. The Group's gross loan base grew from $10.6 billion to $11.8 billion, while investments decreased from $10.8 billion to $10.3 billion. Overall total assets increased from $34.0 billion to $36.3 billion.

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 (BBB+) and Moody's maintained First Citizens ratings notwithstanding the general uncertainty in the international financial sector.

First Citizens also earned prestigious international awards and recognition for the period: The Banker Magazine's Bank of the Year 2012; Euromoney Awards for Excellence 2013; the only Caribbean bank among the Top Safest Emerging Market Banks 2012 in Latin America, being named in The Banker Magazine's Top 1,000 global ranking and rated number 2 in the country. In addition to these, First Citizens Investment Services won the coveted award for service excellence at the 2013 St. Lucia Business Awards. In July 2013, we were also very encouraged by the public's response to our Initial Public Offering (IPO). This IPO, which was worth just over $1 billion, was oversubscribed 3.12 times.

These are great achievements, especially since the global and local economic environment continued to show signs of limited growth over the past year.

BANKING OPERATIONS

During the year, the Group continued to focus on improving the predictability and consistency of its performance by improving our client satisfaction across all our lines of business, and further development of our retail banking network.

We launched new card products which widened our card adoption rate and usage, along with enhancing our delivery channels.

We also continued development of our payment solutions–an aspect of the financial landscape that is seeing tremendous innovation.

SUPPORT SERVICES

During the year our support services remained focused on risk management, corporate governance, operational efficiencies and corporate and social responsibility. The Group also implemented credit card and anti-money laundering applications which monitor credit cards payments and generate alerts for review and action.

The Group has fully endorsed the Trinidad & Tobago Corporate Governance Code, and is proud to announce that we have already adopted many of the recommendations noted in the Code.

Our corporate and social responsibility programme includes sponsorship of community and cultural based organizations, in addition to the continuation of our well-known and successful existing programmes such as financial literacy initiatives, and support of outreach programmes for women.

SUBSIDIARIES

The Bank and the Group's subsidiaries are staffed with highly skilled team members who are passionate about their roles and customer service. The companies all performed well, expanding the range of products and services which they offer and growing their market share and profitability. First Citizens Asset Management increased assets under management from $12.1 billion to $13.0 billion, and profit after tax from $76.1 million to $101.2 million. Our Trustee Company focused on streamlining its operations and increasing its revenue-generating capability, with fee income increasing from $28.4 million in 2012, to $34.2 million in 2013. First Citizens Investment Services Limited also generated a commendable performance and contributed $99 million to profit after tax. Our Barbados bank continues to perform creditably given the severe challenges facing their local economy.

FUTURE OUTLOOK

The global economy is strengthening gradually. However, the outlook is still uncertain and growth is at a slower pace than before the financial crisis. Accommodative monetary policies, improving financial market conditions and a gradual restoration of confidence are supportive factors. Also, the fiscal adjustment of the last few years is beginning to pay off. Several countries are close to stabilising their government debt-to-GDP ratios.

The condition of the regional economies will require the Group to maintain its robust risk management. However, we remain confident in the overall growth opportunities for our lines of business.

The local economy is slowly improving, driven by Government stimulus and a rebound in the non-energy sector. The financial sector remains sound and well capitalized. Monetary and fiscal policies remain geared towards stimulating private sector credit.

In closing, I take this opportunity to welcome our new shareholders. I wish to thank the Board, our employees and all our stakeholders for their commitment and dedication, all of which sustain the Group's position as one of the most successful indigenous financial institutions in the English-speaking Caribbean.

Larry Nath
Group Chief Executive Officer

Statement of Management Responsibility

The Financial Institutions Act, 2008 (The Act) requires that management prepares and acknowledges responsibility for the financial statements annually, establishes and maintains 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 is 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 consolidated financial statements of First Citizens Bank Limited and its subsidiaries (the 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 twelve months from the date of this statement.

Larry Nath
Group Chief Executive Officer
December 16, 2013

Shiva Manraj
Group Chief Financial Officer
December 16, 2013

Ten Year Summary of Financial Data

Period 2004-2013

TT$ millions

As at September 30	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Total Assets	36,265	34,033	31,160	29,534	27,714	15,843	15,059	12,662	11,633	8,472
Total Funding	28,085	27,382	25,626	23,989	22,702	12,351	12,469	10,075	9,125	6,160
Shareholders' Equity	6,184	5,749	5,146	4,900	4,098	2,672	2,193	1,918	1,792	1,575
Total Loans	11,517	10,322	9,020	8,788	7,674	6,559	6,040	5,059	4,572	3,215
Investments	10,305	10,852	10,611	11,175	10,549	4,121	3,193	2,452	2,308	1,585
Profit Before Tax	742	714	688	671	621	503	439	404	345	316
Non-Performing Loans/Total Loans	4.25%	4.56%	4.55%	1.16%	1.03%	0.8%	0.6%	0.8%	1.2%	1.6%
Efficiency Ratio	54.15%	49.53%	46.74%	44.89%	40.46%	43.7%	44.1%	43.6%	45.7%	44.8%
Capital/Assets	17.1%	16.9%	16.5%	16.6%	14.8%	16.9%	14.6%	15.1%	15.4%	18.6%

Directors' Report for the Year Ended September 30, 2013

The Directors present herewith the annual report and financial statements for the year ended September 30, 2013.

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 retail banking, corporate and commercial banking, investment banking, trusteeship and asset management. The Bank is a subsidiary of First Citizens Holdings Limited, a company in which the majority of shares are owned by the Government of Trinidad & 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, the Ministry of Finance and the Securities and Exchange Commission.

FUTURE DEVELOPMENTS

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

In 2013 a National Code of Corporate Governance was developed. This Code consists of Principles, Recommendations and Guidance.

In the introduction to the Code it is stated, "The Principles of best practice are universally applicable for any organization seeking to improve its standards of corporate governance." The remaining Guidance and Recommendations supporting each Principle have been developed for companies with public accountability, like First Citizens.

First Citizens is already in compliance with the majority of the requirements of the Code. In particular, First Citizens has instituted a process of Board evaluations, and we have long had a whistleblowing hotline in place.

The Board believes that First Citizens governance system is effective and that, there are appropriate structures and procedures in place to ensure that actual or potential conflicts between the Bank and its controlling shareholder are dealt with appropriately.

ACHIEVEMENTS

The Group's Total Assets stood at $36.3 billion as at the end of September 2013. This represents growth of 6.6% as compared to 2012. Profit Before Tax increased by 3.9% to $742.2 million in 2013 as compared to $714.2 million in the previous year. The Profit After Tax amounted to $606.5 million, as compared to $446.4 million in 2012. The Profit After Tax for 2012 was impacted by a change in tax estimate for 2011 which resulted in an additional charge of approximately $128.3 million. Total Shareholders' Equity increased by approximately $435 million or 7.6% to $6.2 billion.

Additionally, during the year the Directors were heartened by the public's response to the First Citizens IPO which was launched in July 2013. The fact that this IPO was significantly oversubscribed clearly demonstrated that the citizens of Trinidad & Tobago were very keen to gain ownership of our financial institution.

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 has been no material departure from these standards;

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

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

DIRECTORS, SENIOR OFFICERS AND SUBSTANTIAL INTEREST

Below are the details of shareholdings of Directors and Senior Officers with an interest in the Company as at September 30, 2013, together with the shareholdings of their connected parties and our 10 largest shareholders.

Shareholdings For Directors And Senior Officers

Director/Senior Officers	Ordinary Shareholdings	Connected Parties
Nyree Alfonso	5,422	33,959
Anil Seeterram	4,141	12,357
Cindy Bhagwandeen	1,609	
Shobee Jacelon	2,372	7,116
Anthony Mohammed	3,897	
Vishnu D K Musai	5,422	2,153
John Tang Nian	3,135	
Larry Nath	215,000	12,016
Sharon Christopher	23,227	100
Jason Julien	5,000	
Robin Lewis	23,228	
H. Phillip Rahaman	659,588	
Shiva Manraj	20,954	
Lindi Joy Ballah-Tull	500	
Keshwar Khodai	21,500	1,115
Anthony St. Clair	5000	

The 10 Largest Shareholders

Name	Ordinary Shares	Percentage
First Citizens Holdings Limited	193,982,660	77.18%
National Insurance Board	7,724,803	3.07%
T&T Unit Trust Corporation/FUS	6,429,389	2.56%
CB Services Limited	6,000,000	2.39%
Republic Bank Limited - 1162	1,513,707	0.60%
National Enterprises Limited	1,279,895	0.51%
Colonial Life Insurance Co (T'dad) Limited	1,110,053	0.44%
RBC Trust (Trinidad & Tobago) Limited - T1136A	1,100,000	0.44%
ANSA Secured Fund	909,090	0.36%
ANSA TT$ Income Fund	909,090	0.36%

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
Corporate Secretary

Nyree D. Alfonso
Chairperson

*Cindy Bhagwandeen
Director

Anthony Mohammed
Director

Ramish Ramanand
Director

Anil Seeterram
Deputy Chairman

Shobee Jacelon
Director

Vishnu D. K. Musai
Director

Ved Seereeram
Director

Rishi Baddaloo
Director

Marlene Juman
Director

Larry Nath
Director

John Tang Nian
Director

* *Resigned December 31, 2013*

Board of Directors First Citizens

Top to bottom, left to right:
Nyree D. Alfonso, Anil Seeterram,
*Rishi Baddaloo, * Cindy Bhagwandeen,*
Shobee Jacelon, Marlene Juman

** Resigned December 31, 2013*

Top to bottom, left to right:
Anthony Mohammed, Vishnu D.K. Musai,
Larry Nath, John Tang Nian,
Ramish Ramanand, Ved Seereeram

Board of Directors' Profiles First Citizens

NYREE D. ALFONSO – Chairperson

Ms. Alfonso is an Attorney-at-Law who, for 23 years, has been in private practice specializing in commercial litigation. She was admitted to practice both in Trinidad & Tobago and the Eastern Caribbean States. Ms. Alfonso graduated from the University of The West Indies with a Bachelor of Laws Degree (Hons) and earned her Master of Laws Degree from King's College, University of London in commercial and corporate restructuring/insolvencies. 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.

Ms. Alfonso was appointed to the Boards of First Citizens Holdings Limited and First Citizens Bank Limited as Chairperson on December 31, 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 Investment Services (Barbados) Limited and First Citizens Brokerage & Advisory Services Limited.

Approval was granted in April 2012 for Ms. Alfonso to sit on the Board of FCCR - First Citizens Costa Rica S.A., and she was appointed to the Board of First Citizens Bank (Barbados) Limited as Chairperson on August 27, 2012.

In March 2013, Ms. Alfonso attended the Directors' Education and Accreditation programme and attained the certification of Accredited Director from the Institute of Chartered Secretaries Canada.

ANIL SEETERRAM – Deputy Chairman

Anil Seeterram has over 15 years' 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 specialized consulting practice with clients in the energy, financial services, manufacturing, ICT and retail sectors. Mr. Seeterram's company provides a range of financial advisory services including mergers and acquisitions, forensic accounting, due diligence, litigation support, strategic and business planning and business process re-engineering.

Mr. Seeterram is a Canadian-qualified Chartered Accountant. He has an MBA (Honours) from the University of Western Ontario, a joint post-graduate diploma in Investigative and Forensic Accounting from the University of Toronto and the Canadian Institute of Chartered Accountants, and a Bachelor of Commerce Degree from McGill University. In March 2012, he has also attained the certification of Accredited Director from the Institute of Chartered Secretaries Canada.

Mr. Seeterram was appointed to the Board of First Citizens Holdings Limited in December 2010, to the Board of First Citizens Bank in March 2011, and to the Board of First Citizens Investment Services Limited in April 2011. He also serves on the Boards of First Citizens Brokerage and Advisory Services Limited, First Citizens Costa Rica S.A., First Citizens Bank (Barbados) Limited and First Citizens Investment Services (Barbados) Limited.

RISHI BADDALOO – Director

Mr. Baddaloo serves as the Chairman of First Citizens Asset Management Limited and as a Director of First Citizens Bank. He also Chairs the Investment Committee of First Citizens Asset Management Limited and is a member of its Audit Committee and the Corporate Governance Committee of First Citizens Bank.

Mr. Baddaloo is a Director of The Office Authority Limited, which is the amalgamated holding company for Trinpad, Media Sales, and Eric Solis Marketing.

Mr. Baddaloo's background blends strategy, finance and private equity. He holds an MBA from Vanderbilt University and a BSc from The University of the West Indies. He is a former national scholar, Fulbright scholar and Richard S. Weinberg scholar.

He is also an Accredited Director, having received certification from the Institute of Chartered Secretaries Canada.

*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, whilst he was in private practice, 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. Approval was received on April 5, 2012 for Ms. Bhagwandeen to sit on the Board of FCCR - First Citizens Costa Rica S.A.

In March 2012, Ms. Bhagwandeen attended the Directors' Education and Accreditation Programme and attained the certification of Accredited Director from the Institute of Chartered Secretaries Canada.

SHOBEE JACELON – Director

Shobee Jacelon graduated with an Honours Degree in Geography, followed by a Masters Degree in Information Science and Technology from the University of Western Ontario. On her return to Trinidad & Tobago, she worked first as Assistant Librarian at the Library of the University of the West Indies, followed by an eight-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 resources and marketing.

Over the last 17 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.

In March 2012, Mrs. Jacelon attended the Directors' Education and Accreditation Programme hosted by the Eastern Caribbean Securities Exchange Limited (St. Kitts). She was appointed to the Board of First Citizens Bank (Barbados) Limited on August 27, 2012.

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 the Permanent Secretary in the Ministry of the Attorney General.

Ms. Juman was appointed to the Boards of First Citizens Holdings Limited and First Citizens Bank Limited in June and July, 2010 respectively. She was appointed to the Board of First Citizens Bank (Barbados) Limited on August 27, 2012.

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, is head of Finance and Accounting at Air Liquide Trinidad & Tobago Limited.

In March 2013, Mr. Mohammed attended the Directors' Education and Accreditation Programme and attained the certification of Accredited Director from the Institute of Chartered Secretaries Canada.

Mr. Mohammed was appointed to the Board of First Citizens Bank Limited on December 31, 2010; 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 on January 13, 2011.

* *Resigned December 31, 2013*

VISHNU D. K. MUSAI – Director

Vishnu D.K. Musai attained his MBA from the Institute of Business, UWI, and his ACCA from the Glasgow College of Technology. He has worked as an Accountant in the Treasury Division of 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.

In 2012, Mr. Musai completed courses in the Directors' Education and Accreditation Programme and Financial Investigation and Forensic Accounting. He brings to the Bank his enormous experience in management, accounting and finance. At present, he is the senior partner of the Auditing Firm Vishnu D K Musai & Co, and holds a practicing certificate from the Institute of Chartered Accountants of Trinidad & Tobago.

LARRY NATH – Group Chief Executive Officer

Larry Nath joined First Citizens as Deputy Chief Executive Officer – Banking Operations in June 2011. He has been involved in the financial services industry for over 23 years, and has worked with multinational banks in a variety of roles, both in Trinidad & Tobago and abroad. Mr. Nath's career has given him a wealth of experience in commercial, corporate and energy-sector banking. He is the holder of Bachelor and Masters degrees, and the holder of an accredited director designation. He also completed the Leadership Programme at the Wharton School. Mr. Nath has held directorships on several public and private sector boards and currently sits on the boards of several subsidiaries within the First Citizens Group and is President of the Bankers Association of Trinidad & Tobago. He also sits on the Board of United Way Trinidad & Tobago.

JOHN TANG NIAN – Director

Mr. Tang Nian is a retired career banker with over 42 years experience. During his tenure, he has held many senior management positions in the various functions of the Bank. Prior to his retirement, he held the executive management position of General Manager – Corporate Operations and Process Improvement with responsibility for the Bank's operational risk management and other key operational functions. This responsibility included the Group's AML/CFT Compliance. Immediate upon this posting, Mr. Tang Nian was the General Manager – Corporate Business with overall responsibility for the management of the Bank's Corporate Credit portfolio.

Mr. Tang Nian holds a diploma in Business Management from the University of the West Indies/Institute of Business and over the years has participated in a number of overseas training, notably the Manchester Business School, UK and the International Banking Summer School in Dublin, Ireland.

Mr. Tang Nian currently serves as an independent Board member of the General Finance Corporation and the Bankers' Association of Trinidad & Tobago representative on the Board of the Unit Trust Corporation of Trinidad & Tobago. He also sits on the Board of an NGO – the Caribbean Hand Centre.

Mr. Tang Nian was appointed to the Board of First Citizens Bank in June 2013 and to the Board of First Citizens Trustee Services Limited and FCCR – First Citizens Costa Rica S.A. in August 2013.

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 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.

Mr. Ramanand received an Advanced Diploma in Forensic Accounting and Fraud Detection (Merit) from the Caribbean Forensics & Financial Fraud Institute in April 2012.

In March 2013, Mr. Ramanand attended the Directors' Education and Accreditation Programme and attained the certification of Accredited Director from the Institute of Chartered Secretaries Canada.

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 13 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.

Approval was received on April 5, 2012 for Mr. Seereeram to sit on the Board of FCCR –First Citizens Costa Rica S.A., and he was appointed to the Board of First Citizens Bank (Barbados) Limited on August 27, 2012.

Mr. Seereeram also manages a 60 acre farm with over 35 acres planted in trees and the remainder allocated to sugar cane as feedstock for a small sugar cane factory. In 2013, he received an award from UNESCO for dedicated work to Humanity, Society and Environment."

Frederick Street, Port of Spain

Left to right: Sharon Christopher, H. Philip Rahaman, Larry Nath, Jason Julien, Robin Lewis

Executive Management Team First Citizens

LARRY NATH
Group Chief Executive Officer

Larry Nath joined First Citizens as Deputy Chief Executive Officer - Banking Operations in June 2011. He has been involved in the financial services industry for over 23 years, and has worked with multinational banks in a variety of roles, both in Trinidad & Tobago and abroad. Mr. Nath's career has given him a wealth of experience in commercial, corporate and energy-sector banking. He is the holder of Bachelor and Masters degrees, and the holder of an accredited director designation. He also completed the Leadership Programme at the Wharton School. Mr. Nath has held directorships on several public and private sector boards and currently sits on the boards of several subsidiaries within the First Citizens Group and is President of the Bankers Association of Trinidad & Tobago. He also sits on the Board of United Way Trinidad & Tobago.

SHARON L. CHRISTOPHER
Deputy Chief Executive Officer - Corporate Administration, Group Corporate Secretary

Sharon Christopher has been the 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 Master of Laws from the London School of Economics and Political Science, she has over 24 years' experience at Executive Management level in the financial services sector. Her experience and training is wide-ranging, covering such areas as corporate governance, banking operations, information technology, marketing, corporate security, corporate communications and human resource management. Ms. Christopher, the holder of an accredited director designation, has held directorships on numerous public and private sector boards. She currently sits on the Board of the St. Lucia Electricity Services Limited and on the Board of Light and Power Holdings Limited in Barbados. She is a Director and the Secretary on the Board of the Energy Chamber of Trinidad & Tobago and a Director on the Board of the Caribbean Corporate Governance Institute. In addition, she sits on the boards of several subsidiaries within the First Citizens Group.

JASON JULIEN
General Manager - First Citizens Investment Services Limited

Jason Julien is a Chartered Financial Analyst with over 16 years' experience in the financial services industry. He has a BSc in Management Studies with honours from the University of the West Indies, and an MBA from Edinburgh Business School. His career has covered consultancy with PricewaterhouseCoopers, and management positions at an international bank 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.

ROBIN LEWIS
General Manager - Retail And Commercial Banking

Robin Lewis joined First Citizens as the General Manager - Retail and Commercial Banking in April of 2012. He holds a Diploma in Business Management from the University of The West Indies and an MBA from the University of Lincoln in London. Mr. Lewis is a career banker with over 30 years' experience in the financial services industry. The majority of his career was spent with a local financial services provider gaining experience in all aspects of banking operations. His prior appointment was at director level with another major regional financial institution with responsibility for Banking Operations for the Retail Wealth and Small Business groups, also including Branch Banking, Electronic Channels and Call Centres. He currently sits on the Board of the Trinidad & Tobago Manufacturers' Association.

H. PHILIP RAHAMAN
Group Chief Risk Officer

H. Philip Rahaman was appointed Group Chief Risk Officer in January 2012. An Accountant by training, his career spans over 17 years in the financial sector and encompasses varied senior roles such as Head of Finance & Treasury, Head of Credit Risk and, most recently, Executive Director - Commercial Services & Business Operations and Company Secretary for the local subsidiary of a global bank. He holds a Bachelor of Commerce from University College Dublin, Ireland and is a Fellow of both The Association of Chartered Certified Accountants and The Chartered Institute of Securities and Investment.

Senior Management Team's Profiles First Citizens

Left to right: Anthony St. Clair, Chief Internal Auditor – Group Internal Audit; Harjoon Heeralal, Corporate Manager – Group Corporate Planning; Rosemary Alves, Corporate Manager – Group Operations and Process Improvement; Warren Sookdar, Chief Information Officer – Information and Communications Technology; Christopher Sandy, General Manager – First Citizens Trustee Services; Avril Edwards, Corporate Manager – Electronic Banking Unit; Keshwar Khodai, Head – Group Treasury and International Trade Centre; Brian Woo, Assistant General Manager – Corporate Banking Unit; Felipe Castro, Regional Manager, Central America – FCCR – First Citizens Costa Rica

Left to right: Mario Young, Head Retail – Branches;
Shiva Manraj, Group Chief Financial Officer – Finance and Planning;
Kurt Valley, General Manager – First Citizens Asset Management;
Lindi Ballah-Tull, Head – Legal;
Lionel Seunarine, Corporate Manager – Special Projects, Commercial Business;
Marie Iton, Assistant General Manager – Human Resources;
Waltnel Sosa, Corporate Manager – Strategic Initiatives/Projects;
Raymond Crichton, Asst. General Manager – Credit Administration;
Glyne Harrison, Chief Executive Officer – First Citizens Bank (Barbados) Limited

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 30 September 2013.

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 indicated.

CRITICAL ACCOUNTING POLICIES

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

SUMMARY OF OPERATIONS

At the end of the financial year ended 30 September 2013, First Citizens Group reported a Profit Before Tax of $742.2 million. This profit represented $28 million or 3.9% over the $714.2 million earned in September 2012. Total Net Income increased 7.3% to approximately $1.63 billion as compared to $1.52 billion in 2012. Operating or Core Profit increased by $30.8 million to $730.8 million (2012 - $700 million). Profit After Tax amounted to $606.5 million as compared to $446.4 million in 2012. The Profit After Tax for 2012 was impacted by a change in tax estimate for 2011, which resulted in an additional charge of approximately $128.3 million.

The Group's funding base increased from $27.4 billion to $28.1 billion. The Group's gross loan base grew from $10.6 billion to $11.8 billion, while investments decreased from $10.8 billion to $10.3 billion. Overall, Total Assets increased by 6.6% from $34.0 billion to $36.3 billion in 2013.

The Group continues to identify threats to the financial sector and formulate strategies to mitigate such risks. The sluggish economy growth, coupled with the challenges in the domestic market (high liquidity, contraction in the energy sector and business lending and tepid inflation environment) required First Citizens to take proactive measures to manage our loan and investment portfolios.

NET INTEREST INCOME

Net Interest Income has continued to grow notwithstanding an unfavourable interest rate environment along with excess liquidity in the system.

Net Interest Income is the most significant contributor to the Group's net income. It accounts for 70.9% of the Group's total income.

Over the financial year ended September 30,2013, interest income increased by $79 million or 5.3% to $1,571 million. The major contributor was loan interest income, which accounted for $135.5 million or a 19.7% increase to $824.6 million over the last financial year. This increase was partly offset by a decrease in investment income of $33.3 million. The increase in interest income was due to loan growth and one year interest income for First Citizens Bank (Barbados) Limited, consolidated in the income statement, compared to only one month interest income in 2012.

Investment interest income decreased by 5.0 % to $637 million. The lack of availability of investments and declining yields accounted for this decrease.

Interest expense increased by $17.2 million or 4.3% to $413.3 million. This increase was due mainly to an increase in customer deposits interest expenses, resulting mainly from one year interest expenses for First Citizens Bank (Barbados) Limited, consolidated in the income statement, compared to only one month interest expenses in 2012.

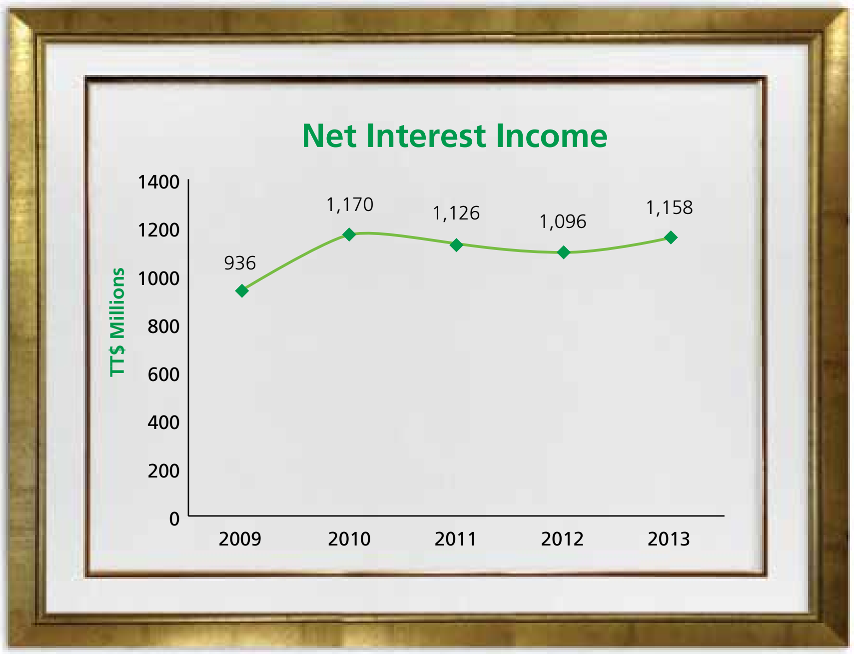
NON-INTEREST INCOME

The Group sought to improve non-interest income in an attempt to mitigate its risks against any negative effects of decreasing yields and resulting tightening of interest spreads.

In the year 2013, non-interest income increased by 12.5% to $475.9 million, accounting for 29.1% of total revenues. The major contributors to this growth were in the categories of fees and commissions.

NON-INTEREST EXPENSE

Total non-interest expense increased by $83.6 million or 10.2%, amounting to $902.9 million at the end of September 2013. This increase was mainly due to the increase in staff expenses and operating expenses, offset by decreases in impairment provision.



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

	Year Ended September 30, 2011 vs September 30, 2012				Year Ended September 30, 2012 vs September 30, 2013			
		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	(12,326)	(71,551)	1,171	(82,706)	(15,027)	(18,694)	419	(33,302)
Loans to customers	68,959	(48,872)	(5,000)	15,087	98,842	32,081	4,602	135,525
Loan notes	(3,626)	(7,964)	200	(11,390)	(3,546)	(20,540)	549	(23,537)
Total increase in interest income	53,007	(128,387)	(3,629)	(79,009)	80,269	(7,153)	5,570	78,686
Interest Expense Attributable to:								
Customers' deposits	11,373	(72,234)	(6,527)	(67,388)	8,290	28,799	4,082	41,171
Other funding instruments	6,153	15,250	652	22,055	(26,310)	13,411	(2,125)	(15,024)
Due to other banks	(22)	4,650	(1,977)	2,650	(156)	202	(12)	34
Debt securities in issue	(2,559)	(4,618)	67	(7,110)	(16,848)	8,701	(868)	(9,015)
Total increase in interest expense	14,945	(56,952)	(7,785)	(49,793)	(35,024)	51,113	1,077	17,166
Increase/(decrease) in net interest income	38,062	(71,435)	4,156	(29,216)	115,293	(58,266)	4,493	61,520

The Group's efficiency ratio–the ratio of non-interest expenses (excluding impairment provision) to total income–increased to 54.15% in 2013. The Group continues to strive to optimise its use of resources, and control its expense levels, while delivering superior customer service.

ASSETS AND LIABILITIES

Total Assets were $36.3 billion as at the end of September 2013, up by $2.2 billion or 6.6%. This increase is mainly as a result of the increases in loans to customers and other financial assets, specifically statutory deposits with Central Bank.

THE LOAN PORTFOLIO

As at September 30,2013, the net loan portfolio increased by $1.2 billion to $11.5 billion. Loans grew within several sectors led by consumers ($490 million) and transport, storage and communication ($481 million).

Non-performing loans as a percentage of total gross loans improved to 4.25% at the close of 2013 compared to 4.56% in 2012. The credit risk department continues to effectively manage our credit exposure by setting and ensuring compliance with our credit limits.

LOAN LOSS PROVISIONS

The Group accounts for the credit risk associated with lending activities through its allowance for bad and doubtful debts. This allowance, as determined through the application of the Group's loan loss provision model, is an expense recognized in the income statement. Total provision for the Group at the end of September 2013 amounted to $319.3 million, which represents 2.7% of total loans and 0.64 times coverage on the value of total non-performing loans.

INVESTMENT PORTFOLIO

Available for sale investments decreased marginally during the year to $8.6 billion from $9.2 billion. This was mainly due to lack of availability of investments.

PROVISION FOR TAXATION

The Group recorded a taxation charge for the year of $135.6 million compared to $267.8 million in 2012. The tax charge for 2012 was impacted by a change in tax estimate for 2011, which resulted in an additional charge of approximately $128.3 million.

SHAREHOLDERS' EQUITY

Total shareholders' equity increased by $0.4 billion over the last financial year to $6.2 billion. The increase in the Group's capital base was as a result of the increase in net profit for the year and a favorable movement in fair value reserves of $25 million. This was offset, however, by a dividend of $196.4 million paid to shareholders.

The Group and its subsidiaries are subject to various capital requirements administered by banking regulators. Such regulators require that the Bank maintain minimum amounts and ratios of total and Tier 1 capital (as defined in the regulation) to risk weighted assets (as defined). This standard corresponds with International Basel standards wherein there is a minimum capital adequacy ratio of 8%. This is a risk-based capital measure, which recognises the inherent credit risk in off-balance transactions. As at the year's end, the Group was well capitalized with a Tier 1 capital adequacy ratio of 64.5%.

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 programmes. 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 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

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 MANANGEMENT

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

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

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

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

The Group's fixed income portfolio is also exposed to interest rate risk as the valuation of the assets in the portfolio varies with local and international interest rates. The Group uses Value at Risk (VaR) to monitor and manage the market risk of the investment portfolio. VaR is a statistically based estimate which quantifies the potential loss on the portfolio at a predetermined level of confidence and holding period. To supplement the VaR the Group also performs stress testing of the investment portfolio. The market risks arising from the investment portfolio are monitored by Risk Management and are reported to 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 re-written in strict adherence to the Standards for the Professional Practice of Internal Auditing. In addition, the COSO and COBIT control frameworks have been inculcated into the audit process.

Frequent internal assessments ensure the quality of these processes, which have been subject to an independent external quality assessment during 2012. The Group's internal audit process continues to receive the highest rating accreditation. This affirms the department's independence, objectivity and professional care in giving assurance on risk management practices, governance initiatives and compliance with policies, procedures, regulations and legislation. The Audit Committee continues to oversee the operations of the department, ensuring the highest quality of communications to management and action items are identified for areas of weakness identified.

COMPLIANCE RISK

Compliance risk is the risk of legal or regulatory sanctions, financial loss, or loss to reputation the Group may suffer as a result of its failure to comply with all applicable laws, regulations, 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. All departments and subsidiaries within the Group prepare monthly statutory compliance reports for the Compliance Unit, which in turn submits a summary to the various Boards or the Risk Committees of the Boards, where applicable.

CONCLUSION

The First Citizens Group continued to perform strongly in 2013 with solid growth in Total Asset, and Shareholders' Equity. Despite the challenges of continued depressed economic activity internationally, regional and locally, the Group continues to position itself as a strong financial institution. Coupled with sound management and corporate governance, the First Citizens Group continues to be well poised to become one of the most competitive financial institutions in the region.

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San Fernando

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San Fernando

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First Citizens Bank (Barbados) Limited

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Associate Institute of Canadian Bankers
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Worthing

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Christ Church,
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Trinidad Co-operative Bank–the "Penny Bank"

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

Rishi Baddaloo

BOARD ENTERPRISE RISK MANAGEMENT COMMITTEE

In assisting the Board of Directors in fulfilling its responsibilities, the Board Enterprise Risk Management Committee was established to provide oversight of the Group Chief Executive Officer and Senior Management's responsibilities regarding the identification, planning and management of the Group's market, operational, compliance and reputational risks.

In fulfilling its mandate, the Committee, through the Group Chief Risk Officer, has oversight of the Group's Market Risk, Operational Risk and Compliance Units, while having overall responsibility for:

1. Overseeing Senior Management's implementation of a Group-wide risk management framework and the development of a defined risk appetite, while ensuring alignment to the Group's risk profile contained within the strategic plan, goals and objectives for the Bank and its subsidiaries/affiliates.
2. Reviewing with Senior Management the Group's processes (including policies, procedures, guidelines, benchmarks, management committees and stress testing)

for the identification, management and planning of the risks associated with the business of the Group. The Committee shall also receive and review reports from senior management regarding compliance with applicable risk-related policies, procedures and tolerances, and review the Group's performance relative to same.

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

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

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 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:

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

Internal Audit Function

- Overseeing the Group's internal audit function, including reviewing reports submitted by the Chief Internal Auditor
- Authorizing the Internal Auditor to carry out special investigations into any area of the organization'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 Committees are:

Bank

Anthony Mohammed – Chairman

Marlene Juman

Vishnu D. K. Musai

Anil Seeterram

Asset Management

Narinejit Pariag – Chairman

*Feona Lue Ping Wa – Deputy Chairperson

Rishi Baddaloo

**Dr. Rodney Ramroop

**Appointed April 10, 2013*

***Retired December 31, 2012*

Trustee Services

Vishnu D. K. Musai – Chairman

Cindy Bhagwandeen

Shiva Manraj

Anthony Mohammed

*John Tang Nian

**Appointed August 16, 2013*

First Citizens Investment Services

Anil Seeterram – Chairman

Larry Nath

Ved Seereeram

First Citizens Bank (Barbados) Limited

Marlene Juman – Chairperson

Shobee Jacelon

Ved Seereeram

HUMAN RESOURCES COMMITTEE

The Human Resources Committee of the Board consists of four members, of which the Group 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. Approve and monitor the implementation of the Human Resources Strategic Plan in support of the Company's Business Plan.
2. Provide guidance for the development of key Human Resources Policies, and to review and approve, as necessary.
3. Consider and make recommendations to the Board, as appropriate with reference to:

Recruitment, Selection and Succession Planning

- Policies on the recruitment, retention and succession planning for employees within the Group.
- Grievances, disputes and matters arising between the Bank and the employees and the representative Union.

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 members of the management team including the Executive.
- The review of the proposals for any new Collective Agreement for the Bargaining Unit staff.

Learning and Growth

- The policies relating to training and development of staff and to review and assess the adequacy of such training.

Occupational Health and Safety

- The policies relating to Occupational Health and Safety that ensure compliance with the OSH Act.

Culture and Core Values

- The policies relating to the core values, beliefs and behaviours to be promoted throughout the Group, and to review the programmes in support of employee morale and satisfaction.

Organizational Structure

- The policies relating to the Group's operating model and its organization design principles.

The members of the Committee are:

Shobee Jacelon – Chairperson

Marlene Juman

Vishnu D. K. Musai

Ramish Ramanand

CREDIT COMMITTEE

The role of the Credit Committee is:

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

The members of the Committee are:

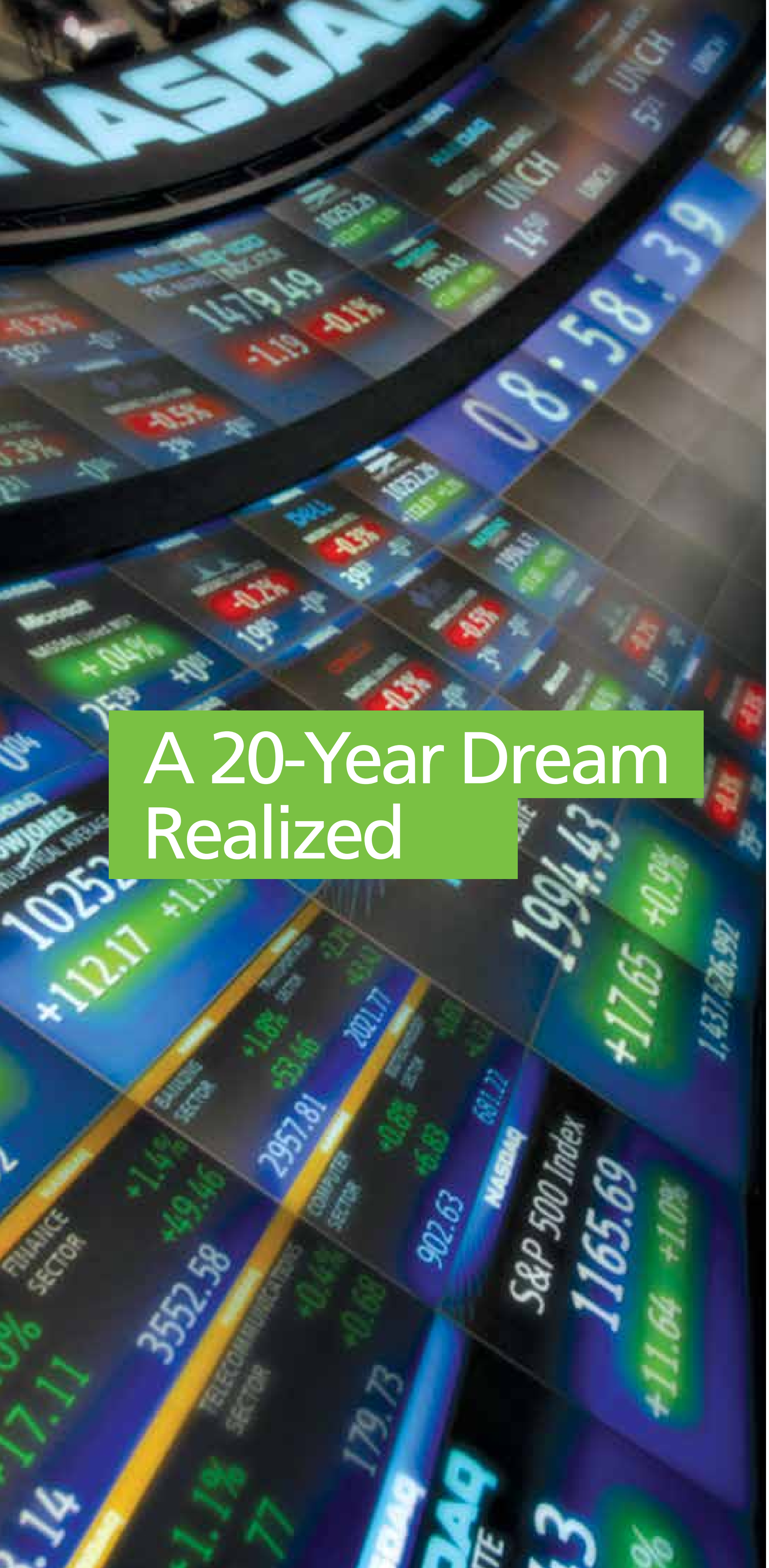
Nyree D. Alfonso – Chairperson

Ved Seereeram

Anil Seeterram

*John Tang Nian

**Appointed August 16, 2013*



A 20-Year Dream Realized

The public divestment of 19.3% of the shares of Trinidad & Tobago's state-owned First Citizens Bank has been "an outstanding success" says Finance and Economy Minister, Larry Howai.

The issue of shares under the Initial Public Offering (IPO), with total subscriptions amounting to TT$3.3 billion (US$515 million at an exchange rate of TT$6.40 = US$1.00), was oversubscribed by 3.12 times when it was placed on the local market in July/August. The 48.5 million shares, sold at the price of TT$22.00 per share, have been allocated to 12,851 individual shareholders, amounting to 26.5% of the overall shares. Individual investors, who applied for 1,000 shares, received their share allocation in keeping with the guarantee they were given. In addition to purchases by individual investors, employees of the 20-year-old Bank bought into the Bank, acquiring 7.8% of the shares at a discounted price of TT$19.80 per share.

Individual investors apart, and in keeping with the policy of the Government to spread shareholding to the widest number of investors possible, 25% of the shares were allocated to pension funds; 20.7% to mutual funds such as the Unit Trust Corporation; 10% to the National Insurance Board (which pays a monthly pension to retired persons who have made a minimum of 750 contributions to the fund); with the other 10% of the shares going to companies registered in Trinidad and Tobago.

"The participation of individual investors continued as 12,000 new brokerage accounts were opened in 2013 pointing to the expansion of the domestic capital market," said Finance Minister Howai, in speaking of the divestment in his 2014 Budget Statement in September.

Within the first week of trading, the value of the shares reached a high of TT$37.59, a 70.9% increase.

"From where I sit, the First Citizens IPO should be the template on which future Government policy with regard to enriching and empowering T&T's middle class should be built," concluded leading financial journalist, Anthony Wilson, in his column in the Business Guardian. For Wilson, the divestment of shares in the previously fully state-owned Bank, to the public, "amounts to a change in policy and, it seems to me, the reversal of the impoverishment of T&T's middle class—which, for the sake of argument, is defined as any household with income of between TT$10,320 and TT$41,666—ought to have a positive political impact."

"First Citizens' listing on the Trinidad & Tobago Stock Exchange is primarily for the purpose of keeping faith with the promise of succeeding governments to establish an indigenous financial institution which is now owned in part by thousands of citizens," said Group CEO, Larry Nath at the Listing Ceremony of the shares on September 16th 2013.

"Yes, I am persuaded that it is a good decision because it allows nationals a safe and profitable investment option in which to place some of their savings, and ownership of a greater and more direct stake in what my trade union brothers and sisters refer to as the "commanding heights" of the economy; and greater participation by nationals in the ownership of a successful state enterprise with an established track record of success and profitability," says Peter Permell, Minority Shareholders Rights Advocate.

Seeking to account for the success of the IPO, Group CEO Nath said, "it is obviously based on the performance of the Bank in its first 20 years of existence."

The figures on the performance of First Citizens are impressive. From an asset base of TT$3.4 billion (US$531 million) at the start of operations in 1993, the Bank's assets are now valued at over TT$36 billion (US$5.6 billion). The Group's capital base has now crossed the TT$6 billion mark. The qualifying capital to risk adjusted assets ratio remains best of class at 58%.

"First Citizens has returned in excess of $1.2 billion (US$187.5) in dividends to the shareholder–the Government of Trinidad & Tobago–over the last decade of its operations," says Nath. "We suspect that information on that level of profitability is one of the factors behind the over-subscription of the shares offered; investors are legitimately expecting annual dividends and growth in capital invested," added the Group CEO. The first dividends are to be paid out to shareholders in January of 2014.

For more than a decade, the T&T Stock Exchange has remained static, without depth and trading vigour, and this is as a result of the narrow range of stocks trading on the Exchange. That situation is about to change. The success of the First Citizens IPO has encouraged the Government to divest elements of the multi-billion dollar state enterprises sector.

"It is expected that the First Citizens shares will become the source for a dynamic secondary market trade," says Chairperson of the First Citizens Group, Nyree Alfonso, at the Listing Ceremony.

"Additionally, and with good results, it could be expected that at least a portion of the new entrants to the market would also become involved in general trading activity. It is logical to expect that the new entrants could stimulate growth and dynamism in market trading," Alfonso ventures.

It is a view shared by Minority Shareholders Rights advocate, Permell. He believes the purchase of shares in the Bank will assist with "the widening and deepening of the domestic capital market as a means of expanding the domestic economy and, as a consequence, improve productivity and create sustainable jobs."

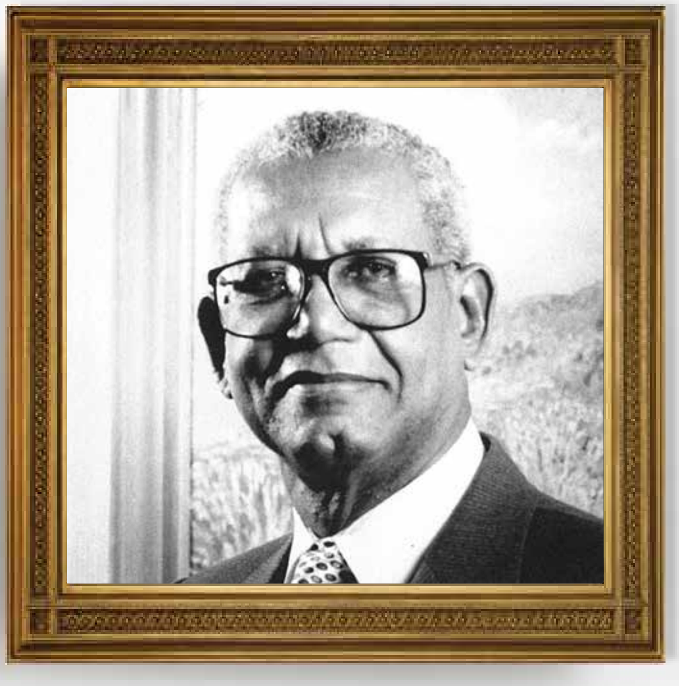
And the Shareholders Rights advocate is of the view that there will be great demand for the shares in the coming months. "It therefore follows that as long as shareholders withhold or do not make shares available on the secondary market, the price will continue to appreciate in value. However, I hasten to add that one must also be ever-mindful not to fall victim to one's own over-exuberance and greed."

As an institution, First Citizens has grown from 1,300 employees to its present staff of 1,800, inclusive of a cadre of local professional and experienced bankers. From a group of three companies, there are now 12 companies within the Group. The Bank has spread to include branches in St. Vincent and the Grenadines, Barbados and St. Lucia within CARICOM. And it has gone into Costa Rica as the jumping off point into Central and South America.

A key objective of the management and staff of First Citizens is becoming the most competitive financial services group in the markets in which we operate. Meeting the needs of customers, including investors, borrowers and depositors, and doing so with integrity and transparency, is the dynamic objective in the operations of First Citizens.

Despite the uncertainty of our beginning in 1993, we progressed against all odds and are now recognized both regionally and internationally with numerous awards and accolades. As we celebrate our Platinum anniversary, we are extremely pleased that the promise by the Government that the people of Trinidad & Tobago would once again participate in the ownership of the Company is now a reality.

Men of Vision



Leonard Williams (deceased)
Former Executive Chairman

"We will continue to improve the quality of our loan portfolio and ensure the integrity of our financial, operating and technological systems while operating in a cost-effective manner."

The Honorable Minister of Finance, Larry Howai
Former Group CEO

LARRY HOWAI

Larry Howai joined the Workers Bank in 1989 when that institution was in the financial intensive care unit and the morticians were at the door waiting for a corpse to be brought out. The Central Bank of Trinidad and Tobago chased the morticians from the door, took charge of the Bank and brought in a team of specialists to resuscitate the institution to good financial health.

One of those individuals brought in to turn the fortunes of Workers Bank around–and eventually to lead into the creation of First Citizens Bank–was Larry Howai. But Mr. Howai's joining of an institution in difficulty was not surprising. Two years earlier, he had left the National Commercial Bank as Chief Accountant to assume leadership of Development Finance Limited (DFL).

DFL had fallen into difficulties, and Mr. Howai was recruited to restructure and transform the organization. In hindsight, the passage of this young graduate in economics, and later on in management accounting at the post-graduate level from the University of the West Indies (St. Augustine Campus), was the ideal one.

When he arrived at the restructured First Citizens Bank–that is after the Workers Bank, the Trinidad Co-operative Bank and the National Commercial Bank were converted into First Citizens in 1993–it was as the Senior Manager of the Bank in the Finance Department. "Quiet and cool" is how he is sometimes described. But that exterior does not tell the full story of who he is. As Mr. Howai himself revealed in an interview: "It's like a duck. On the surface it all seems calm; but underneath, it's paddling furiously to stay afloat."

"It's the stuff you could miss unless you look below the surface," advised calypsonian, the late Mystic Prowler in his famous piece entitled *Below the Surface*.

Ideal to have as a source of strength in the world of banking, Mr. Howai was described by Osborne Nurse, then Managing Director of First Citizens, as a man "who had a good eye for detail". His colleague at First Citizens, Deputy Chief Executive Officer (CEO) Sharon Christopher, says, "Mr. Howai has an enormous intellectual capacity, and he is always thinking ... I was always amazed at his ability to deal with large amounts of material in a relatively short space of time."

When the late Chairman and CEO of First Citizens, Leonard Williams, died in 1997, Mr. Howai was elevated to the position of CEO amidst a measure of contention. As he has done over the years, he refused to be swallowed-up by the contention, and focused on the job at hand. That job was to create, from the wreckage of the past, a financial institution worthy of being called "First Citizens".

The decision to appoint Mr. Howai as CEO proved to be propitious for the depositors and borrowers of First Citizens and the national economy. Under his leadership, First Citizens moved from last position among commercial banks to being the third largest commercial bank in the economy. From holding $3 billion in assets at its creation 20 years ago, First Citizens now boasts of an asset base of $36 billion.

In the Bank's 1997 annual report, having just come into office as CEO, and with the Bank clearing a quite humble after-tax profit of $38.1 million–a 118% increase in profits of the year before–Mr. Howai summed up the performance of the Bank in its infancy: "The Group's accomplishment over the past four years in transforming itself into a highly competitive, profitable organization in the face of intense competition gives us the optimism and belief that this process of transformation is not only possible, but achievable, over the next year."

By the time he signed off on the First Citizens job in 2012, Mr. Howai had been in charge of the Bank's operations as the after-tax profit margin had reached $718.2 million, up by 14.6% from the previous year. Then too, as today, the Bank continued to enjoy a BBB+ grade rating from Standard and Poor's and Baa1 from Moody's and had floated a very successful issue of a US$175 million bond on the international capital market in 2012.

Mr. Howai had also demonstrated his capacity for high quality human relations within the Bank among employees and the Board. Not always an easy job for Chief Executive Officers, Mr. Howai worked and co-operated successfully with chairmen of the ilk of Vishnu Ramlogan, Ken Gordon, Sam Martin and the current chairman, Nyree Alfonso.

Mr. Howai also continued, enhanced and quickened the focus on acquisition of the most relevant and modern technology to meet customer needs. Under his astute and forward-thinking leadership, First Citizens became the first bank to implement internet banking in Trinidad & Tobago, and the first bank in the country that was allowed the privilege to float bonds on the US market.

Larry Howai, as Group CEO and with his First Citizens team fully involved, initiated the preparations for the Initial Public Offering of shares in the Bank. It was a stated objective of successive governments to make shareholding available to the ordinary investor. Subsequently, in his role as Minister of Finance, Mr. Howai gave the green light for the management of the Bank to proceed with the offering of approximately 20% of Bank shares to be sold to the general public.

One of the factors which made the success story of First Citizens Bank compelling is the reality that when the Bank was first established and launched, foreign nationals with fine banking experience were given the responsibility to lead the way back to viability and profitability.

It is instructive that Mr. Howai–having been assigned leadership of the Bank after the foreign experts had left the institution, advising the government in their wake to dismantle the Bank and use its parts as scrap–took up the challenge first broached locally by Leonard Williams as Chairman and CEO, and Osborne Nurse as Managing Director. Mr. Howai has carried forward the start made by those local executives of the Bank and contributed significantly to the turn-around of the institution, to the point that First Citizens has been able to receive a number of awards at national and regional levels.

Among such performances First Citizens has captured: World Finance Banking Awards – Best Bank, Trinidad & Tobago 2009; Latin Finance – Bank of the Year, Trinidad & Tobago 2009; and The Banker Magazine – 2009 Bank of the Year, Trinidad & Tobago.

Appreciative of the importance of teamwork as a means to success of such an institution as First Citizens, Mr. Howai credits "the excellent, people whose integrity was never in question. So, you don't have to be looking over your shoulder because someone wants your job."

This is the environment and the atmosphere which contributed significantly to the success of First Citizens Bank as an experiment by the Central Bank and the Government, when the three original indigenous banks all failed.

Howai's peers at the executive management level, staff members–high and low, just arrived, or long time in the Bank–all testify to Larry Howai's ability to listen to bank employees and to the needs of customers. This, combined with his quiet but deliberate style, his attention to detail, his pursuit of team effort, have been major factors in giving First Citizens a solid foundation.

LEONARD WILLIAMS (Deceased)

It is often the case in post-colonial societies that "foreign experts" are called in because locals are perceived not to have the "savoir-faire"–that know-how, skill, ingenuity and finesse to achieve a particular objective, to lead an organization or to perfect a piece of work.

Leonard Williams, a Trinidadian who came to manhood in the 1950s, was made Executive Chairman of the First Citizens Bank. The former Deputy Governor of the Central Bank (deputy to another pioneering local in the financial sector, Tobago-born Victor Bruce) faced the challenge not only of laying down the foundation for a successful commercial bank, but also of bearing the responsibility of demonstrating national capacity, declaring to all those interested that Trinidad & Tobago, without having to be apprenticed, had the character and the "head for money and business" to develop a viable commercial bank, second to none, wherever the headquarters of such competing banks were located. The malignancy that attended sections of the national community for generations which claimed they could not run a business had to be exorcised.

Williams started his chairmanship of First Citizens with a plus, having been successful in chairing the Workers Bank from a state of financial and managerial difficulty and deficiency. As a consequence of that success, he brought a measure of credibility to the task of establishing First Citizens as a commercial bank in which people's life savings and their aspirations for the future could be lodged and invested.

One of Williams' first and major challenges at First Citizens was to bring three separate banking cultures and employees with their own loyalties into a harmonious whole, which served the interests of depositors and investors.

Settling and ameliorating the human condition given to strife, Mr. Williams and his team had to sort out and then integrate three very different operating systems, developed by the three banks, into one functional, efficient and effective set of operations. That required discerning the best operating systems that would serve the new bank, and at the same time ensuring that employees did not feel completely cut adrift from what they had come to experience at their previous establishments.

To achieve that objective effectively meant that the Chairman had to seize control; he had to stabilize the new institution; he had to effectively consolidate the new commercial bank, and do so with integrity and credibility before a watching world of customers, and nay-sayers waiting to say "I told you so ...".

As Chairman, Mr. Williams also had to manage the competing interests of managers and executives jostling for ascendancy; and he had to lead the organization while the foreign CEO was still around, no doubt vying for turf and for psychological dominance, having come from a banking culture hundreds of years old.

But perhaps the greatest challenge of Chairman Williams was to win and sustain the confidence of a skeptical John Public that was not disposed to bankers playing fast and loose with their hard-earned dollars and cents–or sense if you prefer–and to stop the hemorrhaging that was taking place. The latter was a major "must do" if the First Citizens and its management and staff were to come to win the confidence of individual and corporate customers.

"Chairman Williams was the stabilizing force in the early First Citizens. He got business customers to stay with the Bank, and others who had departed to return to the Bank during the difficult period," says Deputy CEO of First Citizens, Sharon Christopher.

Mr. Williams also had to manage well the relationship between himself and a number of varied interests: the Bank; a hawk-eyed Central Bank intent on having its merger project succeed; the Government of the day with political responsibility for First Citizens; and an electorate that would demand its political pound of flesh if anything were to go awry. That was a tight rope of diplomacy, financial sagacity and confidence-inspiring public relations that demanded all the expertise and statesmanship that the experienced central banker, Leonard Williams, could muster and command. "We are trusting you and watching you carefully with this big mas yuh playing man," would have been the comment from the popular section of the 'North Stands' as Williams made his way across the stage knowing that that section of the national community was demanding and extremely cynical.

Ironically, Leonard Williams, not being of the populist variety, was not prepared for the gallery element of the role he had to play. He had read for a first degree in Economics at the prestigious and traditional University of London, and obtained his Masters degree in the subject at Columbia University in New York. His grounding was in the Economic Planning Division of the Ministry of Finance with the likes of Williams Demas, Frank Rampersad and others of that ilk.

He was "old school" and did not pretend to be anything else; things had to be done in a certain manner and he was decidedly autocratic in style. That innate tendency notwithstanding, Mr. Williams, aware of the demands of the new role, came around to the requirement of allowing himself to be open and available to his staff and managers.

This willingness to be open to staff-suasion was no better displayed than at the first staff convention of First Citizens when he got on stage and took the difficult questions from members of staff without flinching or seeking to pull rank. At the management level, Mr. Williams grew into the part of the team-building exercise, and adopted a more collaborative approach to leadership of the institution.

From the inception of the merger, Mr. Williams expressed no other thought than that it would be a success. His vision for First Citizens was that it emerged as a "stable and viable venture". Instructively, as Chairman of First Citizens in the Annual Report of 1995, Mr. Williams noted that the operating income of the Group for the period under review had increased to $15.2 million from the 1994 level of $6.5 million.

"The improved second year performance of the Group was as a result of greater overall efficiency, particularly in the latter part of the financial year, as virtually all aspects of the merger had been completed, and as a result, the Group benefitted from the consolidation that took place and the efficiencies that resulted."

First Citizens was effectively on its way, put on the path by a Chairman who had to fulfill the mandate given to him by Government. He understood how much was riding on the Bank being a success.

Also in the 1995 report, Chairman Williams gave the assurance that "we will continue to improve the quality of our loan portfolio and ensure the integrity of our financial, operating and technological systems while operating in a cost-effective manner."

That was an apt indication of the kind of banker that Williams was, the aspirations he had for First Citizens, and his desire to have the Bank become a wholly-owned and minted successful indigenous bank. Twenty years later: Mission Accomplished!


Culture
&
Community

BRINGING MANY TALENTS TO TOBAGO'S MISS HERITAGE PERSONALITY PAGEANT

For the past 26 years First Citizens has sponsored the most anticipated event of the Tobago Heritage Calendar: Miss Heritage Personality Pageant. This year's Pageant was themed *Crusoe Isle Treasures – De Search Is On*. It was held on Friday, 19th July at the Cyd Gray Pavilion in Roxborough. The show portrayed a rhythmic journey through time from the days of Robinson Crusoe and Man Friday, to present day Tobago.

It was the outspoken and talented Raina Alleyne - Miss Carnbee/Mt. Pleasant, who emerged victorious over nine other contestants to win the title of *Miss Heritage Personality*. Additionally, Raina won the Miss Intelligence crown and won best Talent on the night of the show.

With all of these winning qualities, we expect the new Heritage queen to go far!

(L-R) Mario Young – Head Retail, First Citizens; Maurisa Abraham – Miss Calder Hall and 1st Runner Up; Raina Alleyne – Miss Carnbee/Mt. Pleasant Miss Heritage Personality 2013; Chelsye Miller – Miss Les Coteaux and 2nd Runner Up; Andrea Tuitt – Manager Tobago Branches, First Citizens and Kurt Headley – Cluster Manager, East Central and Tobago

EMPOWERING THE NEXT GENERATION OF CALYPSO SUPER STARS

Once again First Citizens jumped at the chance to partner with the Trinbago Unified Calypsonians' Organization (TUCO) for the annual TUCO/ First Citizens National Junior Calypso Competition. Of the 126 young calypsonians to take part, it was Marq Pierre of the Sangre Grande Educational Institute who emerged the winner with an outstanding composition: *What If We Know?* Marq was awarded a First Citizens nEo account containing $25,000.

Second place went to Sharissa Camejo of Scared Heart Girls' RC, and Shervonne N'Kola of El Dorado West Secondary won third place.

(L-R) Runner Up Sharissa Camejo of Scared Heart Girls' RC poses with Competition Champion Marq Pierre of Sangre Grande Educational Institute and third place winner Shervonne N'Kola of El Dorado West Secondary

SUPPORTING THE ANIMATED ARTS

The Group had the opportunity to show its support at the Anime Caribe 2012, the Caribbean's biggest and most prestigious animation festival. First Citizens seized the opportunity to showcase products and services to hundreds of secondary and tertiary level students who visited the festival at the University of Trinidad & Tobago.

Ayanna Solozano – Communications Assistant, First Citizens shares some of the benefits of the nEo Account with a student

ADDING TO THE BEAT OF THE DOMINICA WORLD CREOLE MUSIC FESTIVAL

For the third consecutive year, First Citizens Investment Services, St. Lucia was honoured to sponsor Dominica World Creole Music Festival. Themed *Sweet Sixteen*, the festival was held at the Windsor Park Sports Stadium. The Festival featured some of the premier international Creole music bands, such as WCK, Zouk Machine, Luc Leandry and Ophelia, while continuing to provide a stage to showcase local Dominican talent to regional and international audiences.

Carole Eleuthere-JnMarie, Regional Manager – First Citizens Investment Services, presents a gift to a winner at the Dominica World Creole Music Festival

A CELEBRATION OF ENLIGHTENMENT

Every year the Nagar draws hundreds of people to witness the beautiful lights and culture of Divali. Since 2007 First Citizens has played a pivotal role in keeping the iconic Divali Nagar Festival alight. First Citizens operated an offsite branch at the Nagar, offering its patrons a range of banking services. With chances to win prizes and giveaways nightly, the branch was seldom free of visitors.

Larry Nath – Group Chief Executive Officer (R) and his wife applaud during the opening show at the Divali Nagar Festival

BREATHING NEW LIFE INTO CLASSICAL MUSIC

If you think young people today have little appreciation for classical music, think again! In recognizing the importance of classical music in the education of children, First Citizens Asset Management joined with The Classical Music Development Foundation of Trinidad & Tobago (CMDFTT) to support their initiatives.

Recently, the CMDFTT staged two repertoires: *Dido and Aeneas* and *The Magic Flute*. This was not only to promote classical music, but also to nurture excellence in present and future generations of classical artistes. The keen public response and youth interest showed the power and inspiration the classical arts have over the younger generations.

Talented performers give it their all during a scene from The Magic Flute

THE FUSION OF PAN

First Citizens was once again honored to be the title sponsor of the Crop Over Pan Fusion, held at Llaro Court, home of Barbados' Prime Minister. The event featured Barbadian pan player extraordinaire, Andre Forde, and Pan Maestro, Len 'Boogsie' Sharpe, along with many others. This is just one of the many cultural initiatives First Citizens supports as we remain committed to celebrating the culture of our region.

Legendary pannist Len "Boogsie" Sharpe shows off his talents at the Crop Over Pan Fusion

(L-R) The Honourable Stephen Lashley – Minister of Culture, Sports and Youth (Barbados); Len "Boogsie" Sharpe – Legendary Pannist; Maureen Graham – Chairman of the National Cultural Foundation; the Honourable Dr. Lincoln Douglas – Minister of Arts and Multiculturalism; Elizabeth Morgan – Country Manager, First Citizens Investment Services; The Honourable Freundel Stuart, QCMP – Prime Minister of Barbados; Glyne Harrison – Acting CEO, First Citizens Bank Barbados and Dexter Charles – Manager, First Citizens Group Corporate Communications

Youth & Education

SCRABBLE GOES WILD!

The 18th Annual First Citizens Scrabble Tournament took a turn for the wild this year as students were challenged in many fun activities at the ultimate wild life Jurassic Park. Students proved they were up to every obstacle. They demonstrated their vocabulary prowess in competitions that were attended by over 150 students.

San Fernando TML Primary School emerged winners, and was crowned the 2013 Scrabble Champs, while their star player, Sophia Mohammed, was named the top individual winner. Sophia is a wordsmith to watch!

Jenelle Holloway, Product Manager – Marketing Department is flanked by the top three scrabble champions. (L) Tairah Seedial and Sophia Mohammed of San Fernando TML Primary and Elijah Lochan of Bryn Mawr School

MENTORING MUSICAL MINDS

First Citizens once again served as the exclusive sponsor of the Student Development Workshops held as part of the QRC Foundation's Pan/Jazz Festival. Workshops gave students a chance to learn from accomplished musicians while developing their own skills and musical talents. The musical workshops were held in Bon Air, San Fernando, Sangre Grande and Port of Spain. For the first time the Foundation held a closing concert that saw all participating schools give award-winning performances.

Students of attending the Sangre Grande workshop concentrate at the practice during the training sessions

PROVIDING FINANCIAL ADVICE FOR A MORE STABLE FUTURE

Throughout November 2012 First Citizens Investment Services St. Lucia hosted a number of presentations around the island aimed at giving people a better understanding of how to manage their money and put it to work for them. Presentations were centred round the topic *Managing Your Finances With VAT* and were given by highly qualified FCIS staff members and representatives from the St. Lucia VAT office.

The VAT Seminar was very well attended

LAYING THE FOUNDATION FOR FINANCIAL WISDOM

In May First Citizens Investment Services St. Lucia launched a seminar targeting young people between the ages of 18 to 30 to educate them on financial planning for the future. Held at the Bay Gardens Hotel, the seminar was themed *You Are Never Too Young To...* and was well attended. Speakers included Teige La Borde of Azuk Creative Services, Ted Sandiford of Acid Kreationz, First Citizens Client Relations Officer Denise Lewis, and First Citizens Business Development Officer Christine Charlemagne. Participants showed a keen interest, which just goes to show that the younger generation is determined to ensure a financially stable future.

A cross-section of the many young people who attended the seminar

ENRICHING TERTIARY EDUCATION: OUR PARTNERSHIP WITH CAVE HILL SCHOOL OF BUSINESS

In April First Citizens Group partnered with the Cave Hill School of Business in Barbados to officially open what is now the 'First Citizens Room' at the faculty. In a collaborative agreement signed between First Citizens and the School, the Group's human resources will participate in managerial development programmes customized by the Business Faculty of Cave Hill, designed to enhance the skills of our staff.

First Citizens will also provide scholarships to four deserving students.

Sharon Christopher, Deputy CEO – First Citizens Group, addresses invited guests while Dr. Jeannine Comma looks on

A FRUITFUL LESSON

Building on our successful *Fruits of Trinidad & Tobago* and *Vegetables, Root Crops and Herbs of Trinidad & Tobago* posters developed by Nasser Khan, First Citizens Investment Services Limited St. Vincent & the Grenadines launched a poster series *Fruits of St. Vincent & the Grenadines* and *Vegetables, Root Crops and Herbs of St. Vincent & the Grenadines.* The posters were also developed by Nasser Khan and were endorsed by the St. Vincent & the Grenadines Ministry of Education.

Students from various schools pose with the Honourable Girlyn Miguel – Minister of Education and Norlann Gabriel, Manager – FCIS St. Vincent & the Grenadines

MAKING FINANCE FUN!

First Citizens hosted its 5th Annual Finance Camp during the month of July. Formerly known as Money Camp, the programme is designed for students between the ages of 13-18 and is built on three fundamental pillars: budgeting, saving and managing your credit. Students were taught through a series of workshops and presentations by a number of guest speakers and celebrities, which included Olympic Gold medalist Keshorn Walcott, national sailing sensation Andrew Lewis, and local soca and media personality Jason Williams.

In the span of three short years, the number of attendees has doubled, with 2013 seeing the largest intake of young people. We expect this Camp to grow in leaps and bounds as the Youth become more and more eager to understand and take control of their finances from an earlier age.

National sailing champ Andrew Lewis (back row, centre) was one of the many guest speakers

THE FORMULA FOR MATHEMATICAL SUCCESS

Since 2009 First Citizens has proudly sponsored the prize giving function to celebrate the success of the secondary schools that participated in the local Math Olympiad competition. At the 2013 function, the National Team representing the country at the 53rd International Mathematics Olympiad was announced. Amoung the schools recognized were Naparima Girl's High School, which topped the Level One category, and Naparima College, which placed first in the Level Two category.

Members of the 2013 Mathematics Olympiad team, which represented Trinidad & Tobago at the International Mathematics Olympiad in Columbia (From L) Vinay Maniam, Hugh Hoford, Sitara Persad, Arhona Pariag, Prasanna Ramakrishnan, Stephen Yearwood (Centre) Dr. Indra Haraksingh - TTMO Chair and Brian Woo – Assistant General Manager, Corporate Banking Unit


Women's
Issues

REVEALING THE SECRETS OF A SIX-FIGURE WOMAN

"Extremely educational and inspiring!" This was just one of the sentiments expressed by attendees at the 4th Annual First Citizens Investment Services St. Lucia's Financial Wellbeing Seminar. Designed for women and themed *Secrets of a Six Figure Woman*, the Seminar took place at the Bay Gardens Hotel. The event was supported by Neutrogena and WAVE radio station and attracted women from all walks of life. The full day session focused on financial, legal and health advice, as well as motivational stories from successful women.

The ladies who attended the seminar gather for a photo after the successful event

WALKING FOR A CAUSE

First Citizens Bank (Barbados), in partnership with its sister company, First Citizens Investment Services, joined as title sponsors for the Globeathon Initiative–a 5k Walk which demonstrates support to end Women's Cancers.

The Walk was backed by many Barbadian personalities including the Soca Queen, Alison Hinds. Funds raised were given to the Barbados Cancer Society to facilitate early monitoring, educating and raising awareness about gynecologic cancers.

Soca Queen Alison Hinds poses with a poster in supports of the Globeathon Initiative

UNITED FOR WOMEN

First Citizens PINK was present at the United Way Seminar in September 2013 as a main sponsor. Hosted by Mrs. Indrani Goradia, the seminar aimed to bring about self-awareness in an effort to stop all forms of abuse inflicted upon women, while enabling them to have a more meaningful life. The seminar was supported by NGOs such as the Rape Crisis Society of T&T and the Coalition for Domestic Violence.

(L-R) Amanda Ackbarali-Ramdial of Rape Crisis Society with Indrani Goradia – author and life coach, Natalie O'Brady, Managing Director – Coalition of Domestic Violence and Sally Sagram, Acting Business Development Officer – VISA PINK


sports

NEW YEAR'S DAY AT THE RACES – THE MOST FUN AND ENTERTAINMENT YOU CAN GET!

Anyone who has ever attended a First Citizens New Year's Day Race at the Arima Race Club can tell you it is an experience like no other. So it's no surprise that First Citizens has continued to support and grow the event over the last nine years.

This hallmark day at the Arima Race Club is known for its excitement, and draws hundreds of eager attendees. The two most anticipated races are the First Citizens Classic and the First Citizens Sian's Gold Sprint.

Jockey Emile Ramsammy (2nd R) and owner Gregory Samaroo (2nd L) pose with Larry Nath – Group CEO and Nyree Alfonso – Chairperson, after Ramsammy piloted his horse Sacred Trust to victory in the day's main event, the Sian's Gold

RAMPING IT UP WITH BMX!

The adrenaline was pumping in May at the Hasely Crawford Stadium. A daring group of extreme bikers showed off their skills at the BMX Freestyle Exams.

First Citizens teamed up with the Trinidad & Tobago BMX Freestyle Association to host a series of school tours, workshops and the BMX Freestyle Exams–a contest aimed at showing off the air defying skills of professional and amateur bikers.

The crowd enjoyed every one of the bikers' gravity-defying stunts

CELEBRATING OUR SPORTING CHAMPIONS

The First Citizens Sports Foundation welcomed two new pairs of sporting champions earlier this year. In Youth sports, Track and Field athlete Machel Cedenio, and Cyclist Jodi Goodridge, were honored at the Foundation's Youth Awards.

Olympic gold medalist and Javelin thrower Keshorn Walcott, and Sprinter Kelly-Ann Baptiste, led the way at the Sportsman and Sportswoman of the Year Awards. Several high profile guests, including His Excellency President Anthony Carmona and his wife, First Lady Reema Carmona, who presented the winners with their trophies, attended the Award Ceremony, which was themed *Beyond the Gold*.

Top Male Athlete Machel Cendenio, and Peter Goodridge, father of Top Female Athlete of the Year Jodi Goodridge, pose with their trophies

Sportswoman of the Year Kelly Ann Baptiste and Sean Roach, who received the Sportsman of the Year Award on behalf of Gold Medalist Keshorn Walcott, were emotional at the moment

CHAMPIONS OF CHESS

For the second year in a row the boys from Presentation College Chaguanas dominated the First Citizens Secondary Schools' Chess Tournament. The tournament had several intense rounds of competition and was very well attended, with students from all corners of the country vying for the school prize.

Representatives of Presentation College, Chaguanas pose with their trophy after winning the Secondary School Chess Tournament for the second consecutive year

CALEDONIA AIA SNAGS THE 2012 FIRST CITIZENS CUP!

Caledonia AIA walked away with the coveted First Citizens Cup and $80,000 for the second consecutive year–to their elation! For the last 11 years First Citizens has joined with the TT Pro League to promote national development through Sport, and Football in particular. The Cup attracts hundreds of spectators and has always been one of the breeding grounds for present and future Soca Warriors.

First Citizens Cup Champions Caledonia AIA celebrate their win

FUELLING FOOTBALL FIRE

The students of Carapichaima East Secondary School reigned victorious at the First Citizens/BG Secondary Schools Big Four Tournament, with Debe High School emerging as national winners of the Tournament's Girls Division. Over the years, the Tournament has created much hype amongst young footballers who eagerly anticipate and participate in the hotly contested competition.

Wendell Constantine, Brand and Communications Manager – BG T&T (L), Jenelle Holloway, Product Manager – Marketing Department (2nd L) and Damian Cooper, Manager – Marketing Department (R) pose with the students of Carapichaima East Secondary School, the winners of the First Citizens/BG T&T Big Four Tournament

Lyndon Balkaran, Marketing Officer – Marketing Department (back, L) and Jenelle Holloway, Product Manager – Marketing Department (back, far L) pose with students, technical staff and well-wishers of Debe High School. The school won the First Citizens/BG T&T Big Four Tournament and emerged as the winners of the First Citizens/BG T&T Girls Intercol

NURTURING SPORTING MINDS

In our continued efforts to develop sport and sporting excellence, the First Citizens Sports Foundation hosted developmental workshops at the Cascadia Hotel in November. Workshops were also held in Tobago in October at the Division of Education, Youth and Sport.

The workshops included Mediation training and a course on Policy Implementation and the evaluation of Sport and Development. The initiative was undertaken to encourage participation, planning and to help persons improve their conflict resolution. The aim was to promote a healthy lifestyle, community development and good sportsmanship.

The workshop in Trinidad attracted community leaders, youth leaders, coaches and trainers

ONE STEP AT A TIME

In collaboration with the Association for International Sport for All, the First Citizens Sports Foundation hosted World Walking Day 2012 in Trinidad and in Tobago. The event was held in four areas of Trinidad & Tobago and was attended by a wide cross section which included disabled persons and senior citizens.

Members of the Point Fortin community came out in their numbers to support and take part in the event

FOUR IN A ROW FOR FATIMA

Fatima College continues to dominate secondary schools Water Polo, winning the First Citizens National Secondary School Water Polo Tournament for the fourth time in a row.

The Tournament launched on Saturday 9th January and closed on Sunday 10th March with the Fatima boys being declared the victors, having won every category they entered.

First Citizens has partnered with the Royhil Seals Water Polo Club for the last eight years in order to foster youth development through Sport. The Tournament has become increasingly popular over the years.

The Fatima College champions pose with their winnings

READY, SET, GOOOO…!

For the tenth consecutive year, First Citizens retained its presenting sponsor status for the UWI Spec International Half Marathon. In September past the Marathon celebrated its 10th Anniversary. Minister of Sport, Anil Roberts, pledged his support and commended the organization of the race, while First Citizens Investment Services General Manager, Jason Julien, delivered remarks on behalf of the Group.

The representatives of the "10 Initiative" who ran for different charities included Soca artiste Kees. John Donaldson (2nd R) of our ICT department represented the Rape Crisis Society of Trinidad and Tobago

MINI WATER POLO CHAMPIONS

Dunross Preparatory and Bishop Anstey Junior School dominated this year's First Citizens Mini Polo League. Held in conjunction with the Royhil Seals Water Polo Club, the League came to a close at a prize giving ceremony at Queens Royal College. Dunross Preparatory won in the Girls' Group 1 and Group 2 categories, and placed second in the club division. Bishop Anstey Junior School placed first in Group 1 and Group 2, and third in the club division. Additionally, nine Bishops students made it into the Manager's All-Star team.

Bishop Anstey Junior School celebrate with Rosemary Alves – Corporate Manager, Group Operations & Process Improvement

The victorious girls of Dunross Preparatory could not hide their joy as they pose with coach Kester Scantlebury

A GREAT DAY AT THE BARBADOS OPEN

First Citizens sponsored the Barbados Open, one of the largest and most prestigious Polo events in Barbados, for a third time. In Barbados, as elsewhere, the Group is committed to individual and community growth through Sport.

At the end of the intense tournament team Range Rover ultimately emerged victorious.

Carole Eleuthere-JnMarie – Regional Manager, Elizabeth Morgan – Country Manager, First Citizens Investment Services, Barbados and a member of the Veuve Cliquot team pose for a photo with the ceremonial pony

And they're off! Members of Team Range Rover face off against team Veuve Cliquot

Financial Statements

INDEPENDENT AUDITOR'S REPORT

To the shareholders of
First Citizens Bank Limited

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of First Citizens Bank Limited and its subsidiaries, which comprise the consolidated statement of financial position as of 30 September 2013 and the consolidated income statement, consolidated statement of other comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of First Citizens Bank Limited and its subsidiaries as of 30 September 2013, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers

16 December 2013
Port of Spain
Trinidad, West Indies

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Trinidad & Tobago Dollars)

	Notes	As at 30 September 2013 $'000	2012 $'000
ASSETS			
Cash and due from other banks	6	2,135,646	2,449,484
Statutory deposits with Central Banks	7	6,738,987	4,446,808
Financial assets			
-Available-for-sale	8(a)	8,611,545	9,215,853
-Held to maturity	8(b)	1,692,664	1,633,245
-Fair value through profit or loss	8(c)	368	2,690
-Loans and receivables less allowances for losses:			
Loans to customers	9	11,516,922	10,321,665
Other loans and receivables	10	1,583,739	1,715,979
Loan notes	11	2,535,980	2,607,625
Finance leases	12	1,547	3,891
Other assets	13	397,275	578,317
Investment in joint ventures	14	21,478	18,853
Investment in associate	15	117,401	116,555
Due from parent company		2,349	2,221
Tax recoverable		61,994	34,167
Property, plant and equipment	16	456,618	446,106
Intangible assets	17	211,120	211,120
Retirement benefit asset	18	179,493	228,659
TOTAL ASSETS		36,265,126	34,033,238
LIABILITIES			
Customers' deposits	19	21,000,381	18,894,585
Other funding instruments	20	4,632,823	6,038,847
Due to other banks		71,815	63,251
Creditors and accrued expenses	21	490,462	408,224
Taxation payable		12,641	59,796
Due to parent company		1,045,693	—
Bonds payable	22	2,451,566	2,448,358
Deferred income tax liability	23	317,935	313,122
Notes due to parent company	24	58,000	58,000
TOTAL LIABILITIES		30,081,316	28,284,183
CAPITAL AND RESERVES ATTRIBUTABLE TO THE PARENT COMPANY'S EQUITY HOLDERS			
Share capital	25	643,557	643,557
Statutory reserves	26	669,717	666,132
Retained earnings		3,673,579	3,267,083
Other reserves		1,196,957	1,172,283
TOTAL SHAREHOLDERS' EQUITY		6,183,810	5,749,055
TOTAL EQUITY AND LIABILITIES		36,265,126	34,033,238

The notes on pages 84 to 150 form an integral part of these consolidated financial statements.

On 9 December 2013, the Board of Directors of First Citizens Bank Limited authorised these consolidated financial statements for issue.

Director: ______________ Director: ______________

CONSOLIDATED INCOME STATEMENT

(Expressed in Trinidad & Tobago Dollars)

	Notes	Year Ended 30 September 2013 $'000	2012 $'000
Interest income	27	1,571,124	1,492,438
Interest expense	28	(413,301)	(396,135)
Net Interest Income		1,157,823	1,096,303
Fees and commissions	29	354,033	267,077
Gain on sale of available-for-sale financial assets		21,238	54,113
Foreign exchange gains	30	68,874	64,100
Other income		31,796	37,748
Total Net Income		1,633,764	1,519,341
Impairment loss on loans, net of recoveries	9	(35,167)	(37,922)
Impairment loss on other financial assets, net of recoveries	31	16,924	(28,863)
Administrative expenses	32	(526,981)	(445,752)
Other operating expenses	33	(357,730)	(306,796)
Operating Profit		730,810	700,008
Share of profit in associate	15	8,725	11,433
Share of profit in joint ventures		2,625	2,723
Profit Before Taxation		742,160	714,164
Taxation	34	(135,620)	(267,772)
Profit For The Year		606,540	446,392
Earnings per share			
Basic		$2.41	1.83
Weighted average number of shares			
Basic		251,354	243,877

The notes on pages 84 to 150 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Expressed in Trinidad & Tobago Dollars)

	Year Ended 30 September 2013 $'000	2012 $'000
Profit for the year	606,540	446,392
Other Comprehensive Income		
Items that will not be reclassified to profit or loss		
Amortisation of gain on held to maturity assets transferred from available-for-sale net of tax	(5,024)	(9,845)
Revaluation of property, plant and equipment net of tax	844	11,828
	(4,180)	1,983
Items that may be reclassified to profit or loss		
Exchange difference on translation	13,937	5,057
Revaluation of available-for-sale assets net of tax	14,922	252,883
	28,859	257,940
Total Other Comprehensive Income For The Year	24,679	259,923
Total Comprehensive Income For The Year	631,219	706,315

The notes on pages 84 to 150 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Expressed in Trinidad & 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 2012	643,557	666,132	1,063,692	96,830	11,761	3,267,083	5,749,055
Comprehensive Income							
Profit for the year	—	—	—	—	—	606,540	606,540
Other comprehensive income for the year	—	—	9,898	844	13,932	5	24,679
Total comprehensive income for the year	—	—	9,898	844	13,932	606,545	631,219
Transactions with Owners							
Dividend (Note 35)	—	—	—	—	—	(196,464)	(196,464)
Transfer to statutory Reserves	—	3,585	—	—	—	(3,585)	—
Balance at 30 September 2013	643,557	669,717	1,073,590	97,674	25,693	3,673,579	6,183,810
Balance at 1 October 2011	640,000	661,446	820,654	85,002	6,704	2,932,315	5,146,121
Comprehensive Income							
Profit for the year	—	—	—	—	—	446,392	446,392
Other comprehensive income for the year	—	—	243,038	11,828	5,057	—	259,923
Total comprehensive income for the year	—	—	243,038	11,828	5,057	446,392	706,315
Transactions with Owners							
Dividends (Note 35)	—	—	—	—	—	(106,938)	(106,938)
Transfer to statutory reserves	—	4,686	—	—	—	(4,686)	—
Issued shares	3,557	—	—	—	—	—	3,557
Balance at 30 September 2012	643,557	666,132	1,063,692	96,830	11,761	3,267,083	5,749,055

The notes on pages 84 to 150 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW

(Expressed in Trinidad & Tobago Dollars)

	Notes	Year Ended 30 September 2013 $'000	2012 $'000
Profit before taxation		742,160	714,164
Adjustments to reconcile profit to net cash provided by operating activities:			
Share of profit in associate		(8,725)	(11,433)
Share of profit in joint ventures		(2,625)	(2,723)
Interest income		(1,571,124)	(1,492,438)
Interest received		1,559,656	1,468,211
Interest expense		413,301	396,135
Interest paid		(414,294)	(392,292)
Depreciation and amortisation		58,813	62,418
Gain on disposal of property, plant and equipment		(43)	(425)
Gain on sale of available-for-sale financial assets		(21,238)	(54,113)
Amortisation of premium on investment securities		11,555	23,640
Amortisation of bond issue cost		3,653	3,498
Impairment loss on other financial assets		(16,924)	28,863
Net pension expense		58,922	35,529
Net movement in allowance for loan loss		30,876	62,987
Cashflows from operating activities before changes in operating assets and liabilities		843,963	842,021
Net change in loans to customers		(1,226,131)	(1,589,652)
Net change in finance leases		2,344	865
Net change in customers' deposits		2,105,796	2,847,240
Net change in other funding instruments		(1,406,024)	(602,822)
Net change in other assets		192,502	24,100
Net change in due from parent company		1,045,565	(176)
Net change in statutory deposits with Central Bank		(2,292,179)	(375,080)
Dividends received		1,037	684
Net change in creditors and accrued expenses		83,233	208,262
Pension contributions paid		(9,756)	(10,002)
Taxes paid		(214,226)	(62,205)
Net cash flow (used in)/from operating activities		(873,876)	1,283,235

	Notes	Year Ended 30 September 2013 $'000	2012 $'000
Cash Flows From Investing Activities			
Purchase of financial assets			
- Available-for-sale		(7,321,697)	(4,736,900)
- Held to maturity		(142,899)	(33,967)
- Designated at fair value		(286)	—
Proceeds from sale of financial assets			
- Available-for-sale		7,900,841	4,728,210
- Designated at fair value		2,642	3,126
- Other loans and receivable		150,994	96,820
Proceeds from maturity/redemption of held to maturity		160,814	217,840
Repayment on loan notes receivable		73,700	73,700
Proceeds from loan note receivable		(2,012)	—
Net change in short-term investments		210,687	121,001
Proceeds from disposal of property, plant and equipment		632	5,754
Acquisition of subsidiary, net cash acquired		—	(83,780)
Purchase of property, plant and equipment		(68,788)	(77,246)
Net cash flow from investing activities		964,628	314,558
Cash Flows From Financing Activities			
Net change in debt securities		—	(488,565)
Issue of shares		—	3,557
Ordinary dividend paid		(193,542)	(104,016)
Preference dividend paid		(2,922)	(2,922)
Net cash flow from financing activities		(196,464)	(591,946)
Effect of exchange rate changes		(6,002)	(19,257)
Net (decrease)/increase in cash and cash equivalents		(111,714)	986,590
Cash and cash equivalents at beginning of year		2,020,843	1,034,253
Cash and cash equivalents at end of year	6	1,909,129	2,020,843

The notes on pages 84 to 150 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). During the year, First Citizens Holdings disposed of 20% of its ordinary share holdings interest, which is trading on the Trinidad and Tobago Stock Exchange.

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

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

The Group currently comprises the following entities:

Entity	Nature of operations	Country of incorporation	Ownership interest
First Citizens Asset Management Limited	Investment and asset management services for corporate benefit plans, mutual funds and other parties	Trinidad & Tobago	100%
First Citizens Bank (Barbados) Limited	Banking, including the provision of mortgages for residential and commercial properties	Barbados	100%
First Citizens Costa Rica SA	Service related transactions	Costa Rica	100%
First Citizens Financial Services (St. Lucia) Limited	Selected banking and financial service operations	St. Lucia	100%
First Citizens Investment Services Limited	Investment and asset management services and repo business	Trinidad & Tobago	100%
First Citizens Securities Trading Limited	Financial management services and repo business	Trinidad & Tobago	100%
First Citizens (St. Lucia) Limited	Selected banking and financial service operations	St. Lucia	100%
First Citizens Trustee Services Limited	Provision of trustee, administration and bond paying agency services	Trinidad & Tobago	100%

Entity	Nature of operations	Country of incorporation	Ownership interest
The Group also has investment in the following entities:			
Infolink Services Limited	Provision of automated banking reciprocity services	Trinidad & Tobago	25%
Trinidad and Tobago Interbank Payment System Limited	Automated clearing house	Trinidad & Tobago	14.29%
St. Lucia Electricity Services Limited	Provision of electrical power to consumers	St. Lucia	19%

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, amendment and interpretations which are effective and have been adopted by the Group:

- IAS 1 Presentation of Items of Other Comprehensive Income (effective 1 July 2012).

  The amendments to IAS 1 change the grouping of items presented in OCI. Items that would be reclassified (or recycled) to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified.

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

The following standards, amendments and interpretations to existing standards are not yet effective for accounting periods beginning on or after 1 January 2013 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. Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date of both the 2009 and 2010 versions of IFRS 9 from 1 January 2013 to 1 January 2015. 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.

2 Summary of Significant Accounting Policies (continued)

2.1 Basis of preparation (continued)

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

- 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.

- IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7 (effective for 1 January 2013). These amendments require an entity to disclose information about rights of set-off and related arrangements (e.g. collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set off in accordance with IAS 32.

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

- IFRS 11 Joint Arrangements – (Effective 1 January 2013). This standard replaces IAS 31 Interest 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 interest in Other Entities (effective 1 January 2013). This standard requires 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.

- IFRS 13 Fair Value Measurement (effective 1 January 2013).

  IFRS 13 does not affect when fair value is used, but rather describes how to measure fair value where fair value is required or permitted by IFRS. Fair value under IFRS 13 is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date" (i.e. an "exit price"). "Fair value" as used in IFRS 2 Share-based Payments and IAS 17 Leases is excluded from the scope of IFRS 13.

- IAS 19 Employee Benefits (Revised) - (effective 1 January 2013). The revised standard includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The more significant changes include the following:-

  For defined benefit plans, the ability to defer recognition of actuarial gains and losses (i.e. the corridor approach) has been removed. As revised, actuarial gains and losses are recognised in OCI as they occur. Amounts recorded in profit or loss are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit asset (liability) are recognised in OCI with no subsequent recycling to profit or loss.

  Objectives for disclosures of defined benefit plans are explicitly stated in the revised standard, along with new or revised disclosure requirements. These new disclosures include quantitative information about the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.

Termination benefits will be recognised at the earlier of when the offer of termination cannot be withdrawn, or when the related restructuring costs are recognised under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The distinction between short-term and other long-term employee benefits will be based on the expected timing of settlement rather than the employee's entitlement to the benefits.

- IFRS 1 Government Loans — Amendments to IFRS 1 (effective 1 January 2013). The amendments, dealing with loans received from governments at a below market rate of interest, give first-time adopters of IFRSs relief from full retrospective application of IFRSs when accounting for these loans on transition. This is the same relief as was given to existing preparers of IFRS financial statements.

- IAS 27 Separate Financial Statements – Amendments (effective 1 January 2013). This Standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates and jointly controlled entities are accounted for either at cost, or in accordance with IFRS 9 Financial Instruments.

- IAS 28 Investments in Associates and Joint Ventures - Amendments – (effective 1 January 2013). This Standard supersedes IAS 28 Investments in Associates and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

  The Standard defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment.

- IAS 32 Offsetting Financial Assets and Financial liabilities — Amendments to IAS 32 (effective 1 January 2014). This requires that "a financial asset and a financial liability shall be offset ... when, and only when, an entity currently has a legally enforceable right to set off the recognised amounts …" The amendments clarify that rights of set-off must not only be legally enforceable in the normal course of business, but must also be enforceable in the event of default and the event of bankruptcy or insolvency of all of the counterparties to the contract, including the reporting entity itself.

  The Group is assessing the impact of these standards.

2.2 Consolidation

(a) Principles of consolidation

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

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

(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. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

De facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc.

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.

2 Summary of Significant Accounting Policies (continued)

2.2 Consolidation (continued)

(b) Investment in subsidiaries (continued)

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

(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 that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower cost or economic benefits directly to investors or other owners, members or participants.

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 following an acquisition, 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.

(d) Transactions and non-controlling interests

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.

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 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 or joint 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.

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated income statement, 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 legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that an investment in an associate is impaired. If this is the case, the Group calculates the amount of the impairment as the difference between the recoverable amount of the asociate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates' in the income statement.

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 income statement.

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 & 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$6.3506 = US$1.00 (2012: TT$6.3503 = 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 income statement.

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

2 Summary of Significant Accounting Policies (continued)

2.3 Foreign currency translation (continued)

(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; 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); and

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

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 fair value 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 income statement.

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;
(ii) those that the group upon initial recognition designates 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 income statement 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 income statement under impaired loss on loans 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.

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 income statement as 'gains and losses from investment securities'. Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated income statement. Dividends on available-for-sale equity instruments are recognised in the consolidated income statement 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 de-recognition of financial instruments

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

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

Financial liabilities are de-recognised 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. When a market becomes inactive, the valuation technique utilised makes use of the quoted price even though the market is not active.

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 has become or is 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 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.

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 income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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

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

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

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

2 Summary of Significant Accounting Policies (continued)

2.7 Impairment of financial assets (continued)

(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 income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

Debt securities are classified based on the criteria in Note 2.7 (a). If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

(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). Non financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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.

2.11 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 Group 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 income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the period has expired, any penalty payment made to the lessor is recognised as an expense in the period in which termination takes place.

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

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

(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.

2.12 Property, plant and equipment

Freehold premises are shown at fair value based on assessments performed by management or by independent valuators every three years, less subsequent depreciation for buildings. All other property, plant and equipment are stated at historical cost less depreciation. The valuation of freehold premises is reviewed annually to ensure it approximately equates to fair value. The valuations of freehold premises are re-assessed when circumstances indicate there may be a material change in value.

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

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

Increases in the carrying amount arising on revaluation of freehold premises are credited to fair value reserves in shareholders' equity. Decreases that affect previous increases of the same assets are charged against fair value reserves directly in equity; all other decreases are charged to the consolidated income statement. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

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

Depreciation and amortisation are computed on all assets except land.

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

2 Summary of Significant Accounting Policies (continued)

2.12 Property, plant and equipment (continued)

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 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.

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.

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 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 income statement 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 income statement 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 asset recognised in the consolidated statement of financial position in respect of the defined benefit plan is the fair value of plan assets less the present value of the defined benefit obligation at the date of the consolidated financial position together with adjustments for unrecognised actuarial gains and losses and pass 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 life. 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.

2.15 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 income statement 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 cashflows considering all contractual terms of the financial instrument (for example, prepayment options), but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

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

2 Summary of Significant Accounting Policies (continued)

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.

2.20 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 when applicable.

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. 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.

(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

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 Summary of Significant Accounting Policies (continued)

2.27 Earning per share

Earnings per share is calculated by dividing the profit attributable to the equity holders, by the weighted average number of ordinary shares in issue during the year.

2.28 Segment reporting

The Group's segmental reporting is based on the following: Retail Banking, Corporate Banking, Investment Banking, Asset Management and Group functions.

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 Framework

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

The Group Enterprise Risk Unit, headed by the Group Chief Risk Officer, is responsible for the management, measurement, monitoring and control of operational, market and credit risk for the Group through the Group Operational Risk Unit, Group Credit and Risk Administration Unit, Group Market Risk Unit and Group Business Continuity Planning Unit.

The Group has also established the Asset Liability Committee (ALCO) to manage and monitor the policies and procedures that address financial risks associated with changing interest rates, foreign exchange rates and other factors that can affect the Group's liquidity. The ALCO seeks to limit risk to acceptable levels by monitoring and anticipating possible pricing differences between assets and liabilities across the Bank and the Group's various companies via the Group's Treasury and International Trade Centre. The Group Treasury and International Trade Centre's primary role and responsibility is to actively manage the Group's liquidity and market risks.

As part of its mandate, the Board establishes written principles for overall risk management, as well as ensuring that policies are in place covering specific areas of risk, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. In addition, the Group Internal Audit Department is responsible for the independent review of risk management and the control environment, and reports its findings and recommendation to the Board Audit Committee.

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

3.1.3 Credit classification system

(a) Loans to customers

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

Criticised Loans

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

3 Financial Risk Management (continued)

3.1.3 Credit classification system (continued)

(b) Debt securities and other bills

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

Group's internal ratings scale and mapping of external ratings

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

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

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. In instances where it is strategically beneficial and adequately documented, the Group would seek approval on an exception basis for variation to its standard approved limits from the Board of Directors.

(a) Single borrower and borrower group exposure limits

Limits established by regulatory authorities have been incorporated into the credit policies where concentration is restricted by limiting credit amounts to a 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.

(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 and indemnities

The Group does not take a second or inferior collateral position to any other lender on advances outside the lending value calculated as per the Group's stipulated guidelines. The Group recognises that the value of items held as collateral may diminish over time resulting in loans being less protected than initially intended. To mitigate the effect of this, margins are applied to 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.

Liquidity Support Agreement

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 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 FCISL 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 once the Bank has made all reasonable efforts to recover or resist such claims, losses or liabilities.

Losses which are covered under the Liquidity Support Agreement include the following:

- Losses in respect of taxes and employee matters, within sixty days after the expiration of the relevant statute of limitation;
- Losses in respect of defect of title to shares, due authorisation of the sale of the shares, enforceability of the share sale agreement, corporate good standing of FCIS and the Group, compliance with laws, possession of requisite permits and consents, breaches of any of the material provisions of existing contracts between FCIS and the Group and third parties other than employee contracts and ownership of underlying assets of FCIS and the Group. The limitation of such claims is 20 years after the date of completion of the share transfer to the Bank;
- Losses in respect of balances due from CL Financial Limited and its affiliates which include capitalised interest accruing from the date the Company was acquired by the Bank to the greater of the maturity date of the obligation or 6 years from the date of completion of the share transfer to the Bank; and
- Any other losses other than those set out above arising from the purchase of the shares. The limitation of such claims is 2 years after the date of completion of the share transfer to the Bank.

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 re-confirmation of its enforceability) and the anticipated 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 experience, experienced judgment and statistical techniques.

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

	Gross Maximum Exposure 2013 $'000	Gross Maximum Exposure 2012 $'000
Credit risk exposures relating to financial assets carried on the Group's consolidated statement of financial position are as follows:		
Cash and bank balances	2,135,646	2,449,484
Statutory deposit with Central Bank	6,738,987	4,446,808
Financial assets		
Available-for-sale	8,507,031	9,222,587
Held to maturity	1,692,664	1,633,245
Loans to customers	11,836,270	10,610,138
Other loans and receivables	1,588,868	1,778,310
Loan notes	2,535,980	2,607,625
Finance leases	1,547	3,891
Interest receivable	200,597	189,132
Receivable from GORTT	27,331	272,363
Total credit risk exposure	35,264,921	33,213,583

The preceeding 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 to customers and other financial assets

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

	30 September 2013					
	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	8,851,934	799,186	8,488,707	1,692,664	2,535,980	1,673
Past due but not impaired	2,485,004	777,801	—	—	—	—
Individually impaired	504,479	11,881	18,324	—	—	—
Gross	11,841,417	1,588,868	8,507,031	1,692,664	2,535,980	1,673
Unearned interest	(5,147)	—	—	—	—	(126)
Less: Allowance for impairment	(319,348)	(5,129)	(26,943)	—	—	—
Net	11,516,922	1,583,739	8,480,088	1,692,664	2,535,980	1,547

	30 September 2012					
	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	7,143,172	1,701,716	9,105,657	1,633,245	2,607,625	3,504
Past due bu not impaired	2,990,817	—	52,674	—	—	810
Individually impaired	485,658	76,594	64,256	—	—	—
Gross	10,619,647	1,778,310	9,222,587	1,633,245	2,607,625	4,314
Unearned interest	(9,508)	—	—	—	—	(423)
Less: Allowance for impairment	(288,474)	(62,331)	(39,313)	—	—	—
Net	10,321,665	1,715,979	9,183,274	1,633,245	2,607,625	3,891

The terms of the agreement under which the Bank acquired First Citizens Investment Services Limited (FCISL) included an indemnification provided by the Government of the Republic Trinidad and Tobago against various claims, losses or liabilities incurred by FCISL after the date of acquisition in relation to assets owned by FCISL at the date of the said acquisition (See Note 3.1.4 (d)).

3 Financial Risk Management (continued)

3.1 Credit risk (continued)

3.1.7 Loans to customers and other financial assets (continued)

(a) Neither past due nor impaired

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

	30 September 2013 Loans to customers		
	Individual $'000	Corporate $'000	Total $'000
Standard	2,692,048	4,655,427	7,347,475
Special mention	96,063	1,408,396	1,504,459
	2,788,111	6,063,823	8,851,934

	30 September 2012 Loans to customers		
	Individual $'000	Corporate $'000	Total $'000
Standard	2,473,085	3,211,773	5,684,858
Special mention	64,064	1,394,250	1,458,314
	2,537,149	4,606,023	7,143,172

	Other loans and receivables					
	30 September 2013			30 September 2012		
	Individual $'000	Corporate $'000	Total loans $'000	Individual $'000	Corporate $'000	Total loans $'000
Investment grade	14,733	644,593	659,326	16,919	824,424	841,343
Speculative grade	3,203	136,657	139,860	3,391	856,982	860,373
	17,936	781,250	799,186	20,310	1,681,406	1,701,716

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

	30 September 2013		
	Individual (retail customers) $'000	Corporate $'000	Total $'000
Instalment loans	673,457	11,801	685,258
Demand loans	218,031	5,449,120	5,667,151
Overdrafts	6,622	73,771	80,393
Credit cards	318,709	5,142	323,851
Mortgages	1,584,603	510,678	2,095,281
Loans to customers	2,801,422	6,050,512	8,851,934
Impairment allowance	(40,094)	(42,600)	(82,694)
Loans net of impairment	2,761,328	6,007,912	8,769,240

	30 September 2012		
	Individual (retail customers) $'000	Corporate $'000	Total $'000
Instalment loans	601,764	5,978	607,742
Demand loans	84,746	4,006,826	4,091,572
Overdrafts	663	65,418	66,081
Credit cards	337,746	—	337,746
Mortgages	1,512,233	527,798	2,040,031
Loans to customers	2,537,152	4,606,020	7,143,172
Impairment allowance	(37,882)	(33,417)	(71,299)
Loans net of impairment	2,499,270	4,572,603	7,071,873

(b) Past due but not impaired

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

30 September 2013	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	171,013	13,564	3,589	—	188,166
Demand loans	47,266	13,266	9,009	—	69,541
Overdrafts	9,340	629	152	—	10,121
Credit cards	22,359	6,182	2,139	—	30,680
Mortgages	566,880	61,470	12,244	4,124	644,718
Sub-Total	816,858	95,111	27,133	4,124	943,226

3 Financial Risk Management (continued)

3.1 Credit risk (continued)

3.1.7 Loans to customers and other financial assets (continued)

(b) Past due but not impaired (continued)

30 September 2013	Up to 30 days $'000	30 to 60 days $'000	60 to 90 days $'000	>90 days $'000	Total $'000
Corporate					
Demand loans	837,730	77,902	1,069	—	916,701
Mortgages	598,627	25,374	1,076	—	625,077
Sub-Total	1,436,357	103,276	2,145	—	1,541,778
Total Loans To Customers	2,253,215	198,387	29,278	4,124	2,485,004
Fair value of collateral					
Individual (retail customers)	934,425	79,973	17,491	3,715	1,035,604
Corporate	1,541,011	106,276	25,962	—	1,673,249
Impairment allowance					
Individual (retail customers)	(8,906)	(1,240)	(313)	(13)	(10,472)
Corporate	(6,308)	(558)	(7)	—	(6,873)

Financial assets available-for-sale

Included in receivables past due but not impaired are loans and receivables due from CL Financial and its affiliates of $777 million which matured but are indemnified under the Liquidity Support Agreement (LSA) (September 2012: $685 million). All principal and interest payments due on these advances are covered under the LSA as detailed in 3.1.4 (d).

30 September 2012	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	179,414	13,388	2,915	—	195,717
Demand loans	59,462	16,069	880	—	76,411
Overdrafts	14,618	1,312	107	—	16,037
Credit cards	3,464	5,464	577	—	9,505
Mortgages	571,941	78,218	26,740	2,754	679,653
Sub-Total	828,899	114,451	31,219	2,754	977,323

30 September 2012	Up to 30 days $'000	30 to 60 days $'000	60 to 90 days $'000	>90 days $'000	Total $'000
Corporate					
Demand loans	1,231,384	22,930	10,438	—	1,264,752
Mortgages	688,458	50,965	2,395	6,926	748,744
Sub-Total	1,919,842	73,895	12,833	6,926	2,013,496
Total Loans To Customers	2,748,741	188,346	44,052	9,680	2,990,819
Fair value of collateral					
Individual (retail customers)	1,228,369	122,437	34,537	3,862	1,389,205
Corporate	1,866,012	967,893	25,860	8,050	2,867,815
Impairment allowance					
Individual (retail customers)	(11,099)	(1,461)	(244)	(704)	(13,508)
Corporate	(8,287)	(271)	(64)	(11)	(8,633)

(c) Individually impaired

	Individual (retail customers)					Corporate		Total
	Instalment $'000	Demand Loans $'000	Overdrafts $'000	Credit Cards $'000	Mortgages $'000	Demand Loans $'000	Mortgages $'000	$'000
30 September 2013								
Loans to customers	27,603	44,131	555	25,543	64,247	301,769	40,631	504,479
Impairment allowance	(27,347)	(6,317)	(529)	(19,292)	(17,506)	(142,841)	(5,476)	(219,308)
Fair value of collateral	10,326	83,033	140	—	52,127	533,443	41,817	720,886
30 September 2012								
Loans to customers	27,257	57,593	742	17,168	50,340	314,272	18,286	485,658
Impairment allowance	(26,527)	(19,318)	(740)	(10,869)	(17,055)	(104,669)	(15,857)	(195,035)
Fair value of collateral	11,659	122,732	150	—	56,937	530,144	7,857	729,479

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.

(d) Loans to customers renegotiated

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

3 Financial Risk Management (continued)

3.1 Credit risk (continued)

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 external rating agency designation.

30 September 2013 **S&P**	**Other loans & receivables $'000**	**Available-for-sale securities $'000**	**Held to maturity $'000**
A- to AAA	632,653	6,307,091	664,935
BBB- to BBB+	227,761	754,828	378,342
Lower than BBB-	716,573	1,344,344	649,387
Unrated	6,752	73,825	—
	1,583,739	8,480,088	1,692,664

30 September 2012 **S&P**	**Other loans & receivables $'000**	**Available-for-sale securities $'000**	**Held to maturity $'000**
A- to AAA	803,368	6,612,388	584,939
BBB- to BBB+	209,648	1,050,505	274,245
Lower than BBB-	688,520	1,489,036	774,061
Unrated	14,443	31,345	—
	1,715,979	9,183,274	1,633,245

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.

3.1.10 Concentration of risks of financial assets with credit risk exposure

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

	2013 Gross Maximum Exposure $'000	2012 Gross Maximum Exposure $'000
Financial assets:		
Consumer	2,016,736	1,545,161
Agriculture	12,386	2,795
Petroleum	540,709	591,634
Manufacturing	209,467	147,498
Construction	4,693,366	4,269,622
Distribution	211,384	181,621
Hotels and guest houses	622,374	376,936
Transport, storage and communications	1,160,084	660,441
Finance, insurance and real estate	5,005,827	5,507,930
Other business services	1,219,036	762,860
Personal services	13,741	12,953
Real estate mortgages	2,796,032	3,452,319
Government related	7,514,067	8,259,715
Finance leases	1,547	3,891
Interest receivable	200,597	189,132
	26,217,353	25,964,508

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 Group Market Risk department who submit reports to the Senior Management Enterprise Risk Committee on a regular basis. Additionally, on a monthly basis, the Group's Market Risk Committee reviews and approves the yield curves used to value all investment securities.

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.

3.2.1 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.

3 Financial Risk Management (continued)

3.2 Market risk (continued)

3.2.1 Currency risk (continued)

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

As at 30 September 2013	TT$ $'000	US$ $'000	OTHER $'000	TOTAL $'000
FINANCIAL ASSETS				
Cash and due from other banks	14,235	1,274,331	847,080	2,135,646
Statutory deposits with Central Banks	6,656,313	—	82,674	6,738,987
Financial assets:				
- Available-for-sale	6,072,667	2,041,605	497,273	8,611,545
- Held to maturity	550,802	292,486	849,376	1,692,664
- Fair value through profit or loss	282	86	—	368
- Loans and receivables less allowances for losses:				
- Loans to customers	8,047,658	2,257,187	1,212,077	11,516,922
- Loan notes	1,635,686	900,294	—	2,535,980
- Other loans and receivables	199,957	1,186,248	197,534	1,583,739
Other assets	274,170	72,274	50,836	397,280
TOTAL FINANCIAL ASSETS	23,451,770	8,024,511	3,736,850	35,213,131
FINANCIAL LIABILITIES				
Customers' deposits	15,673,170	3,414,907	1,912,304	21,000,381
Other funding instruments	1,250,683	2,098,730	1,283,410	4,632,823
Due to other banks	—	1,416	70,399	71,815
Bonds payable	1,406,550	1,045,016	—	2,451,566
Creditors and accrued expenses	427,437	35,417	27,608	490,462
TOTAL FINANCIAL LIABILITIES	18,757,840	6,595,486	3,293,721	28,647,047
Net on balance sheet position	4,693,930	1,429,025	443,129	6,566,084
Off balance sheet items	201,489	10,844	2,599	214,932
Credit commitments	557,390	234,337	181,795	973,522

As at 30 September 2012	TT$ $'000	US$ $'000	OTHER $'000	TOTAL $'000
FINANCIAL ASSETS				
Cash and due from other banks	318,086	1,380,039	751,359	2,449,484
Statutory deposits with Central Banks	4,373,913	—	72,895	4,446,808
Financial assets:				
- Available-for-sale	5,662,585	3,053,472	499,796	9,215,853
- Held to maturity	526,758	250,501	855,986	1,633,245
- Other loans and receivables	200,804	1,350,791	164,384	1,715,979
- Fair value through profit or loss	2,612	78	—	2,690
- Loans and receivables less allowances for losses:				
- Loans to customers	7,767,626	1,371,716	1,182,323	10,321,665
Loan notes	1,707,816	899,809	—	2,607,625
Other assets	409,856	110,318	58,143	578,317
TOTAL FINANCIAL ASSETS	20,970,056	8,416,724	3,584,886	32,971,666
FINANCIAL LIABILITIES				
Customers' deposits	13,823,003	3,334,436	1,737,146	18,894,585
Other funding instruments	1,735,116	3,052,269	1,251,462	6,038,847
Due to other banks	—	6,704	56,547	63,251
Bonds payable	1,406,550	1,041,808	—	2,448,358
Creditors and accrued expenses	321,694	1,115	85,414	408,223
TOTAL FINANCIAL LIABILITIES	17,286,363	7,436,332	3,130,569	27,853,264
Net on-balance sheet position	3,683,693	980,392	454,317	5,118,402
Off-balance sheet items	182,698	516	2,412	185,626
Credit commitments	406,500	404,177	182,997	993,674

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

If the TT$ appreciates by 1% against the US$, the profit would decrease by $14.3 million (2012: $9.7 million). One percent was considered a reasonable possible shift since the US$ rate has not changed by more than 1% year-on-year over the past 3 years.

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

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

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

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

3 Financial Risk Management (continued)

3.2 Market risk (continued)

3.2.2 Interest rate risk (continued)

	As at 30 September 2013						
	Up to 1 month $'000	**1 to 3 months $'000**	**3 to 12 months $'000**	**1 to 5 years $'000**	**Over 5 years $'000**	**Non-interest bearing $'000**	**Total $'000**
Financial Assets							
Cash and due from other banks	1,214,187	518,481	133,002	—	—	269,976	2,135,646
Statutory deposits wit Central Banks	307,887	753,035	521,687	—	—	5,156,378	6,738,987
Financial assets:							
- Available-for-sale	512,328	40,218	1,489,165	1,807,683	4,622,966	139,185	8,611,545
- Other loans and receivables	19,525	36,459	739,600	741,098	47,052	5	1,583,739
- Held to maturity	—	33,095	156,353	602,255	900,961	—	1,692,664
- Fair value through profit or loss	—	—	—	—	—	368	368
Loan to customers and finance leases	1,532,710	1,107,343	2,517,718	3,942,159	2,418,539	—	11,518,469
Loan notes	1,893,164	—	53,222	294,797	294,797	—	2,535,980
Other assets	—	—	27,331	—	—	369,949	397,280
Total Financial Assets	5,479,801	2,488,631	5,638,078	7,387,992	8,284,315	5,935,861	35,214,678
Financial Liabilities							
Due to other banks	—	—	59,317	—	—	12,498	71,815
Customers' deposits	17,227,900	1,047,981	2,121,457	271,828	820	330,395	21,000,381
Other funding instruments	674,539	1,446,402	2,264,602	245,948	1,331	—	4,632,822
Bonds payable	—	—	500,000	1,951,566	—	—	2,451,566
Notes due to parent company	—	—	—	—	—	58,000	58,000
Total Financial Liabilities	17,902,439	2,494,383	4,945,376	2,469,342	2,151	400,893	28,214,584
Interest Sensitivity Gap	(12,422,638)	(5,752)	692,702	4,918,650	8,282,164		

	As at 30 September 2012						
	Up to 1 month $'000	1 to 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Total $'000
Financial Assets							
Cash and due from other banks	1,950,834	—	223,358	—	—	275,292	2,449,484
Statutory deposits with Central Banks	272,145	790,068	522,980	—	—	2,861,615	4,446,808
Financial assets:							
- Available-for-sale	129,826	135,407	1,449,523	1,934,948	5,527,168	38,981	9,215,853
- Other loans and receivables	696,808	50,939	479,428	407,934	80,870	—	1,715,979
- Held to maturity	65,299	64,323	41,210	335,719	1,126,694	—	1,633,245
- Fair value through profit or loss	2,690	—	—	—	—	—	2,690
Loan to customers and finance leases	1,061,524	751,026	1,826,162	4,304,169	2,379,675	—	10,322,556
Loan notes	1,838,875	—	73,700	485,306	209,744	—	2,607,625
Other Assets	—	—	272,363	—	—	305,954	578,317
Total Financial Assets	6,018,001	1,791,763	4,888,724	7,468,076	9,324,151	3,481,842	32,975,557
Financial Liabilities							
Due to other banks	—	—	56,538	—	—	6,713	63,251
Customers' deposits	14,976,685	1,253,625	1,843,575	450,425	153	370,122	18,894,585
Other funding instruments	861,183	2,244,042	2,706,569	223,058	3,995	—	6,038,847
Bonds payable	—	—	—	2,448,538	—	—	2,448,358
Notes due to parent company	—	—	—	—	—	58,000	58,000
Total Financial Liabilities	15,837,868	3,497,667	4,606,682	3,122,021	4,148	434,835	27,503,041
Interest Sensitivity Gap	(9,819,867)	(1,705,904)	282,042	4,346,055	9,320,003		

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

A 100 basis point increase in interest rates will cause a decrease in profit of $17.8 million (2012: $16.4 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.

3.3 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.

3 Financial Risk Management (continued)

3.3 Liquidity risk (continued)

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 2013	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	12,498	—	61,636	—	—	74,134
Customers' deposits	18,135,643	827,491	1,960,791	277,615	960	21,202,500
Other funding instruments	671,618	1,449,692	2,281,216	256,201	1,380	4,660,107
Bonds payable	21,183	—	622,854	2,389,834	—	3,033,871
Notes due to parent company	58,000	—	—	—	—	58,000
Total Financial Liabilities	18,898,942	2,277,183	4,926,497	2,923,650	2,340	29,028,612
Total Financial Assets	6,326,346	2,272,532	6,429,144	9,704,043	15,798,143	40,530,208
Liquidity Gap	(12,572,596)	(4,651)	1,502,647	6,780,393	15,795,803	11,501,596

As at 30 September 2012	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	6,713	—	58,749	—	—	65,462
Customers' deposits	15,357,830	1,264,988	1,864,654	471,739	313	18,959,524
Other funding instruments	861,894	2,256,887	2,740,909	232,539	4,286	6,096,515
Bonds payable	21,183	—	143,544	2,979,322	—	3,144,049
Notes due to parent company	58,000	—	—	—	—	58,000
Total Financial Liabilities	16,305,620	3,521,875	4,807,856	3,683,600	4,599	28,323,550
Total Financial Assets	6,304,003	1,867,956	5,621,349	10,711,809	15,449,842	39,954,959
Liquidity Gap	(10,001,617)	(1,653,919)	813,493	7,028,209	15,445,243	(11,631,409)

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 2013	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	973,522	—	—	—	—	973,522
Acceptances	1,035	511	—	—	—	1,546
Guarantees	96,311	42,022	20,816	34,832	8	193,989
Letters of credit	6,371	10,950	1,487	589	—	19,397
Operating leases	813	1,625	22,313	45,001	45,569	115,321
Capital commitments	—	—	17,955	—	—	17,955
Total	1,078,052	55,108	62,571	80,422	45,577	1,321,730
As at 30 September 2012						
Loan commitments	993,674	—	—	—	—	993,674
Acceptances	239	251	323	—	—	813
Guarantees	125,502	15,172	21,179	7,847	23	169,723
Letters of credit	347	2,174	7,457	5,110	—	15,088
Operating leases	1,805	5,246	14,607	16,190	11,819	49,667
Capital commitments	—	—	12,595	—	—	12,595
Total	1,121,567	22,843	56,161	29,147	11,842	1,241,560

3 Financial Risk Management (continued)

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 2013 totalled $ 13,930 million (2012: $10,857 million)

3.5 Operational risk

Operating risk is the risk of direct or indirect loss arising from system failure, human error, fraud and external events. The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and innovation. The Group manages this risk by developing standards and guidelines in the following areas:-

- Appropriate segregation of duties and access
- Reconciling and monitoring of transactions
- Documentation of controls and procedures
- Training and development of staff
- Reporting of operational losses and proposed remedial actions
- Development of contingency plans
- Information security
- Assessments of the processes

3.6 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.

The Group's regulatory capital is comprised of:-

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

Tier 1 (Core) Capital

	2013 $'000	2012 $'000
Share capital	539,957	539,957
Statutory reserve	669,717	666,132
Retained earnings	3,673,579	3,267,083
Less: Intangible assets	(211,120)	(211,120)
Total Tier 1	4,672,133	4,262,052
Tier 2 (Supplementary) Capital		
Preference shares	103,600	103,600
Fair value reserves	1,196,957	1,172,283
Eligible reserve provision	199,416	121,710
Total Tier 2 Capital	1,499,973	1,397,593
Total Capital	6,172,106	5,659,645
Ratios		
Risk adjusted assets	9,566,486	9,759,963
Qualifying capital to risk adjusted assets	64.52%	57.99%
Core capital to qualifying capital	75.70%	75.31%

3.7 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	
Financial Assets	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Cash and due from other banks	2,135,646	2,449,484	2,135,656	2,449,484
Statutory deposits with Central Banks	6,738,987	4,446,808	6,738,987	4,446,808
Financial assets: -				
- Loans to customers	11,516,922	10,321,665	13,950,103	11,063,776
- Held to maturity	1,692,664	1,633,245	1,661,980	1,704,706
- Other loans and receivables	1,583,739	1,715,979	1,590,564	1,739,717
- Loan notes	2,535,980	2,607,625	2,824,592	2,927,814
- Finance leases	1,547	3,891	1,768	4,614
Financial Liabilities				
Customers' deposits	21,000,381	18,894,585	21,120,927	18,994,016
Other funding instruments	4,632,823	6,038,847	4,691,502	6,060,059
Bonds payable	2,451,566	2,448,358	2,742,577	2,807,415
Notes due to related companies	58,000	58,000	58,000	58,000

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

3 Financial Risk Management (continued)

3.7 Fair value of financial assets and liabilities (continued)

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

Financial instruments where carrying value is equal to fair value

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

Loans to customers less allowance for loan losses

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

Held to maturity investments

Fair value for held to maturity assets is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is estimated using the discounted cash flow valuation methodology where all cash flows of the instruments are discounted at an appropriate yield plus a credit spread where applicable. The fair value of the held to maturity portfolio is done for disclosure purposes only.

Other loans and receivables

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

Loan notes

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

Customer deposits

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

Bonds payable

The fair value of 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.

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.

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

As at 30 September 2013 **Financial Assets**	**Level 1** **$'000**	**Level 2** **$'000**	**Level 3** **$'000**	**Total** **$'000**
Financial assets designated at fair value				
- Equity securities	—	—	368	368
	—	—	368	368
Available-for-sale financial assets:				
- Investment securities – debt	1,406,312	6,960,968	112,808	8,480,088
- Investment securities – equity	123,791	285	7,381	131,457
	1,530,103	6,961,253	120,189	8,611,545
Total Financial Assets	1,530,103	6,961,253	120,557	8,611,913
As at 30 September 2012 **Financial Assets**				
Financial assets designated at fair value				
- Equity securities	2,690	—	—	2,690
	2,690	—	—	2,690
Available-for-sale financial assets:				
- Investment securities – debt	2,373,634	6,702,213	107,427	9,183,274
- Investment securities – equity	25,228	—	7,351	32,579
	2,398,862	6,702,213	114,778	9,215,853
Total Financial Assets	2,401,552	6,702,213	114,778	9,218,543

3 Financial Risk Management (continued)

3.7 Fair value of financial assets and liabilities (continued)

(b) Fair value hierarchy (continued)

There were no transfers between Level 1 and Level 2 during the year. Reconciliation of Level 3 items are as follows:

		As at September 2013				As at September 2012	
		Debt	Designated	Debt			
	Securities	Equity	at Fair Value	Total	Securities	Equity	Total
	$'000	$'000	$'000	$'000	$'000	$'000	
Opening balance	107,427	7,351	—	114,778	70,878	5,651	76,529
Exchange	456	5	368	829	210	3	213
Purchased	16,463	13	—	16,476	50,367	1,697	52,064
Settlement	(13,443)	—	—	(13,443)	(10,216)	—	(10,216)
Total losses– OCI	1,905	12	—	1,917	(3,812)	—	(3,812)
Closing balance	112,808	7,381	368	120,557	107,427	7,351	114,778

3.8 Deferred day 1 profit/loss

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

4 Critical Accounting Estimates And Judgments

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

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

The Group uses the discounted cash flow method to determine the fair value of available-for-sale financial assets not traded in active markets. The discounted cash flow method discounts the cash flows of the financial assets at an appropriate yield plus a credit spread where applicable. The carrying amount of available-for-sale financial assets would decrease by $ 439.9 million if the discount rate used in the discounted cash flow analysis is increased by 100 basis points from management's estimates (2012: $500.4 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 cashflows to the carrying amounts in the consolidated financial statements. The Group makes assumptions about the amount and timing of future cashflows as well as the loss experience of the portfolio. The loss experience considers both the recovery rate on the portfolio as well as the probability of default by the customer. Management considers both the market and economic conditions at the year end and may modify the loss experience on the portfolio if necessary, to reflect current conditions.

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

If the Group's estimation of the loss experience on the portfolio of loans not considered individually impaired were adjusted by 1% upwards, the impairment provision for loans and receivables would increase by $1.6 million (2012: $0.9 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 $1,693 million (2012: $1,633 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 $30.7 million (2012: $71.4 million), with a corresponding entry in the fair value reserve in shareholders' equity.

(d) Income taxes

The Group is subject to income tax in various jurisdictions. Management judgment is required in determining provisions for income taxes and there are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

When appropriate, particularly where the ultimate tax determination is uncertain, management also obtains opinions or advice from leading tax advisors and regularly reassesses its strategy in relation to such exposures.

(e) Retirement benefits

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

The assumptions used in determining the net cost (income) for pensions include the discount rate, salary and pension increases. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

In determining the salary increases, the Group considered long-term salary inflation, age, merit and promotion.

(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.

The valuations are based on current market conditions and thus may change in the future.

4 Critical Accounting Estimates And Judgments (continued)

(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 exceed the fair value less cost to sell calculation, and there will be no impairment of goodwill.

5 Segment Analysis

For management purposes, the Group is organized into five business segments based on products and services as follows:-

- Retail Banking: includes loans and mortgages, deposit, foreign exchange transactions, credit and debit cards and card merchant acquiring business with retail and commercial customers.
- Corporate Banking: loans and credit facilities and deposits and current accounts for corporate and institutional customers.
- Treasury Management and Investment Banking: Liquidity management and investment banking services including corporate finance, and specialised financial trading.
- Asset Management: Investment products and services to institutional investors and intermediaries.
- Group Function: Finance, legal, and other centralised functions.

Other Group operations comprise fund management, institutional finance and providing computer services, none of which constitutes a separately reportable segment and business activities from head office.

As the Group's segment operations are all financial with a majority of revenues deriving from interest and the Executive Management relies primarily on net interest revenue to assess the performance of the segment, the total interest income and expense for all reportable segments is presented on a net basis.

There were no changes in the reportable segments during the year.

Transactions between the business segments are carried out at arm's length. The revenue from external parties reported to the Executive Management is measured in a manner consistent with that in the consolidated income statement. The segmental information is reported gross and therefore consolidation adjustments have not been eliminated.

Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in inter-segment net interest income. Interest charged for these funds is based on the Group's average cost of funding. There are no other material items of income or expense between the business segments.

Internal charges and transfer pricing adjustments have been reflected in the performance of each business. Revenue-sharing agreements are used to allocate external customer revenues to a business segment on a reasonable basis.

The Group's management reporting is based on a measure of operating profit comprising net interest income, loan impairment charges, net fee and commission income, other income and non-interest expenses.

The information provided about each segment is based on the internal reports about segment profit or loss, assets and other information, which are regularly reviewed by the Executive Management.

Segment assets and liabilities comprise operating assets and liabilities, being the majority of the consolidated statement of financial position.

5.1 Segment results of operations

The segment information provided to the Executive Management for the reportable segments for the year ended 30 September 2013 is as follows:-

Year ended 30 September 2013	Retail Banking $'000	Corporate Banking $'000	Treasury & Investments Banking $'000	Trustee & Asset Management $'000	Group Functions $'000	Total $'000
Net interest income	447,570	393,779	320,936	3,081	787	1,166,153
Inter-segment net interest income	68,683	(35,331)	(33,352)	—	—	—
Net fee and commission income	113,270	14,749	40,680	187,221	1,165	357,085
Foreign exchange gains	37,941	(136)	28,007	278	2,802	68,892
Other income	7,687	9,488	184,237	3,985	127	205,524
Total Income	675,151	382,549	540,508	194,565	4,881	1,797,654
Loan impairment charges	(17,192)	(32,366)	31,315	—	—	(18,243)
Administrative expenses	(190,354)	(11,955)	(174,839)	(17,582)	(134,689)	(529,419)
Other operating expenses	(204,509)	(25,312)	(79,851)	(17,372)	(35,254)	(362,298)
Total Non-interest Expenses	(412,055)	(69,633)	(223,375)	(34,954)	(169,943)	(909,960)
Profit Before Taxation	263,096	312,916	317,133	159,611	(165,062)	887,694
Income tax expense	(2,001)	11	(96,010)	(39,703)	—	(137,703)
Profit For The Year	261,095	312,927	221,123	119,908	(165,062)	749,991
As at 30 September 2013						
Total Assets	6,493,673	7,183,364	27,569,780	412,124	325,205	41,984,146
Total Liabilities	12,291,119	6,357,915	16,421,646	119,540	18,070	35,208,290

5 Segment Analysis (continued)

5.1 Segment results of operations (continued)

Year ended 30 September 2012	Retail Banking $'000	Corporate Banking $'000	Treasury & Investments Banking $'000	Trustee & Asset Management $'000	Group Functions $'000	Total $'000
Net interest Income	370,689	344,455	381,871	3,388	—	1,100,403
Inter-segment net interest income	55,279	(22,717)	(32,562)	—	—	—
Net fee and commission income	91,865	10,808	17,507	146,849	1,086	268,115
Foreign exchange gains	30,578	524	28,528	1,774	2,696	64,100
Other income	7,862	142	837,051	7,176	141	852,372
Total Income	556,273	333,212	1,232,395	159,187	3,923	2,284,990
Loan impairment charges	(19,093)	(3,081)	(39,642)	—	—	(61,816)
Administrative expenses	(160,328)	(11,218)	(130,838)	(16,959)	(126,448)	(445,791)
Other operating expenses	(171,566)	(21,950)	(59,068)	(19,332)	(36,924)	(308,840)
Total Non-interest Expenses	(350,987)	(36,249)	(229,548)	(36,291)	(163,372)	(816,447)
Profit Before Taxation	205,286	296,963	1,002,847	122,896	(159,449)	1,468,543
Income tax expense	(148)	(7)	(48,472)	(30,571)	(190,527)	(269,725)
Profit For The Year	205,138	296,956	954,375	92,325	(349,976)	1,198,818
As at 30 September 2012						
Total Assets	6,080,433	6,192,281	24,954,127	371,745	414,176	38,012,762
Total Liabilities	9,690,016	5,118,415	16,722,537	133,150	12,404	31,676,522

5.2 Reconciliation of segment results of operations to consolidated results of operations

Year ended 30 September 2013	Management Reporting $'000	Consolidation Adjustments $'000	Total Consolidated $'000
Net interest income	1,166,153	(8,330)	1,157,823
Non-interest income	631,501	(155,560)	475,941
Impairment losses	(18,243)	—	(18,243)
Non-interest expenses	(891,717)	7,006	(884,711)
Operating Profit	887,694	(156,884)	730,810
Share of profit of associates and joint ventures accounted for by the equity method	—	11,350	11,350
Income tax expense	(137,703)	2,083	(135,620)
Profit For The Year	749,991	(143,451)	606,540
As at 30 September 2013			
Total Assets	41,984,146	(5,719,020)	36,265,126
Total Liabilities	35,208,290	(5,126,974)	30,081,316

Year ended 30 September 2012	Management Reporting $'000	Consolidation and Adjustments $'000	Total Consolidated $'000
Net interest Income	1,100,403	(4,100)	1,096,303
Non interest income	1,184,587	(761,549)	423,038
Impairment losses	(61,816)	(4,969)	(66,785)
Non-interest expenses	(754,631)	2,083	(752,548)
Operating Profit	1,468,543	(768,535)	700,008
Share of profit of associates and joint ventures accounted for by the equity method	—	14,156	14,156
Income tax expense	(269,725)	1,953	(267,772)
Profit For The Year	1,198,818	(752,426)	446,392
As at 30 September 2012			
Total Assets	38,012,762	(3,979,524)	34,033,238
Total Liabilities	31,676,521	(3,392,338)	28,284,183

6 Cash And Due From Other Banks

	2013 $'000	2012 $'000
Cash and bank balances	1,078,313	939,631
Short-term investments	1,057,333	1,509,853
	2,135,646	2,449,484
Short-term investments:		
- Maturity within 3 months	902,631	1,144,463
- Maturity over 3 months	154,702	365,390
	1,057,333	1,509,853

The average effective interest rate on short-term bank deposits was 0.10% (2012: 0.10%); these deposits have an average maturity of 90 days (2012: 90 days).

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

	2013 $'000	2012 $'000
Cash and bank balances	1,078,313	939,631
Short-term investments – maturity within 3 months	902,631	1,144,463
Due to other banks	(71,815)	(63,251)
	1,909,129	2,020,843

7 Statutory Deposits With Central Banks

Under the provisions of Financial Institutions Act 2008 (Trinidad and Tobago), the Bank and its subsidiary (First Citizens Asset Management Limited) are required to maintain as a deposit with the Central Bank 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 2013, the current ratio was 17% for First Citizens Bank Limited and 9% for First Citizens Asset Management Limited. Under the provisions of the Act, it can be waived for a specified period of time and on such conditions as may be determined by the Central Bank. In 2006, the Central Bank introduced another compulsory deposit account, which amounted to $1,585.6 million as at year end (2012: $1,585.2 million) and carries an average interest rate of 0.31% (2012: 0.31%) per annum. Interest is to be paid semi-annually.

In Barbados, under the provisions of the Financial Institution Act, 1996-16, the Bank's subsidiary, First Citizens Bank (Barbados) Limited, is required to maintain as a deposit with the Central Bank of Barbados restricted cash balances. This balance represents a ratio of customers deposit balances (both domestic and foreign currency) held in such form and to such extent as the Minister, on advice of the Central Bank may prescribe from time to time. As at 30 September 2013, the ratio was 15% of total domestic customer deposit balances (comprising 10% government securities and 5% cash) plus 2% of total foreign customer deposit balances.

The Bank and its qualifying subsidiaries are in compliance with these requirements.

8 (a) Available-for-sale Financial Assets

	2013 $'000	2012 $'000
Securities of/or guaranteed by the Government of the Republic of Trinidad and Tobago	4,701,071	5,835,960
Listed investments	484,014	1,333,145
Unlisted investments	3,453,403	2,086,061
	8,638,488	9,255,166
Impairment allowance	(26,943)	(39,313)
	8,611,545	9,215,853
Debt Securities		
Listed	1,406,312	2,373,634
Unlisted	7,073,776	6,809,640
	8,480,088	9,183,274
Equity Securities		
Listed	124,075	25,228
Unlisted	7,382	7,351
	131,457	32,579
Total securities	8,611,545	9,215,853
Current portion	2,041,711	1,748,743
Non current portion	6,569,834	7,467,110
	8,611,545	9,215,853

Investment securities totalling $4,557 million (2012: $5,960 million) are pledged to secure the repurchase agreements (see Note 20). Interest rates on these repos range from 0.5% to 2.0% in 2013 (2012: 0.5% to 2.75%).

	2013 $'000	2012 $'000
Balance at beginning of the year	9,215,853	8,787,840
Exchange differences	1,073	15,263
Additions	7,321,697	6,555,040
Disposals	(7,943,366)	(6,546,350)
Reclassification to held to maturity	(73,408)	—
Impairment allowance	12,356	77,590
Net fair value gains	77,340	326,470
Balance at end of year	8,611,545	9,215,853
Fair value gains/(losses) based on:		
Quoted market prices	11,749	78,035
Other techniques	65,591	248,435
	77,340	326,470

The movement in the impairment allowance is as follows:

	2013 $'000	2012 $'000
Allowance at start of year	39,313	117,131
Exchange difference	3	36
Charge for the year	802	13,174
Accounts written off during the year	(13,175)	(91,028)
Allowance at the end of year	26,943	39,313

8 (b) Held to maturity

	2013 $'000	2012 $'000
Securities of/or guaranteed by the Government of the Republic of Trinidad and Tobago	551,758	521,518
Unlisted investments	943,533	855,650
Listed Investments	197,373	256,077
	1,692,664	1,633,245
Current portion	189,448	170,382
Non current portion	1,503,216	1,462,863
	1,692,664	1,633,245
Balance at beginning of the year	1,633,245	1,819,039
Exchange differences	3,641	4,427
Additions	142,899	33,967
Maturity/Redemption	(160,814)	(217,840)
Reclassification	73,408	—
Amortisation	285	(6,348)
Balance at end of year	1,692,664	1,633,245

8 (c) Fair value through profit and loss

	2013 $'000	2012 $'000
Equity securities:		
- Listed	368	2,690
At beginning of year	2,690	5,354
Additions	286	—
Disposals	(2,642)	(3,126)
Gains from changes in fair value	34	462
At end of year	368	2,690

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.

9 Loans To Customers

	2013	2012
Performing loans	11,333,604	10,126,304
Non-performing loans	502,666	483,834
	11,836,270	10,610,138
Allowance for loan losses	(319,348)	(288,473)
	11,516,922	10,321,665
Loans analysed by sector		
Consumer	1,992,049	1,502,442
Agriculture	12,386	2,795
Petroleum	5,865	7,128
Manufacturing	153,887	111,995
Construction	3,545,804	3,257,154
Distribution	205,506	181,621
Hotels and guest houses	618,400	352,003
Transport, storage and communications	850,610	369,767
Finance, insurance and real estate	906,198	864,851
Other business services	735,794	606,942
Personal services	13,741	12,953
Real estate mortgage	2,796,030	3,340,487
	11,836,270	10,610,138
Current portion	5,092,814	3,570,160
Non current portion	6,424,108	6,751,505
	11,516,922	10,321,665

Allowance For Loan Losses

	2013 $'000	2012 $'000
Allowance at start of year	288,473	225,486
Exchange difference	110	—
Charge based on acquisition	—	24,827
Charge for the year	41,936	40,555
Loans written off during the year	(11,171)	(2,395)
Allowance at the end of year	319,348	288,473

Impairment Loss On Loans Net Of Recoveries

	2013 $'000	2012 $'000
Charge for the year	41,936	40,555
Amounts recovered during the year	(6,769)	(2,633)
	35,167	37,922

10 Other Loans And Receivables

	2013 $'000	2012 $'000
Corporate	1,559,051	1,735,591
Individuals	29,817	42,719
Total other loans and receivables	1,588,868	1,778,310
Impairment allowance	(5,129)	(62,331)
	1,583,739	1,715,979
Current portion	795,582	1,235,693
Non current portion	788,157	480,286
	1,583,739	1,715,979
Balance at beginning of the year	1,715,979	1,836,619
Exchange differences	839	5,652
Net disposals	(150,994)	(96,820)
Net movement in allowance	17,915	(29,472)
Balance at end of year	1,583,739	1,715,979

The movement in the impairment allowance is as follows:

	2013 $'000	2012 $'000
Allowance at start of year	62,331	33,420
Exchange differences	218	100
(Recovery)/charge for the year	(39,453)	51,384
Written off during the year	(17,967)	(22,573)
Allowance at the end of year	5,129	62,331

11 Loan Notes

	2013 $'000	2012 $'000
The loan notes due to the Group comprise the following:		
(i) Taurus Services Limited	616,370	684,856
(ii) First Citizens Holdings Limited (Holdings)	46,927	52,141
(iii) Notes receivable from Central Bank of Trinidad and Tobago	1,872,683	1,870,628
	2,535,980	2,607,625

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

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

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

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

The terms of this new agreement are as follows:

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

To date, these notes have been serviced in accordance with the new agreement. These notes are not transferable. On 8 November 2007, the Group was informed of the GORTT's intention to early repay these notes. To date, there have been no further developments.

(ii) This represents the balance on a loan note issued by Holdings as consideration for $40 million redeemable preference shares in the Bank and a non-interest bearing note in the amount of $58 million issued by the Bank. The original terms of the note were as follows:

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

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

The terms of this new agreement are as follows:

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

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

(iii) This balance represents four pro-notes due from the Central Bank of Trinidad and 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$ 972.4 million (2012: $970.8 million) are at 1.50% (2012: 2.20%). The other two totalling US$141.8 million (2012: $137.2 million) are at 1.10% (2012: 1.20%). These notes have a tenor of one year (1) with effect from January 2013. Principal and interest are payable on maturity, with an option to roll-over the principal on a monthly basis.

12 Finance Leases

	2013 $'000	2012 $'000
Gross lease receivable	1,673	4,314
Unearned finance charges	(126)	(423)
Net investment in finance leases	1,547	3,891
The gross investment in finance lease receivable is analysed as follows:		
- Up to one year	1,302	2,525
- One year to five years	371	1,789
	1,673	4,314
The net investment in finance leases may be analysed as follows:		
- Up to one year	1,231	2,308
- One year to five years	316	1,583
	1,547	3,891

13 Other Assets

	2013 $'000	2012 $'000
Prepayments	22,542	14,294
Accounts receivable	146,805	102,528
Accrued interest	200,597	189,132
Receivable from GORTT	27,331	207,292
Claims to be made to GORTT	—	65,071
	397,275	578,317

The receivable from the GORTT represents amounts due 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 2013, the GORTT has paid $538.0 million to the Bank in relation to the claims made to date and the Bank has outstanding claims of $27.3 million due from the GORTT. This is expected to be paid during the first quarter of 2014 with interest accruing at 2% per annum.

14 Investment In Joint Ventures

	2013 $'000	2012 $'000
a) Infolink Services Limited (ISL)	20,651	18,067
b) Trinidad & Tobago Interbank Payment System Limited (TTIPS)	827	786
	21,478	18,853

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 Inter-bank Payment System Limited whose principal activity is operation of an automatic clearings house.

Name	Country of Incorporation	Assets $'000	Liabilities $'000	Revenues $'000	Profits $'000	% Interest Held
2013						
ISL	Trinidad & Tobago	84,881	2,279	29,788	14,032	25
TTIPS	Trinidad & Tobago	6,069	266	3,579	292	14.29
2012						
ISL	Trinidad & Tobago	74,657	2,389	20,233	10,381	25
TTIPS	Trinidad & Tobago	5,840	329	2,546	895	14.29

15 Investment In Associate

	2013 $'000	2012 $'000
Beginning of the year	116,555	112,852
Share of reserve movement	184	178
Share of profit after tax	8,725	11,433
Exchange differences	(4)	364
Dividend received from associate	(8,059)	(8,272)
At end of year	117,401	116,555

The investment in associate at 30 September 2013 includes goodwill of $4.6 million (2012: $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 $'000	% Interest Held
2013						
St. Lucia Electricity Services Limited	St. Lucia	1,369,742	755,401	725,484	45,655	19.11
2012						
St. Lucia Electricity Services Limited	St. Lucia	1,349,740	739,824	810,863	59,826	19.11

The fair value of the investment in associate at 30 September 2013 is $132.6 million (2012: $131.6 million).

16 Property, Plant And Equipment

	Freehold Premises $'000	Leasehold Premises $'000	Motor Vehicles & Equipment $000	Work in Progress $'000	Total $'000
Year ended 30 September 2013					
Opening net book amount	289,999	53,763	94,199	8,145	446,106
Additions	1,982	2,259	43,702	20,845	68,788
Disposals	—	—	(588)	—	(588)
Revaluation surplus	1,125	—	—	—	1,125
Depreciation charge	(3,331)	(9,099)	(46,383)	—	(58,813)
Closing net book amount	289,775	46,923	90,930	28,990	456,618
At 30 September 2013					
Cost/valuation	299,888	118,257	567,604	28,990	1,014,739
Accumulated depreciation	(10,113)	(71,334)	(476,674)	—	(558,121)
Net book amount	289,775	46,923	90,930	28,990	456,618
Year ended 30 September 2012					
Opening net book amount	284,250	43,148	87,387	7,707	442,492
Additions	90	19,999	56,719	438	77,246
Disposals	(4,687)	(42)	(528)	—	(5,257)
Revaluation surplus	14,043	—	—	—	14,043
Depreciation charge	(3,697)	(9,342)	(49,379)	—	(62,418)
Closing net book amount	289,999	53,763	94,199	8,145	446,106
At 30 September 2012					
Cost/valuation	296,781	115,998	524,490	8,145	945,414
Accumulated depreciation	(6,782)	(62,235)	(430,291)	—	(499,308)
Net book amount	289,999	53,763	94,199	8,145	446,106
At 30 September 2011					
Cost/valuation	288,515	82,361	422,599	7,707	801,182
Accumulated depreciation	(4,265)	(39,213)	(335,212)	—	(378,690)
Net book amount	284,250	43,148	87,387	7,707	422,492

16 Property, Plant And Equipment (continued)

As at September 30 2013, the Group's freehold premises were stated at revalued amounts determined by management. Valuations were made on the basis of open market value. Open market values are determined by considering the current market conditions. Changes in fair value are recorded in the Statement of Comprehensive Income.

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

	2013 $'000	2012 $'000
Cost	210,129	208,147
Accumulated depreciation	(74,651)	(71,320)
Net book amount	135,478	136,827

17 Intangible Assets

	Goodwill $'000	Other Intangible Assets $'000	Total $'000
As at 30 September 2013			
Acquisition cost	174,836	36,284	211,120
Accumulated amortisation and impairment	—	—	—
Net book amount	174,836	36,284	211,120
Period ended 30 September 2013			
Opening net book amount	174,836	36,284	211,120
Additions	—	—	—
Amortisation charge	—	—	—
Closing net book amount	174,836	36,284	211,120
As at 30 September 2012			
Acquisition cost	174,836	36,284	211,120
Accumulated amortisation and impairment	—	—	—
Net book amount	174,836	36,284	211,120
Year ended 30 September 2012			
Opening net book amount	156,886	849	157,735
Reclassification of stockbroker's licence	17,950	35,435	53,385
Amortisation charge	—	—	—
Closing net book amount	174,836	36,284	211,120

Goodwill is reviewed annually for impairment, or more frequently when there are indicators that impairment may have occurred. There was no impairment identified in 2013 (2012: nil).

The goodwill and other intangible assets acquired during 2012 were in relation to the acquisition of First Citizens Bank (Barbados) Limited (previously known as Butterfield Bank (Barbados) Limited) (see Note 40).

18 Retirement Benefit Asset

	2013 $'000	2012 $'000
The amount recognised in the consolidated statement of financial position is derived as follows:		
Pension plan assets at fair value	1,137,092	1,041,981
Present value of defined benefit obligation	(1,156,854)	(1,091,777)
Value of deficit	(19,762)	(49,796)
Unrecognised actuarial gains	199,255	278,455
Retirement benefit asset	179,493	228,659
The amounts recognised in the consolidated income statement are as follows:		
Expected return on plan assets	66,072	65,719
Interest cost	(59,467)	(53,124)
Current service cost	(54,089)	(41,706)
Net actuarial gain recognised in year	(11,438)	(6,418)
Net pension expenses	(58,922)	(35,529)
Movement in the asset recognised in the consolidated statement of financial position is as follows:		
At beginning of year	228,659	254,186
Net pension expenses	(58,922)	(35,529)
Company's contributions paid	9,756	10,002
At end of year	179,493	228,659
The movement in the defined benefit obligation over the year is as follows:		
Beginning of year	1,091,777	861,425
Current service cost	54,089	41,706
Interest cost	59,467	53,124
Members' contributions	9,638	9,635
Actuarial (gain)/loss	(35,734)	150,056
Benefits paid	(21,418)	(23,236)
Expense allowance	(965)	(933)
End of year	1,156,854	1,091,777

18 Retirement Benefit Asset (continued)

The movement in the fair value of the plan assets for the year is as follows:

	2013 $'000	2012 $'000
Beginning of year	1,041,981	927,845
Expected return on plan assets	66,072	65,719
Actuarial (gain)/loss	32,028	52,949
Company's contributions	9,756	10,002
Members' contributions	9,638	9,635
Benefits paid	(21,418)	(23,236)
Expense allowance	(965)	(933)
End of year	1,137,092	1,041,981

The major actuarial assumptions are:

	2013	2012
Discount rate:		
Active members and deferred pensioners	5.00%	5.50%
Expected return on plan assets	6.35%	6.35%
Salary increases	5.50%	6.00%
Pension increases	2.00%	2.00%

The actual return on plan assets was $98.1 million (2012 – $118.7 million).

Retirement Benefit plan assets are comprised as follows:

	2013		2012	
	$'000	%	$'000	%
Equity securities	477,579	42	364,693	35
Debt securities	579,917	51	520,991	50
Other	79,596	7	156,297	15
	1,137,092	100	1,041,981	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 2013 are $8.9 million (2012: $7.5 million).

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

At 30 September	2013 $'000	2012 $'000	2011 $'000	2010 $'000	2009 $'000
Present value of defined benefit obligation	(1,156,854)	(1,091,777)	(861,425)	(717,507)	(543,217)
Fair Value of plan assets	1,137,092	1,041,981	927,845	818,971	771,629
(Deficit)/surplus in the plan	(19,762)	(49,796)	66,420	101,464	228,412
Experience (gain)/loss on plan liabilities	(35,734)	150,056	61,910	108,283	57,258
Experience gain/(loss) on plan assets	32,028	52,949	44,593	(16,987)	(62,293)

19 Customers' Deposits

Deposits are analysed by sector as follows:

	2013 $'000	2012 $'000
Public institutions	8,445,734	6,864,398
Private institutions	6,608,842	6,417,757
Consumers	5,945,805	5,612,430
	21,000,381	18,894,585
Current portion	20,397,338	18,073,885
Non current portion	603,043	820,700
	21,000,381	18,894,585

Deposits due to customers only include financial instruments classified as liabilities at amortised cost. Deposits amounting to $3.8 billion (2012: $3.7 billion) are at fixed rates. All other deposits amounting to $17.2 billion (2012: $15.2 billion) are at variable rates.

As at year end, the unprocessed CIB deposit liabilities held was $22.2 million (2012: $21.9 million).

20 Other Funding Instruments

Loan participation	14,651	17,314
Repurchase agreements	4,556,635	5,959,602
Funds under management	61,537	61,931
	4,632,823	6,038,847

Other funding instruments are analysed by sector as follows:

Public institutions	1,938,848	2,591,160
Private institutions	1,567,486	2,263,161
Consumers	1,126,489	1,184,527
	4,632,823	6,038,847
Current portion	4,385,543	5,811,794
Non-current portion	247,280	227,053
	4,632,823	6,038,847

Interest rates on these repos range from 0.5% to 2.0% in 2013 (2012: 0.5% to 2.75%).

21 Creditors and Accrued Expenses

	2013 $'000	2012 $'000
Other liabilities	217,304	239,687
Interest payable	56,611	57,607
Due to GORTT	124,400	—
Funds payable to bondholders	92,147	110,930
	490,462	408,224

The amount due to GORTT relates to what is owed by the Bank with respect to payments made on claims which were subsequently recovered pursuant to Liquidity Support Agreement outlined in note 3.1.4d.

22 Bonds Payable

(i) Fixed Rate Bond TTD$500 million	500,000	500,000
(ii) Fixed Rate Bond TTD$500 million	406,550	406,550
(iii) Fixed Rate Bond TTD$500 million	500,000	500,000
(iv) First Citizens (St. Lucia) Limited USD$175 million bond	1,045,016	1,041,808
	2,451,566	2,448,358
Current portion	500,000	—
Non current portion	1,951,566	2,448,358
	2,451,566	2,448,358

(i) TTD Fixed Rate Bond – In August 2008, this bond for $500 million was issued. 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.

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

(iii) TTD Fixed Rate Bond – In August 2009, this bond for $500 million was issued. 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.

(iv) USD$175 million Fixed Rate Bond - In February 2011, this bond was issued on the international financial market through a private placement, of which a related party purchased $21.60 million. This bond is unsecured and carries a fixed rate of interest of 4.903% with a tenor of five (5) years. Interest is payable semi-annually in arrears. The principal outstanding will be paid at maturity.

23 Deferred Income Tax

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 25% for Trinidad and Tobago and 33.3% for St. Lucia (2012: 25% and 33.3%).

	2013 $'000	2012 $'000
The movement on the deferred income tax account is as follows:		
At beginning of year	(313,122)	(51,434)
Impact of revaluation adjustments recorded directly to shareholders' equity:		
- Revaluation on available-for-sale financial assets	(7,204)	(84,291)
- Revaluation on held to maturity	1,064	—
- Revaluation on property, plant and equipment	(281)	(3,753)
- Tax on business combination	—	(15,167)
Credit to consolidated statement of income (note 34)	1,608	(158,477)
At end of year	(317,935)	(313,122)

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

	Balance at 1.10.12 $'000	(Charge)/credit to income statement $'000	(Charge)/credit to other comprehensive income $'000	Balance at 30.09.13 $'000
Deferred income tax assets				
Tax losses carried forward	1,884	(364)	—	1,520
Impairment loss on available for sale financial assets	11,637	(11,637)	—	—
Provisions	149	(149)	—	—
Fair value adjustments on business combination				
- Financial assets held to maturity	563	(795)	—	((232)
Fair value measurement of assets through profit or loss	893	(640)	—	253
	15,126	(13,585)	—	1,541
Deferred income tax liabilities				
Retirement benefit asset	(57,162)	12,292	—	(44,870)
Fair value measurement of available-for-sale	(182,731)	—	(7,204)	(189,935)
Fair value measurement of held to maturity	(9,449)	—	1,064	(8,385)
Intangible asset recognised on business combination	(15,144)	2,877	—	(12,267)
Zero coupon instruments	(19,127)	(385)	—	(19,512)
Accelerated tax depreciation	(12,198)	(3,005)	—	(15,203)
Unrealised exchange and other gains	(2,721)	3,414	—	693
Revaluation gain on property, plant and equipment	(29,716)	—	(281)	(29,997)
	(328,248)	15,193	(6,421)	(319,476)
Net deferred income tax liability	(313,122)	1,608	(6,421)	(317,935)

23 Deferred Income Tax (continued)

	Balance at 1.10.11 $'000	(Charge)/credit to income statement $'000	(Charge)/credit to other comprehensive income $'000	Acquisition	Balance at 30.09.12 $'000
Deferred income tax assets					
Tax losses carried forward	172,692	(170,808)	—	—	1,884
Impairment loss on available-for-sale financial assets	15,936	(4,299)	—	—	11,637
Provisions	149	—	—	—	149
Fair value adjustments on business combination	—	—			
- Financial assets held to maturity	2,449	(1,886)	—	—	563
- Other funding instruments	602	(602)	—	—	—
Fair value measurement of assets through profit or loss	375	518	—	—	893
	192,203	(177,077)	—	—	15,126
Deferred income tax liabilities					
Retirement benefit asset	(63,544)	6,382	—	—	(57,162)
Fair value measurement of available-for-sale	(98,440)	—	(84,291)	—	(182,731)
Fair value measurement of held to maturity	(11,224)	1,775	—	—	(9,449)
Fair value measurement recognised on business combination	(774)	797	—	(15,167)	(15,144)
Zero coupon instruments	(25,830)	6,703	—	—	(19,127)
Accelerated tax depreciation	(14,445)	2,247	—	—	(12,198)
Unrealised exchange and other gains	(3,417)	696	—	—	(2,721)
Revaluation gain on property, plant and equipment	(25,963)	—	(3,753)	—	(29,716)
	(243,637)	18 600	(88,044)	(15,167)	(328,248)
Net deferred income tax liability	(51,434)	(158,477)	(88,044)	(15,167)	(313,122)

24 Notes Due To Parent Company

	2013 $'000	2012 $'000
First Citizens Holdings Limited	58,000	58,000

The amount due to Holdings is a non-interest bearing note with no specified maturity date, issued in part consideration for a note acquired from Holdings (see note 11 (ii)).

25 Share Capital

The total authorised number of shares are issued and fully paid. 20% of these shares are trading on the local stock exchange.

	2013 $'000	2012 $'000
251,353,562 ordinary shares of no par value	539,957	539,957
42,500,000 A preference shares of no par value	42,500	42,500
61,100,000 B preference shares of no par value	61,100	61,100
	643,557	643,557

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

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

26 Statutory Reserve

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

In accordance with the Financial Institutions Act 1996-16, the Bank's subsidiary, First Citizens Bank (Barbados) Limited, is required to transfer to a reserve fund a minimum of 25% of the net income for the year, wherever the amount of the reserve fund is less than the stated capital.

27 Interest Income

Loans to customers	824,615	689,090
Financial assets (available-for-sale, held to maturity and FVTPL)	637,346	670,648
Loan notes	109,163	132,700
	1,571,124	1,492,438

28 Interest Expense

Customers' deposits	99,653	58,482
Other funding instruments	153,793	168,783
Bonds payable	159,855	168,870
	413,301	396,135

29 Fees And Commissions

	2013 $'000	2012 $'000
Credit related fees	33,042	27,406
Transaction service fees/commissions	131,159	82,203
Portfolio and other management fees	189,832	157,468
	354,033	267,077

30 Foreign Exchange Gains

	2013 $'000	2012 $'000
Transaction gains less losses	74,898	46,703
Translation gains less losses	(6,024)	17,397
	68,874	64,100

31 Impairment Loss on Other Assets

	2013 $'000	2012 $'000
Transfer of reserve to income statement	—	13,347
Increase in provision for impairment	806	18,042
Directly written off/(write back) to income	(17,730)	(3,886)
Revaluation loss on land and buildings	—	1,360
	(16,924)	28,863

32 Administrative Expenses

	2013 $'000	2012 $'000
Wages and salaries	363,973	307,047
Pension expenses/(income) (note 18)	58,922	35,529
Other administrative expenses	45,273	40,758
Depreciation	58,813	62,418
	526,981	445,752

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

	2013		2012	
	Employees	%	Employees	%
First Citizens Bank Limited	1,400	83	1,345	82
Subsidiaries	284	17	295	18
	1,684	100	1,640	100

33 Other Operating Expenses

	2013 $'000	2012 $'000
Property expenses	64,395	41,630
Technical and professional	28,159	30,942
Advertising expenses	21,344	23,350
Hardware and software maintenance	27,201	23,841
Deposit insurance (see below)	30,218	25,545
Operating expenses	186,413	161,488
	357,730	306,796

The Central Bank and Financial Institutions (Non-Banking) (Amendment) Act, 1986 of Trinidad & Tobago established a Deposit Insurance Fund for the protection of depositors. By the Central Bank (Deposit Insurance) Order 1986, dated 17 September 1986, an annual premium of 0.2% of the average deposit liabilities outstanding as at the end of each quarter of the preceding year is levied.

The Barbados Deposit Insurance Corporation (BDIC), established under the Deposit Insurance Act-29 of 2006, came into operation on June 8, 2007. The deposit insurance initial contribution and premium was set at 0.05% of the insurable deposits held by the member during the calendar year preceding the calendar year for which the premium is payable.

34 Taxation

	2013	2012
Current tax (including prior year under/over provision)	137,229	109,295
Deferred tax (Note 23)	(1,609)	158,477
	135,620	267,772

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

	2013	2012
Profit before taxation	742,160	714,164
Tax calculated at 25%	185,540	178,541
Income exempt from tax	(95,025)	(71,062)
Expenses not deductible for tax purposes	43,976	19,686
Recognition of previously unrecognised tax losses	—	26,384
Prior year under provision	8,111	128,092
Effects of different tax rates in other countries (i)	(6,982)	(13,869)
	135,620	267,772

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

The Group is subject to income tax in various jurisdictions. Management's judgment is required in determining provisions for income taxes and there are many transactions and calculations for which the ultimate tax determination is uncertain. When appropriate, particularly where the ultimate tax determination is uncertain, management also obtains opinions or advice from leading tax advisors and regularly reassesses its strategy in relation to such exposures.

From 2004, the Bank began entering into swap instruments to manage its foreign exchange exposure arising from the Bank's USD notes. One of these instruments matured in February 2011 requiring a bullet principal payment at maturity. While judgment is required in determining the provision for income taxes and deferred income taxes on these instruments, management believes that its treatment has been appropriate in the financial disclosures for all relevant tax years based on the tax strategy adopted at the time of their preparation.

34 Taxation (continued)

While management maintains its position regarding the tax benefits available from these derivative instruments, management re-assessed its tax strategy in relation to the pursuit of tax benefits to be derived from these instruments. This change in strategy, which was done after careful evaluation of all relevant factors and in consultation with our tax advisors, but prior to the filing of its 2011 corporation tax return, resulted in a difference between the tax liability as per the tax return for 2011 and the estimate of the tax provision recognised in the financial statements for the year ended 30 September 2011 as well as changes to the deferred income tax estimates. This change in estimate, amounting to an additional tax charge of $128.3 million, was recognised in the income statement for the year ended 30 September 2012 in accordance with the relevant International Financial Reporting Standards. Had the impact of this change been recorded in the respective year of income rather than the current period in which the determination was made, the profit after taxation and the effective tax rate for the years ended 30 September 2012 would have been as follows:

	2012 $'000
Profit Before taxation	714,164
Taxation	(139,476)
Profit After Taxation	574,688
Effective Tax Rate	19.53%

35 Dividends

	2013 $'000	2012 $'000
Ordinary dividend paid	193,542	104,016
Preference dividend paid	2,922	2,922
	196,464	106,938

36 Related Party Transactions

(a) Directors and key management personnel

Salaries and other short-term employee benefits	34,817	30,626
Loans and receivables	13,980	5,457
Interest income	597	245
Customers' deposit	4,849	3,955
Interest expense	104	33
Other funding instruments	1,470	1,448
Interest expense - Other funding instruments	134	36

(b) Transactions with associate

	2013 $'000	2012 $'000
Loans and receivables	87,321	103,192
Interest income	6,781	8,376

(c) Transactions with parent

Customers' deposits	2,079	1,745
Long term notes (Note 24)	58,000	58,000
Loan note (Note 11)	46,927	52,141
Interest income on loan notes	5,846	6,464
Due to parent company	1,045,693	—

The amount due to parent company represents the net proceeds due to holdings resulting from the disposal of 20% of its ordinary shares.

(d) Government of the Republic of Trinidad and Tobago

As stated in note 1, on the formation of the Bank it was agreed that the assets and liabilities of the predecessor financial institutions would be transferred to the Bank and the non-performing portfolio sold to a liquidating company in consideration for an equivalent amount of Government-guaranteed notes and commercial paper. In 2009, the Bank entered into a Liquidity Support Agreement with GORTT and the Central Bank in relation to the acquisition of the shares of Caribbean Money Market Brokers Limited, now First Citizens Investment Services Limited which provided indemnification of the Bank against certain losses. In addition, the Central Bank agreed to put specific liquidity arrangements in place by way of pro notes to facilitate CIB fixed deposits transferred to the Bank in 2009.

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

Assets		
Loan notes with Taurus Services Limited (note 11 (i))	616,370	684,856
Loan note from Central Bank (note 11 (iii))	1,872,683	1,870,628
Due from GORTT (note 13)	27,331	272,363
Liabilities		
Due to GORTT (note 21)	124,400	—
Interest Income		
Loan notes with Taurus Services Limited	76,784	84,897
Loan note with the Central Bank	26,535	33,522

36 Related Party Transactions (continued)

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

In addition to the balances in (c) 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:

	2013 $'000	2012 $'000
Loans and receivables	3,168,788	2,314,500
Interest income	158,439	173,587
Customers' deposits	8,445,724	6,864,398
Interest expense	26,521	20,469
Financial assets available-for-sale	4,701,071	5,945,215
Investment income	288,767	321,763
Other funding instruments	1,938,858	2,591,160
Interest expense	63,095	166,251

37 Commitments

(i) Capital commitments

	2013 $'000	2012 $'000
Capital expenditure approved by the Directors but not provided for in these accounts	17,955	12,595

(ii) Credit commitments

	2013 $'000	2012 $'000
Commitments for loans approved not yet disbursed	973,522	993,674

38 Contingent Liabilities

(a) Litigation

The Group is involved in claims and counterclaims arising from the conduct of its business. Based on the facts now known to the Group, the Directors believe that the outcome of these matters would not have a material adverse effect on the position of the Group.

(b) Customers' liability under acceptances, guarantees and letters of credit

These represent the Group's potential liability, for which there are claims against its customer in the event of a call on these commitments.

	2013 $'000	2012 $'000
Acceptances	1,546	813
Guarantees	193,989	169,723
Letters of credit	19,397	15,089
	214,932	185,625

39 Lease Rentals

The Group leased certain premises under non-cancellable operating leases expiring in various years up to 2026. The leases contain renewal options from five to twenty-five years. Rental expense incurred under lease agreements amount to $22.5 million for the year 2013 (2012: $22.5 million).

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

- Up to one year	24,751	21,658
- One year to five years	45,001	16,190
- Over five years	45,569	11,819
	115,321	49,667

40 Business Combination

Effective 27 August 2012, the Bank acquired control of the First Citizens Bank (Barbados) Limited (FCBBL) formerly Butterfield Bank (Barbados) Limited. The acquired business contributed revenues of $88.0 million and net profit of $6.8 million to the Group for the period ending September 2013. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiary to reflect the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 27 August 2012, together with the consequential tax effects.

Details of net assets acquired and goodwill are as follows:

	$'000
- Purchase consideration	283,293
- Fair value of net assets acquired	265,343
Goodwill	17,950

The goodwill is attributable to the acquired customer base and economies of scale expected from combining the operations of the group.

40 Business Combination (continued)

The fair value of the assets and liabilities as of 27 August 2012 arising from the acquisition are as follows:

	Fair value $'000
Cash and cash equivalents	199,514
Property, plant and equipment	20,435
Intangibles - customers	35,435
Investment securities:	
Loans and receivables	439,396
Loans and advances to customers	1,172,684
Other assets	21,575
Customers' deposits	(1,586,267)
Creditors and accruals	(21,990)
Deferred tax liability	(15,439)
Fair value of net assets acquired	265,343
Total purchase consideration	
Purchase consideration settled in cash	283,293
Cash and cash equivalents in subsidiary acquired	(199,514)
Cash outflow on acquisition	83,779

41 Subsequent events

On 9 December 2013, the Board of Directors disclosed a dividend payment of $1.09 per share payable to shareholders.

Celebrating our Milestones

Since the merger, there has been steady progress and achievement of numerous regional and international awards, including being named the Safest Bank in the English-speaking Caribbean by Global Finance Magazine.

Our asset base now stands in excess of $36 billion and, most significantly, we have given the wider public an opportunity to share in our success through the Group's Initial Public Offering – one of the largest offerings in the history of Trinidad & Tobago.

Below, we share the milestones leading to this Platinum year.

1994 - 1998

- Standard & Poor's Rating Service – affirmation of its counter-party credit rating and CD rating of 'BBB+/A-2'
- First local bank to issue an international VISA Gold Credit Card
- First Citizens introduced MIDAS, the first online, real-time cash-management system for companies and statutory bodies. This service was upgraded in 2002
- Official signing of the First Citizens Customer Service Creed at the Bank's 1st Staff Convention

1999 - 2003

- First bank in the English-speaking Caribbean to launch an Internet Banking Service
- First Citizens Corporate Centre was officially opened. The building is a landmark of the Group's physical landscape
- Voted *Bank of the Year,* Latin Finance
- Rated First in Soundness by Banker Magazine
- First and only local bank to be accepted into International Finance Corporation's B-Loan programme

2004 - 2008

- Voted the fastest growing bank in Trinidad & Tobago and third largest overall
- Received highest rating for an English-speaking Caribbean Bank from Moody's Investors Service Incorporated
  - First Citizens (St. Lucia) US$ bond rating – Baa1
  - First Citizens Bank Credit Rating – A1 (on local currency)
- The Bank successfully floated a US$100m bond. This was a milestone achievement as we were the first indigenous financial institution to directly access the international capital markets
- First Citizens accepted stewardship of the Sports Foundation from West Indian Tobacco Company (WITCO), who established the foundation in 1962
- The Group undertook a major rebranding exercise with a new logo which meant "The coming together of customer needs and our strengths, moving upwards towards success". The weaving of the multi coloured arches accommodates the desire to showcase co-operation and embrace different solutions and client capabilities. Our new logo was included in LogoLounge III issued in New York which identifies the best new logos designed in 2005, judged by an elite group of name brand designers
- Opened the Bank's first Financial Centre – Movie Towne, which concentrated on high-end services rather than day-to-day retail services
- The Banker chose First Citizens as *Bank of the Year*
- Highest international credit ratings for an indigenous bank from Standard & Poor's and Moody's Investor Services Inc.

First Citizens

CELEBRATING 20 YEARS

2009 - 2013

- The Bank has shrunk its non-performing loans to 0.8%, the lowest in the sector (2% is the industry norm)
- The Bank launched the First Citizens Story in the form of a book entitled *On Becoming First.* The book is an achievement of what can be described as sterling reviews from individuals representing key sectors of the society. The then CEO, Larry Howai, wrote in the foreword that "The story you are about to read began with the dreams of a few and the determination, vision and drive of many..."
- First Citizens launched its newly enhanced internet Banking System. This included a change in the Bank's website address and all e-mail addresses
- The Canaan Branch in Tobago was officially opened
- Our sister isle acquired its third Branch – the Roxborough Branch at The Courtyard, Windward Main Road, Roxborough
- The official opening of the Gulf View Branch
- Larry Howai, former Chief Executive Officer, affixed his signature to document the transfer of CMMB shares from the CL Financial Group to First Citizens. This meant that CMMB was now a wholly owned subsidiary of First Citizens Bank Limited. With the acquisition of CMMB, the asset base of the First Citizens Group then stood at TT$24 billion
- The Banker Magazine bestowed the title of *Bank of the Year* 2009
- The Bank attained the title of *Bank of the Year* 2009 from Latin Finance
- World Finance *Best Bank Trinidad & Tobago* in 2009 and 2010
- The First Citizens Mobile Banking service was formally launched. This service enables customers to safely and securely manage their accounts anywhere at any time from the "palm of their hands". The Group was the first to offer this service to customers
- Global Finance – listed us as the *Safest Bank in the Caribbean*
- One Woodbrook Place opened for its first day of business
- First Citizens Asset Management (FCAM) attained TT$10 billion dollars in funds under management
- Our Penal Branch was the newest addition to our Branch network, bringing the total number of local retail branches to 26
- First Citizens signed an agreement to acquire Butterfield Bank (Barbados) Limited. Customer Day marked the opening of branches at Big B, Somerly, JB, Collymore Rock and Broad Street
- The Group ventured into the Central American market and opened our first representative office in Costa Rica
- Euromoney *Award for Excellence* 2013
- First Citizens Bank Limited Initial Public Offering – 48,495,665 Ordinary shares – August. The first of its kind in Trinidad & Tobago since 1999
- The Bank's celebrated its 20th Anniversary

First Citizens

CELEBRATING
20
YEARS

Annual Report 2013