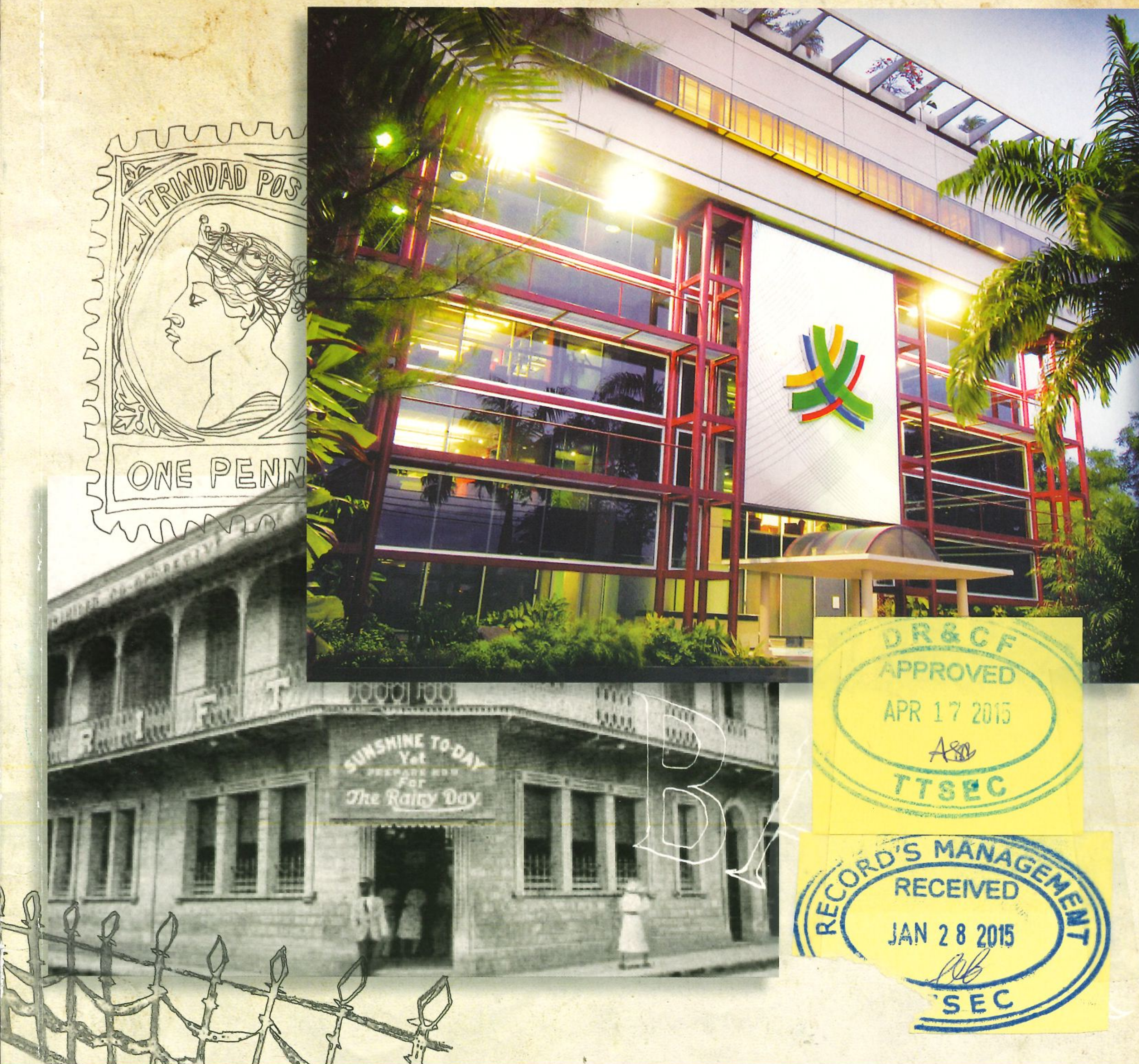
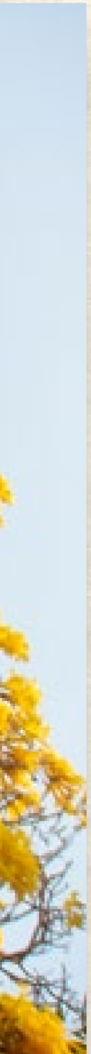


100 Years of Indigenous Banking In Trinidad & Tobago

First Citizens

Annual Report 2014

Vision and Mission

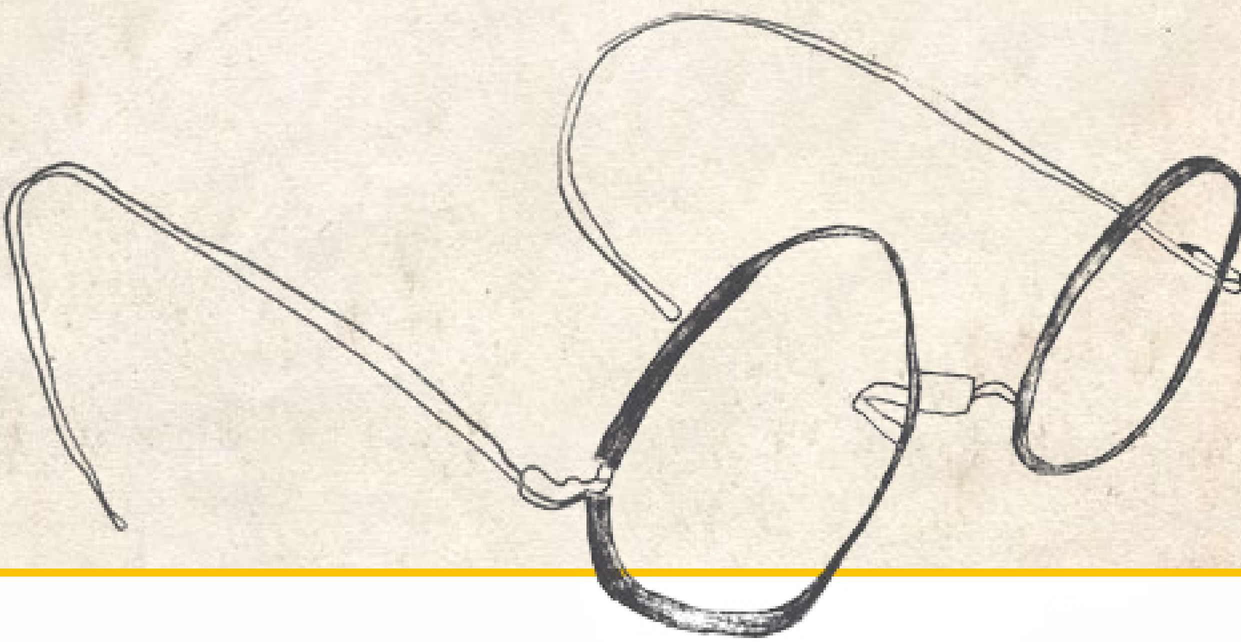


Vision

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.



First Citizens

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First Citizens

BOARD OF DIRECTORS
For the year ended September 30, 2014

*	Nyree D. Alfonso – Chairperson
**	Anil Seeterram – Deputy Chairman
*	Rishi Baddaloo
*	Shobee Jacelon
*	Marlene Juman
***	Anthony Mohammed
****	Vishnu D. K. Musai
*****	John Tang Nian
******	Ramish Ramanand
*******	Ved Seereeram
********	Larry Nath
*********	Michelle Durham-Kissoon
»	Anthony Smart – Chairman
»	Jean Pierre du Coudray
»	Hazar Hosein
»	Joel Pemberton
»	Courtenay Williams
»»	Franka Costelloe
»»	Ryan Proudfoot
»»»	Ian Narine

*	*Resigned May 12, 2014*
**	*Resigned July 04, 2014*
***	*Resigned June 13, 2014*
****	*Resigned June 30, 2014*
*****	*Resigned June 12, 2014*
******	*Resigned July 05, 2014*
*******	*Resigned July 06, 2014*
********	*Resigned December 04, 2014*
*********	*Resigned November 01, 2014*
»	*Appointed June 17, 2014*
»»	*Appointed July 03, 2014*
»»»	*Appointed August 25, 2014*

Corporate Information

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

* *Resigned December 04, 2014*

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
»	Joel Pemberton
***	Larry Nath

*	*Resigned May 12, 2014*
**	*Resigned July 04, 2014*
***	*Resigned December 04, 2014*
»	*Appointed August 08, 2014*

Registered Office
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
	Sharon L. Christopher
	Shiva Manraj
**	Vishnu D. K. Musai
***	John Tang Nian
»	Courtenay Williams – Chairman
»	Franka Costelloe
»»	Jean Pierre du Coudray
»	Hazar Hosein

*	*Resigned June 13, 2014*
**	*Resigned June 30, 2014*
***	*Resigned June 12, 2014*
»	*Appointed July 07, 2014*
»»	*Appointed July 15, 2014*

Registered Office
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
**	Ramish Ramanand
***	Larry Nath
»	Hazar Hosein – Chairman
»»	Jean Pierre du Coudray
»	Jason Julien

*	*Resigned July 06, 2014*
**	*Resigned July 05, 2014*
***	*Resigned December 04, 2014*
»	*Appointed July 07, 2014*
»»	*Appointed July 15, 2014*

Registered Office
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
	Sharon L. Christopher
	Shiva Manraj
**	Anthony Mohammed
***	Larry Nath
»	Michael Chastanet – Chairman
»»	Courtenay Williams

*	*Resigned May 12, 2014*
**	*Resigned June 13, 2014*
***	*Resigned December 04, 2014*
»	*Appointed August 05, 2014*
»»	*Appointed July 07, 2014*

Registered Office
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
	Sharon L. Christopher
	Shiva Manraj
**	Anthony Mohammed
***	Larry Nath
»	Michael Chastanet – Chairman
»»	Courtenay Williams

*	*Resigned May 12, 2014*
**	*Resigned June 13, 2014*
***	*Resigned December 04, 2014*
»	*Appointed August 05, 2014*
»»	*Appointed July 07, 2014*

Registered Office
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
**	Ved Seereeram
***	Anil Seeterram
****	Larry Nath
»	Anthony Smart – Chairman
»	Franka Costelloe
»»	Jean Pierre du Coudray
»»	Joel Pemberton
»	Ryan Proudfoot

*	*Resigned May 12, 2014*
**	*Resigned July 06, 2014*
***	*Resigned July 04, 2014*
****	*Resigned December 04, 2014*
»	*Appointed July 07, 2014*
»»	*Appointed July 15, 2014*

Registered Office
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
**	Ved Seereeram
***	Anil Seeterram
****	Larry Nath
»»	Joel Pemberton – Chairman
»	Ryan Proudfoot

*	*Resigned May 12, 2014*
**	*Resigned July 06, 2014*
***	*Resigned July 04, 2014*
****	*Resigned December 04, 2014*
»	*Appointed July 07, 2014*
»»	*Appointed July 15, 2014*

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Fax: (868) 627-5496
Website: www.firstcitizensinvestment.com

First Citizens Investment Services (Barbados) Limited

BOARD OF DIRECTORS

*	Nyree D. Alfonso – Chairperson
	Sir Trevor A. Carmichael Q.C.
	Sharon L. Christopher
*	Shobee Jacelon
*	Marlene Juman
**	Ved Seereeram
***	Anil Seeterram
****	Larry Nath
»	Ryan Proudfoot – Chairman
»»	Robin Lewis

*	*Resigned May 12, 2014*
**	*Resigned July 06, 2014*
***	*Resigned July 04, 2014*
****	*Resigned December 04, 2014*
»	*Appointed July 07, 2014*
»»	*Appointed August 29, 2014*

Registered Office
Warrens Great House,
Warrens,
St. Michael,
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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
»	Anthony Smart – President
	Sharon L. Christopher
»	Jean Pierre du Coudray
	Shiva Manraj
***	Ved Seereeram
****	John Tang Nian
*****	Larry Nath

*	*Resigned May 12, 2014*
**	*Resigned July 04, 2014*
***	*Resigned July 06, 2014*
****	*Resigned June 12, 2014*
*****	*Resigned December 04, 2014*
»	*Appointed July 16, 2014*

Registered Office
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
	Sir Trevor A. Carmichael Q.C.
	Sharon L. Christopher
*	Shobee Jacelon
*	Marlene Juman
	Renee Kowlessar
**	Ved Seereeram
***	Anil Seeterram
****	Larry Nath
	Peter Williams

*	*Resigned May 12, 2014*
**	*Resigned July 06, 2014*
***	*Resigned July 04, 2014*
****	*Resigned December 04, 2014*

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

Executive Chairman’s Report

Anthony Isidore Smart
Executive Chairman

GROUP PERFORMANCE

I am very pleased to report that profit before taxation for the First Citizens Group increased by 3.7%, from $744.7 million in 2013 to $772.6 million, for the financial year ended 30 September 2014. Profit after tax amounted to $626.6 million or 2.9 % growth year on year. The Group's total assets amounted to $34.9 billion as at year end. In 2013, total assets approximated $36.1 billion; this would have included the proceeds from the IPO share issue of $1.0 billion which was subsequently paid out to the shareholder in October 2013. The Group's funding base grew marginally by 0.4% to $25.7 billion.

First Citizens remains the best capitalized bank in the industry, its capital base increased by 4.7 % from $5.96 billion in 2013 to $6.24 billion. Based on this year's performance, a final dividend of $0.61 has been declared, which brings the total dividend for the fiscal year to $1.18 (2013:$1.09). This equates to a payout ratio of 47.5%.

Additionally, First Citizens was able to remain an investment grade rated institution, as noted by international rating agencies, Standard and Poor's (BBB+) and Moody's (Baa1). For the period First Citizens also earned two prestigious international awards and recognition: World Finance 2014 Banking Awards, Best Retail Bank and Best Commercial Bank in Trinidad & Tobago.

BANKING OPERATIONS

During the year, the First Citizens continued to focus on improving our client satisfaction across all our lines of business with specific development of our retail banking network.

We leveraged the capability of our Electronic Banking applications resulting in increased revenue in those lines. Additionally we launched our eCommerce platform to enhance the Group's delivery channels, thus allowing us to be one of the only banks with a complete suite of electronic banking solutions. We continued to enhance our customer service with paperless banking being implemented throughout the entire branch network.

SUPPORT SERVICES

First Citizens support services remained focused on risk management, corporate governance, operational efficiencies and corporate and social responsibility. The Group also acquired Fraudblock – a debit card monitoring solution which automates detection and prevention of propriety debit card fraud in real time and near-real time; particularly at ATMs. This technology reinforces our risk culture and impedes the rising trend of ATM fraud

We are a founding member of the Caribbean Corporate Governance Institute – an organization dedicated to advancing principles of corporate governance across the Caribbean. We also worked with the Institute and other partners in developing the first National Corporate Governance Code.

Our corporate and social responsibility programme includes sponsorship of community and cultural based organisations; in addition to the continuation of our well-known and successful existing programmes, we ventured into new projects such as classical music development, education on financial planning for youths and nurturing sporting minds.

SUBSIDIARIES

The Bank and the Group's subsidiaries are staffed with highly skilled team members who are passionate about their roles and customer service. They all performed well, expanding the range of products and services which they offer and growing in market share and profitability. FCAM has increased assets under management from $13.0 billion to $13.9 billion and contributed profit after tax of $96.4 million. Our Trustee Company focused on streamlining its operations and increasing its revenue generating capability, with fee income increasing from $34.2 million to $36.1 million in 2014. First Citizens Investment Services Limited also generated a commendable performance and contributed $108.1 million to profit after tax. Our Barbados Bank continues to perform credibly given the severe challenges facing their local economy.

The International Economy

The global economy has experienced another year of disappointing growth, which has been very country-specific. The financial markets have reacted strongly to the weaker prospects for the global economy as volatility has swung significantly during the period. The market has been bracing for a rising interest rate environment in the US, and countries have started to adjust monetary policy proactively in anticipation of this, in order to prevent capital outflows. In October 2014, the International Monetary Fund (IMF) cut its global growth forecast from its 3.4% forecast in July 2014 to 3.3% for 2014. In 2015, the IMF projects growth of 3.8%.

The US economy continues to display resilience even as other advanced and major emerging market economies stumble. The US recorded estimated growth of 3.5% at the end of the September 2014 quarter. Despite the robust GDP outturn, the US Federal Reserve (Fed) has held firm to its stance of keeping interest rates low for a 'considerable time' beyond October 2014, when the Fed ended its third round of asset purchased (quantitative easing, QE3). The Fed stated in the minutes of its October 2014 meeting that interest rates could rise earlier or faster depending on the economic data. Over the financial year ended 30 September 2014, the US treasury curve steepened, as short-to-medium term rates up to the 10-year fell by an average of 18 basis points, and long term yields rose by an average of 30 basis points, relative to September 2013. Economic activity remains weak in the Eurozone, with the economy recording growth of 0.2% in the September 2014 quarter. The threat of deflation in the bloc has been heightened as well, registering inflation of 0.3% as at the end of September, compared to 1.1% a year earlier and well below the European Central Bank's (ECB) target of 2%. As a means of counteracting the slowdown in the region, the ECB has announced a stimulus plan, which includes buying asset-backed securities, long term loans to banks and record-low interest rates.

In the emerging markets, GDP growth rates have varied by country. The IMF is projecting growth of 4.4% in 2014, down from 4.7% recorded in 2013. Some of the larger emerging markets are expected to register disappointing growth in 2014, especially Russia which is forecasted to expand marginally by 0.2% in 2014 and 0.5% in 2015, based on the fallout in economic activity resulting from trade sanctions, and other geopolitical factors. The forecast for Brazilian GDP growth was also significantly revised downwards to 0.3% and 1.4% in 2014 and 2015, respectively, from 2.5% registered in 2013. The Emerging Asian region is expected to continue to perform well, with just a modest slowdown in growth expected for China.

Oil prices have fallen by more than 50% since the start of 2014, comparative to the plunge in prices experienced amid the 2008 financial crisis. The energy sector is fundamental to the Trinidad and Tobago economy, accounting for an average of 42% of GDP. In November 2014, the Minister of Finance and Economy revised the national budget's oil price assumption to USD70 per barrel from USD80 per barrel previously and indicated that based on a USD70 per barrel price.

In the Caribbean region, falling oil prices will impact upon the Petrocaribe arrangement, which will have severe implications for Caribbean member countries. . Dismantling of the arrangement or even modifications will be an immediate threat to the region, notwithstanding the positive impact that lower oil prices will have on the region's oil import bill. .

Regional

The Caribbean continues to be challenged by several factors, which are all inhibiting economic growth in the region. Even though major tourism markets like the US and UK are improving, it has not yet trickled down into the tourism sector. Instead, the tourist-dependent economies continue to grapple with loss of competitiveness of its tourism product as well as the vulnerable fiscal and external liquidity positions. These factors have restricted economic growth to 0.9% in 2013, with expectations of growth of 1.1% and 1.9% in 2014 and 2015, respectively. The region's commodity-exporters have managed relatively better, with growth expected at 2.7% in 2014 and 3% in 2015. However, the recent decline in energy prices will adversely impact upon this group of countries in the region. The Caribbean region faces a myriad of risks in 2015, including a weaker than anticipated global recovery, rising interest rates in the US, as well as the fallout of lower oil prices from the Petrocaribe arrangement, whereby Venezuela supplies the region with oil at prices below market. Any changes to the arrangement will have a significant impact upon the recipient countries' external accounts.

Barbados

The Barbados economy continued to post disappointing results, with zero growth in the nine months to September 2014, compared to 0.8% growth recorded in the same period a year earlier. The tourism sector registered marginal growth for the period. Construction, manufacturing and agriculture sectors were all down for the period. Foreign reserves were estimated at US$532.85 million at the end of September 2014, providing 14.7 weeks of import cover (goods & services). This compares to foreign reserves of US$508.15 million at the end of September 2013, which then provided 13.9 weeks of import cover. It should be noted that foreign reserves were estimated at US$571.5 million at the end of March 2014 (which provided 16 weeks of import cover). Moody's downgraded the country's credit rating to B3 from Ba3 in June 2014 and maintained its negative outlook on the rating. Earlier in November 2013, Standard and Poor's downgraded the rating by one notch to BB-, with a negative outlook. Barbados lost its investment grade status back in July 2012.

Eastern Caribbean Currency Union (ECCU)

Real GDP in the ECCU is expected to increase from 1.1% in 2013 to 1.4% in 2014 and 2.1% in 2015. Preliminary data suggest that economic activity in the ECCU accelerated during the first half of 2014. Major sectors such as construction, hotels and restaurants, wholesale and retail trade and agriculture, livestock and forestry all recorded an increase in output. By contrast, output in the manufacturing and financial intermediation sectors contracted. According to the IMF, limited fiscal space and excessive public debt, financial sector stress, and weak external competitiveness continue to hold back the economic recovery. Average import coverage for the region is estimated at 4.6 months in 2014, up from 4.4 months in 2012. In October 2014, S&P affirmed its 'Default' rating on Grenada's US$ and EC$ bonds due in 2025, which remain in default. The agency also affirmed the 'Selective Default' (SD) rating on the long and short term foreign and local currency debt. S&P subsequently announced that it has withdrawn its credit rating on Grenada.

Costa Rica

Growth in the first seven months of 2014 measured 4.0% due to strong performance in the service, agriculture, manufacturing and construction sectors. As at September 2014 the inflation rate measured 5.20%, slightly above the Central Bank of Costa Rica's (BCCR) target range of 4% ± 1%, due to higher prices of goods and services and the depreciation in the exchange rate against the US dollar. In July 2014, the cumulative fiscal deficit was recorded at 3.1% of GDP as a result of the expansion of total expenditure (9.8%) and lower growth in revenue (7.5%). Central Government measured debt of 37.7% of GDP (35.1% of GDP in 2013) for the period reflecting the continued deterioration of government finances. The country's debt to GDP is expected to reach 40% of GDP in 2014. Luis Guillermo Solís was elected President unopposed in Costa Rica's runoff election on 6 April 2014. However the result is the most fragmented legislative assembly in the country's history with nine parties represented in the 57 seats. Solis's PAC party has 13 of the 57 seats in the Legislative Assembly and the obstructive powers guaranteed to minority parties by Costa Rica's legislative rules has the potential to make passing legislation a difficult affair. Moody's lowered Costa Rica's government bond rating to Ba1 from Baa3 in September 2014. Moody's has also changed the outlook to stable from negative. The decision was based upon:

- Institutional weakness, as evidenced by continued political obstacles to comprehensive fiscal reform.
- Current large fiscal deficits and increasing debt burden are likely to continue.

Trinidad and Tobago

The Central Bank of Trinidad and Tobago (CBTT) forecasts that the Trinidad and Tobago economy will expand at a 0.5% pace in 2014, after the energy sector contracted 1.5% (year on year) in the first nine months of 2014 and the non-energy sector expanded just over 2%. The energy sector continued to reel from planned supply shutdowns and stoppages, while the non-energy was buoyed by robust output in construction, distribution and finance. The inflation rate increased to 9% in October 2014 with food inflation at 14.81% and core inflation was reported at 1.4%. Consumer loans rose by 6% in July 2014, while real-estate mortgages maintained its resilience, rising by 11% in the same period. There are encouraging signs in business lending, which grew for the fourth consecutive month in May 2014 at a rate of 6.5%. The unemployment rate fell to 3.8% at the end of 2013, from 4.7% at the end of 2012. For the first nine months of the fiscal year, the central government recorded an overall surplus of TTD2 billion, increasing from a surplus of TTD374.8 million in the same period of fiscal 2013. The improvement was due largely to better non-energy revenue and a marginal reduction in expenditure. As at the end of June 2014, the total public sector debt stood at 54.5% of GDP, with external debt increasing to 7.3% of GDP from 5.4% in September 2013 due to the issue of the Eurobond in December 2013 as well as other loan drawdowns. Oil prices have fallen by close to 50% since the last quarter of 2014, comparative to the plunge in prices experienced amid the 2008 financial crisis. The energy sector is fundamental to the Trinidad and Tobago economy, accounting for an average of 42% of GDP. In November 2014, the Minister of Finance and Economy revised the national budget's oil price assumption to USD70 per barrel from USD80 per barrel. There may be further adjustments to government expenditure in the future.

Net Official Reserves stood at US$10.12 billion at the end of September 2014, providing 12 months of import cover. The Heritage and Stabilization Fund was reported at US$5.6 billion in September 2014.

In its September 2014 Monetary Policy Announcement, the Central Bank of Trinidad and Tobago (CBTT) took the decision to increase the "Repo" rate by 25 basis points to 3%. The Bank's Monetary Policy Committee (MPC) stressed that this was necessary, mainly to avoid an increase in inflationary pressure and to mitigate higher portfolio outflows. This move was also considered based on recent sentiments expressed by the US Federal Reserve as there are expectations that there will be a gradual increase in its policy rate around mid-2015, and the end of the QE3 program.

The repo rate stood at 2.75% for the past four years, this has been part of the bank's strategy to stimulate economic growth and encourage lending to both consumer and business sectors. In its subsequent meeting in November 2014, the CBTT implemented a further 25 basis points increase in the repo rate in anticipation of higher US rates, projected improvements in the non-energy sector as well as an increase in headline inflation (which stood at 9% at the end of October 2014).

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. However, we continue to monitor the fall in oil prices and the possible impact on the economy and financial markets.

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

Anthony Isidore Smart

Anthony Isidore Smart
Executive Chairman

STATEMENT OF MANAGEMENT RESPONSIBILITY

The Financial Institutions Act, 2008 (The Act), requires that management prepare and acknowledge responsibility for preparation of the financial statements annually, establish and maintain an adequate internal control structure and procedures for financial reporting, safeguarding the assets of the Group 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 Group which includes ensuring that the information from which the statements are derived are designed and properly monitored in a manner which would allow accurate information to be provided. In addition, management is responsible for ensuring that the information presented is free from material misstatement whether due to fraud or error.

Management accepts responsibility for the annual financial statements as well as the responsibility for the maintenance of the accounting records and internal controls which form the basis of the financial statements. The 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.

Deputy Chief Executive Officer
5 December 2014

Chief Financial Officer
5 December 2014

TEN YEAR SUMMARY OF SELECTED FINANCIAL DATA (2005-2014)

TT$ Mn

As at September 30th	2014	Restated 2013	Restated 2012	2011	2010	2009	2008	2007	2006	2005
Total Assets	34,858	36,086	33,805	31,160	29,534	27,714	15,843	15,059	12,662	11,633
Total Funding	27,644	28,085	27,382	25,626	23,989	22,702	12,351	12,469	10,075	9,125
Shareholders' Equity	6,241	5,965	5,471	5,146	4,900	4,098	2,672	2,193	1,918	1,792
Total Loans	11,154	11,517	10,322	9,020	8,788	7,674	6,559	6,040	5,059	4,572
Investments	10,442	10,305	10,852	10,611	11,175	10,549	4,121	3,193	2,452	2,308
Profit Before Tax	773	745	714	688	671	621	503	439	404	345
Non-Performing Loans/Total Loans (%)	4.54%	4.25%	4.56%	4.55%	1.16%	1.03%	0.80%	0.60%	0.80%	1.20%
Efficiency Ratio (%)	54.31%	53.99%	49.53%	46.74%	44.89%	40.46%	43.70%	44.10%	43.60%	45.70%
Capital/Asset (%)	17.9%	16.5%	16.2%	16.5%	16.6%	14.8%	16.9%	14.6%	15.1%	15.4%

DIRECTORS' REPORT

The Directors present herewith the annual report and financial statements for the year ended 30th September, 2014.

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 which is majority owned by the Government of Trinidad and Tobago.

Regulation

The Bank is licensed under the Financial Institutions Act, 2008 and is regulated under the applicable rules and regulations of the Central Bank of Trinidad and Tobago, 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.

First Citizens also continues towards the full application of the Principles and Recommendations of the Corporate Governance Code 2013, where it is feasible to do so and subject to the complexities and unique characteristics of the Group's operations.

It must be noted that on December 4th, the Group's Chief Executive Officer, Mr. Larry Nath, resigned without notice. As a result of this exceptional circumstance, the Board (after consultation with the majority shareholder) took the decision to appoint the Chairman, Mr. Anthony Isidore Smart as Executive Chairman in the short term. The board immediately began to take the appropriate action towards finding a new CEO. The Board fully expects that the new CEO will be on board by June 2015.

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

Acheivements

The Group's total assets stood at $34.9 billion as at the end of September, 2014, this represents a decrease of 3.4% as compared to 2013. Profit before tax increased by 3.7% to $772.6 million in 2014 as compared to $744.7 million in the previous year. The profit after tax amounted to $626.6 million, as compared to $609.1 million in 2013. Total Shareholders' Equity increased by approximately $276 million or 4.6 % to $6.2 billion. The dividend yield for the period 2014 was 3.21% (2013: 2.97%). The total return which consists of capital gains and dividend payments is 77.45%.

Directors’ Responsibility Statements

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

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

Directors, 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 2014, together with the shareholdings of their connected parties and our 10 largest shareholders.

Director/Senior Officers	Ordinary Shareholdings	Connected Parties
Larry Nath *	215,000	
Sharon Christopher	23,227	100
Jason Julien	5,000	
Robin Lewis	23,228	
Shiva Manraj	20,954	
Lindi Joy Ballah-Tull	500	
Keshwar Khodai	21,500	
Anthony St. Clair	5,000	
Raymond Crichton	10,000	

**Resigned effective December 4, 2014*

The 10 largest shareholders

Name	Ordinary Shares	Percentage
First Citizens Holdings Limited	193,982,660	77.18%
National Insurance Board	13,724,803	5.46%
T&T Unit Trust Corporation/FUS	6,429,389	2.56%
Republic Bank Limited - 1162	1,513,707	0.60%
National Enterprises Limited	1,279,895	0.51%
Tatil Life Assurance Limited	1,175,731	0.47%
Colonial Life Insurance Co (T'dad) Limited	1,110,053	0.44%
RBC Trust (Trinidad & Tobago) Limited - T1136A	1,100,000	0.44%
Guardian Life of the Caribbean Limited	958,601	0.38%
ANSA TT$ Income Fund	909,090	0.36%

Ackowledgement

The Board of Directors takes this opportunity to express their 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 stakeholders.

By order of the Board

Sharon L. Christopher
Corporate Secretary

Anthony Isidore Smart
Chairman

Courtenay Braemar Williams
Director

Jean-Pierre du Coudray
Director

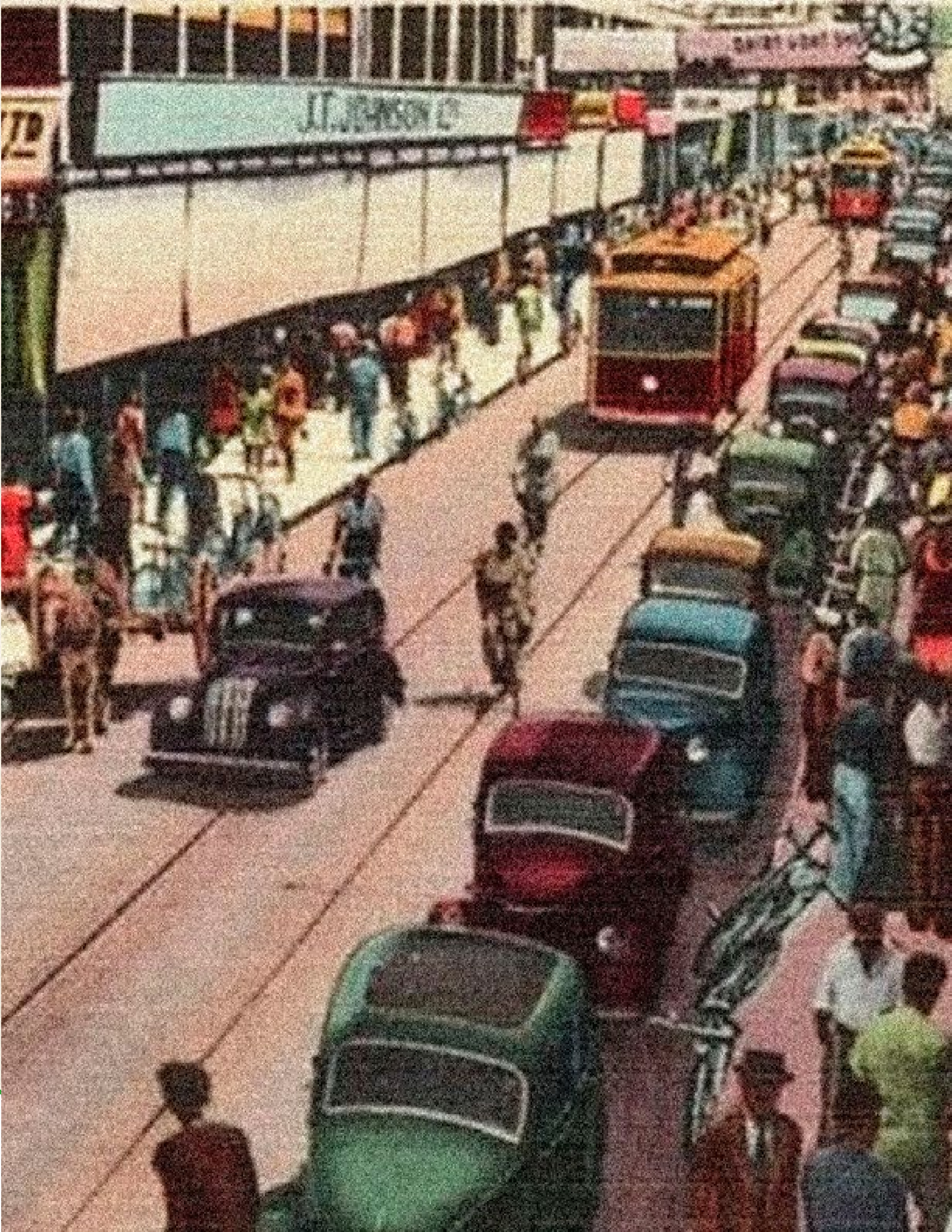
Hazar Hosein
Director

Franka Costelloe
Director

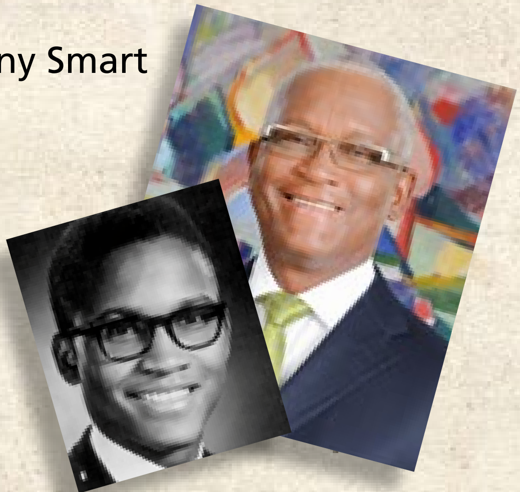
Joel Pemberton
Director

Ryan Proudfoot
Director

Ian Narine
Director



Anthony Smart



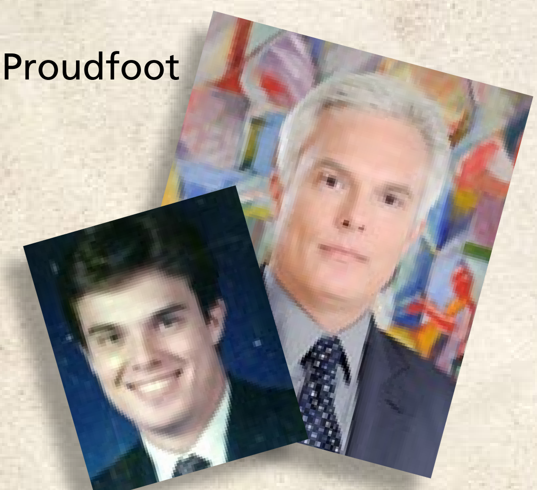
Hazar Hosein

Franka Costelloe

Ian Narine

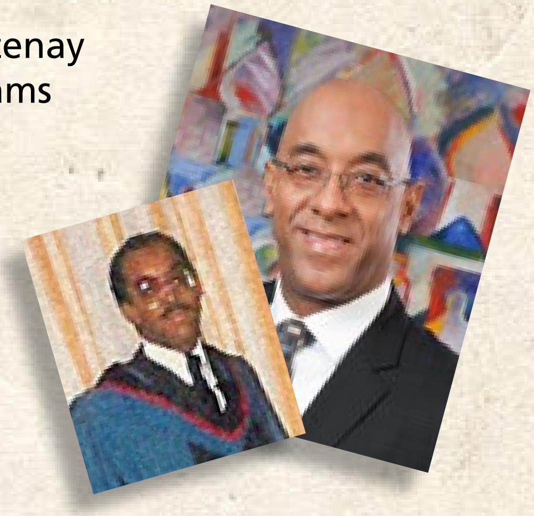
Jean-Pierre du Coudray

Ryan Proudfoot



Board of Directors

Courtenay Williams



Joel Pemberton

Mr. Anthony Isidore Smart ~ CHAIRMAN

Anthony Smart graduated from the University of Toronto, Canada with a Bachelor of Arts (General), majoring in Economics.

He is an Attorney-at-Law who has been in private practice for 42 years, 30 of which he has led the law firm of Gittens, Smart & Company. He was an elected member of the House of Representatives of the Parliament of Trinidad and Tobago from December 1986 to November 1991.

At various times between January 1987 and February 1989 he was the Deputy Speaker of the House of Representatives, Minister in the office of the Attorney General, Minister in the office of the Prime Minister, and Chief Whip in the House of Representatives. He was Attorney General of Trinidad and Tobago from March 1989 to November 1991.

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

Mr. Smart was appointed as Chairman of the Board of First Citizens Bank Limited on June 17, 2014 and subsequently as Chairman of First Citizens Investments Services Limited and First Citizens Costa Rica S.A.

Ms. Franka Costelloe

Franka Costelloe holds a (MSC) Master's Degree in Building and Construction Management (with distinction), an (MBOS) Associate Degree in Project Management and (BSC) Bachelor of Science Degree in Business Administration with a Major in Human Resources.

Ms. Costelloe is a Director of Lifetime Roofing Ltd; a manufacturer, distributor and contractor specialised in metal and flat roof waterproofing. She has experience in various departments including Human Resources, Project Management, Contracts, Budget Planning & Administration, Sales and Marketing.

She was appointed to the Board of First Citizens Bank Limited on July 03, 2014 and subsequently to the Boards of First Citizens Investments Services Limited and First Citizens Trustee Services Limited.

Ms. Costelloe currently also sits on the Trinidad and Tobago Manufacturer's Association Board and the Industrial Estate Tenants Board (ETA).

Mr. Jean Pierre du Coudray

Jean Pierre du Coudray is the Managing Director of the West Indian Tobacco Company Limited and is also a Leadership Board Member of British American Tobacco Company Limited Caribbean and Central American Region.

Mr. du Coudray holds a Bachelor of Arts Degree in Economics from the University of Western Ontario, Canada.

He was appointed to the Board of First Citizens Bank Limited on June 17, 2014 and subsequently to the Boards of First Citizens Securities Trading Limited, First Citizens Trustee Services Limited, First Citizens Investment Services Limited and First Citizens Costa Rica S.A. Mr. Du Coudray currently also sits on the Board of the Trinidad and Tobago Chamber of Industry and Commerce.

Mr. Hazar Hosein

Hazar Hosein is currently the Chief Executive Officer of the Land Settlement Agency, Ministry of Land & Marine Resources where he formerly held the positions of Manager Corporate Services and Financial Comptroller.

He holds a Bachelor of Science in Management Studies (Honours) from the University of the West Indies and is a Fellow Certified Chartered Accountant.

Mr. Hosein was appointed to the Board of First Citizens Bank Limited on June 17, 2014 and subsequently as Chairman of the Board of First Citizens Securities Limited, and Director of First Citizens Trustee Services Limited.

Mr. Ian Narine

Ian Narine has 20 years experience in the financial services industry. He holds a Masters in Business Administration from Manchester Business School and is a Fellow of the Association of Chartered Certified Accountants. He is also a Member of the Chartered Institute of Securities and Investments.

Over the course of his career, Ian has fulfilled numerous roles and disciplines across the financial services industry. He has practiced as an accountant, auditor, corporate finance consultant, stock broker, investment adviser, portfolio manager, wealth manager and private banker. He has also been involved in financial analysis and research, macro-economic analysis, financial risk management and internal audit.

Mr. Narine has had over 10 years of senior management responsibility, including the positions of General Manager and Managing Director of units and subsidiaries associated with four publicly listed companies in Trinidad and Tobago.

He was appointed to the Board of First Citizens Bank Limited on August 25, 2014 and subsequently to the Board of First Citizens Trustee Services Limited.

He currently also serves as a Member of the Investment Committee of the National Insurance Board of Trinidad and Tobago, and he sits on the Board of the Trinidad and Tobago Stock Exchange. Mr. Narine is also a regular contributor to the print and electronic media on matters related to investing, finance and the economy. He has written over 500 columns for the Business Guardian, spanning over 10 years.

Mr. Joel Pemberton

Joel Monty Pemberton is a Fellow Chartered Certified Accountant from the Association of Certified Charted Accountants.

Mr. Pemberton is currently the Chief Executive Officer of Trinity Exploration & Production Plc, a leading Independent oil and gas company in Trinidad & Tobago. Under his leadership, Trinity became the first Trinidad & Tobago company to list on the London Stock Exchange (AIM).

Mr. Pemberton first worked as a Chartered Accountant, auditing with Ernst & Young in Trinidad & Tobago, and in London. His many accomplishments include lead executive on the BP exploration audit team in London, responsible for the quarterly and annual audit of the worldwide audit, together with other assurance and advisory services. He was also the lead trainer for the Energy business unit on accounting and business process models for the upstream energy sector. On returning from London, Mr. Pemberton spent a year in banking as the Assistant Vice President-Energy Sector of RBTT Merchant Bank Limited. He was instrumental in establishing the Energy Division of the Merchant Bank and led the initiative with the formation of a private equity fund.

He continues to be a leading voice in the energy industry both independently, and as a Board Member of the Trinidad & Tobago Energy Chamber.

In 2014, Mr. Pemberton was elected as a non-executive Director on the Board of First Citizens Bank Limited and subsequently as Chairman of the Board of First Citizens Brokerage and Advisory Services Limited and a Director on the Boards of First Citizens Investment Services and First Citizens Asset Management Limited.

Mr. Ryan Proudfoot

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

Mr. Proudfoot is the majority shareholder of Total Office, a Trinidadian headquartered company that helps people create great office spaces, with subsidiaries in Barbados, and operations in 8 other southern Caribbean countries.

Prior to this, Mr. Proudfoot had a highly successful career in banking, holding the positions of General Manager, BNB Finance & Trust Corporation and General Manager, BNB Treasury with Barbados National Bank Inc (renamed Republic Bank (Barbados) Ltd. and a subsidiary of Republic Bank Limited).

Mr. Proudfoot joined BNB after serving as Business Head and Vice President, Citicorp Merchant Bank Limited (Barbados Branch) where he was responsible for the re-establishment of Citibank in Barbados.

Mr. Proudfoot started his career at Citibank Trinidad as a Relationship Manager in the Corporate Bank where he served for 5 years before moving to live in Barbados.

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

He currently also serves as a Director on the Board of Parex Resources (Trinidad) Ltd, the local subsidiary of a Calgary head quartered oil exploration company.

Mr. Courtenay Williams

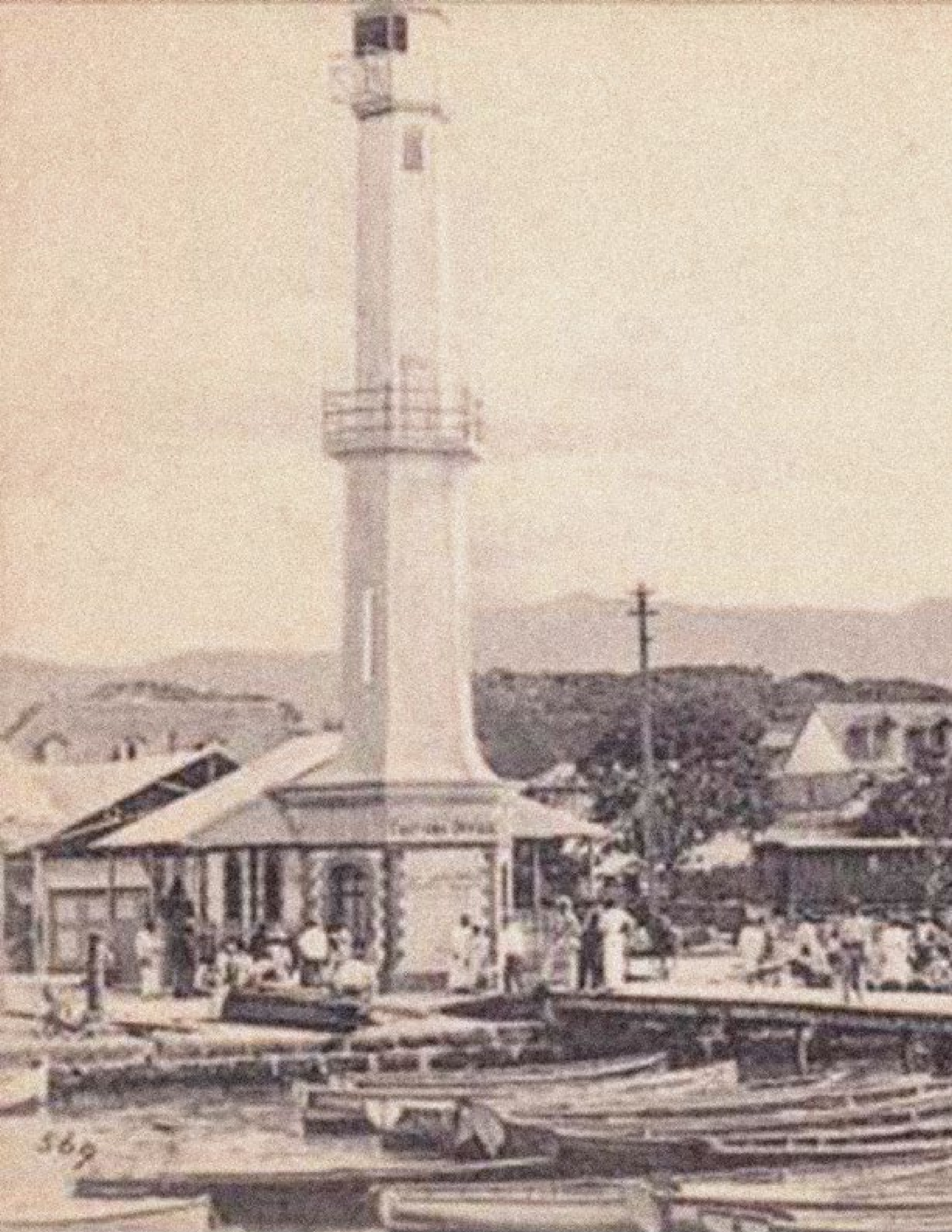
Courtenay Williams is an Attorney-at-Law who has been in practice for 27 years, most of which have been spent at the private bar, specialising in banking, privatisation, commercial, intellectual property, project financing, capital market and debt restructuring transactions. Mr. Williams graduated from the University of the West Indies with a Bachelor of Laws Degree (Honours.) He also obtained a Legal Education Certificate from the Hugh Wooding Law School in 1987.

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

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

Mr. Williams is currently also the Chairman of the Legislative Committee of the American Chamber of Commerce of Trinidad and Tobago, a Senior Ordinary member of the Law Association of Trinidad and Tobago and a member of the Disciplinary Committee of the Law Association of Trinidad and Tobago.

Mr. Williams is a past President of the Art Society of Trinidad and Tobago and Deputy Chairman of the Trinidad and Tobago Film Company Limited.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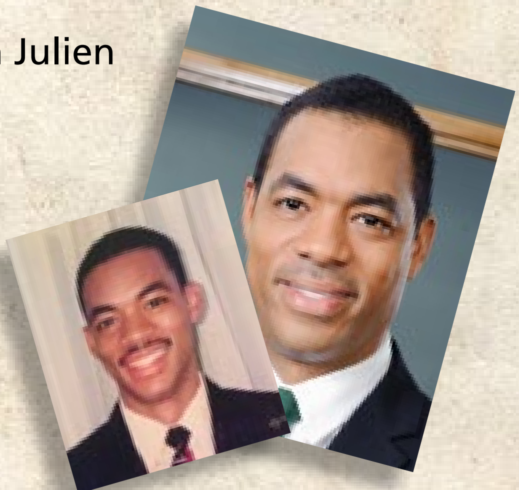
Sharon Christopher

Raymond Crichton

Jason Julien



Robin Lewis

Sharon Christopher

~ DEPUTY CHIEF EXECUTIVE OFFICER - CORPORATE ADMINISTRATION, GROUP CORPORATE SECRETARY

Sharon Christopher, an Attorney-at-Law, has been the Deputy Chief Executive Officer – Corporate Administration of First Citizens since 2007. The holder of an LLB (Bachelor of Law-Upper Second Class Honours from the University of the West Indies, St. Augustine) a Legal Education Certificate, Hugh Wooding Law School and a Master of Laws from the London School of Economics and Political Science, she has over 27 years of 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 resources 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 St. Lucia Electricity Services Limited and on the Board of Emera Caribbean Inc. in Barbados. She is also a Director and the Corporate Secretary on the Board of the Energy Chamber of Trinidad & Tobago. 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 17 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. He was also employed with one of the largest financial services conglomerates in the Caribbean, where he managed over $8 billion in assets. He is a member of the Finance Faculty at the Arthur Lok Jack Graduate School of Business, and is a commentator on economic, investment and financial matters. Mr. Julien was also honoured as one of the Distinguished Alumni of UWI, St Augustine. Mr. Julien has served on various industry association boards and is currently the Chairman of the Airports Authority of Trinidad and Tobago.

Robin Lewis

~ GENERAL MANAGER – RETAIL AND COMMERCIAL BANKING

Robin Lewis joined First Citizens as the GM 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.

Raymond Crichton

~ GROUP CHIEF RISK OFFICER (AG)

Raymond Crichton was appointed Group Chief Risk Officer (Ag) in August, 2014. He is the holder of a B.Sc. (Econ) – Upper Second Class Honours from the University of the West Indies, St. Augustine and a Post Grad Diploma in Business Administration from the Manchester Business School. His career spans over 36 years within the First Citizens group in the corporate and credit sectors of the institution, having served for the last 10 years at the senior management level. His experience and training include enterprise risk management, international financial markets, corporate finance and valuation, and executive leadership. He is a member of the Rotary Club of St. Augustine West and served as the Club's President in 2011/2012.

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

Senior Management Team's Profiles

Left to right:
Kanhai Bachew, Head – Commercial Banking
Waltnel Sosa, Corporate Manager – Strategic Initiatives/Projects
Kurt Valley, General Manager – First Citizens Asset Management
Marie Iton, Assistant General Manager – Human Resources
Shiva Manraj, Group Chief Financial Officer – Finance and Planning
Lindi Ballah-Tull, Head Legal and Compliance
Kurt Headley, Head – Retail Banking (Ag.)
Dereck Rajack, Assistant General Manager – Credit and Risk
Glyne Harrison, Chief Executive Officer – First Citizens Bank (Barbados) Limited

Management 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, 2014.

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

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

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

CRITICAL ACCOUNTING POLICIES

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

SUMMARY OF OPERATIONS

At the end of the financial year ended 30 September 2014, First Citizens Group reported a Profit Before Tax of $772.6 million. This profit represented $27.8 million or 3.7% over the $744.8 million earned in September 2013. Total Net Income increased by 2.9% to approximately $1.68 billion as compared to $1.63 billion in 2013. Operating or core profit increased by $21.8 million to $755.2 million (2013 - $733.4). Profit After Tax amounted to $626.6 million as compared to $609.1 million in 2013.

The Group's funding base decreased from $28.1 billion to $27.6 billion. The Group's gross loan base also reduced from $11.8 billion to $11.5 billion, while investments decreased from $11.9 billion to $11.7 billion. Overall total assets decreased by 3.3% from $36.1 billion to $34.9 billion in 2013.

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

NET INTEREST INCOME

Net Interest Income remained relatively stable notwithstanding an unfavourable interest rate environment along with excess liquidity in the system.

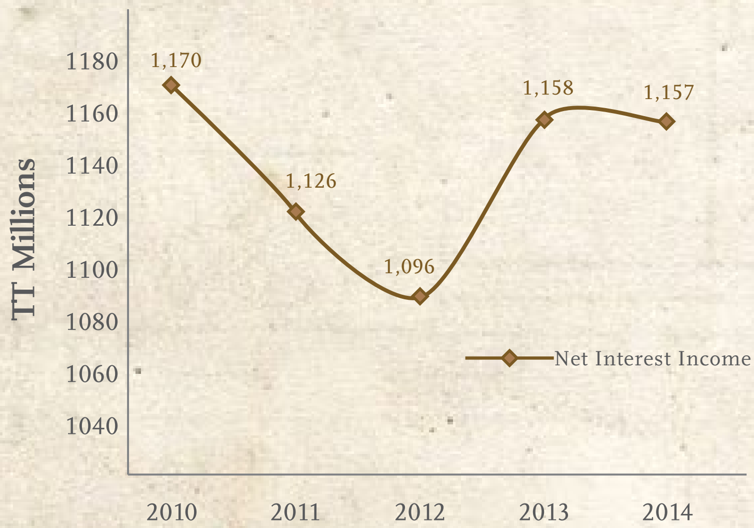
Net interest income is the most significant contributor to the Group's net income. It accounts for 68.8% of the Group's total income.

Over the financial year ended 30th September 2014, interest income decreased by $100.0 million or 6.4% to $1,471 million, the major contributors being investment interest income which accounted for $75.6 million or 11.8% decrease to $561.7 million over the last financial year and loan interest income decreased by $15.0 million. The decrease in investment interest income was due to the lack of availability of investments and declining yields accounted for this decrease.

Loan interest income decreased by 1.8% to $809.7 million due to a decline in commercial credit and declining yields.

Interest expense decreased by $98.8 million or 23.9% to $314.5 million. This decrease was due mainly to a decrease in other funding interest expenses, resulting mainly from lower interest rates.

Net Interest Income



NON-INTEREST INCOME

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

In the year 2014, non-interest income increased by 10.2% to $524.4 million, accounting for 31.2% of total revenues. The major contributor to this growth was in the categories of fees and commissions.

NON-INTEREST EXPENSE

Total non-interest expense increased by $25.6 million or 2.8%, amounting to $926.0 million at the end of September 2014. This increase was mainly due to the increase in depreciation and operating expenses, offset by decreases in impairment provision.

The Group's efficiency ratio, the ratio of non-interest expenses (excluding impairment provision) to total income increased to 54.31% in 2014. The Group continues to renew its commitment to strive towards increasing efficiency of utilisation of resources and controlling its expense levels, while delivering superior customer service.

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

	Year Ended September 30, 2012 vs September 30, 2013				Year Ended September 30, 2013 vs September 30, 2014			
	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	(15,027)	(18,694)	419	(33,302)	(22,474)	(55,097)	1,943	(75,628)
Loans to customers	98,842	32,081	4,602	135,525	31,237	(44,504)	(1,686)	(14,953)
Loan notes	(3,546)	(20,540)	549	(23,537)	(3,239)	(6,291)	187	(9,343)
Total increase in interest income	80,269	(7,153)	5,569	78,686	5,524	(105,892)	444	(99,924)
Interest Expense Attributable to:								
Customers' deposits	8,290	28,799	4,082	41,171	4,984	(26,348)	(1,318)	(22,682)
Other funding instruments	(26,310)	13,411	(2,125)	(15,024)	(17,422)	(95,706)	11,038	(102,090)
Due to other banks	(156)	202	(12)	34	389	(155)	(22)	212
Debt securities in issue	(16,848)	8,701	(868)	(9,015)	(16,396)	46,995	(4,820)	25,778
Total increase in interest expense	(35,025)	51,113	1,078	17,166	(28,445)	(75,215)	4,878	(98,782)
Increase/(decrease) in net interest income	115,294	(58,266)	4,492	61,520	33,969	(30,677)	(4,434)	(1,142)

Assets and Liabilities

Total Assets were $34.8 billion as at the end of September 2014, down by $1.2 billion or 3.4%. This decrease is mainly as a result of the decreases in loans to customers, other loans and receivables and other financial assets specifically, statutory deposit with Central Bank.

The Loan Portfolio

As at 30 September 2014, the gross loan portfolio decreased by $0.4 billion to $11.5 billion, loans reduced within several sectors led by constructions ($660.4 million) and transport, storage and communication ($362.6 million), offset by growth in finance, insurance and other business ($498.2 million) and consumers ($134.6 million).

Non-performing loans as a percentage of total gross loans deteriorated to 4.53% at the close of 2014 compared to 4.25% in 2013. 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 recognised in the income statement. Total provision for the Group at the end of September 2014 amounted to $306.7 million, which represents 2.7% of total loans and 0.59 times coverage on the value of total non-performing loans.

Investment Portfolio

Available-for-sale investments increased marginally during the year to $8.65 billion from $8.61 billion. This was mainly due to lack of availability of investments.

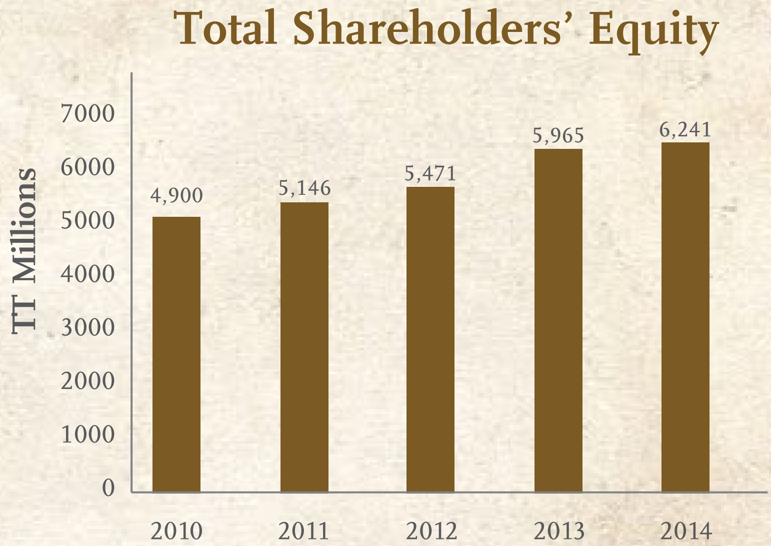
Provision for Taxation

The Group recorded a taxation charge for the year of $146.0 million compared to $135.6 million in 2013.

Shareholders' Equity

Total shareholders equity increased by $0.27 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 favourable movement in fair value reserves of $69.5 million, however, offset by a dividend of $420.2 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 capitalised with a tier 1 capital adequacy ratio of 54.7%.



COMPLIANCE AND RISK MANAGEMENT

Since January 2007, the Group has recognised 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 being managed by the Operational Risk and Compliance Unit.

The Compliance function has the overall managerial responsibility to develop, establish and maintain an effective program to monitor compliance, prevent and detect lapses and recommend any necessary corrective action to fully meet the statutory and regulatory requirements and compliance best practice standards in all jurisdictions in which the Group operates in addition to "Group wide" adherence to compliance programs. The employee hotline, which allows staff members a confidential medium for making queries or for reporting known or suspected compliance breaches for investigation, continue 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 recognises that training is an integral part of building a stronger risk culture. To this end, training in Anti-Money Laundering for the entire Group is done annually while training on Ethics in Banking and the preparation of risk assessments is done as required at this time.

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 action.

Asset/Liability Management

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

Credit Risk Management

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

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

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

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

Market Risk Management

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

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

Interest Rate Risk Management

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

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

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

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

The Group's fixed income portfolio is also exposed to interest rate risk as the valuation of the assets in the portfolio varies with local and international interest rates. The Group uses Value at Risk (VaR) to monitor and manage the market risk of the investment portfolio. VaR is a statistically based estimate which quantifies the potential loss on the portfolio at a 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, code 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 2014 with solid growth in Total Asset, and Shareholders' Equity. Despite the challenges of continued depressed economic activity, internationally, regionally and locally, the Group continues to position itself as a strong financial instruction. 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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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:

Courtenay Williams – Chairman
Franka Costelloe
Feona Lue Ping Wa

BOARD ENTERPRISE RISK MANAGEMENT COMMITTEE

To assist 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's 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 and management of the risks associated with the business of the Group.

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

4. 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.

5. Receiving and reviewing reports on selected risk topics as management or the Committee deems appropriate.

6. Reviewing and discussing with management significant regulatory reports of the Group and remediation plans related to such.

7. Meeting at least annually with the Group Audit Committee on topics of common interest.

8. Reviewing 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.

The members of the Committee are:

Ryan Proudfoot – Chairman
Hazar Hosein
Courtenay B. Williams

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 recognises that the Group's management will have more knowledge and more detailed information about the Group than 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 organisation'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
- Authorising the Internal Auditor to carry out special investigations into any area of the organisation's operations which may be of interest and concern to the Committee
- Ensuring that the Group's Internal Audit Department is aware of the live issues of the Group (including major areas of change and new ventures) and that these are incorporated into its work plans
- Ensuring internal audit has full, free and unrestricted access to all the company's activities, records, property and personnel necessary to fulfil 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
Joel Pemberton – Chairman
Hazar Hosein
Ryan Proudfoot

ASSET MANAGEMENT
Narinejit Pariag – Chairman
Feona Lue Ping Wa – Deputy Chairperson
Susan Romano-Davis

TRUSTEE SERVICES
Ian Narine – Chairman
Hazar Hosein
Franka Costelloe

FIRST CITIZENS INVESTMENT SERVICES
Joel Pemberton – Chairman
Franka Costelloe

FIRST CITIZENS BANK (BARBADOS) LIMITED
Renee Kowlessar
Peter Williams
Sir Trevor Carmichael

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 membersof 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

Organisational Structure

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

The Board members of the HR Committee are:

Franka Costelloe – Chairperson
Jean Pierre du Coudray

CREDIT COMMITTEE

The role of the Credit Committee is:

1. To approve credit facilities as documented under the Group's Credit Policy

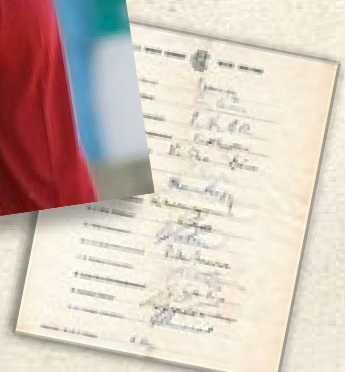
2. To review the quality of the loan portfolio and strategies being implemented to manage the Group's exposure to Credit Risk

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:

Ryan Proudfoot – Chairman
Joel Pemberton
Courtenay Williams

The only participation of Trinidad & Tobago in the final stages of the FIFA World Cup came in 2006, when they qualified for the tournament in Germany.



Sports

Our Corporate Social Responsibility

A Decade of First-Class Racing

A decade ago, First Citizens sponsored its very first New Year's Day at the Races. Over the years, the Group has kept pace with the ever exciting sport. The race day has become one of the most anticipated events of the year.

'Day at the Races' is a time for the Group's executives to mingle with guests in the beautiful setting of the Arima Race Club, in the hopes of a great day and year ahead of racing. Impeccably attired guests, a premium bar, sumptuous cuisine, good conversation and serious punting are all synonymous with a First Citizens race day and forms the recipe for one of the best ways to begin the year.

This time was no different from previous years, as the excitement was definitely intact and there was a smooth day of racing from beginning to end.

Race 1 First Citizens First Sprint
Dale Mohammed - Communications Relations Officer - First Citizens (2nd left) presents the winning trophy to (left to right) 'Winning Connections' jockey Emile 'Holy Man' Ramsammy, Trainer/Owner Shaffique Khan and Co-Owner Hugh Lee King for the First Race of the Year

Central FC Grabs First Citizens Cup

Central FC came from behind to clinch the coveted First Citizens Cup from Defence Force in a 2–1 victory on October 18 at the Hasely Crawford Stadium. The tournament consisted of a quarter and semi-final match and included - for the first time - games in Pt. Fortin (which were well supported).

During the closing game, fans also had an opportunity to win in the highly anticipated dash-for-cash promotions, as well as special tokens in celebration of our 20th Anniversary.

For their sterling achievements, the Central team took home a $100,000.00 monetary prize and their precious cup.

Evelena Bruce, Communications Officer presents this lucky dash-for-cash winner with his winnings

Mr. Warren Sookdar, Chief Information Officer (AGM), celebrates with a victorious Central FC who could not hide their excitement at winning the First Citizens Cup title for the first time

Racing On

"The 10" initiative certainly added all the hype that this year's edition of the UWI SPEC International Half marathon needed in celebration of the tenth installment of the race. The initiative involved participation from ten local celebrities who each ran in support of a charity, including First Citizens' staff member John Donaldson, who represented the Rape Crisis Society of Trinidad and Tobago.

As in the past, our staff also had a great time participating, and to recognise their efforts, a prize giving ceremony was held at Group Corporate Communications to honour the top achievers. Staff had the opportunity to mingle with each other and share their experiences and maybe one or two strategies for the next race.

Ms Hazel Grant-Chevalier, Manager - Group Operations & Process Improvement presents the winning Female Category prize to Falomi Marcano

Mr. Deodath Harrikissoon, Male Category winner received his prize from Ms. Hazel Grant-Chevalier, Manager - Group Operations & Process Improvement

CariFin

The Green Machine has done it again. They came out in their numbers - from as far as Point Fortin to Scarborough - to participate, support and have some good old-fashion fun with friends and family.

As a gold sponsor, the First Citizens family truly depicted the theme of the CariFin games - Fun, Fitness and Friendship - with our financial brothers and sisters. Staff attended in their numbers for the Urban Challenge, Aerobics Burnout, All Fours competition and finally the Family Fun Day.

We would like to say a heart felt "Thank You" to all staff members who participated and supported the 2014 CariFin games.

Robin Lewis, General Manager – Retail and Commercial Banking (back row centre) with some of our Torch Runners

Basking in the glory of their well run lap

Green Mile posse

Salute to our CariFin Overall Winners - Back Row (left-right) – Neil Juman, Verkisha Graham (former staff member), John Donaldson, Roxanne James and Deodath Harrikissoon Front Row (left-right) – Kieron Rocke and Wayne Rochard

First Citizens Sports Foundation Honours Our Sporting Greats

Sportsman of The Year, Jehue Gordon

The year 2013 was another exhilarating one in sports, as our local athletes shone everywhere - from the fields to the pools, the tracks and the courts. As usual, the First Citizens Sports Foundation held its annual Youth Awards Function and Sportsman and Sportswoman of the Year Awards to recognise the achievements of both our budding and seasoned sporting champions.

On January 31, at the Port of Spain Ballroom, Hyatt Regency Trinidad; foundation members, parents, coaches, the media and well-wishers gathered to honour thirty-nine young athletes at the event themed "Dare to Dream." At the show, special Olympic athletes also received commendation, and the Trinidad and Tobago National Under 20 Women's Team received a special plaque for their efforts at the 2014 CONCACAF Under-20 Women's Championship.

On March 14 at Queens Hall, the Foundation paid tribute to the senior sportsmen and women who gathered for "Enlightenment" - the themed celebration of our sporting heroes. Fifty-two athletes were honoured, but it was Jehue Gordon (Athletics) and Giselle Ann Jackman (Power Lifting) who emerged as the winners.

Proud members of the Trinidad & Tobago Under–20 Women's Championship Team with the plaque they received for placing fourth in the 2014 CONCACAF Tournament

Sportswoman of the Year, Giselle Ann Jackman

Shanntol Ince - Top Female Youth of the Year (Paralympic Swimmer) and Franz Huggins coach of Dylan Carter (Swimmer) Top Male Youth of the Year

Olympic champion Keshorn Walcott (extreme right) applauds some of the special Olympic athletes who were rewarded for the performance

UWI SPEC Marathon

The UWI SPEC International Half Marathon 2014 kicked off with its Media Launch on Wednesday 30th July, 2014 at the Office of the Campus Principal. This year's event will take place on Sunday 26th October, 2014, and marks the 11th anniversary of the marathon. Special Olympics Trinidad and Tobago has been selected as the charity of choice and will also be featured in the race with a Special Olympics Relay. This year for the first time, drug tests will be conducted on all athletes.

(left-right) Jason Julien - General Manager (First Citizens Investments Services), Professor Clement Sankat – Campus Principal (UWI, St. Augustine) and Major David Benjamin – Director (UWI SPEC)

World Challenge Day

The TAFISA World Challenge Day (WCD) is a friendly international competition in 'Sport for All' and physical activity. Communities of similar sizes from around the world compete against each other to motivate as many people as possible to be physically active for only 15 minutes in a single day. The event is a fun day that creates awareness and enthusiasm for fitness and active living in the participating communities.

The First Citizens Sports Foundation was one of the first organisations in the Caribbean region to become affiliated with TAFISA (The Association for International Sport for All) in its aim to become a beacon in the promotion of Sport for All.

World Challenge Day 2014 catered exclusively to students and residents of Special Needs Schools and Homes throughout the country. Participants from 9 institutions were fully engaged in the Zumba and aerobics activities regardless of their various disabilities. Even those who had to be assisted to perform the physical activities took part. The event ultimately displayed the true meaning of Sport for All.

It's Zumba fitness time

“Snakebite” Stings Them and Captures Polo Title

For the past two years, the Group, along with its subsidiary, First Citizens Investment Services (Barbados) Ltd., has sponsored the Barbados Open - the largest and most prestigious polo event in the Caribbean. This year was no exception. For the third year in a row, the Group was the title sponsor of the Tournament.

Congratulations to “Snakebite” for winning the First Citizens Barbados Open trophy. Elizabeth Morgan – Country Manager, First Citizens Investment Services (Barbados) Ltd presents the Champion Crystal Cup to Maximilian Kirchhoff of “Snakebite”.

National Primary Schools Water Polo League

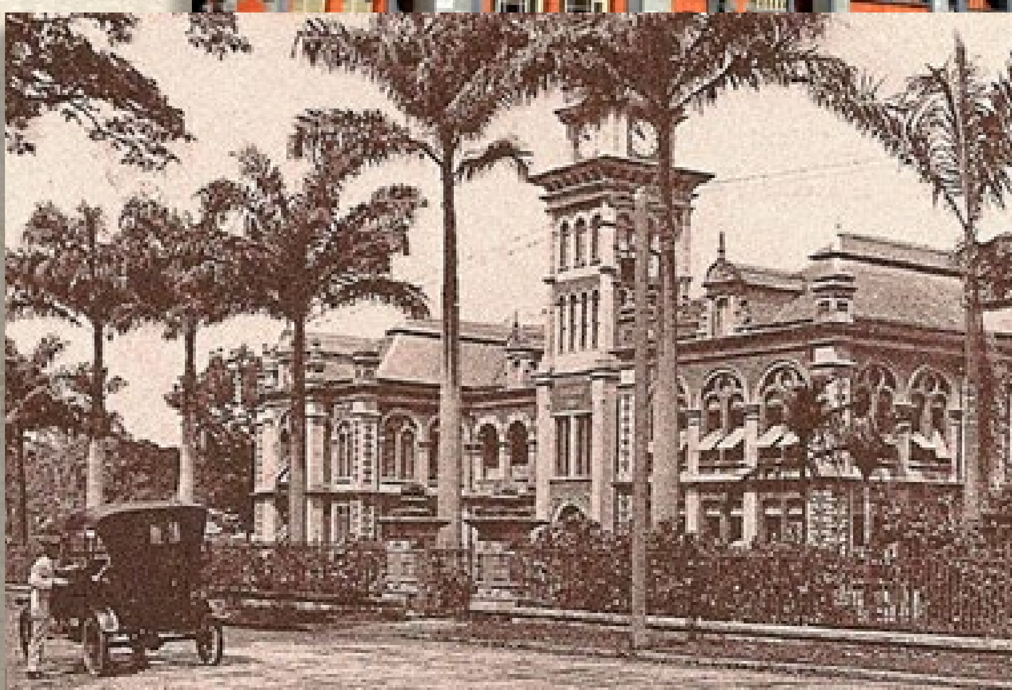
The First Citizens National Primary Schools Water Polo League 2014 came to an official close with a prize giving ceremony for participating teams. The athletes were congratulated by President of Royhil Seals Water Polo Club, Michael Lopez and First Citizens Corporate Manager, Group Operations and Improvement – Ms. Rosemary Alves respectively for their discipline and dedication throughout the league.

Members of the Bishop’s Anstey Junior School Boys’ Water Polo team accompanied by Corporate Manager, Group Operations and Improvement – Ms. Rosemary Alves (centre in back row) and coaches proudly display their medals

Bishop’s Anstey Junior School was the highlight of the evening as they walked away with three titles: Group 1 Male, Group 2 Female and Group 2 Male. Dunross Prepatory School captured gold in the Group 1 Female division, while Royhil Seals Water Polo Club took home gold in the Club division.

As a responsible corporate citizen, First Citizens continues to support initiatives that encourage sport and youth development.


7
4



Youth and Education

Our Corporate Social Responsibility

Youth Concert Showcase Great Pan Jazz Performance

The Pan Royale stage on 12th October, 2013 at QRC Grounds kicked off the latest edition of the Steel Pan & Jazz Festival featuring some of the country's top steel orchestras. Following this, it was on to the third installment of the Pan Jazz Challenge which saw thirteen bands vying for the grand prize of $50,000.00.

Additionally, students across the country had the opportunity to attend a series of workshops for young musicians to increase their knowledge and skills. Workshops were well attended and the students were eager to learn. Later in the month at Queens Hall, the young musicians brought the house down before their instructors, peers and parents at a concert where the workshop participants performed. The phenomenal amount of talent displayed demonstrated that the students benefitted from what they were taught by head facilitator Charlie Sepulveda and his band. This signaled a good future for Pan and Jazz talent in the country.

This group from secondary schools in the east were happy to be a part of the workshop

They brought their recorders out to practice

Students perform at Queen's Hall during the first workshop participants' concert

First Citizens

Youth Get Wealth of Financial Knowledge

It was standing room only at the second annual First Citizens Youth Investment Seminar at Bay Gardens Hotel on Tuesday, April 22nd. Before the event, scores of excited young persons between the ages of 18 and 35 registered for the opportunity to learn "the five best financial moves to make in your 20s & 30s" from the equally youthful and energetic First Citizens Investment Services team.

For the first time, the event was included as part of the official activities for Youth Month which is celebrated in April and received the endorsement of the Ministry for Youth Development. Partners for the event included The Cell, Felly Belly, Choice TV and YO! magazine. The evening session began with complementary Felly Belly smoothies and a spin-the-wheel game with prizes from First Citizens.

The First Citizens team, Shaka St. Ange, Christine Charlemagne, Denise Lewis, Nicole Mc Donald and Chad Auguste, then delivered advice on five financial moves for young people. The first focused on Equity investing and ways to take advantage of investment opportunities on the stock market. Effective budgeting was the second tip discussed. The third piece of useful financial advice the group received was themed 'Managing Debt'. Then it was on to preparing for the future, with advice on how to work towards acquiring your first home and investing in your retirement.

The youth seminars were also conducted in the communities of Soufriere and Vieux Fort to the south of the island.

Presenters of the Youth Seminar 2014

Supporting Young Talent at the Derek Walcott Theatre Festival

The Nobel Laureate Week Committee expressed sincere gratitude to First Citizens Investment Services St. Lucia for its sponsorship of The Derek Walcott Schools Theatre Festival. The event highlighted the original work of young poets and was held as part of a week of celebrations for Saint Lucia's two Nobel Laureates Sir Arthur Lewis and Honourable Derek Walcott.

At the launch of the week of activities on January 16, Regional Manager Carole Eleuthere-Jn Marie noted that the private sector must continue to support the celebration of our local heroes and the development of the arts among our youth.

Governor General Dame Pearlette Louisy also had high praise for First Citizens for coming on board. Nobel Laureate Week was held under the theme "Youth and Community: Fostering Social Inclusion through Peace and Security".

Regional Manager, Carole Eleuthere-Jn Marie makes a presentation to Governor General Dame Pearlette Louisy

Winning Wordsmiths

Students of Maria Regina Grade School were elated as they hoisted the winners' trophy at a prize giving ceremony on January 14 for placing first in the First Citizens co-sponsored National Word Championships competition. The "Spelling Bee" contest targeted Primary school students between the ages of 9 – 11 and was spearheaded by the Trinidad Express Newspaper.

While Maria Regina won the overall title, other district winners included Tacarigua Presbyterian Primary (St George East); Guaico Presbyterian Primary (North Eastern); Todd's Road RC Primary (Caroni); Tortuga Government Primary (Victoria); Avocat Vedic Primary (St Patrick); Jordan Hill Presbyterian (South Eastern) and Black Rock Government Primary (Tobago).

The elated students of Maria Regina Grade School who won the overall title

Dexter Charles, Manager – Group Corporate Communications presents the trophy to St. Patrick District Winners, Avocat Vedic Primary School

Finance Camp

Our future Captains of industry gave up three days (7th – 9th July) of their long-awaited summer vacation to be a part of First Citizens Bank Finance Camp 2014. Over the past six years, Corporate Banking Unit has hosted a financial literacy program designed to teach youth important financial management concepts such as creating a budget, the basics of investing, and how to manage credit. These lessons are taught through a series of interactive workshops, presentations by guest speakers and lifestyle events.

The support of the Group Corporate Communications and the Marketing Departments enables the scope and reach of the camp to expand. The aim of the camp is to mold the minds of young adults who demonstrate natural leadership skills and position them for success in their endeavors. Finance Camp has engendered keen interest from Mr. Jwala Rambarran, the Governor of the Central Bank, who has invested personal time with the campers. The participants enjoyed, interacting with speakers such as Jason Williams and Nicky Crosby, field trips to Central Bank's Money Museum and St Andrews Golf Course.

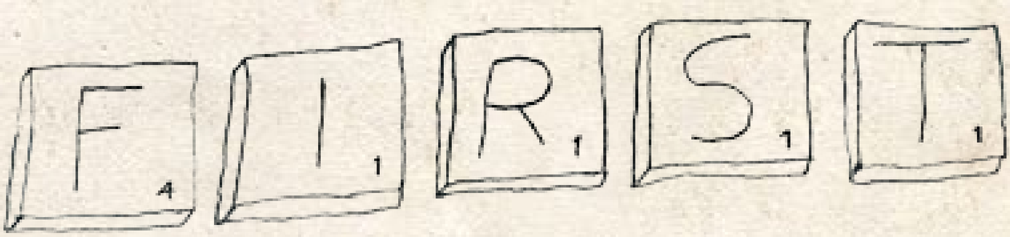
Our newly appointed Chairman, Mr. Anthony Smart, delivered the Remarks at this year's closing ceremony, solidifying the camp's continued success.

Participants of Finance Camp 2014 at their visit to The Central Bank

The Scrabble Games

The 19th Annual First Citizens National Schools' Scrabble Tournament took place on Saturday 17th May 2014. With over 24 participating schools, the Andre Kamperveen Hall, Centre of Excellence was transformed as the youngsters took part in what was dubbed "The Scrabble Games". St. Augustine Girls' High School walked away with the first place title.

Victorious! Students of St. Augustine Girls' High School proudly accept their trophy from Mr. Warren Sookdar Chief Information Officer - First Citizens Centre and hosts "Ceasar Flickerman" – Jonathan Homer (3rd left) and "Effie Trinket" – Nikkei Lander (1st right)



First Citizens Women's Seminar highlights balancing Passion, Purpose and Success!

How do you find your passion, own your success and live a more fulfilling life? St. Lucian women who attended the fifth annual First Citizens Investment Services Women's Seminar discovered that and much more at the seminar which was held strictly for women at the Bay Gardens Hotel.

Held under the theme "Own Your Success . . . Live Your Passion" the full day seminar was filled with riveting revelations and life lessons. The session began with a yoga lesson with The Art of Living Foundation's, Marise Skeete, who showed

Some of the attendees participating in one of the exercises

participants breathing and meditation techniques. The early morning sessions assisted in preparing the attendees for a full day of empowerment.

The featured speaker for the day was First Citizens Deputy Chief Executive Officer, Ms Sharon Christopher, who spoke about "Finding Your Passion and Discovering Your Purpose". Ms. Christopher candidly told the participants about her own life experiences and gave six life lessons women could put into practice in order to achieve their dreams. Among them was to "not allow fear to stop you from pursuing your passions". Her simple formula was "Passion + Purpose = Hard Work" and she encouraged women to find passion in everything they do.

Senator Debra Tobierre, the Managing Director of True Value, shared her story of entrepreneurship. The attendees also received guidance on "how to balance your passions with your pay-cheque" from First Citizens Investment Services Regional Manager, Mrs. Carole Eleuthere-Jn Marie.

The afternoon session was just as enlightening as Family Practitioner and Lactation Consultant, Dr Tanya Destang-Beaubrun, dealt with major health issues affecting women such as diabetes, hypertension, hypercholesterolemia, metabolic syndrome and stress. Counselor Rumelia Dalphinis-Kings took the ladies through the mental well-being of women in an eye-opening presentation under the sub-theme “Own It: Break Free from the Chains of Self-Sabotage”. The final speaker of the day was Tenderoni Manager, Mrs. Suzanna Gurley, who spoke about embracing one’s passions and used several examples of key figures in history who turned their passion into success stories.

It was a day of self-introspection and sisterhood and there was laughter, tears and hard truths for the participants who acquired a wealth of knowledge. The “woman to woman” segment was well received by the participants as many of them had several questions for the presenters.

This year marked the fifth anniversary of hosting the Women’s Seminar and First Citizens Investment Services thanked all who contributed to its success.

Secrets of a Six Figure Woman

On Saturday, 14th June 2014, over 100 women from sectors as diverse as Agriculture, Accounting, Consultancy, Design, Education, Financial Services, Legal, Public Administration, Retail and Tourism gathered at the Buccament Bay Resort for the First Citizens Investment Services’ second annual Women’s Conference themed “Secrets of a Six Figure Woman”. Dubbed an extremely informative session, participant’s feedback indicated that they were satisfied with the content and delivery of the entire conference.

Participants at Women’s Conference

Tackling Domestic Violence Through The Arts

The National Union of Government and Federated Workers (NUGFW) "Arts in Action" Competition, partly sponsored by First Citizens and First Citizens Trustee Services was launched on March 12 at WASA Public Education Centre, Farm Road, St. Joseph.

The competition was open to all 3rd and 4th standard primary school pupils, as well as all 3rd and 4th Form Secondary School pupils. The objective of the competition was to channel learning and awareness through the arts by highlighting and encouraging dialogue through slogan/artwork, writing and film, and to express the impact of domestic violence on women and children, who are most vulnerable. Since children live what they learn, the intention is to form the thought pattern against the acceptance of domestic violence with the ultimate aim of eliminating violence against women and children.

Domestic violence is a social issue very dear to the First Citizens Group, as the Bank launched the PINK Credit Card, geared towards ending domestic violence against women in 2011. First Citizens and First Citizens Trustee Services are proud to be a part of this initiative.

Mr. Roger Pantin – Manager, Pensions Administration, First Citizens Trustee Services Limited (1st left) and Mr. Christopher Sandy – General Manager, First Citizens Trustee Services Limited (3rd right) with other stakeholders (left-right) Mrs. Diana Mahabir-Wyatt – Chairman of the Child Protection Task Force, Senator James Lambert – President General, NUGFW, Ms. Jillian Joy Bartlett-Alleyne – General Secretary, NUGFW, Ms. Ellen Lewis – Corporate Communications Manager, WASA, Ms. Susan Russell-Edwards – Human Resources, Chaguaramas Development Authority and Ms. Jennifer Johnson – Ministry of Youth, Gender and Child Development

First Citizens Pink Credit Card Fund gets a boost

Kevon Brooks who acted as the popular character "Madea" in "Diary of a Bad Red Woman" presents profits from the play's matinee production to Jennifer Armstrong-Khan – Senior Communications Officer – First Citizens. Also present at the handing over was Co-producer Trevon Jugmohan (left) and Raymond Choo Kong (right)

Honouring its commitment to donate profits from its matinee production of "Diary of a Bad Red Woman" to the First Citizens Pink Fund, Raymond Choo Kong Productions in collaboration with First Instinct, presented the sum of $10,000.00 to Jennifer Armstrong-Khan, Senior Communications Officer – First Citizens at a handing over ceremony.

As part of its thrust to continue supporting initiatives that target the upliftment of women, First Citizens was the sponsor of the play's matinee production. Co-producer of the play, Raymond Choo Kong, noted that "The response to the show was very good" and he lauded the efforts of the First Citizens Pink Card Fund and encouraged more persons to support it.

First Citizens Women's Conference 2013

On Sunday November 3, 2013, women embarked on a voyage of self-discovery when they participated in First Citizens 1st Annual Women's Conference — an all-day conference themed "Living Your Best Life; Finding Your Purpose".

The conference's primary focus was to enhance the well-being of women – regardless of professional ranking, age or social status. Inspiration and motivation were the key words at this event, because despite the progress women have made over the decades, there is always a need for them to remember their worth and find their purpose. The day was also an opportunity to reconnect, network and to develop that additional layer required to 'live your best life'. The conference also helped bring about constructive change and build stronger relationships.

Sharon Christopher, Deputy CEO at First Citizens, said the women's conference was the Group's effort in recognising the need for women to take care of themselves.

"Women must understand that despite the demands at the workplace, at home or in everyday relationships, there comes a time that they must put themselves first," she said. "We at First Citizens acknowledge that women are the caregivers of this country. We are giving women the opportunity to have that space to develop and grow. We are proud to be part of this day of enhancement."

Among the topics presented were: Creating Your Best Life; Fine Tuning Your Outer Beauty; Put Your Oxygen Mask On First; Love, Sex and Relationships. Speakers included Ms. Christopher, designer, Peter Elias, motivational speaker Don La Foucade, and accomplished Organisational Development Consultant, Anthony Watkins. They discussed all of the elements that can mould and develop a woman's inner and outer character.

A time for rejuvenation

Participants also had the opportunity to help other women through the bank's 'Pearl Necklace Project'. The women were asked to donate a strand of faux pearls as a way of enhancing another woman's life. It was hoped the donated pearls would be seen as a symbol of inspiration and encouragement to the woman who receives it.

Proceeds from the sale of tickets were placed in the First Citizens 'Pink Card Fund' which will assist in helping to reduce domestic violence and other issues affecting women.

Sally Sagram formally of the Electronic Banking Unit inform these ladies about the benefits of the First Citizens Pink Card

Information on the benefits of the Pearl Necklace Project is explained to a participant

Culture
Our Corporate Social Responsibility

First Citizens at the Nagar

For many, Divali Nagar has become known for the whirlwind of activities it offers for nine consecutive days preceding the religious holiday. For First Citizens, it is an opportunity to showcase our brand, diligently serve patrons and give them the privilege of offsite first-class banking.

As in the past, the Group operated its offsite Branch from October 24 – November 2 and its presence was more than appreciated by the hundreds of merchants who depend on our banking services.

On the days at the Nagar, a marketing promotion was conducted by the Electronic Banking Unit. This drew additional visitors to the booth and gave them the opportunity to win branded items.

The Electronic Banking Unit staff keeping busy at the promotional desk

And we have a lucky winner!

This customer wasted no time getting down to business

FCIS St. Lucia Leaves Their Mark at Dominica's World Creole Festival

For the fourth consecutive year, First Citizens partnered with the Dominica World Creole Music Festival. The festivities were held from October 25 to 27 at Windsor Park Stadium and featured some of the best acts from the region, including Machel Montano, Kassav and Busy Signal. The event attracted thousands of visitors to the Nature Isle for three nights of music.

As part of its partnership, First Citizens had the opportunity to showcase a booth at the event which was visited by several persons interested in finding out more about First Citizens services in the region. In an interview with MNI Alive, Carole Eleuthere-Jn. Marie, Regional Manager of First Citizens Investment Services, expressed that the company was happy to be a sponsor of the festival.

Business Development Manager, Priscilla Charles is interviewed by DBS Radio

Administrative & Marketing Officer – FCIS St. Lucia, Nicole Mc Donald with patrons

Young Calypsonians Win Big

On November 18, 2013, participants in the 17th Annual National Action Cultural Committee's Emancipation Calypso competition were rewarded for their performances.

First Citizens sponsored the competition, in an effort to increase national consciousness of Emancipation, and expand the group's reach in its focus areas of education, music and culture.

Manager - St. Vincent Street Branch, Mr. Stephen Pennie (third from right) with members of the NACC (first left and first right) and some winners were captured in this photo

Ms Heritage Personality

First Citizens is once again the proud sponsor of the Ms. Heritage Personality competition which forms part of the activities of the Tobago Heritage Festival.

The 2014 Tobago Heritage Festival was opened with a gala presentation at the Dwight Yorke Stadium Car Park, Bacolet. This year's Ms. Heritage Personality, themed "Out of Many Comes One", focused on the Tobago woman and the contestants were judged on their ability to effectively convey the heritage unique to their community.

At the close of the show, the judges favoured Ms. Zobah Samuel representing Canaan/Bon Accord/Crown Point as the overall winner, with first runner-up being Ms. Shanareah Taylor representing Pembroke and second runner-up Kadifa Sebro representing Les Coteaux.

(left-right) Kirt Headley – Head Retail, First Citizens, Raina Alleyne – former Ms. Heritage Personality, Kadifa Sebro – Ms. Les Coteaux and 2nd Runner-up, Wendell Berkley – Chairman, Tobago Heritage Festival Committee, Dr. Denise Tsoiafatt Angus – Secretary, Division of Community Development and Culture, Shanareah Taylor – Ms. Pembroke and 1st Runner-up and Arlene St. Louis-Brathwaith – Asst. Branch Manager, Scarborough, First Citizens

Apart from the Tobago House of Assembly, First Citizens is proud to be the largest and longest standing sponsor of the Tobago Heritage Festival. This demonstrates our commitment to the preservation of culture and the development of young people in our sister isle of Tobago. This is the 27th year of the Group's involvement which makes the event our longest standing sponsorship.

The Story of Indigenous Banking

As First Citizens celebrated 100 years of indigenous banking in 2014, Port-of-Spain also celebrated a significant achievement: 100 years as a city. These momentous occasions represented a sense of national identity and pride. It was a time to reflect on a century of economic growth and social advancement. To commemorate this, the theme of this year's annual report is "100 Years of Indigenous Banking in Trinidad and Tobago".

On July 22nd, 1914, the working-man woke up and found that for the first time, there was a bank that would do business with him. Where he couldn't afford the shilling to open a bank account before, the Trinidad Cooperative Bank - affectionately known as the Penny Bank - opened its doors by asking for just one penny.

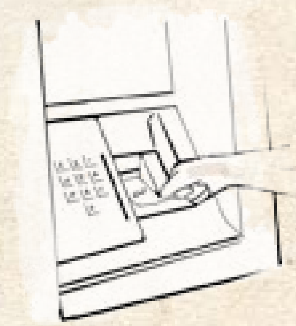
During World War II, as Trinidad and Tobago became a key location in the war and a society under a strong cultural influence of the US, our booming oil economy gave rise to construction and manufacturing. From this, Independence became possible in 1962, and Trinidad propelled into the "Black Power" movement of the 70's with a population approaching 900,000.

Because of its abundant natural resources, Trinidad and Tobago eventually became one of the most industrialised states in the region, and by extension, it was also a significant commercial hub. By the 1980s, 80% of bank employees across T&T were female. It was clear that women were staking their claim in this new territory of work and equality.

But, for all the women that were now employed in the banking sector, there were none in management. This "glass ceiling" didn't only prevent women from getting to the corner offices or boardrooms; it also prevented female customers from having the same access to financial services as men did.

On November 8th 1984, the National Commercial Bank was the first local bank to make it possible for a woman to own her own home through a bank's mortgage, and for her income to count if she and her husband were trying to buy a home.

In 1993, the National Commercial Bank, the Trinidad Co-operative Bank, and the Workers' Bank all merged to form First Citizens Bank. After this, First Citizens became the pioneer in a number of technological innovations and advancements in the banking industry, including introducing Trinidad's first ATM and the first local VISA Gold Credit Card. First Citizens was the first local bank to introduce web and mobile banking in Trinidad, the first bank to offer 90% mortgage financing, and the first to pioneer Rent-to-Buy mortgaging for customers. The First Citizens PINK credit card is also the first "credit card for a cause" in Trinidad and Tobago, and approved monthly contributions are made towards supporting the battle of 'Ending Violence Against Women'. With these and many other firsts, First Citizens still continues to thrive on innovation.



100 Years of Banking also represents a century of banking growth and innovation from 1914 when the National Commercial Bank first opened its doors to the present, where First Citizens is now considered the safest Bank in the Caribbean; First Citizens represents the progress of Trinidad and Tobago, its people, and its economy.

One Hundred Years

Over the years, we celebrated some key milestones and significant for this year, was the celebration of 100 years of indigenous banking in Trinidad and Tobago. One hundred years ago on 22nd July, 1914 the Trinidad Co-operative Bank (TCB) better known as the Penny Bank was officially opened. The Group hailed this achievement and included staff by involving them in a number of internal initiatives which made them a part of our history and what we had accomplished as the only indigenous Bank.

One of the initiatives was the "Happy Video Challenge". This involved staff getting together as a Unit/Branch to work as a team and produce their version of Pharrell's "Happy Video". Not only were there competitions but Thanksgiving and the Staff Awards functions were based on the theme "100 Years of Banking". At both functions, staff members were appreciated for their years of long service and dedication to First Citizens.

Other "100 Years Of Banking" initiatives included individual and group challenges. These submissions were of a very high quality.

An expression of words was another one of the challenges thrown out to the Group. Below is a prelude and the winning piece from Melissa R. Alexander – First Citizens Asset Management.

> *"Ever since my days at school, I've had a knack for writing. I also love to read and always marvel at the power that words have to create a parallel universe or transport you to a time in the past or future. I like to think of words as tangible imagination.*
>
> *When the Group issued the 100 years of banking challenge, I was compelled to combine my love of words and pride at being a member of the First Citizens' family, to create a piece that tells of the rich and riveting history, that enables us to grow from strength to strength and chart our own course on our continuing journey.........."*

100 Years of Banking:
What it means to be First Citizens

Indigenous and proud, we've passed the first score
Standing on the cusp of 20 years more
But the genesis of our success pre-dates 1993
We must navigate 100 years of history
How can that be! You say with alarm
Yes! It was 1914, when the world was at arms

TCB opened its doors to inculcate thrift
And became the authors of a paradigm shift
One bought more than thoughts for the penny amount
It became the new standard to open an account
For children and grassroots the way was paved
To accumulate wealth, for they could now save

The Penny Bank rallied against three foreign off-shoots
All the while firmly planting indigenous roots
On through the 30's crisis in the oil and sugar belt
To the 1970's when Black Power was felt
Two other local banks entered the landscape
The hands of change were ticking, no one would escape

Bred from tenacity, Workers' Bank and NCB
One boasting nationalism, the other innovation and technology
A pause must be taken at this point to give ovation
To Workers' Bank's "Mary Anne" – First ATM in the nation
The fallout was great from the eighties oil price decline
The fate of these three entities became inextricably entwined
TCB, NCB and Workers' Bank alone couldn't weather the storm
The three became ONE, First Citizens was formed

The initial years were challenging, there was much to do
But in adversity, the strength of each predecessor shone through
First Citizens gained momentum and got passed the worst
To achieve success, profitability and many milestones of firsts
VISA Gold, Internet Banking, one year – three awards
Stable and solid to launch beyond our shores
The naysayers are silenced, "sell as scrap!" they said
The Bank wasn't cast down, it thrived instead

On to the future with prudence, great service and revolutionary technology
Firmly set on a foundation of a century's history
If destiny is shaped by events of the past
With one hundred years of banking behind us, First Citizens' legacy will last

.........We're moving forward, with strength and with honour

Loyal to no other – FIRST CITIZENS...............

Submitted by:
Melissa R. Alexander
Fund Administration - First Citizens Asset Management

Financial Statements

Independent Auditor's Report

To the shareholders of
First Citizens Bank Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of First Citizens Bank Limited (the Bank) and its Subsidiaries (together the Group), which comprise the consolidated statement of financial position as at 30 September 2014 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cashflows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether 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 consolidated 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 the Group as at 30 September 2014, and their financial performance and cashflows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers

5 December 2014
Port of Spain
Trinidad, West Indies

Consolidated Statement of Financial Position

(Expressed in Trinidad and Tobago dollars)

	Notes	2014 $'000	2013 $'000 Restated	2012 $'000 Restated
		As at 30 September		
Assets				
Cash and due from other banks	6	2,876,947	2,135,646	2,449,484
Statutory deposits with Central Banks	7	5,408,804	6,738,987	4,446,808
Financial assets				
-Available-for-sale	8(a)	8,649,403	8,611,545	9,215,853
-Held-to-maturity	8(b)	1,792,818	1,692,664	1,633,245
-Fair value through profit or loss	8(c)	104	368	2,690
-Loans and receivables less allowances for losses:				
Loans to customers	9	11,153,735	11,516,922	10,321,665
Other loans and receivables	10	1,263,093	1,583,739	1,715,979
Loan notes	11	2,455,001	2,535,980	2,607,625
Finance leases	12	818	1,547	3,891
Other assets	13	295,194	397,275	578,317
Investment accounted for using equity methods	14	148,851	138,879	135,408
Due from parent company		2,825	2,349	2,221
Tax recoverable		52,983	61,994	34,167
Property, plant and equipment	15	479,214	456,618	446,106
Intangible assets	16	203,245	211,120	211,120
Retirement benefit asset	17	74,933	—	—
Total Assets		34,857,968	36,085,633	33,804,579
Liabilities				
Customers' deposits	18	20,889,799	21,000,381	18,894,585
Other funding instruments	19	4,808,060	4,632,823	6,038,847
Due to other banks		82,454	71,815	63,251
Creditors and accrued expenses	20	442,583	490,462	408,224
Taxation payable		40,494	12,641	59,796
Due to parent company		—	1,045,693	—
Bonds payable	21	1,945,769	2,451,566	2,448,358
Defined benefit liability	17	—	19,762	49,796
Deferred income tax liability	22	349,456	337,086	313,122
Notes due to parent company	23	58,000	58,000	58,000
Total Liabilities		28,616,615	30,120,229	28,333,979
Capital And Reserves Attributable To The Parent Company's Equity Holders				
Share capital	24	643,557	643,557	643,557
Statutory reserves	25	672,768	669,717	666,132
Retained earnings		3,601,058	3,397,718	2,988,628
Other reserves		1,323,970	1,254,412	1,172,283
Total Shareholders' Equity		6,241,353	5,965,404	5,470,600
Total Equity And Liabilities		34,857,968	36,085,633	33,804,579

The notes on pages 103 to 178 form an integral part of these consolidated financial statements.

On 3 December 2014, the Board of Directors of First Citizens Bank Limited authorised these consolidated financial statements for issue.

Anthony Isidore Smart

Director

Director

Consolidated Income Statement

(Expressed in Trinidad and Tobago dollars)

	Notes	Year Ended 30 September 2014 $'000	Year Ended 30 September 2013 $'000 Restated
Interest income	26	1,471,200	1,571,124
Interest expense	27	(314,519)	(413,301)
Net Interest Income		1,156,681	1,157,823
Fees and commissions	28	359,814	354,033
Foreign exchange gains	29	76,347	68,874
Other income	30	88,277	53,034
Total Net Income		1,681,119	1,633,764
Impairment loss on loans, net of recoveries	9	(12,873)	(35,167)
Impairment loss on other financial assets, net of recoveries	31	(11)	16,924
Administrative expenses	32	(522,364)	(524,387)
Other operating expenses	33	(390,717)	(357,730)
Operating Profit		755,154	733,404
Share of profit in associate	14	13,711	8,725
Share of profit in joint ventures		3,710	2,625
Profit Before Taxation		772,575	744,754
Taxation	34	(146,015)	(135,620)
Profit For The Year		626,560	609,134
Earnings Per Share			
Basic		$2.50	$2.42
Weighted Average Number Of Shares			
Basic		251,353,562	251,353,562

The notes on pages 103 to 178 form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

(Expressed in Trinidad and Tobago dollars)

	Notes	Year Ended 30 September 2014 $'000	2013 $'000 Restated
Profit for the year		626,560	609,134
Other Comprehensive Income			
Items That Will Not Be Reclassified To Profit Or Loss			
Change in fair value of held-to-maturity assets net of tax		(4,447)	(5,024)
Remeasurement of defined benefit liability	17	106,054	57,455
Revaluation of property, plant and equipment net of tax		2,964	844
		104,571	53,275
Items That May Be Reclassified To Profit Or Loss			
Exchange difference on translation		(6,708)	13,937
Transfer of net realised gain to current year income	30	(65,525)	(21,238)
Change in fair value of available-for-sale assets net of tax	30	37,220	36,160
		(35,013)	28,859
Total Other Comprehensive Income For The Year		69,558	82,134
Total Comprehensive Income For The Year		696,118	691,268

The notes on pages 103 to 178 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

(Expressed in Trinidad and Tobago dollars)

	Share Capital $'000	Statutory Reserve $'000	Fair Value Reserve $'000	Re-measurement of Defined Benefits $'000	Revaluation Surplus $'000	Other Reserve $'000	Retained Earnings $'000	Total $'000
Balance as restated as at 1 October 2013	643,557	669,717	1,073,590	57,455	97,674	25,693	3,397,718	5,965,404
Profit income for the year	—	—	—	—	—	—	626,560	626,560
Other comprehensive income for the year	—	—	(32,752)	106,054	2,964	(6,708)	—	69,558
Transfer to statutory eserve	—	3,051	—	—	—	—	(3,051)	—
Dividends	—	—	—	—	—	—	(420,169)	(420,169)
Balance at 30 September 2014	643,557	672,768	1,040,838	163,509	100,638	18,985	3,601,058	6,241,353
Balance as at 1 October 2012, as previously reported	643,557	666,132	1,063,692	—	96,830	11,761	3,267,083	5,749,055
Change in accounting policy	—	—	—	—	—	—	(278,455)	(278,455)
Restated Balance as at 1 October 2012	643,557	666,132	1,063,692	—	96,830	11,761	2,988,628	5,470,600
Profit Income for the year	—	—	—	—	—	—	609,134	609,134
Other comprehensive income for the year	—	—	9,898	57,455	844	13,932	5	82,134
Transfer to statutory reserve	—	3,585	—	—	—	—	(3,585)	—
Dividends	—	—	—	—	—	—	(196,464)	(196,464)
Balance at 30 September 2013	643,557	669,717	1,073,590	57,455	97,674	25,693	3,397,718	5,965,404

Consolidated Statement of Cash Flow

(Expressed in Trinidad and Tobago dollars)

	Year ended 30 September	
	2014 $'000	**2013 $'000 Restated**
Profit before taxation	772,575	744,754
Adjustments To Reconcile Profit To Net Cash Provided By Operating Activities:		
Share of profit in associate	(13,711)	(8,725)
Share of profit in joint ventures	(3,710)	(2,625)
Interest income	(1,471,200)	(1,571,124)
Interest received	1,494,102	1,559,656
Interest expense	314,519	413,301
Interest paid	(327,267)	(414,294)
Depreciation and amortisation	57,222	58,813
Loss/(gain) on disposal of property, plant and equipment	271	(43)
Gain on sale of available-for-sale financial assets	(65,525)	(21,238)
Amortisation of premium on investment securities	9,817	11,555
Amortisation of bond issue cost	3,526	3,653
Amortisation of intangible asset	7,875	—
Impairment loss on other financial assets	11	(16,924)
Net pension expense	56,587	56,328
Net movement in allowance for loan loss	(12,664)	30,876
Cashflows From Operating Activities Before Changes In Operating Assets And Liabilities	822,428	843,963
Net change in loans to customers	375,851	(1,226,131)
Net change in finance leases	729	2,344
Net change in customers' deposits	(110,582)	2,105,796
Net change in other funding instruments	175,237	(1,406,024)
Net change in other assets	79,176	192,502
Net change in due from parent company	(1,046,169)	1,045,565
Net change in statutory deposits with Central Bank	1,330,183	(2,292,179)
Dividends received	249	1,037
Net change in creditors and accrued expenses	(35,131)	83,233
Pension contributions paid	(9,876)	(9,756)
Taxes paid	(121,840)	(214,226)
Net Cashflows From Operating Activities	1,460,255	(873,876)

Consolidated Statement of Cash Flow (continued)

(Expressed in Trinidad and Tobago dollars)

	Year ended 30 September	
	2014 $'000	**2013 $'000 Restated**
Cashflows From Investing Activities		
Purchase of financial assets		
- Available-for-sale	(5,431,262)	(7,321,697)
- Held-to-maturity	(398,882)	(142,899)
- Fair value through profit or loss	—	(286)
Proceeds from sale of investments		
- Available-for-sale	5,397,913	7,900,841
- Fair value through profit or loss	284	2,642
- Other loans and receivable	308,945	150,994
Proceeds from maturity/redemption of held-to-maturity	266,811	160,814
Repayment on loan notes receivable	80,979	73,700
Proceeds from loan note receivable	—	(2,012)
Net change in short-term investments	(457,362)	210,687
Proceeds from disposal of property, plant and equipment	1,578	632
Purchase of property, plant and equipment	(79,304)	(68,788)
Net Cashflows From Investing Activities	(310,300)	964,628
Cashflows From Financing Activities		
Net change in debt securities	(500,000)	—
Ordinary dividend paid	(417,247)	(193,542)
Preference dividend paid	(2,922)	(2,922)
Net Cashflows From Financing Activities	(920,169)	(196,464)
Effect of exchange rate changes	43,513	(6,002)
Net (Decrease)/Increase In Cash And Cash Equivalents	273,299	(111,714)
Cash And Cash Equivalents At Beginning Of Period	1,909,129	2,020,843
Cash And Cash Equivalents At End Of Period	2,182,428	1,909,129

The notes on pages 103 to 178 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements
(Expressed in Trinidad and Tobago dollars)

1 General Information

First Citizens 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), and its registered office is located at 9 Queen's Park East, Port of Spain. First Citizens Holdings has 77.2% controlling interest. The remainder of the shares are listed on the Trinidad and Tobago Stock Exchange and publicly traded.

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

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

The Group currently comprises the following entities:

Entity	Nature of operations	Country of incorporation	Ownership interest
First Citizens Asset Management Limited	Investment & 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 & 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%

The Group also has investment in the following entities:

Entity	Nature of operations	Country of incorporation	Ownership interest
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%
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 have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretation Committee (IFRS IC) applicable to companies reporting under 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:*

- 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.

- Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

- 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*.

2 Summary Of Significant Accounting Policies (Continued)

2.1 Basis of preparation (continued)

- 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 cashflows.

- 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.

- 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 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 changes on the Group's accounting policies has been as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). See note 2.28 for the impact on the financial statements.

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 2014 and have not been early adopted by the Group:

- 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.

- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2017). This standard provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows:
  - Identify the contract with the customer
  - Identify the performance obligations in the contract
  - Determine the transaction price
  - Allocate the transaction price to the performance obligations in the contracts
  - Recognise revenue when (or as) the entity satisfies a performance obligation

  The following standards, amendments and interpretations to existing standards are not yet effective for accounting periods beginning on or after 1 January 2014 and have not been early adopted by the Group:

- IFRS 9 'Financial instruments part 1: Classification and measurement' – (effective 1 January 2018). IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. The completed standard was issued in July 2014, with an effective date of 1 January 2018. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cashflow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The additional amendments in July 2014 introduced a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. This amendment completes the IASB's financial instruments project and the Standard. The Group is yet to assess IFRS 9's full impact.

- Investment Entities - Amendments to IFRS 10, IFRS 12 and IAS 27 - (effective January 2014). Amends IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements to:

- Provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement

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)*

- Require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries.

- Require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated).

- IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets – Amendments – (effective 1 January 2014). This amendment is to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

- IAS 39 Financial Instruments: Recognition and Measurement – Amendments – (effective 1 January 2014). This amendment is to make it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met. A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to apply the amendments and continue hedge accounting, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations.

- IAS 19 – Defined Benefit Plans: Employee Contributions – Amendments – (effective 1 January 2013). This amendment is to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

- IFRS 11 Joint Arrangements - Amendments – (effective effective 1 January 2016). This amendment requires an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to:

  - Apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11

  - Disclose the information required by IFRS 3 and other IFRSs for business combinations

The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured).

- IAS 16 – Property, Plant and Equipment and IAS 38 Intangible Assets – Amendments – (effective 1 January 2016). This amendment is to:

  - Clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment

- Introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

- IFRIC 21 – Levies (effective 1 January 2014). This standard provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides the following guidance on recognition of a liability to pay levies:

  - The liability is recognised progressively if the obligating event occurs over a period of time

  - If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached

The Group is in the process of assessing the impact of the new and revised standards not yet effective on the Financial Statements.

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

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

2 Summary Of Significant Accounting Policies (Continued)

2.2 Consolidation (continued)

(c) Business combinations and goodwill

Acquisition-related costs are expensed as incurred.

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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

(d) Transactions and non-controlling interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(e) Investment in joint ventures

The Group has applied IFRS 11 to all joint arrangements as of 1 January 2012. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

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

(f) Investment in associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

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

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, 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 the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates in the income statement'.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments 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 and Tobago dollars, which is the Group'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$ 6.2986 = US$1.00 (2013 - TT$6.3506 = 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 hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

(b) Income and expenses for each income statement are translated at average 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 rate on the dates of the transactions); and

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2.4 Derivative financial instruments

Derivative financial instruments including swaps are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

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.

(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 and those that the entity upon initial recognition designates at fair value through profit or loss;
ii. Those that the entity upon initial recognition designates as available-for-sale.

(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.

(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 categorised as held for trading.

(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.

2.5.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cashflows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated income statement within 'Other (losses)/gains – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement as 'Gains and losses from investment securities'.

2.5.3 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)

2.5.4 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 derecognised when they have been redeemed or otherwise extinguished.

2.5.5 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 is the Group's internally developed model which is based on discounted cashflow analysis.

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 cashflows 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 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 cashflows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cashflows, such as changes in arrears or economic conditions that correlate with defaults.

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 cashflows (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 cashflows of a collateralised financial asset reflects the cashflows 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 cashflows 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 cashflows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cashflows 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 cashflows 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 cashflows 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.

(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.

2 Summary Of Significant Accounting Policies (Continued)

2.6 Impairment of financial assets (continued)

(b) *Assets classified as available-for-sale (continued)*

Debt securities are evaluated based on the criteria in Note 2.6 (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.

2.7 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 cashflows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 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.

2.9 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.

2.10 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 on the remaining balance of the liability for each period.

2.11 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. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the assets and the net amount is restated to the revalued amount of the asset.

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.

2 Summary Of Significant Accounting Policies (Continued)

2.11 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:-

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

The assets' 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 income statement. When revalued assets are sold, the amounts included in fair value reserves are transferred to retained earnings.

2.12 Income tax

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

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

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

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

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

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

2.13 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.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

(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.

2.14 Cash and cash equivalents

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

2.15 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 a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cashflow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

2 Summary of Significant Accounting Policies (Continued)

2.15 Interest income and expense (continued)

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.

2.16 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.

2.17 Dividend income

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

2.18 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.

2.19 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.

2.20 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.

2.21 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.

2.22 Preference shares

Preference shares that are non-convertible and non-redeemable are classified as equity. Dividends are declared at the discretion of the directors.

2.23 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.

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

2 Summary of Significant Accounting Policies (Continued)

2.24 Intangible assets (continued)

(a) Goodwill (continued)

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

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

(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 cashflow 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 cashflow.

2.25 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).

2.26 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.

2.27 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

2.28 Change in accounting policy

In the current year, the Group has adopted IAS19 – Employee Benefits (Revised) which is mandatory for the 2014 Financial Statements. The revised accounting standard requires changes as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The Group has made the required adjustments and restated the comparative amounts. The impact on the financial statements is as follows:-

	September-13 $'000	September-12 $'000
Effect on statement of financial position		
Defined benefit asset/(liability)		
Defined benefit asset/(liability) as previously reported	179,493	228,659
Unrecognised gain/loss	(278,455)	(278,455)
Remeasurement of the defined benefit asset/(liability) for 2013	76,606	—
Decrease in pension cost recognised in 2013	2,594	—
Defined benefit asset/(liability) as restated	(19,762)	(49,796)
Total assets		
Total assets as previously reported	36,265,126	34,033,238
Net adjustments to defined benefit assets	(179,493)	(228,659)
Total assets as restated	36,085,633	33,804,579
Deferred tax liability		
Deferred tax liability as previously reported	317,935	313,122
Tax relating to the remeasurement of the defined benefit obligation	19,151	—
Deferred tax liability as restated	337,086	313,122
Total liability		
Total liability as previously reported	30,081,316	28,284,183
Net adjustments to defined benefit assets	19,762	49,796
Tax relating to the remeasurement of the defined benefit obligation	19,151	—
Total liability as restated	30,120,229	28,333,979
Total shareholders' equity		
Total shareholders' equity as previously reported	6,183,810	5,749,055
Increase in the remeasurement of the defined benefit obligation	57,455	—
Recognisation of prior periods gains/losses	(278,455)	(278,455)
Decrease in pension cost recognised in 2013	2,594	—
Total shareholders' equity as restated	5,965,404	5,470,600

2 Summary of Significant Accounting Policies (Continued)

2.28 Change in accounting policy (continued)

	September-13 $'000	September-12 $'000
Effect on statement of financial position		
Administrative expenses		
Total administrative expenses as previously reported	(526,981)	—
Decrease in pension cost recognised in 2013	2,594	—
Total administrative expenses as restated	(524,387)	—
Profit for the year		
Total profit for 2013 as previously reported	606,540	—
Decrease in pension cost recognised in 2013	2,594	—
Total profit for 2013 as restated	609,134	—

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 Management Committee and the Board Credit Committee; and two Senior Management Committees – the Senior Manager Risk Committee and the Asset Liability Committee.

The Group Enterprise Risk Unit, headed by the Group Chief Risk Officer (CRO), reports to both Sub-Committees of the Board of Directors through the Senior Management Committees. This unit 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 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 Bank'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 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 counterparty 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 counterparties 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 - 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 Financial Risk Management (Continued)

3.1.1 Credit risk management (continued)

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.

3.1.2 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

(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.

3.1.3 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; and
- 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.

3 Financial Risk Management (Continued)

3.1 Credit risk (continued)

3.1.3 Risk limit control and mitigation policy (continued)

(e) *Liquidity support agreement*

It was agreed inter alia, in the Liquidity Support Agreement dated May 15, 2009, made between the Government of 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 FCIS included certain financial assurances by the GORTT that provide for the indemnification of the Bank against various claims, losses or liabilities if incurred by FCIS within a stipulated period of time after the date of acquisition in relation to obligations existing or default on assets owned by FCIS at the date of the acquisition as set out in the provisions of the Liquidity Support Agreement.

All reasonable claims by the Bank in respect of such losses are expected to be settled 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.

(f) *Credit-related commitments*

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

3.1.4 Impairment and provisioning policies

The Group impairment provision policy is covered in detail in Note 2.6.

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.

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

	Gross Maximum Exposure 2014 $'000	Gross Maximum Exposure 2013 $'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	2,876,947	2,135,646
Statutory deposit with Central Bank	5,408,804	6,738,987
Financial assets		
Available-for-sale	8,571,472	8,507,031
Held-to-maturity	1,806,680	1,692,664
Loans to customers	11,460,419	11,836,270
Other loans and receivables	1,268,213	1,588,868
Loan notes	2,455,001	2,535,980
Finance leases	818	1,547
Other assets	273,045	374,733
Due from parent company	2,825	2,349
Total credit risk exposure	34,124,224	35,414,075

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

3 Financial Risk Management (Continued)

3.1 Credit risk (continued)

3.1.6 Loans to customers and other financial assets

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

30 September 2014

	Loans to customers $'000	Other loans and receivables $'000	Financial assets available for sale $'000	Held to maturity $'000	Loan notes $'000	Finance leases $'000
Neither past due nor impaired	8,771,307	519,946	8,536,648	1,792,818	2,455,001	973
Past due but not impaired	2,171,858	736,929	—	—	—	—
Individually impaired	520,257	11,338	34,824	13,862	—	—
Gross	11,463,422	1,268,213	8,571,472	1,806,680	2,455,001	973
Unearned interest	(3,003)	—	—	—	—	(155)
Less: Allowance for impairment	(306,684)	(5,120)	(30,197)	(13,862)	—	—
Net	11,153,735	1,263,093	8,541,275	1,792,818	2,455,001	818

30 September 2013

	Loans to customers $'000	Other loans and 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

Included in receivable past due but not impaired are loans and receivables due to CL Financial and its affiliates which has not yet been claimed under the LSA. The amount outstanding stood at TTD $198.2 million and USD $96.5 million as at September 30 2014. Interest continues to accrue on these amounts. We continue to negotiate payment of these liabilities with CL Financial Limited. CL Financial Limited has requested an extension to December 30 2014, to propose a repayment plan.

In accordance with clause 5 (iii) of the LSA, the Bank has until May 15 2015 to claim losses for CL Financial Limited and its affiliates. If CL Financial Limited is unable to settle outstanding debt in full by March 2015, the Bank will submit a claim under the LSA for the total amount due at that time.

(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 2014		
	Loans to customers		
	Individual $'000	Corporate $'000	Total $'000
Standard	2,878,009	4,391,601	7,269,610
Special mention	120,502	1,381,195	1,501,697
	2,998,511	5,772,796	8,771,307

	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

Other Loans and Receivables

	30 September 2014			30 September 2013		
	Individual $'000	Corporate $'000	Total Loans $'000	Individual $'000	Corporate $'000	Total Loans $'000
Investment grade	15,141	290,249	305,390	14,733	644,593	659,326
Speculative grade	2,927	211,629	214,556	3,203	136,657	139,860
	18,068	501,878	519,946	17,936	781,250	799,186

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.

3 Financial Risk Management (Continued)

3.1 Credit risk (continued)

3.1.6 Loans to customers and other financial assets (continued)

(a) *Neither past due nor impaired (continued)*

	30 September 2014		
	Individual (retail customers) $'000	Corporate $'000	Total $'000
Instalment loans	739,041	15,283	754,324
Demand loans	214,734	5,158,001	5,372,735
Overdrafts	7,221	138,481	145,702
Credit cards	344,423	15,187	359,610
Mortgages	1,682,709	456,227	2,138,936
Loans to customers	2,988,128	5,783,179	8,771,307
Impairment allowance	(42,286)	(45,643)	(87,929)
Loans Net Of Impairment	2,945,842	5,737,536	8,683,378

	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	310,157	13,694	323,851
Mortgages	1,584,603	510,678	2,095,281
Loans to customers	2,792,870	6,059,064	8,851,934
Impairment allowance	(40,094)	(42,600)	(82,694)
Loans Net Of Impairment	2,752,776	6,016,464	8,769,240

(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 2014	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	178,975	10,382	2,777	—	192,134
Demand loans	64,444	16,438	3,695	—	84,577
Overdrafts	9,023	379	116	—	9,518
Credit cards	3,220	12,169	3,361	—	18,750
Mortgages	556,654	72,404	13,153	18,085	660,296
Sub total	812,316	111,772	23,102	18,085	965,275
Corporate					
Demand loans	515,581	30,980	3,995	—	550,556
Mortgages	594,337	61,690	—	—	656,027
Sub total	1,109,918	92,670	3,995	—	1,206,583
Total Loans To Customers	1,922,234	204,442	27,097	18,085	2,171,858
Fair Value Of Collateral					
Individual (retail customers)	1,006,416	141,726	18,010	29,053	1,195,205
Corporate	1,435,531	91,622	7,814	—	1,534,967
Impairment Allowance					
Individual (retail customers)	(8,116)	(1,638)	(400)	(60)	(10,214)
Corporate	(4,707)	(291)	(31)	—	(5,029)

3 Financial Risk Management (Continued)

3.1 Credit risk (continued)

3.1.6 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
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
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)

(c) *Individually impaired*

	Individual (retail customers)					Corporate		
30 September 2014	**Instalment $'000**	**Demand Loans $'000**	**Overdrafts $'000**	**Credit Cards $'000**	**Mortgages $'000**	**Demand Loans $'000**	**Mortgages $'000**	**Total $'000**
Loans to customers	22,762	51,177	852	19,368	66,914	327,729	31,455	520,257
Fair value of collateral	8,101	91,402	6	—	75,136	533,073	29,876	737,594
Impairment allowance	(20,212)	(8,613)	(598)	(15,109)	(19,672)	(133,539)	(5,770)	(203,513)
30 September 2013								
Loans to customers	27,603	44,131	555	25,543	64,247	301,769	40,631	504,479
Fair value of collateral	10,326	83,033	140	—	52,127	533,443	41,817	720,886
Impairment allowance	(27,347)	(6,317)	(529)	(19,292)	(17,506)	(142,841)	(5,476)	(219,308)

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.

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

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

30 September 2014

S&P	**Other loans & receivables $'000**	**Available-for-sale securities $'000**	**Held to maturity $'000**
Investment grade	305,390	7,263,627	1,022,353
Speculative grade	951,485	1,273,022	739,795
Default	6,218	4,626	30,670
	1,263,093	8,541,275	1,792,818

3 Financial Risk Management (Continued)

3.1 Credit risk (continued)

3.1.7 Credit quality of available-for-sale and held-to-maturity securities (continued)

30 September 2013

S&P	Other loans & receivables $'000	Available-for-sale securities $'000	Held to maturity $'000
Investment grade	860,414	7,061,919	1,043,277
Speculative grade	716,573	1,344,344	649,387
Unrated	6,752	73,825	—
	1,583,739	8,480,088	1,692,664

3.1.8 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.

3.1.9 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 excluding Statutory Deposit with Central Bank: -

	2014 Gross Maximum Exposure $'000	2013 Gross Maximum Exposure $'000
Financial assets:		
Consumer	2,154,007	2,016,736
Agriculture	10,831	12,386
Petroleum	497,672	540,709
Manufacturing	152,467	209,467
Construction	3,897,772	4,693,366
Distribution	296,697	211,384
Hotels and guest houses	611,246	622,374
Transport, storage and communications	768,339	1,160,084
Finance, insurance and real estate	5,362,978	5,005,827
Other business services	1,316,759	1,219,036
Personal services	143,386	13,741
Real estate mortgages	2,785,106	2,796,032
Government related	7,588,261	7,514,067
Finance leases	818	1,547
Financial Institutions	2,879,772	2,137,995
Other assets	273,045	374,733
	28,739,156	28,529,484

3.2 Market risk

The Group takes on exposure to market risk, which is the risk that the fair value or future cashflows 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 and also reports via the Enterprise Risk Unit to the Board Enterprise Risk Committee to enable Board oversight of market risk issues. Additionally, on a monthly basis, the Bank's Market Risk Committee reviews and approves the yield curves used to value all investment securities and reports on this into the Group ALCO. This Committee also provides for the consideration of the Group ALCO technical information that may be relevant to current and developing market conditions from time to time.

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

Non-trading portfolios primarily arise from the interest rate management of the Group's retail and commercial banking assets and liabilities. Non-trading portfolios 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 cashflows. It is the policy of the Group not to engage in speculative foreign exchange activities, since its primary focus is to supply foreign currency to customers at a profit with the US$ dominating trading. However, as supply usually lags behind customer demand, the Group may find itself in an overbought or oversold position.

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

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

As at 30 September 2014	**TT$ $'000**	**US$ $'000**	**Other $'000**	**Total $'000**
Financial Assets				
Cash and due from other banks	449,395	1,542,345	885,207	2,876,947
Statutory deposits with Central Banks	5,317,714	3,055	88,035	5,408,804
Financial assets:				
- Available-for-sale	6,287,667	1,925,111	436,625	8,649,403
- Held-to-maturity	545,344	481,492	765,982	1,792,818
- Fair value through profit or loss	9	95	—	104
- Loans and receivables less allowances for losses:				
- Loans to customers	7,724,103	2,138,533	1,291,099	11,153,735
- Other loans and receivables	207,694	862,752	192,647	1,263,093
- Loan notes	1,562,011	892,990	—	2,455,001
Other assets	221,740	42,577	30,877	295,194
Investment accounted for using equity methods	70,264	78,587	—	148,851
Total Financial Assets	22,385,941	7,967,537	3,690,472	34,043,950

3 Financial Risk Management (Continued)

3.2 Market risk (continued)

3.2.1 Currency risk (continued)

As at 30 September 2014	TT$ $'000	US$ $'000	Other $'000	Total $'000
Financial Liabilities				
Customers' deposits	15,793,953	3,044,921	2,050,925	20,889,799
Other funding instruments	1,451,448	2,087,393	1,269,219	4,808,060
Due to other banks	—	—	82,454	82,454
Bonds payable	906,550	1,039,219	—	1,945,769
Creditors and accrued expenses	374,632	35,325	32,626	442,583
Total Financial Liabilities	18,526,583	6,206,858	3,435,224	28,168,665
Net on balance sheet position	3,859,358	1,760,679	255,248	5,875,285
Off balance sheet items	197,948	14,684	2,054	214,686
Credit commitments	171,075	42,516	172,526	386,117
As at 30 September 2013				
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
- Other loans and receivables	199,957	1,186,248	197,534	1,583,739
- Loans notes	1,635,686	900,294	—	2,535,980
Other assets	274,170	72,274	50,836	397,280
Investment accounted for using equity methods	59,643	79,236	—	138,879
Total Financial Assets	23,511,413	8,103,747	3,736,850	35,352,010
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	4,753,573	1,508,261	443,129	6,704,963
Off balance sheet items	201,489	10,844	2,599	214,932
Credit commitments	557,390	234,337	181,795	973,522

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 100 basis points against the US$, the profit would decrease by $19.5 million (2013: $14.3 million). One hundred basis points was considered a reasonable possible shift since the US$ rate has not changed by more than 100 basis points year-on-year over the past 3 years. The average change for the last three years was 42.8 basis point (2013: 42.5 basis points).

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 cashflows. 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 cashflows 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 cashflow 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.

As at 30 September 2014	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	1,188,720	494,875	685,330	—	—	508,022	2,876,947
Statutory deposits with Central Banks	765,327	336,421	564,900	—	—	3,742,156	5,408,804
Financial assets:							
- Available-for-sale	788,699	206,194	2,239,837	1,099,348	4,201,058	114,267	8,649,403
- Held-to-maturity	—	13,436	120,156	965,898	693,328	—	1,792,818
- Fair value through profit or loss	—	—	—	—	—	104	104
-Loan to customers and finance leases	1,749,978	1,105,685	2,169,738	3,926,751	2,202,401	—	11,154,553
- Other loans and receivables	30,455	756,623	263,774	166,055	46,186	—	1,263,093
-Loan notes	—	1,865,403	73,700	294,798	221,100	—	2,455,001
Other assets	16,698	—	—	—	—	278,496	295,194
Due from parent company	—	—	—	—	—	2,825	2,825
Total Financial Assets	4,539,877	4,778,637	6,117,435	6,452,850	7,364,073	4,645,870	33,898,742

3 Financial Risk Management (Continued)

3.2 Market risk (continued)

3.2.2 Interest rate risk (continued)

As at 30 September 2014	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 Liabilities							
Customers' deposits	18,050,942	599,234	1,651,045	185,044	832	402,702	20,889,799
Other funding instruments	820,778	1,237,289	2,365,065	384,928	—	—	4,808,060
Due to other banks	61,683	—	—	—	—	20,771	82,454
Bonds payable	—	—	—	1,445,769	500,000	—	1,945,769
Notes due to parent company	—	—	—	—	—	58,000	58,000
Creditors and accrued expenses	—	—	—	—	—	442,583	442,583
Total Financial Liabilities	18,933,403	1,836,523	4,016,110	2,015,741	500,832	924,056	28,226,665
Interest Sensitivity Gap	(14,393,526)	2,942,114	2,101,325	4,437,109	6,863,241		

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 with 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
- 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
- Other loans and receivables	19,525	36,459	739,600	741,098	47,052	5	1,583,739
Loan notes	1,893,164	—	53,222	294,797	294,797	—	2,535,980
Other assets	—	—	27,331	—	—	369,949	397,280
Due from parent company	—	—	—	—	—	2,349	2,349
Total Financial Assets	5,479,801	2,488,631	5,638,078	7,387,992	8,284,315	5,938,210	35,217,027

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 Liabilities							
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
Due to other banks	—	—	59,317	—	—	12,498	71,815
Bonds payable	—	—	500,000	1,951,566	—	—	2,451,566
Notes due to parent company	—	—	—	—	—	58,000	58,000
Creditors and accrued expenses	—	—	—	—	—	490,462	490,462
Due to parent company	—	—	—	—	—	1,045,693	1,045,693
Total Financial Liabilities	17,902,439	2,494,383	4,945,376	2,469,342	2,151	1,937,048	29,750,739
Interest Sensitivity Gap	(12,422,638)	(5,752)	692,702	4,918,650	8,282,164		

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 $18.8million (2013 - $17.8 million) and a decrease in reserves of $386.7 million (2013: $439.9 million).

3.2.3 Other price risk

Other price risk arises due to the possibility that the fair value of future cashflows 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 cashflows. 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 and International Trade Centre 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 cashflows 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 cashflows, 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.

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

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 cashflows.

As at 30 September 2014	Up to 1 month $'000	1 to 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Financial Liabilities						
Customers' deposits	18,641,617	444,017	1,661,882	189,664	963	20,938,143
Other funding instruments	782,207	1,246,350	2,400,947	401,996	—	4,831,500
Due to banks	83,688	—	—	—	—	83,688
Bonds payable	20,932	—	83,743	1,529,002	624,637	2,258,314
Notes due to parent company	58,000	—	—	—	—	58,000
Creditors and accrued expenses	442,583	—	—	—	—	442,583
Total Financial Liabilities	20,029,027	1,690,367	4,146,572	2,120,662	625,600	28,612,228
Total Financial Assets	5,761,741	4,909,725	6,778,441	8,539,010	13,204,013	39,192,930
Liquidity Gap	(14,267,286)	3,219,358	2,631,869	6,418,348	12,578,413	10,580,702

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						
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
Due to banks	12,498	—	61,636	—	—	74,134
Bonds payable	21,183	—	622,854	2,389,834	—	3,033,871
Notes due to parent company	58,000	—	—	—	—	58,000
Creditors and accrued expenses	490,462	—	—	—	—	490,462
Total Financial Liabilities	19,389,404	2,277,183	4,926,497	2,923,650	2,340	29,519,074
Total Financial Assets	6,326,346	2,272,532	6,429,144	9,704,043	15,798,143	40,530,208
Liquidity Gap	(13,063,058)	(4,651)	1,502,647	6,780,393	15,795,803	11,011,134

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 2014	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	386,117	—	—	—	—	386,117
Acceptances	1,783	378	1,472	—	—	3,633
Guarantees	67,627	7,514	59,624	55,619	21	190,405
Letters of credit	14,685	4,472	913	583	—	20,653
Operating leases	1,253	2,510	11,291	49,453	20,293	84,800
Capital commitments	—	—	12,529	—	—	12,529
Total	471,465	14,874	85,829	105,655	20,314	698,137

3 Financial Risk Management (Continued)

3.3 Liquidity risk (continued)

3.3.3 Off-balance sheet items (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	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

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 2014 totalled $14.9 billion (2013 - $13.9 billion).

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 Group 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 & Tobago on a monthly basis.

The Central Bank of Trinidad & 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.

3.6 Capital management

Tier 1 (Core) Capital

	2014 $'000	2013 $'000 Restated
Share capital	539,957	539,957
Statutory reserve	672,768	669,717
Retained earnings	3,601,058	3,397,718
Less: Intangible assets	(203,245)	(211,120)
Total Tier 1	4,610,538	4,396,272
Tier 2 (Supplementary) Capital		
Preference shares	103,600	103,600
Fair value reserves	1,323,970	1,254,412
Eligible reserve provision	143,266	121,710
Total Tier 2 Capital	1,570,836	1,479,722
Total Capital	6,181,374	5,875,994
Ratios		
Risk adjusted assets	11,297,893	9,566,486
Qualifying capital to risk adjusted assets	54.71%	61.43%
Core capital to qualifying capital	74.59%	74.82%

3 Financial Risk Management (Continued)

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	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Financial assets				
Cash and due from other banks	2,876,947	2,135,646	2,876,947	2,135,646
Statutory Deposits with Central Banks	5,408,804	6,738,987	5,408,804	6,738,987
Financial assets: -				
- Loans to customers	11,153,735	11,516,922	11,752,704	12,064,253
- Held-to-maturity	1,792,818	1,692,664	1,887,817	1,661,980
- Other loans and receivables	1,263,093	1,583,739	1,254,653	1,590,564
- Loan notes	2,455,001	2,535,980	2,694,760	2,824,592
- Finance leases	818	1,547	1,111	1,768

	Carrying Value		Fair Value	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Financial liabilities				
Customers' deposits	20,889,799	21,000,381	20,942,455	21,120,927
Other funding instruments	4,808,060	4,632,823	4,824,180	4,691,502
Bonds payable	1,945,769	2,451,566	2,085,718	2,742,577
Notes due to parent	58,000	58,000	58,000	58,000

All fair values fall into level 3 of the fair value hierarchy except for Held-to-maturity investments which are level 2.

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

Financial instruments where carrying value is equal to fair value

Due to their liquidity and short-term maturity, the carrying values of certain financial instruments approximate their fair values. Financial instruments where carrying value is 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 cashflows 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 a discounted cashflow valuation methodology where all cashflows 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 computed 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 cashflows expected to be received. Expected cashflows 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 cashflow 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 cashflow analyses at current market interest rates.

Bonds payable

The fair value of bonds payable is calculated using discounted cashflow 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.

3 Financial Risk Management (Continued)

3.7 Fair value of financial assets and liabilities (continued)

(b) Fair value hierarchy (continued)

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

As at 30 September 2014	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial Assets				
Financial assets designated at fair value				
- Equity securities	—	—	104	104
	—	—	104	104
Available-for-sale financial assets:				
- Investment securities – debt	1,508,378	6,933,274	99,623	8,541,275
- Investment securities – equity	100,350	277	7,501	108,128
	1,608,728	6,933,551	107,124	8,649,403
Total Financial Assets	1,608,728	6,933,551	107,228	8,649,507

As at 30 September 2013	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial Assets				
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

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

	As at September 2014				**As at September 2013**			
	Debt Securities $'000	**Equity $'000**	**Designated at Fair Value $'000**	**Total $'000**	**Debt Securities $'000**	**Designated at Fair Equity $'000**	**Value $'000**	**Total $'000**
Opening balance	112,808	7,381	368	120,557	107,427	7,351	—	114,778
Exchange	(1,146)	(14)	20	(1,140)	456	5	368	829
Purchased	—	3	—	3	16,463	13	—	16,476
Settlement	(7,465)	—	(284)	(7,749)	(13,443)	—	—	(13,443)
Total losses-OCI	(4,574)	131	—	(4,443)	1,905	12	—	1,917
Closing balance	99,623	7,501	104	107,228	112,808	7,381	368	120,557

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 Judgements

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

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

The Group uses the discounted cashflow method to determine the fair value of available-for-sale financial assets not traded in active markets. The discounted cashflow method discounts the cashflows 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 $386.7 million if the discount rate used in the discounted cashflow analysis is increased by 100 basis points from management's estimates (2013:- $439.9 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. The Group uses five (5) years of historical data in its assessment.

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.

4 Critical Accounting Estimates And Judgements (Continued)

(b) *Estimation of the impairment loss on the loan portfolio (continued)*

If the Group's estimation of the loss experience on the portfolio of loans not considered individually impaired were adjusted by 100 basis points upwards, the impairment provision for loans and receivables would increase by $0.9 million (2013:- $1.6 million), and if the historical period is adjusted from 5 years to 3 years, the provision will increase by $8.6 million (2013:- $14.5 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 $1.9 million (2013: $1.7 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 $95.0 million (2013: $75.1 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, and where no deep corporate market exist, the Government bonds are used, that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

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

(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.
iii) Discounted cashflow projections based on reliable estimates of future cashflows, 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 cashflows.

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

(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 organised into five (5) business segments based on products and services as follows: -

- **Retail Banking**: includes loans and mortgages, deposits, foreign exchange transactions, credit and debit cards and card merchant acquiring business with retail and commercial customers.

- **Corporate Banking**: loans and credit facilities and deposits and current accounts for corporate and institutional customers.

- **Treasury Management and Investment Banking**: Liquidity management and investment banking services including corporate finance, and specialised financial trading.

- **Asset Management**: Investment products and services to institutional investors and intermediaries.

- **Group Function**: Finance, legal, and other centralised functions.

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

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

5 Segment Analysis (Continued)

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

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

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

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

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

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

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

5.1 Segment results of operations

The segment information provided to the Executive Management for the reportable segments for the year ended 30 September 2014 is as follows:-

	Retail Banking $'000	Corporate Banking $'000	Treasury & Investments Banking $'000	Trustee & Asset Management $'000	Group Functions $'000	Total $'000
Year ending 30 September 2014						
Net interest income	463,807	363,442	325,297	2,978	742	1,156,266
Inter-segment net interest income	66,999	(28,791)	(38,208)	—	—	—
Net fee and commission income	125,231	16,003	37,897	183,245	2,952	365,328
Foreign exchange gains	38,404	1,322	34,695	285	1,641	76,347
Other income	9,774	81	316,592	6,598	80	333,125
Total Income	704,215	352,057	676,273	193,106	5,415	1,931,066
Loan impairment charges	(11,380)	2,755	(4,259)	—	—	(12,884)
Depreciation and amortisation expense	(27,608)	(668)	(9,142)	(1,007)	(18,660)	(57,084)
Administrative expenses	(168,103)	(11,363)	(142,515)	(18,351)	(119,363)	(459,695)
Other operating expenses	(227,368)	(33,286)	(81,255)	(19,273)	(37,496)	(398,677)
Total Non-Interest Expenses	(434,459)	(42,562)	(237,171)	(38,631)	(175,519)	(928,340)
Profit Before Taxation	269,757	309,495	439,102	154,475	(170,104)	1,002,726
Income tax expense	(1,245)	(35)	(34,463)	(38,198)	(73,939)	(147,880)
Profit For The Year	268,512	309,460	404,639	116,277	(244,042)	854,846
As at 30 September 2014						
Total Assets	6,872,387	6,481,609	23,804,673	479,916	389,887	38,028,472
Total Liabilities	13,192,184	5,387,712	12,444,405	145,739	14,323	31,184,363

5 Segment Analysis (Continued)

5.1 Segment results of operations (continued)

	Retail Banking $'000	Corporate Banking $'000	Treasury & Investments Banking $'000	Trustee & Asset Management $'000	Group Functions $'000	Total $'000
Restated Year Ending 30 September 2013						
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	194,566	4,881	1,797,654
Loan impairment charges	(17,192)	(32,366)	31,315	—	—	(18,243)
Depreciation and amortisation expense	(29,091)	(831)	(12,904)	(1,020)	(14,967)	(58,813)
Administrative expenses	(161,263)	(11,124)	(161,935)	(16,562)	(117,128)	(468,012)
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)	(167,349)	(907,366)
Profit Before Taxation	263,096	312,916	317,133	159,611	(162,468)	890,288
Income Tax Expense	(2,001)	11	(96,010)	(39,703)	—	(137,703)
Profit for the year	261,095	312,927	221,123	119,908	(162,468)	752,585
Restated as at 30 September 2013						
Total Assets	6,493,673	7,183,364	27,569,780	412,124	145,712	41,804,653
Total Liabilities	12,291,119	6,357,915	16,421,646	119,540	56,983	35,247,203

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

	Total management reporting $'000	Consolidation and adjustments $'000	Total consolidated $'000
Year Ended 30 September 2014			
Net interest income	1,156,266	415	1,156,681
Non-interest income	774,800	(250,362)	524,438
Impairment losses	(12,884)	—	(12,884)
Non-interest expenses	(915,456)	2,375	(913,081)
Operating Profit	1,002,726	(247,571)	755,154
Share of profit of associates and joint ventures accounted for by the equity method	—	17,421	17,421
Income tax expense	(147,880)	1,865	(146,015)
Profit For The Year	854,846	(228,285)	626,560
As at 30 September 2014			
Total Assets	38,028,472	(3,170,504)	34,857,968
Total Liabilities	31,184,363	(2,567,533)	28,616,831

	Total management reporting $'000	Consolidation and adjustments $'000	Total consolidated $'000
Year Ended 30 September 2013			
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	(889,123)	7,006	(882,117)
Operating Profit	890,288	(156,884)	733,404
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)
Restated Profit For The Year	752,585	(143,451)	609,134
Restated as at 30 September 2013			
Total Assets	41,804,653	(5,719,020)	36,085,633
Total Liabilities	35,247,203	(5,126,974)	30,120,229

6 Cash And Due From Other Banks

	2014 $'000	2013 $'000
Cash and bank balances	1,507,686	1,078,313
Short-term investments	1,369,261	1,057,333
	2,876,947	2,135,646
Short-term investments:		
- Maturity within 3 months	757,196	902,631
- Maturity over 3 months	612,065	154,702
	1,369,261	1,057,333

The average effective interest rate on short-term bank deposits was 0.50% (2013 - 0.10%); these deposits have an average maturity of 90 days (2013: 90 days).

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

Cash and bank balances	1,507,686	1,078,313
Short-term investments – maturity within 3 months	757,196	902,631
Due to other banks	(82,454)	(71,815)
	2,182,428	1,909,129

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 of Trinidad and Tobago restricted cash balances. These balances represent a ratio of certain deposit liabilities held in such form and to such extent as the Central Bank may prescribe from time to time. As of 30 September 2014, 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 $1,666.6 million as at year end (2013: $1,585.6 million) and carries an average interest rate of 0.26% (2013: 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 2014, the ratio was 15% of total domestic customer deposit balances (comprising 10% government securities and 5% cash) plus 2% of total foreign customer deposit balances.

As at 30 September 2014 the Bank and its qualifying subsidiaries were in compliance with these requirements.

8 (a) Financial Assets Available-for-Sale

	2014 $'000	2013 $'000
Securities of/or guaranteed by the Government of the Republic of Trinidad and Tobago	5,317,870	4,701,071
Listed investments	497,157	484,014
Unlisted investments	2,864,573	3,453,403
	8,679,600	8,638,488
Impairment allowance	(30,197)	(26,943)
	8,649,403	8,611,545
Debt securities		
Listed	1,140,475	1,406,312
Unlisted	7,400,800	7,073,776
	8,541,275	8,480,088
Equity securities		
Listed	100,628	124,075
Unlisted	7,500	7,382
	108,128	131,457
Total securities	8,649,403	8,611,545
Current portion	3,765,838	2,041,711
Non-current portion	4,883,565	6,569,834
	8,649,403	8,611,545

Investment securities totalling $4,714 million (2013:- $4,557 million) are pledged to secure the repurchase agreements (see Note 19). Interest rates on these repos range from 0.15% to 4.78% in 2014 (2013:- 0.5% to 2.0%).

Balance at beginning of the year	8,611,545	9,215,853
Exchange differences	(23,220)	1,073
Additions	5,431,262	7,321,697
Disposals	(5,332,388)	(7,943,366)
Reclassification to held-to-maturity	—	(73,408)
Impairment allowance	(4,007)	12,356
Net fair value gains	(33,789)	77,340
Balance at end of year	8,649,403	8,611,545
Fair value gains/(losses) based on:		
Quoted market prices	30,391	11,749
Other techniques	(64,180)	65,591
	(33,789)	77,340

8 (a) Financial Assets Available-for-Sale (Continued)

	2014 $'000	2013 $'000
The movement in the impairment allowance is as follows:		
Allowance at beginning of the year	26,943	39,313
Exchange difference	(72)	3
Charge for the year	4,122	802
Accounts written off during the year	(796)	(13,175)
Allowance at the end of year	30,197	26,943

8 (b) Financial Assets Held-to-Maturity

	2014 $'000	2013 $'000
Securities of/or guaranteed by the Government of the Republic of Trinidad and Tobago	520,432	551,758
Unlisted investments	474,781	943,533
Listed Investments	811,467	197,373
	1,806,680	1,692,664
Impairment	(13,862)	—
	1,792,818	1,692,664
Current portion	133,592	189,448
Non-current portion	1,659,226	1,503,216
	1,792,818	1,692,664
Balance at beginning of the year	1,692,664	1,633,245
Exchange differences	(10,100)	3,641
Additions	398,882	142,899
Maturity/Redemption	(266,811)	(160,814)
Impairment	(13,862)	—
Reclassification	—	73,408
Amortisation	(7,955)	285
Balance at end of year	1,792,818	1,692,664

8 (c) Financial Assets at Fair Value Through Profit and Loss

	2014 $'000	2013 $'000
Equity securities:		
- Listed	104	368
At beginning of year	368	2,690
Additions	—	286
Disposals	(284)	(2,642)
Gains from changes in fair value	20	34
At end of year	104	368

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

	2014 $'000	2013 $'000
Performing loans	10,940,162	11,333,604
Non-performing loans	520,257	502,666
	11,460,419	11,836,270
Allowance for loan losses	(306,684)	(319,348)
	11,153,735	11,516,922
Loans analysed by sector		
Consumer	2,126,636	1,992,049
Agriculture	10,831	12,386
Petroleum	6,641	5,865
Manufacturing	116,802	153,887
Construction	2,885,403	3,545,804
Distribution	296,697	205,506
Hotels and guest houses	599,256	618,400
Transport, storage and communications	487,999	850,610
Finance, insurance and real estate	1,140,840	906,198
Other business services	999,391	735,794
Personal services	143,386	13,741
Real estate mortgage	2,646,537	2,796,030
	11,460,419	11,836,270
Current portion	5,003,479	5,092,814
Non-current portion	6,150,256	6,424,108
	11,153,735	11,516,922
Allowance For Loan Losses		
Allowance at beginning of the year	319,348	288,473
Exchange difference	(306)	110
Charge for the year	21,414	41,936
Loans written off during the year	(33,772)	(11,171)
Allowance at the end of year	306,684	319,348
Impairment Loss On Loans Net Of Recoveries		
Charge for the year	21,414	41,936
Amounts recovered during the year	(8,541)	(6,769)
	12,873	35,167

10 Other Loans And Receivables

	2014 $'000	2013 $'000
Corporate	1,238,807	1,559,051
Individuals	29,406	29,817
Total other loans and receivables	1,268,213	1,588,868
Impairment allowance	(5,120)	(5,129)
	1,263,093	1,583,739
Current portion	1,051,288	795,582
Non-current portion	211,805	788,157
	1,263,093	1,583,739
Balance at beginning of the year	1,583,739	1,715,979
Exchange differences	(11,710)	839
Net disposals	(308,945)	(150,994)
Net movement in allowance	9	17,915
Balance at end of year	1,263,093	1,583,739

The movement in the impairment allowance is as follows:

	2014 $'000	2013 $'000
Allowance at beginning of the year	5,129	62,331
Exchange differences	(9)	218
(Recovery)/charge for the year	—	(39,453)
Written off during the year	—	(17,967)
Allowance at the end of year	5,120	5,129

11 Loan Notes

The loan notes due to the Group comprise the following:

	2014 $'000	2013 $'000
i) Taurus Services Limited	547,885	616,370
ii) First Citizens Holdings Limited (Holdings)	41,713	46,927
iii) Notes receivable from Central Bank of Trinidad and Tobago	1,865,403	1,872,683
	2,455,001	2,535,980

(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 $1.3 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 & 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 (2013: $972.4 million) are at 1.35% (2013: 1.5%). The other two totalling US$141.8 million (2013: $141.8 million) are at 1.00% (2013:1.10%). These notes have a tenor of one year (1) with effect from January 2014. Principal and interest are payable on maturity, with an option to roll-over the principal at maturity.

12 Finance Leases

	2014 $'000	2013 $'000
Gross lease receivable	973	1,673
Unearned finance charges	(155)	(126)
Net investment in finance leases	818	1,547
The gross investment in finance lease receivable is analysed as follows:		
- Up to one year	315	1,302
- One year to five years	658	371
	973	1,673
The net investment in finance leases may be analysed as follows:		
- Up to one year	269	1,231
- One year to five years	549	316
	818	1,547

13 Other Assets

	2014 $'000	2013 $'000
Prepayments	22,149	22,542
Accounts receivable	95,352	146,805
Accrued interest	177,693	200,597
Receivable from GORTT	—	27,331
	295,194	397,275

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 2014, the GORTT has repaid all the claims made to date (2013: $407 million).

14 Investment Accounted For Using Equity Methods

	2014 $'000	2013 $'000
Investment in joint venture	21,117	21,478
Investment in associate	124,734	117,401
	148,851	138,879

14.1 Investment in joint ventures

	2014 $'000	2013 $'000
i) Infolink Services Limited (ISL)	23,213	20,651
ii) Trinidad & Tobago Interbank Payment System Limited (TTIPS)	904	827
	24,117	21,478

i) This investment represents 25% of the equity capital of Infolink Services Limited, a company incorporated in Trinidad and Tobago whose principal activity is the provision of electronic banking reciprocity.

ii) This investment represents 14.29% in the equity capital of Trinidad & Tobago Inter-bank Payment System Limited whose principal activity is operation of an automatic clearings house.

Name	Country of Incorporation	Assets $'000	Liabilities $'000	Revenues $'000	Profits $'000	% Interest Held
2014						
ISL	Trinidad & Tobago	95,022	2,173	26,847	14,509	25
TTIPS	Trinidad & Tobago	6,548	208	2,297	534	14.29
2013						
ISL	Trinidad & Tobago	84,881	2,279	29,788	14,032	25
TTIPS	Trinidad & Tobago	6,069	266	3,579	292	14.29

14.2 Investment in associate

	2014 $'000	2013 $'000
Beginning of the year	117,401	116,555
Share of reserve movement	1,538	184
Share of profit after tax	13,711	8,725
Exchange differences	(646)	(4)
Dividend received from associate	(7,270)	(8,059)
At end of year	124,734	117,401

The investment in associate at 30 September 2014 includes goodwill of $4.6 million (2013:- $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
2014						
St. Lucia Electricity Services Limited	St. Lucia	1,258,123	605,401	782,027	71,749	19.11
2013						
St. Lucia Electricity Services Limited	St. Lucia	1,369,742	755,401	725,484	45,655	19.11

The fair value of the investment in associate at 30 September 2014 is $124.7 million (2013: $132.6 million).

15 Property, Plant And Equipment

	Freehold Premises $'000	Leasehold Premises $'000	Motor Vehicles & Equipment $'000	Work in Progress $'000	Total $'000
Year ended 30 September 2014					
Opening net book amount	289,775	46,923	90,930	28,990	456,618
Additions	32	13,648	57,740	7,886	79,306
Disposals	—	(82)	(1,769)	—	(1,851)
Revaluation surplus	2,363	—	—	—	2,363
Depreciation charge	(3,302)	(8,562)	(45,358)	—	(57,222)
Closing net book amount	288,868	51,927	101,543	36,876	479,214
At 30 September 2014					
Cost/valuation	302,285	131,823	623,575	36,876	1,094,559
Accumulated depreciation	(13,417)	(79,896)	(522,032)	—	(615,345)
Net book amount	288,868	51,927	101,543	36,876	479,214
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
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

As at 30 September, 2014, 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 condition. 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:

	2014 $'000	2013 $'000
Cost	210,161	210,129
Accumulated depreciation	(77,953)	(74,651)
Net book amount	132,208	135,478

16 Intangible Assets

	Goodwill $'000	Other Intangible Assets $'000	Total $'000
As at 30 September 2014			
Acquisition cost	174,836	36,284	211,120
Accumulated amortisation and impairment	—	(7,875)	(7,875)
Net book amount	174,836	28,409	203,245
Period ended 30 September 2014			
Opening net book amount	174,836	36,284	211,120
Additions	—	—	—
Amortisation charge	—	(7,875)	(7,875)
Closing net book amount	174,836	28,409	203,245
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
Year 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

Goodwill is reviewed annually for impairment, or more frequently when there are indicators that impairment may have occurred. There was no impairment identified in 2014 (2013: nil).

17 Retirement Benefit Asset

17.1 Net Liability in Balance Sheet

	2014 $'000	2013 $'000
Present value of obligation	(1,134,832)	(1,156,854)
Pension plan assets at Fair Value	1,209,765	1,137,092
Value of surplus/(deficit)	74,933	(19,762)
Effects of Asset Ceiling	—	—
Net Defined Benefit Asset/(Liability)	74,933	(19,762)

17 Retirement Benefit Asset (Continued)

17.2a Movement in Present Value of Defined Benefits Obligation:

	2014 $'000	2013 $'000
Beginning of year	1,156,854	1,091,777
Current year service cost	54,969	53,124
Interest cost	57,310	59,467
Members contributions	9,887	9,638
Re-measurements		
- Experience adjustments	(58,606)	36,316
- Actuarial (gains) from change in financial assumptions	(64,003)	(72,050)
Benefits Paid	(21,579)	(21,418)
Defined benefit obligation at end of year	1,134,832	1,156,854

17.2b The defined benefit obligation is allocated between the Plan's members as follows:

	2014	2013
- Active	74%	74%
- Deferred members	6%	6%
- Pensioners	20%	20%

The weighted average duration of the defined benefit obligation at year end 19.4 years
95% of the benefits for active members are vested
35% of the defined benefit obligation for active members are conditional on future salary increases

17.3a Movement in Fair Value of Plan Assets:

	2014 $'000	2013 $'000
Beginning of year	1,137,092	1,041,981
Interest income	56,783	57,228
Return of Plan Assets, excluding interest income	18,797	40,872
Company's contributions	9,876	9,756
Members contributions	9,887	9,638
Benefits paid	(21,579)	(21,418)
Expense allowance	(1,091)	(965)
Fair value of Plan Assets at end of year	1,209,765	1,137,092
Actual return on Plan Asset	75,580	98,100

17.3b Asset Allocation

	2014 $'000	2013 $'000
Local and regional equity securities	387,429	348,630
Overseas equities (outside CARICOM)	173,257	126,899
TT$ denominated bonds	575,722	579,753
US$ denominated bonds	1,555	1,377
Cash and cash equivalents	71,593	80,225
Other (annuities, mortgages, etc.)	209	209
Fair value of plan assets at end of year	1,209,765	1,137,093

All asset values as at 30 September 2014 were based on unaudited accounts provided by First Citizens Trustee Services Limited. Overseas equities have quoted prices in active markets. Local equities also have quoted prices but the market is relatively illiquid. The Plan's investment manager calculates the fair value of the Government bonds and corporate bonds by discounting expected future proceeds using a constructed yield curve.

The majority of the Plan's government bonds were issued by the Government of Trinidad & Tobago, which also guarantees many of the corporate bonds held by the Plan.

The Plan's assets are invested using a strategy agreed with the Plan's Trustee and Management Committee. This strategy is largely dictated by statutory constraints (at least 80% of the assets must be invested in Trinidad & Tobago and no more than 50% in equities) and the availability of suitable investments. There are no asset-liability matching strategies used by the Plan.

17.4 Expenses Recognised in Profit or Loss

	2014 $'000	2013 $'000
Current service costs	54,969	53,124
Net interest on net defined benefit liability/asset	527	2,239
Past service cost/(credit)	—	—
Administrative expenses	1,091	965
Net pension income	56,587	56,328

17.5 Re-measurements Recognised in Other Comprehensive Income

	2014 $'000	2013 $'000
Experience (gains)/losses	(141,406)	(76,606)
Effects of asset ceiling	—	—
Total amount recognised in other comprehensive income	(141,406)	(76,606)

17 Retirement Benefit Asset (Continued)

17.6 Reconciliation of Opening and Closing Balance Sheet Entries

	2014 $'000	2013 $'000
Defined benefit (liability)/asset at prior year end	(19,762)	228,659
Unrecognised loss charged to retained earnings	—	(278,455)
Opening defined benefit (liability)/asset	(19,762)	(49,796)
Net pension cost	(56,587)	(56,328)
Re-measurements recognised in other comprehensive income	141,406	76,606
Company contribution paid	9,876	9,756
Closing defined benefit asset/(liability)	74,933	(19,762)

17.7 Summary of Principal Assumptions are:

	2014	2013
Discount rate	5.0%	5.0%
Average individual salary increases	5.5%	5.5%
Future pension increases	1.5%	2.0%

Assumptions regarding future mortality are based on published mortality tables. The life expectancies underlying the value of the defined benefit obligation are as follows:

	2014	2013
Life expectance at age 60 for current pension in years		
- Male	21.0	21.0
- Female	25.1	25.1
Life expectance at age 60 for current members age 40 in years		
- Male	21.4	21.4
- Female	25.4	25.4

17.8 Sensitivity Analysis

The calculation of the defined benefit obligation is sensitive to the assumptions used. The following table summarises how the defined benefit obligation as at 30 September 2014 would have changed as a result of a change in the assumptions used.

	1% pa decrease	1% pa increase
Discount rate	240,859	(180,981)
Future salary increases	(71,219)	83,760
Future pension increases	(109,930)	134,818

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at 30 September 2014 by $19.7 million.

These sensitivities were calculated by re-calculating the defined benefit obligations using the revised assumptions.

17. 9 Funding

The Bank meets the balance of the cost of funding the defined benefit Pension Plans and the Bank must pay contributions at least equal to those paid by members, which are fixed. The funding requirements are based on regular (at least every 3 years) actuarial valuations of the Plans and the assumptions used to determine the funding required may differ from those set out above. On the basis that the outstanding salary negotiations are not completed in 2014/15, the Bank expects to pay $20.7 million to the Pension Plans during 2014/15.

18 Customers' Deposits

Deposits are analysed by sector as follows:

	2014 $'000	2013 $'000
Public institutions	7,891,187	8,445,734
Private institutions	5,679,795	6,608,842
Consumers	7,318,817	5,945,805
	20,889,799	21,000,381
Current portion	20,707,245	20,397,338
Non-current portion	182,554	603,043
	20,889,799	21,000,381

Deposits due to customers only include financial instruments classified as liabilities at amortised cost. Deposits amounting to $2.8 billion (2013: $3.8 billion) are at fixed rates. All other deposits amounting to $18.1 billion (2013: $17.2 billion) are at variable rates.

As at year end, the unprocessed CIB deposit liabilities held was $15.6 million (2013: $22.2 million).

19 Other Funding Instruments

	2014 $'000	2013 $'000
Loan participation	11,889	14,651
Repurchase agreements	4,713,992	4,556,635
Funds under management	82,179	61,537
	4,808,060	4,632,823
Other Funding Instruments are Analysed by Sector as follows:		
Public institutions	2,125,294	1,938,848
Private institutions	1,892,797	1,567,486
Consumers	789,969	1,126,489
	4,808,060	4,632,823
Current portion	4,473,134	4,385,543
Non-current portion	334,926	247,280
	4,808,060	4,632,823

Interest rates on these repos range from 0.15% to 4.80% in 2014 (2013: 0.15% to 4.80%).

20 Creditors and Accrued Expenses

	2014 $'000	2013 $'000
Other liabilities	206,753	217,304
Interest payable	43,863	56,611
Due to GORTT	92,065	124,400
Funds payable to bondholders	99,902	92,147
	442,583	490,462

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 3.1.3 (d).

21 Bonds Payable

	2014 $'000	2013 $'000
(i) Fixed Rate Bond TTD$500 million	—	500,000
(ii) Fixed Rate Bond TTD$500 million	406,550	406,550
(iii) Fixed Rate Bond TTD$500 million	—	500,000
(iv) First Citizens (St Lucia) Limited USD$175 million Bond	1,039,219	1,045,016
(v) Fixed Rate Bond TTD$400 million (Series 1)	400,000	—
(vi) Fixed Rate Bond TTD$100 million (Series 2)	100,000	—
	1,945,769	2,451,566
Current portion	—	500,000
Non current portion	1,945,769	1,951,566
	1,945,769	2,451,566

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 was repaid at maturity in February 2014.

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 2010, 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 and the bond was callable at par plus a 1% prepayment fee. The call option was exercised and the principal was repaid in February 2014 along with the penalty fee of $5.0 million.

iv) First Citizens (St. Lucia) Limited USD$175 million Bond. In February 2011, this bond was issued on the international financial market through a private placement, of which a related party purchased $21.6 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.

v) TTD Fixed Rate Bond Series 1 – In August 2014, this bond for $400 million was issued. This bond is unsecured and carries a fixed rate of 3.10% with a tenor of seven (7) years. Interest is payable semi-annually in arrears. Principal will be repaid in a bullet payment at maturity.

vi) TTD Fixed Rate Bond Series 2 – In August 2014, this bond for $100 million was issued. This bond is unsecured and carries a fixed rate of 3.25% with a tenor of ten (10) years. Interest is payable semi-annually in arrears. Principal will be repaid in a bullet payment at maturity. A onetime call option exists on the 7th anniversary subject to the minimum notice of 90 days.

22 Deferred Income Tax

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 25% and 33.3% (2013 - 25% and 33.3%).

	2014 $'000	Restated 2013 $'000
The movement on the deferred income tax account is as follows:		
At beginning of year	(337,086)	(313,122)
Impact of revaluation adjustments recorded directly to shareholders' equity:		
- Revaluation on available-for-sale financial assets	8,300	(7,204)
- Revaluation on held-to-maturity	1,100	1,064
- Revaluation on property, plant and equipment	(975)	(281)
- Remeasurement of defined benefit liability	(35,352)	(19,151)
Credit to consolidated statement of income (note 34)	14,557	1,608
At end of year	(349,456)	(337,086)

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

	Balance at 1.10.13 $'000	(Charge)/Credit to Income Statement $'000	(Charge)/Credit to Other Comprehensive Income $'000	Balance at 30.09.14 $'000
Deferred Income Tax Assets				
Tax losses carried forward	1,520	(1,268)	—	252
Provisions	—	252	—	252
Financial assets held-to-maturity	(232)	232	—	—
Unrealised exchange and other gains	693	(221)	—	472
Fair value measurement of assets through profit or loss	253	145	—	398
	2,234	(860)	—	1,374
Deferred Income Tax Liabilities				
Retirement benefit asset	(44,870)	11,678	—	(33,192)
Remeasurement of defined benefit liability	(19,151)	—	(35,352)	(54,503)
Fair value measurement of Available-for-sale	(189,935)	—	8,300	(181,635)
Fair value measurement of held-to-maturity	(8,385)	—	1,100	(7,285)
Intangible asset recognised on business combination	(12,267)	1,633	—	(10,634)
Zero coupon instruments	(19,512)	1,353	—	(18,159)
Accelerated tax depreciation	(15,203)	753	—	(14,450)
Revaluation gain on property, plant and equipment	(29,997)	—	(975)	(30,972)
	(339,320)	15,417	(26,927)	(350,830)
Net deferred income tax liability	(337,086)	14,557	(26,927)	(349,456)

	Balance at 1.10.12 $'000	(Charge)/Credit to Income Statement $'000	(Charge)/Credit to Other Comprehensive Income $'000	Restated 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)	—	—
Financial assets held-to-maturity	563	(795)	—	(232)
Unrealised exchange and other gains	(2,721)	3,414	—	693
Fair value measurement of assets through profit or loss	893	(640)	—	253
	12,405	(10,171)	—	2,234
Deferred Income Tax Liabilities				
Retirement benefit asset	(57,162)	12,292	—	(44,870)
Re-measurement of defined benefit liability	—	—	(19,151)	(19,151)
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	(14,919)	(284)	—	(15,203)
Revaluation gain on property, plant and equipment	(29,716)	—	(281)	(29,997)
	(328,248)	14,500	(25,572)	(339,320)
Net deferred income tax liability	(315,843)	4,329	(25,572)	(337,086)

23 Notes Due To Parent Company

	2014 $'000	2013 $'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)).

24 Share Capital

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

	2014 $'000	2013 $'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-participating, non-voting, non-convertible and non-redeemable.

25 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.

26 Interest Income

	2014 $'000	2013 $'000
Loans to customers	809,662	824,615
Financial assets (available-for-sale, held-to-maturity and FVTPL)	561,718	637,346
Loan notes	99,820	109,163
	1,471,200	1,571,124

27 Interest Expense

	2014 $'000	2013 $'000
Customers' deposits	76,971	99,653
Other funding instruments	111,743	153,793
Bonds payable	125,805	159,855
	314,519	413,301

28 Fees And Commissions

	2014 $'000	2013 $'000
Credit related fees	31,243	33,042
Transaction service fees/commissions	135,661	131,159
Portfolio and other management fees	192,910	189,832
	359,814	354,033

29 Foreign Exchange Gains

	2014 $'000	2013 $'000
Transaction gains less losses	83,779	74,898
Translation gains less losses	(7,432)	(6,024)
	76,347	68,874

30 Other Income

	2014 $'000	2013 $'000
Gain on sale of available-for-sale financial assets	65,525	21,238
Other income	22,752	31,796
	88,277	53,034

31 Impairment Loss on Other Financial Assets

	2014 $'000	2013 $'000
Transfer of reserve to income statement	—	—
Increase in provision for impairment	—	806
Directly written off/(write back) to income	11	(17,730)
Revaluation loss on land and buildings	—	—
	11	(16,924)

32 Administrative Expenses

	2014 $'000	2013 $'000
Wages and salaries	355,749	363,973
Pension expenses/(income) (note 17.4)	56,587	56,328
Other administrative expenses	52,806	45,273
Depreciation	57,222	58,813
	522,364	524,387

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

	2014		2013	
	Employees	%	Employees	%
First Citizens Bank Limited	1,414	83	1,400	83
Subsidiaries	286	17	284	17
	1,700	100	1,684	100

33 Other Operating Expenses

	2014 $'000	2013 $'000
Property expenses	68,485	64,395
Technical and professional	38,472	28,159
Advertising expenses	24,435	21,344
Hardware and software maintenance	28,165	27,201
Deposit insurance (see below)	31,287	31,034
Operating expenses	199,873	185,597
	390,717	357,730

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

	2014 $'000	Restated 2013 $'000
Current tax	170,426	129,118
Prior period (over)/under provision	(9,854)	8,112
Deferred tax (Note 22)	(14,557)	(1,608)
	146,015	135,620

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

	2014 $'000	Restated 2013 $'000
Profit before taxation	772,575	744,754
Tax calculated at 25%	193,144	185,539
Income exempt from tax	(69,362)	(95,024)
Expenses not deductible for tax purposes	27,874	43,976
Recognition of previously unrecognised tax losses	787	—
Prior year under provision	(9,854)	8,111
Effects of different tax rates in other countries (i)	3,426	(6,982)
	146,015	135,620

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

35 Dividends

	2014 $'000	2013 $'000
Ordinary dividend paid - final 2013	273,975	193,542
Ordinary dividend paid - interim 2014	143,272	—
Preference dividend paid	2,922	2,922
	420,169	196,464

36 Related Party Transactions and Balances

(a) Directors and Key Management Personnel

	2014 $'000	2013 $'000
Salaries and other short-term employee benefits	29,755	34,817
Loans and receivables	17,138	13,980
Interest income	551	597
Customers' deposit	7,858	4,849
Interest expense	57	104
Other funding instruments	1,313	1,470
Interest expense	34	134

(b) Transactions with Associate

	2014 $'000	2013 $'000
Loans and receivables	70,859	87,321
Interest income	5,593	6,781

(c) Transactions with Parent

	2014 $'000	2013 $'000
Customers' deposit	2,471	2,079
Long term notes (Note 23)	58,000	58,000
Loan note (Note 11)	41,713	46,927
Interest income on loan notes	5,246	5,846
Due to parent	—	1,045,693

(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.

36 Related Party Transactions and Balances (Continued)

(d) Government of the Republic of Trinidad and Tobago (continued)

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

	2014 $'000	2013 $'000
Assets		
Loan notes with Taurus Services Limited (note 11 (i))	547,885	616,370
Loan note from Central Bank (note 11 (iii))	1,865,403	1,872,683
Due from GORTT (note 13)	—	27,331
Liabilities		
Due to GORTT (note 20)	92,065	124,400
Interest Income		
Loan notes with Taurus Services Limited	74,154	76,784
Loan note with the Central Bank	23,005	26,535

(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:

	2014 $'000	2013 $'000
Loans and receivables	2,111,816	3,168,788
Interest income	150,654	158,439
Customers' deposits	8,371,000	8,445,734
Interest expense	19,986	26,521
Financial assets - available-for-sale	5,317,870	4,701,071
Financial assets - held-to-maturity	520,432	551,758
Investment income	180,006	288,767
Other funding instruments	2,125,294	1,938,848
Interest expense	17,381	63,095

37 Commitments

	2014 $'000	2013 $'000
(i) Capital Commitments		
Capital expenditure approved by the Directors but not provided for in these accounts	12,529	17,955
(ii) Credit Commitments		
Commitments for loans approved not yet disbursed	386,117	973,522

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.

	2014 $'000	2013 $'000
Acceptances	3,633	1,546
Guarantees	190,405	193,989
Letters of credit	20,653	19,397
	214,691	214,932

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 $25 million for the year 2014 (2013:- $22.5 million).

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

	2014 $'000	2013 $'000
- Up to one year	15,054	24,751
- One year to five years	49,453	45,001
- Over five years	20,293	45,569
	84,800	115,321

40 Subsequent events

On 3 December 2014, the Board of Directors declared a final dividend payment of $0.61 per share payable to shareholders.

First Citizens

We put you first

Annual Report 2014