



**First Citizens Portfolio and Investment Management Services Limited
(A Subsidiary of First Citizens Investment Services Limited)**

Financial Statements

30 September 2023

(Expressed in Trinidad and Tobago Dollars)

First Citizens Portfolio and Investment Management Services Limited

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First Citizens Portfolio and Investment Management Services Limited

Statement of Management's Responsibilities

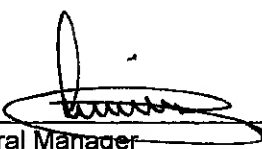
Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of First Citizens Portfolio and Investment Management Services Limited which comprise the statement of financial position as at 30 September 2023 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud, and the achievement of Company operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.


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

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

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



General Manager
21 November 2023



Head of Finance
21 November 2023



Independent auditor's report

To the shareholder of
First Citizens Portfolio and Investment Management Services Limited

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of First Citizens Portfolio and Investment Management Services Limited (the Company) as at 30 September 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 30 September 2023;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

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

Other information

Management is responsible for the other information. The other information comprises the First Citizens Investment Services Limited (FCIS) Prospectus for the offer of Repurchase Agreements (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

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

Other information (continued)

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

When we read the FCIS Prospectus for the offer of Repurchase Agreements, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

The logo for PricewaterhouseCoopers, featuring the company name in a stylized, cursive blue font.

Port of Spain
Trinidad, West Indies
21 November 2023

First Citizens Portfolio and Investment Management Services Limited

Statement of Financial Position

(Expressed in Trinidad and Tobago Dollars)


		As at 30 September	
	Notes	2023 \$	2022 \$
Assets			
Cash and due from banks	5	72,322,570	90,059,061
Intangible asset	6	2,742,113	2,342,287
Property, plant and equipment	7	3,100	12,574
Other assets	8	37,862,366	11,736,376
Deferred tax asset	9	10,125	10,125
Tax recoverable		<u>2,255,792</u>	<u>2,256,918</u>
Total assets		<u><u>115,196,066</u></u>	<u><u>106,417,341</u></u>
Liabilities			
Creditors and accrued expenses	10	3,279,331	1,959,856
Tax payable		5,016,376	4,688,018
Deferred tax liability	9	<u>4,225</u>	<u>2,477</u>
Total liabilities		<u><u>8,299,932</u></u>	<u><u>6,650,351</u></u>
Capital and reserve attributable to the company's equity holders			
Share capital	11	5,594,000	5,594,000
Retained earnings		<u>101,302,134</u>	<u>94,172,990</u>
Total shareholder's equity		<u><u>106,896,134</u></u>	<u><u>99,766,990</u></u>
Total equity and liabilities		<u><u>115,196,066</u></u>	<u><u>106,417,341</u></u>

The notes on pages 9 to 38 are an integral part of these financial statements.

On 21 November 2023, the Board of Directors of First Citizens Portfolio and Investment Management Services Limited authorised these financial statements for issue.



Director



Director

First Citizens Portfolio and Investment Management Services Limited

Statement of Comprehensive Income

(Expressed in Trinidad and Tobago Dollars)

		Year ended 30 September	
	Notes	2023 \$	2022 \$
Fee income	12	66,504,719	76,428,281
Interest income		758,664	328,014
Foreign exchange gain		--	7,692
Total net income		67,263,383	76,763,987
Impairment loss	13	(54,334)	(23,308)
Administrative expense	14	(4,076,670)	(3,889,516)
Other operating expense	15	(3,507,096)	(6,625,771)
Profit before taxation		59,625,283	66,225,392
Taxation	16	(18,246,324)	(19,949,539)
Profit for the year		41,378,959	46,275,853

The notes on pages 9 to 38 are an integral part of these financial statements.

First Citizens Portfolio and Investment Management Services Limited

Statement of Changes in Equity

(Expressed in Trinidad and Tobago Dollars)

	Share capital \$	Retained earnings \$	Total equity \$
Balance as at 1 October 2022	5,594,000	94,172,990	99,766,990
Comprehensive income			
Profit for the year	--	41,378,959	41,378,959
Other comprehensive income	--	--	--
Total comprehensive income	--	41,378,959	41,378,959
Transactions with owners			
Dividends paid (Note 17)	--	(34,249,815)	(34,249,815)
Balance at 30 September 2023	5,594,000	101,302,134	106,896,134
Balance as at 1 October 2021	5,594,000	89,808,354	95,402,354
Comprehensive income			
Profit for the year	--	46,275,853	46,275,853
Other comprehensive income	--	--	--
Total comprehensive income	--	46,275,853	46,275,853
Transactions with owners			
Dividends paid (Note 17)	--	(41,911,217)	(41,911,217)
Balance at 30 September 2022	5,594,000	94,172,990	99,766,990

The notes on pages 9 to 38 are an integral part of these financial statements.

First Citizens Portfolio and Investment Management Services Limited

Statement of Cash Flows

(Expressed in Trinidad and Tobago Dollars)

	Note	Year ended 30 September	
		2023 \$	2022 \$
Cash flows from operating activities			
Profit before taxation		59,625,283	66,225,392
Adjustments to reconcile profit to net cash provided by operating activities:			
Interest income		(758,664)	(328,014)
Unrealised foreign exchange gain		--	(7,692)
Loss on disposal of property and equipment		6	8
Depreciation expense		9,474	11,017
Impairment loss		54,334	23,308
Net cash flow from operating activities before changes in operating assets & liabilities		58,930,433	65,924,019
Net change in other assets		(26,262,050)	(1,288,970)
Net change in creditors and accrued expenses		1,319,474	678,776
Cash generated from operations		33,987,857	65,313,825
Interest received		841,517	265,488
Tax paid		(17,916,218)	(22,457,917)
Net cash inflow from operating activities		16,913,156	43,121,396
Investing activities			
Purchase of intangible assets		(399,826)	(2,342,287)
Purchase of property, plant and equipment		(6)	(4)
Net cash outflow from investing activities		(399,832)	(2,342,291)
Financing activities			
Dividends paid		(34,249,815)	(41,911,217)
Net cash outflow from financing activities		(34,249,815)	(41,911,217)
Net decrease in cash and due from banks		(17,736,491)	(1,132,112)
At beginning of year		90,059,061	91,191,173
At end of year		72,322,570	90,059,061
Represented by:			
Cash and due from banks	5	72,322,570	69,657,466
Short-term investments - maturity within three months	5	--	20,401,595
		72,322,570	90,059,061

The notes on pages 9 to 38 are an integral part of these financial statements.

First Citizens Portfolio and Investment Management Services Limited

Notes to the Financial Statements

30 September 2023

(Expressed in Trinidad and Tobago Dollars)

1 General information

First Citizens Portfolio and Investment Management Services Limited (the “Company”) is incorporated in the Republic of Trinidad and Tobago and is engaged in the provision of financial management services as is authorised pursuant to its registration under Section 51 (1) of the Securities Act 2012 as a Broker Dealer. It was a wholly owned subsidiary of First Citizens Bank Limited (the Bank) until 31 August 2018.

The Company is a wholly owned subsidiary of First Citizens Investment Services Limited (FCIS), which is a subsidiary of First Citizens Bank Limited (the Bank). The Bank is wholly owned by First Citizens Group Financial Holdings Limited (FCGFH) which is listed on the Trinidad and Tobago Stock Exchange. The Government of the Republic of Trinidad and Tobago (GORTT) owns 60.1% of FCGFH and the remaining shares are publicly traded.

The Company’s registered office is 17 Wainwright Street, St. Clair, Port of Spain.

2 Summary of significant accounting policies

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

a. *Basis of preparation*

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

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

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

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

First Citizens Portfolio and Investment Management Services Limited

Notes to the Financial Statements (continued)

30 September 2023

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

a. Basis of preparation (continued)

(i) Standards, amendments and interpretations which are effective and have been adopted by the Company in the accounting period (continued)

- Amendments to IAS 37 – Onerous Contracts-Cost of fulfilling a contract (Effective 1 January 2022). The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).
- Amendment to IFRS 3 –Reference to the Conceptual Framework (Effective 1 January 2022). The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.
- Annual improvement to IFRS 9 (Effective 1 January 2022)- The amendment clarifies which fees an entity includes when it applies the ‘10 per cent’ test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.
- Annual improvement to IFRS 16 (effective 1 January 2022)- The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

The adoption of these standards did not result in any material impact on the Company’s financial statements.

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

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

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

First Citizens Portfolio and Investment Management Services Limited

Notes to the Financial Statements (continued)

30 September 2023

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

a Basis of preparation (continued)

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

- Amendments to IAS 8 - *Definition of Accounting Estimates* (Effective 1 January 2023). The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.
- Amendments to IAS 12 - *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (Effective 1 January 2023). The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.
- Amendments to IAS 1 - *Classification of Liabilities as Current or Non-Current* (Effective 1 January 2024). The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.
- Amendments to IAS 1 - *Non-current liabilities with covenants* (Effective 1 January 2024). These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
- Amendments to IFRS 16 - *Leases on sales and Leaseback* (Effective 1 January 2024). The amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
- IFRS S1 - *General requirements for disclosure of sustainability-related financial information* (Effective 1 January 2024). This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain.
- IFRS S2 - *Climate-related disclosures information* (Effective 1 January 2024). This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

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

First Citizens Portfolio and Investment Management Services Limited

Notes to the Financial Statements (continued)

30 September 2023

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

b. Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Trinidad and Tobago dollars, which is the Company's functional and presentation currency. The exchange rate between the TT dollar and the US dollar as at the date of these statements was TT\$ 6.6926 = US\$1.00 (Sept 2022: TT\$6.6926=US\$1.00). This rate represents the First Citizens Group mid-rate.

(ii) Transactions and balances

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

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

c. Financial assets and financial liabilities

(i) Financial assets

The Company classifies its financial assets in the following business model:

- Hold to collect

Based on these factors, the Company will classify its assets into the following measurement category:

Amortised cost

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

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

First Citizens Portfolio and Investment Management Services Limited

Notes to the Financial Statements (continued)

30 September 2023

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

c. Financial assets and financial liabilities (continued)

(i) Financial assets (continued)

Company's business model

The business model reflects how the Company measures the assets in order to generate cash flows. An assessment would be made at a portfolio level and includes an analysis of factors such as:

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

Arising out of the assessment of the portfolios, the Company would be deemed to have the following business models:

Hold to Collect
Fee income receivable
Cash
Due from related party
Short term financial assets- up to one (1) year)

Financial assets are classified on recognition based on the business model for managing the contractual cash flows.

Hold to collect

Where the business model is to hold assets to collect contractual cash flows, the Company assesses whether cash flows represent solely payment of principal and interest (SPPI). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement.

Impairment

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its assets carried at amortised cost. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

First Citizens Portfolio and Investment Management Services Limited

Notes to the Financial Statements (continued)

30 September 2023

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

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

(i) *Financial assets (continued)*

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(ii) *Financial liabilities*

(a) *Classification and subsequent measurement*

Financial liabilities are classified and measured at amortised cost.

(b) *Derecognition*

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

d. *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.

e. *Write-off*

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include:

- ceasing enforcement activity and
- where the Company's effort to dispose of repossessed collateral is such that there is no reasonable expectation of recovering in full.

f. *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the 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.

First Citizens Portfolio and Investment Management Services Limited

Notes to the Financial Statements (continued)

30 September 2023

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

g. *Income tax*

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

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

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

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

Deferred income tax assets 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.

h. *Cash and cash equivalents*

For purposes of the statement of cash flows, cash and due from banks comprise of deposits with banks and short-term highly liquid investments with original maturities of three months or less when purchased, that are readily redeemable to known amounts of cash and which are subject to an insignificant risk of changes in value.

i. *Interest income and expense*

Interest income and interest expense are recognised in the statement of comprehensive income for all interest bearing instruments on an accrual basis using the effective interest method based on the actual purchase price. Interest income includes coupons earned on fixed income investments and accrued discount and premium on treasury bills and other discounted instruments.

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

First Citizens Portfolio and Investment Management Services Limited

Notes to the Financial Statements (continued)

30 September 2023

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

i *Interest income and expense (continued)*

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 cash flows for the purpose of measuring the impairment loss.

j. *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.

k. *Provisions*

Provisions are recognised when the Company 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.

l. *Other debtors and prepayments*

Other debtors and prepayments consist of clients, staff advances, accrued interest, intangibles, prepayments and related parties. These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

m. *Property, plant and equipment*

Property, plant and equipment are stated at historical cost less depreciation.

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

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

Equipment is recorded at cost less accumulated depreciation.

Depreciation and amortisation are computed on all assets except land.

First Citizens Portfolio and Investment Management Services Limited

Notes to the Financial Statements (continued)

30 September 2023

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

m. *Property, plant and equipment (continued)*

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

Equipment and furniture	4-5 years
Computer equipment and motor vehicles	3-5 years

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

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

n. *Intangible assets*

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

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

(i) *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.

First Citizens Portfolio and Investment Management Services Limited

Notes to the Financial Statements (continued)

30 September 2023

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

n. *Intangible assets (continued)*

(ii) *Computer software*

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

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

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

o. *Employee benefits*

(i) *Pension Plan - First Citizens Bank defined benefit pension plan*

First Citizens Bank Limited 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 Bank, taking account of the recommendations of independent qualified actuaries.

The Bank's defined benefit plan operates as a plan which shares risks among subsidiaries of the Group which are under common control. The Bank's policy is to recognise the net defined benefit cost of the plan in the separate financial statements of First Citizens Bank Limited, the entity which is legally considered the sponsoring employer of the plan. The Bank recognises a cost equal to its contribution payable for its employees in its separate financial statements.

The liability or asset is recognised in the Bank's statement of financial position. In respect of the defined benefit pension plan, as at September 2023, the defined benefit pension plan asset represented the fair value of the plan's asset less the present value of the obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The Company's contribution to the plan amounted to TT\$366,021 (Sept 2022: TT\$357,546) (Note 14). These contributions were recharged by the Bank and settled through the intercompany.

(ii) *Profit sharing and bonus plans*

The Company recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the Company's profit before taxation. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation. Included in the Bank's profit sharing and bonus plan there is an employee stock option plan which is settled with the Bank through an intercompany recharge.

First Citizens Portfolio and Investment Management Services Limited

Notes to the Financial Statements (continued)

30 September 2023

(Expressed in Trinidad and Tobago Dollars)

2 Summary of significant accounting policies (continued)

p. *Payables and other liabilities*

Payables and other liabilities represent short term obligations to brokers, clients, business related expenses and related parties. These are short term in nature and settlement is expected within one year. Payables and other liabilities are recognised initially at fair value net of transaction costs, and subsequently measured at amortised costs.

q. *Fee and commission income*

IFRS 15 Revenue from Contracts with Customers. This standard provides a single, principles based five-step model to be applied to all contracts with customers.

IFRS15's core underlying principle is that an entity should recognise revenue in a manner that depicts the pattern of transfer of goods and services to customers. The performance obligations are very contract specific for the various services: wealth managed client accounts, private placements, portfolio management fees and commissions and mutual funds portfolio management.

Fees and commissions are recognised either at a point in time when the service has been provided or over time as the performance obligations are satisfied. 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 at a point in time 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 apportioned 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.

Fees and commissions related to the provision of investment management services are recognised monthly based on a fixed Service Level Agreement with its parent, First Citizens Investment Services Limited. The Service Level Agreement came into effect March 2018 for an initial period of two years. The Service Level Agreement has been since revised with an effective date 1 October 2022.

Revenue type	Allocate the transaction price to separate performance obligations	Recognise revenue when (or as) each performance obligation is satisfied	Timing of revenue recognition
Mutual Funds, Pension Fund & Client Portfolio	Revenue is recognised over time for the full completion of the scope of works to the contract	There is no separation of performance obligation	Completion of full service over time

r. *Fiduciary activities*

The Company 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 financial statements, as they are not assets of the Company (Note 19).

First Citizens Portfolio and Investment Management Services Limited

Notes to the Financial Statements (continued)

30 September 2023

(Expressed in Trinidad and Tobago Dollars)

3 Financial risk management

The Company'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 for its funds under management. The Company's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects for its funds under management and the financial performance of the company. The Company 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 of First Citizens (the Group) 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; and two Senior Management Committees – the Senior Manager Risk Committee and the Asset Liability Committee.

The Enterprise Risk Unit, headed by the Chief Risk Officer, is responsible for the management, measurement, monitoring and control of operational, market and credit risk for the Company through the Operational Risk Unit, Credit and Risk Administration Unit, Market Risk Unit and Business Continuity Planning Unit. The Enterprise Risk Unit reports into the Senior Management Risk Committee to allow monitoring of the adherence to risk limits and the impact of developments in the aforementioned risk areas on strategy and how strategy should be varied in light of the developments.

The Asset Liability Committee (ALCO) was established 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 Treasury and International Trade Centre. The Treasury and International Trade Centre's primary role and responsibility is to actively manage the Group's liquidity and market risks. The ALCO is also supported in some specific areas of activity by the Group's Market Risk Committee.

As part of its mandate, the Board establishes written principles for overall risk management, as well as ensuring that policies are in place covering specific areas of risk, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. In addition, the Company has an Investment Committee which provides oversight of the Committee's investment framework. The 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 Board of Directors of the FCIS Group has overall responsibility for the establishment and oversight of the FCIS Group's risk management framework. The Board of FCIS has also established a Risk Management Committee (RMC) which oversees the risk management function of the FCIS Group.

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

a. *Credit risk*

Credit risk is the risk of suffering financial loss, should any of the Company's customers, clients or market counterparties fail to fulfil their contractual obligations to the Company. Credit risk arises mainly from cash and due from banks and receivables from third parties and related parties, but can also arise from credit enhancement provided, financial guarantees, letters of credit, endorsements and acceptances.

First Citizens Portfolio and Investment Management Services Limited

Notes to the Financial Statements (continued)

30 September 2023

(Expressed in Trinidad and Tobago Dollars)

3 Financial risk management (continued)

a. Credit risk (continued)

Credit risk exposure relating to financial assets on the statement of financial position are as follows:

	2023 \$	2022 \$
Cash and due from banks	72,322,570	90,059,061
Other assets (Note 8)	<u>27,562,864</u>	<u>9,853,881</u>
	<u>99,885,434</u>	<u>99,912,942</u>

There were no credit risk exposures relating to off balance sheet items.

(i) Risk limit control and mitigation policy

The Company, as portfolio managers, structures the levels of credit risk for the funds under management by placing limits on the amount of risk accepted in relation to one client, or groups of clients. The Company monitors its concentration of credit exposure so that no single client default will have a material impact on the funds under management. These limits are implemented and monitored by the Credit Administration Department via the stipulations of the Group Credit Policy Manual.

(a) Industry exposure limits

These limits have been established based on a ranking of the riskiness of various industries. The ranking is guided within the Investment Policy Statement (IPS) for each of the Funds Under Management.

(b) Country exposure limits

Exposure limits have been established for selected countries, which are considered to be within the Company's offshore catchment area and/or target market.

(ii) Definition of default and credit-impaired assets

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

Quantitative criteria

The receivable is more than 90 days past due on its contractual payments.

Qualitative criteria

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

- The client formally files for bankruptcy or there is a start of foreclosure proceedings.
- The obligation is classified doubtful or worse as per the Company's classification process.
- A modification to the terms and conditions of the original agreement that would not normally be considered is executed.

First Citizens Portfolio and Investment Management Services Limited

Notes to the Financial Statements (continued)

30 September 2023

(Expressed in Trinidad and Tobago Dollars)

3 Financial risk management (continued)

a. Credit risk (continued)

(ii) Definition of default and credit-impaired assets (continued)

The criteria above have been applied to all financial instruments held by the Company and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD), throughout the Company's expected loss calculations. An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months. This period of six months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

(iii) Concentration of risks of financial assets with credit risk exposure- Geographical sectors

The following table breaks down the Company's main credit exposure at their carrying amounts, as categorised by geographical region as of 30 September 2023. For this table, the Company has allocated exposures to regions based on the country of domicile of its counterparties. The Company's investment portfolio comprising cash and due from banks and other assets. Limits are reviewed on an annual or more frequent basis and the exposures are monitored on a daily basis. The country exposures are categorised within the portfolio as follows:

	North America \$	Caribbean \$	Total \$
At 30 September 2023			
Cash and due from banks	531,076	71,791,494	72,322,570
Other assets	20,102,897	7,459,967	27,562,864
	<u>20,633,973</u>	<u>79,251,461</u>	<u>99,885,434</u>
At 30 September 2022			
Cash and due from banks	--	90,059,061	90,059,061
Other assets	--	9,853,881	9,853,881
	<u>--</u>	<u>99,912,942</u>	<u>99,912,942</u>

The above table represents a worst case scenario of credit risk exposure to the Company as at 30 September 2023 and 30 September 2022. The exposures set out above are based on gross carrying amounts before impairment. There are no credit risk exposures relating to off-statement of financial position items.

As shown above, the total maximum exposure derived from cash and due from banks and receivables is 100% (September 2022: 100%).

First Citizens Portfolio and Investment Management Services Limited

Notes to the Financial Statements (continued)

30 September 2023

(Expressed in Trinidad and Tobago Dollars)

3 Financial risk management (continued)

b. *Market risk*

The Company 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 Company own book is significantly cash, due from banks and other assets as at September 2023, which experiences limited market risk.

The Company as a Broker Dealer manages the market risk for its funds under management by separating the 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 Company's Market Risk Department who submit reports to the Senior Management Enterprise Risk Committee on a regular basis. On a monthly basis, the Group's Market Risk Committee reviews and approves the yield curves used to value all investment securities and reports on this into the Group ALCO. In addition, the funds under management have their individual sale policy. As at 30 September 2023, there is no direct impact on the Company for market risk exposure for the funds under management.

Trading portfolios include those portfolios arising from market-making transactions where the Company 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 also consist of interest rate, foreign exchange and equity risks arising from the Company's financial assets.

The Company's main exposure to market risk is interest rate and FX risk. As at 30 September 2023, the total value of assets to which the Company faced market risk represented 89% of capital (September 2022: 94%).

(i) *Currency risk*

The Company 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 Company not to engage in speculative foreign exchange activities. The Board sets limits on the level of exposure by currency and in aggregate for all positions, which are monitored periodically. The Company does not currently engage in any hedging activities to mitigate currency risk.

First Citizens Portfolio and Investment Management Services Limited

Notes to the Financial Statements (continued)

30 September 2023

(Expressed in Trinidad and Tobago Dollars)

3 Financial risk management (continued)

b. Market risk (continued)

(i) Currency risk (continued)

The table below summarises the Company's exposure to foreign currency exchange rate risk at 30 September 2023. Included in the table are the Company's financial assets and liabilities at carrying amounts, categorised by currency.

	TT \$	US \$	Total \$
At 30 September 2023			
Assets			
Cash and due from banks	64,536,095	7,786,475	72,322,570
Other assets	6,466,154	21,096,710	27,562,864
Total assets	71,002,249	28,883,185	99,885,434
Liabilities			
Creditors and accrued expenses	2,342,678	936,653	3,279,331
Total liabilities	2,342,678	936,653	3,279,331
Net on statement of financial position	68,659,571	27,946,532	96,606,103
At 30 September 2022			
Assets			
Cash and due from banks	65,052,537	25,006,524	90,059,061
Other assets	9,725,467	128,414	9,853,881
Total assets	74,778,004	25,134,938	99,912,942
Liabilities			
Creditors and accrued expenses	1,204,164	755,692	1,959,856
Total liabilities	1,204,164	755,692	1,959,856
Net on statement of financial position	73,573,840	24,379,246	97,953,086

If the Trinidad and Tobago dollar depreciates by 100 basis points against the United States dollar, the profits would increase by \$228,890 (September 2022: \$404,538).

First Citizens Portfolio and Investment Management Services Limited

Notes to the Financial Statements (continued)

30 September 2023

(Expressed in Trinidad and Tobago Dollars)

3 Financial risk management (continued)

b. Market risk (continued)

(ii) Interest rate risk

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

Interest earnings are immaterial and the Company does not have any long-term borrowings. Hence, interest rate risk does not have a significant impact on its operations.

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

As at 30 September 2023	Up to 1 month	Non-interest Bearing	Total
Assets	\$	\$	\$
Cash and due from banks	22,889,020	49,433,550	72,322,570
Other assets	--	27,562,864	27,562,864
Total assets	<u>22,889,020</u>	<u>76,996,414</u>	<u>99,885,434</u>
Liabilities			
Creditors and accrued expenses	--	3,279,331	3,279,331
Total liabilities	<u>--</u>	<u>3,279,331</u>	<u>3,279,331</u>
Interest sensitivity gap	<u>22,889,020</u>	<u>73,717,083</u>	<u>96,606,103</u>

As at 30 September 2022

Assets	Up to 1 month	Non- interest Bearing	Total
Assets	\$	\$	\$
Cash and due from banks	40,453,755	49,605,306	90,059,061
Other assets	--	9,853,881	9,853,881
Total assets	<u>40,453,755</u>	<u>59,459,187</u>	<u>99,912,942</u>
Liabilities			
Creditors and accrued expenses	--	1,959,856	1,959,856
Total liabilities	<u>--</u>	<u>1,959,856</u>	<u>1,959,856</u>
Interest sensitivity gap	<u>40,453,755</u>	<u>57,499,331</u>	<u>97,953,086</u>

First Citizens Portfolio and Investment Management Services Limited

Notes to the Financial Statements (continued)

30 September 2023

(Expressed in Trinidad and Tobago Dollars)

3 Financial risk management (continued)

b. Market risk (continued)

(ii) Interest rate risk (continued)

If interest rates were to move by 2.5% the impact on fees & commission and interest income will be \$572,225 (September 2022: \$1,011,344).

c. Liquidity risk

The liquidity risk is the risk that the Company 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 undiscounted receivables and payables liquidity exposure is mitigated because these cash flows are generally settled within three to thirty days.

Liquidity risk management process

The Company's liquidity management process is carried out by the Treasury and International Trade Centre and monitored by the Group's Asset and Liability Committee (ALCO).

The Company'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-statement of financial position or off-statement of financial position liabilities.

The Company 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.

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

As at 30 September 2023

	Up to 1 month \$	Total \$
Assets		
Cash and due from banks	72,339,120	72,339,120
Other assets	27,562,864	27,562,864
Total assets	99,901,984	99,901,984
Liabilities		
Creditors and accrued expenses	3,279,331	3,279,331
Total liabilities	3,279,331	3,279,331
Liquidity gap	96,622,653	96,622,653

First Citizens Portfolio and Investment Management Services Limited

Notes to the Financial Statements (continued)

30 September 2023

(Expressed in Trinidad and Tobago Dollars)

3 Financial risk management (continued)

c. Liquidity risk (continued)

As at 30 September 2022

	Up to 1 month \$	Total \$
Assets		
Cash and due from banks	90,075,843	90,075,843
Other assets	9,853,881	9,853,881
Total assets	<u>99,929,724</u>	<u>99,929,724</u>
Liabilities		
Creditors and accrued expenses	1,959,856	1,959,856
Total liabilities	<u>1,959,856</u>	<u>1,959,856</u>
Liquidity gap	<u>97,969,868</u>	<u>97,969,868</u>

d. Price risk

Price risk arises due to the possibility that the fair value or 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 Company is not exposed to other price risk as it holds no equity instruments.

e. Off-statement of financial position items

(i) Financial guarantees and other financial facilities

As of 30 September 2023, the Company had no financial guarantees or other financial facilities that result in a commitment to meet financial obligations (September 2022: nil).

(ii) Capital commitments

The Company had capital commitments of \$2,815,006 as at 30 September 2023 (September 2022: \$3,193,106).

First Citizens Portfolio and Investment Management Services Limited

Notes to the Financial Statements (continued)

30 September 2023

(Expressed in Trinidad and Tobago Dollars)

3 Financial risk management (continued)

f. Fair value of financial assets and liabilities

(i) Financial instruments not measured at fair value

Fair value hierarchy

IFRS 13 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 Company'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.
- 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 (that is, unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

The Company invested in a short term financial asset at 0.25% rate which matured on 30 September 2023 (September 2022: nil).

The following table summarises the carrying amounts and fair values of those financial assets and liabilities presented on the Company's statement of financial position at an amount other than their fair value.

	Carrying Value		Fair Value	
	2023	2022	2023	2022
	\$	\$	\$	\$
Financial Assets				
Cash and due from banks	72,322,570	90,059,061	72,322,570	90,059,061
Other assets	27,562,864	9,853,881	27,562,864	9,853,881
Financial Liabilities				
Creditors and accrued expense	3,279,331	1,959,856	3,279,331	1,959,856

The fair values of the Company's financial instruments are determined in accordance with International Accounting Standard (IFRS) 9 "Financial instruments: Recognition and Measurement".

First Citizens Portfolio and Investment Management Services Limited

Notes to the Financial Statements (continued)

30 September 2023

(Expressed in Trinidad and Tobago Dollars)

3 Financial risk management (continued)

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

(ii) Financial instruments where carrying value is equal to fair value

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

g. Capital management

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

- To comply with the capital requirements set by the regulators of the securities markets where the Company operates;
- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Company's management, employing techniques based on the requirements of the Trinidad and Tobago Securities and Exchange Commission (the Authority), for supervisory purposes. The required information is filed with the Authority on a regular basis as required.

The Authority requires each securities company to hold the minimum level of regulatory capital of five million Trinidad and Tobago dollars. During those two periods, the Company complied with all of the externally imposed capital requirements to which they are subject.

4 Critical accounting estimates and judgements in applying accounting policies

The Company makes estimates and assumptions about the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. No estimates and assumptions were made which would have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

a. Income taxes

Management judgment is required in determining provisions for income taxes and there are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. When appropriate, particularly where the ultimate tax determination is uncertain, management also obtains opinions or advice from leading tax advisors and regularly reassesses its strategy in relation to such exposures.

Tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Substantive enactment is considered to be achieved when further steps in the enactment process will not change the outcome of a proposed change in tax law. Management considers the legislative process applicable in each jurisdiction in which it operates in determining at what point a proposed change in tax law will be considered substantively enacted by identifying the point after which further steps in the enactment process will not affect the outcome of the proposed change.

First Citizens Portfolio and Investment Management Services Limited

Notes to the Financial Statements (continued)

30 September 2023

(Expressed in Trinidad and Tobago Dollars)

5 Cash and due from banks

	2023 \$	2022 \$
Cash and bank balances	72,322,570	69,657,466
Short-term investments	--	20,401,595
	<u>72,322,570</u>	<u>90,059,061</u>
Short-term investments:		
Maturity within 3 months	--	20,401,595
	<u>--</u>	<u>20,401,595</u>

The average effective interest rate on bank deposits was 0.851% (2022: 0.898%).

6 Intangible asset

This is a computer software project that is currently in work in progress.

Movements are as follows:

At beginning of year	2,342,287	--
Additions- work in progress	399,826	2,342,286
Addition- transfer from other assets	--	1
Less amortisation	--	--
At end of year	<u>2,742,113</u>	<u>2,342,287</u>
Cost	2,742,113	2,342,287
Accumulated amortisation and impairment	<u>--</u>	<u>--</u>
Net book amount	<u>2,742,113</u>	<u>2,342,287</u>

First Citizens Portfolio and Investment Management Services Limited

Notes to the Financial Statements (continued)

30 September 2023

(Expressed in Trinidad and Tobago Dollars)

7 Property and equipment

	Computer equipment \$	Office furniture, fittings & equipment \$	Total \$
Year ended 30 September 2023			
Opening net book amount	12,569	5	12,574
Additions	5	1	6
Disposal at cost	(6)	--	(6)
Disposal - Accumulated depreciation	--	--	--
Depreciation charge	(9,474)	--	(9,474)
Closing net book amount	3,094	6	3,100
At 30 September 2023			
Cost/revaluation	54,672	6	54,678
Accumulated depreciation	(51,578)	--	(51,578)
Net book amount	3,094	6	3,100
Year ended 30 September 2022			
Opening net book amount	23,588	7	23,595
Additions	4	--	4
Disposals at cost	(3,119)	(2)	(3,121)
Disposal - Accumulated depreciation	3,113	--	3,113
Depreciation charge	(11,017)	--	(11,017)
Closing net book amount	12,569	5	12,574
At 30 September 2022			
Cost/revaluation	54,673	5	54,678
Accumulated depreciation	(42,104)	--	(42,104)
Net book amount	12,569	5	12,574
At 30 September 2021			
Cost/revaluation	57,788	7	57,795
Accumulated depreciation	(34,200)	--	(34,200)
Net book amount	23,588	7	23,595

First Citizens Portfolio and Investment Management Services Limited

Notes to the Financial Statements (continued)

30 September 2023

(Expressed in Trinidad and Tobago Dollars)

8 Other assets

	2023 \$	2022 \$
Fee income receivable	7,425,975	9,728,155
Due from related party	33,456	42,872
Accrued interest	--	82,854
Prepayments	4,927,764	1,882,495
Other receivables	25,475,171	--
	<u>37,862,366</u>	<u>11,736,376</u>

Prepayments include IT expenses of \$4.8M for annual license and maintenance expenses.

Other receivables include a current balance of \$20.1M for the principal and coupon from a short term financial asset which was invested at 0.25% rate and matured on 30 September 2023; the cash was received in October 2023. Also included in other receivables is a non-current balance of \$5.4M which relates to prepaid IT expenses.

The table below shows the aging for Other Receivables as at the statement of financial position date.

Other Receivables As at 30 September 2023

	Up to 1 month \$	1 - 5 years \$	Total \$
Other receivables	20,102,897	5,372,274	25,475,171
	<u>20,102,897</u>	<u>5,372,274</u>	<u>25,475,171</u>

The following table shows the aging for Fee income receivable and Due from related party as at the statement of financial position date. Balances over ninety (90) days are considered past due.

Fee income receivable in the amount of \$78,795 (2022: \$402,241) is past due as at the statement of financial position date. An ECL assessment on these amounts was carried out on 30 September 2023 which resulted in an ECL provision of \$16,784 (September 2022: nil). However, no adjustment was made to the financial statements.

First Citizens Portfolio and Investment Management Services Limited

Notes to the Financial Statements (continued)

30 September 2023

(Expressed in Trinidad and Tobago Dollars)

8 Other assets (continued)

Fee Income Receivable & Due from Related Party As at 30 September 2023

	Up to 1 month \$	1 to 3 months \$	3 to 12 months \$	Total \$
Pension plan fees	2,773,539	107,364	58,589	2,939,492
Mutual fund fees	4,064,751	--	--	4,064,751
Other fund fees	365,111	36,415	20,206	421,732
Due from related party	33,456	--	--	33,456
	<u>7,236,857</u>	<u>143,779</u>	<u>78,795</u>	<u>7,459,431</u>

Fee Income Receivable & Due from Related Party As at 30 September 2022

	Up to 1 month \$	1 to 3 months \$	3 to 12 months \$	Total \$
Pension plan fees	2,754,220	787,807	345,565	3,887,592
Mutual fund fees	5,418,154	--	--	5,418,154
Other fund fees	317,421	48,312	56,676	422,409
Due from related party	42,872	--	--	42,872
	<u>8,532,667</u>	<u>836,119</u>	<u>402,241</u>	<u>9,771,027</u>

9 Deferred income tax asset

Deferred taxes are calculated on all temporary differences under the liability method using a tax rate of 30% (2022: 30%).

The movement on the deferred income tax account is as follows:

First Citizens Portfolio and Investment Management Services Limited

Notes to the Financial Statements (continued)

30 September 2023

(Expressed in Trinidad and Tobago Dollars)

9 Deferred income tax asset (continued)

	2023 \$	2022 \$
At beginning of year	7,648	11,276
Charge to income statement (Note 16)	(1,748)	(3,628)
At end of year	<u>5,900</u>	<u>7,648</u>

	Balance at 1 October 2022 \$	Charge to income statement \$	Balance at 30 September 2023 \$
Deferred income tax			
Unrealised exchange losses	10,125	--	10,125
Deferred tax asset	10,125	--	10,125
Accelerated tax depreciation	(2,477)	(1,748)	(4,225)
Deferred tax liability	(2,477)	(1,748)	(4,225)
Net deferred income tax	<u>7,648</u>	<u>(1,748)</u>	<u>5,900</u>

	Balance at 1 October 2021 \$	Charge to income statement \$	Balance at 30 September 2022 \$
Deferred income tax			
Unrealised exchange losses	12,432	(2,307)	10,125
Deferred tax asset	12,432	(2,307)	10,125
Accelerated tax depreciation	(1,156)	(1,321)	(2,477)
Deferred tax liability	(1,156)	(1,321)	(2,477)
Net deferred income tax	<u>11,276</u>	<u>(3,628)</u>	<u>7,648</u>

First Citizens Portfolio and Investment Management Services Limited

Notes to the Financial Statements (continued)

30 September 2023

(Expressed in Trinidad and Tobago Dollars)

9 Deferred income tax asset (continued)

The Company does not have any unrecognised losses. The net deferred tax is expected to be recovered as follows:

	2023 \$	2022 \$
Within 12 months	10,125	10,125
After 12 months	(4,225)	(2,477)
	<u>5,900</u>	<u>7,648</u>

10 Creditors and accrued expenses

Due to related parties	2,283,715	334,317
Accrued expenses	995,616	1,624,746
Other liabilities	--	793
	<u>3,279,331</u>	<u>1,959,856</u>

Due to related parties includes IT expenses for annual license and maintenance expenses payable to the Parent for a new software platform.

11 Share capital

Authorised 5,000,000 shares of no par value		
Issued and fully paid 4,999,999 ordinary shares of no par value	<u>5,594,000</u>	<u>5,594,000</u>

12 Fee income

Pension fund & client portfolio fees	11,223,972	11,646,827
Mutual funds fees	53,282,719	63,129,190
Other fund fees	1,998,028	1,652,264
	<u>66,504,719</u>	<u>76,428,281</u>

13 Impairment loss

Write offs/Provision for impairment	<u>(54,334)</u>	<u>(23,308)</u>
	<u>(54,334)</u>	<u>(23,308)</u>

First Citizens Portfolio and Investment Management Services Limited

Notes to the Financial Statements (continued)

30 September 2023

(Expressed in Trinidad and Tobago Dollars)

14	Administrative expenses	2023 \$	2022 \$
	Staff cost (Note 14.1)	3,851,181	3,677,984
	Directors' fees and expenses	216,015	200,515
	Depreciation expense	9,474	11,017
		<u>4,076,670</u>	<u>3,889,516</u>
14.1	Staff costs		
	Wages and salaries	2,576,999	2,418,467
	Pension plan expense	366,021	357,546
	National insurance	80,725	82,584
	Other benefits	827,436	819,387
		<u>3,851,181</u>	<u>3,677,984</u>

The number of permanently employed staff as at the 30 September 2023 was 6 (September 2022: 6).

15	Other operating expenses		
	Travel expenses	95,000	129,776
	Consultancy & outside services	315,873	299,901
	IT expenses	5,562,858	5,564,393
	Office expenses	305,952	301,862
	Other expenses	(2,772,587)	329,839
		<u>3,507,096</u>	<u>6,625,771</u>

Other expenses include a write back of \$5.4M for IT expenses for the software platform between 2021-2022.

First Citizens Portfolio and Investment Management Services Limited

Notes to the Financial Statements (continued)

30 September 2023

(Expressed in Trinidad and Tobago Dollars)

16 Taxation

	2023 \$	2022 \$
Current tax	18,226,553	19,945,808
Prior year under provision	18,023	103
Deferred tax (note 9)	1,748	3,628
	<u>18,246,324</u>	<u>19,949,539</u>

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

Profit before tax	<u>59,625,283</u>	<u>66,225,392</u>
Tax calculated at 30% (2022: 30%)	17,887,585	19,867,618
Income exempt from tax	(56,078)	(57,558)
Expenses not deductible for tax purposes	394,677	135,516
Net effect of other charges and allowances	2,117	3,860
Prior year under provision	18,023	103
	<u>18,246,324</u>	<u>19,949,539</u>

17 Dividends

Ordinary dividend paid	<u>34,249,815</u>	<u>41,911,217</u>
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Dividend payment comprises the annual payment for 2022 of \$18.9M (\$3.77 per share) and interim dividends for 2023 of \$15.4M (\$3.08 per share). Dividend payment for 2022 totaled \$41.9M.

18 Related party balances and transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The parent of the Company as at 30 September 2023 was First Citizens Investment Services Limited. First Citizens Investment Services Limited is incorporated in Trinidad & Tobago with its ultimate parent company being First Citizens Holdings Limited, a company owned by the Government of the Republic of Trinidad and Tobago (GORTT). A number of transactions are entered into with related parties in the normal course of business.

First Citizens Portfolio and Investment Management Services Limited

Notes to the Financial Statements (continued)

30 September 2023

(Expressed in Trinidad and Tobago Dollars)

18 Related party balances and transactions (continued)

	Parent & Directors		Related companies	
	September 2023	September 2022	September 2023	September 2022
	\$	\$	\$	\$
Statement of Income				
Interest income	4,335	137,260	198,155	190,755
Directors salaries & other short-term employee benefits	(216,015)	(200,500)	--	--
	<u>(211,680)</u>	<u>(63,240)</u>	<u>198,155</u>	<u>190,755</u>
Statement of Financial Position amounts due from/(to)				
Cash and due from other banks	--	20,401,595	71,791,495	69,657,466
Other assets	--	82,853	33,456	42,872
Creditors and accrued expenses	(2,283,715)	(334,317)	--	--
	<u>(2,283,715)</u>	<u>20,150,131</u>	<u>71,824,951</u>	<u>69,700,338</u>

19 Assets under management

Assets under management, which are not beneficially owned by the Company, but which are managed by the Company on behalf of investors are listed below at carrying amount.

	2023	2022
	\$	\$
Pension and savings plans	9,508,991,938	9,175,615,369
Mutual funds	7,028,417,843	7,043,380,846
Other funds	718,034,730	677,914,755
	<u>17,255,444,511</u>	<u>16,896,910,970</u>

20 Subsequent events

There were no events after the financial position date, which were material to the financial statements and should have resulted in adjustment to the financial statement or disclosures when the financial statements were authorised for issue.