



**First Citizens**  
Investment Services

FIRST CITIZENS  
INVESTMENT SERVICES LIMITED  
AND ITS SUBSIDIARIES

# **ANNUAL REPORT** 2024

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## ABOUT US

First Citizens Investment Services Limited (FCIS) is a member of the First Citizens Group, one of the leading financial services groups in Trinidad and Tobago. FCIS commenced operations in Trinidad and Tobago in 2000 and is a leading full-service investment management firm in the Caribbean and licensed broker-dealers on the Trinidad and Tobago Stock Exchange, Barbados Stock Exchange and the Eastern Caribbean Securities Exchange.

FCIS is committed to the development of the financial markets in the communities in which they operate and continue to be a thought leader in the Caribbean through analytical reports and client seminars which are held in all territories in which they do business.

Client services provided:

- Wealth Management
- Portfolio and Investment Management
- Debt and equity underwriting, brokerage and advisory
- Local, regional and international bond and equity trading
- Market commentary, investment research and analysis
- Mutual Funds
- Secured income investments

# OUR LOCATIONS



## TRINIDAD OFFICES

Head Office - Port of Spain Centre  
 17 Wainwright Street, St. Clair  
 Port of Spain  
 Tel: (868) 622-3247  
 Fax: (868) 627-5496  
 Email: [wealth@firstcitizenstt.com](mailto:wealth@firstcitizenstt.com)

San Fernando Centre  
 Level 8-01, Gulf City Mall  
 Gulf City Avenue, Gulf View, La Romaine  
 Tel: (868) 657-2662  
 Fax: (868) 653-4871  
 Email: [southfcis@firstcitizenstt.com](mailto:southfcis@firstcitizenstt.com)

## REGIONAL OFFICES

Barbados  
 One Welches,  
 Welches  
 St. Thomas  
 Tel: (246) 417-6810  
 Fax: (246) 421-2140

St Vincent  
 2nd Floor, Lewis Pharmacy Building,  
 Corner of James and Middle Streets,  
 Kingstown  
 Tel: (784) 453-2662  
 Fax: (784) 453-3800

St Lucia  
 John Compton Highway  
 San Souci  
 Castries  
 Tel: (758) 450-2662  
 Fax: (758) 451-7984

## BOARD OF DIRECTORS

### **Anthony Isidore Smart SC**

#### **Chairperson**

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

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

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

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

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

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

## BOARD OF DIRECTORS (continued)

### Karen Darbasie

#### Director

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

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

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

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

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

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



## BOARD OF DIRECTORS (continued)

### **Idress Omardeen**

#### **Director**

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

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

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

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

## BOARD OF DIRECTORS (continued)

### Ryan Proudfoot

#### Director

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

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

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

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

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

### Troy Garcia

#### Director

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

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

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



## BOARD OF DIRECTORS (continued)

### Jayselle Mc Farlane

#### Director

Ms. Jayselle Mc Farlane is a dynamic and highly motivated professional with extensive experience across Healthcare, Construction, Hospitality, Finance and Manufacturing industries. As a critical thinker and strategic planner, she excels in managing organizations through her innovative approach and ability to handle multiple projects simultaneously.

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

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

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

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

**BOARD OF DIRECTORS (continued)****Colin Wharfe****Director**

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

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

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

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

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

**BOARD OF DIRECTORS (continued)****David Inglefield\*****Director**

Mr. David G Inglefield's business career has spanned 50 years in Trinidad and Tobago, Suriname, Guyana, Barbados and the USA.

Beginning in 1969 at Trinity Advertising Limited, he became Managing Director in 1978 and in 1981 acquired and merged the business with Corbin Compton Caribbean. He was appointed CEO in 1982 where he remained until he resigned in 1993 and founded his own agency.

Recognised as one of the leaders in the Caribbean on Strategic Business and Brand Development, in October 2003, he brought his considerable knowledge and experience to the ANSA McAL Group as a Parent Board Director and member of the Group's Executive Committee. As Group Marketing Director, he played a decisive role in the acquisition of the Bryden's Business Group in Barbados and its successful integration into the Group's distribution business in Barbados.

During the period 2005 to 2015, Mr. Inglefield served in various capacities within the ANSA McAL Group including the Group's Distribution Sector Head. In 2007, he was appointed President/CEO of ANSA McAL (Barbados) Limited. Returning to T&T in 2011, he took up the position of Sector Head Executive Chairman of Guardian Media Limited as well as Chairman of the four operating companies in the ANSA McAL Group's Services and Retail Sectors.

Mr. Inglefield retired from the ANSA McAL Group in June 2015 and is now an active business consultant to major businesses in the state and private sector, including the 'heavy' manufacturing and petrochemical sectors. He was appointed a Director of the Board of Trinidad Cement Limited (Cemex) and a member of the Board Audit and Governance Committees in 2016. Mr. Inglefield was appointed Chairman of the TCL Group in October 2019.

He also serves as a Director on the Boards of First Citizens Bank Limited, First Citizens Trustee Services Limited, First Citizens Investment Services Limited, First Citizens Bank (Barbados) Limited and First Citizens Group Financial Holdings Limited.

\*retired with effect from 30 April 2024

## BOARD OF DIRECTORS (continued)

### **Sterling Frost ORTT\***

#### **Director**

Dr. Sterling Frost ORTT, has four decades of Global Corporate career experience in North America, Latin America and the Caribbean region. He is an International Management Executive who has held senior positions in the financial services sector in a range of areas including: Retail and Commercial Banking, Operations Management, Public Affairs and Human Resource Management.

Before joining the First Citizens Group in 2016 as Deputy Chief Executive Officer – Operations and Administration, he served as Director of Human Resources at the Miami-based Citibank Latin America Head Office. His past directorships include: financial institutions across Trinidad and Tobago, Panama, Nicaragua and Honduras.

Dr. Frost has a Master's Degree and a Doctorate in Business Administration from The University of the West Indies (The UWI). He is a Fellow of the Chartered Governance Institute of Canada and retains the designation of Chartered Secretary as well as Accredited Director. Additionally, he is a University of California, Berkeley certified Executive Coach, as well as a Prosci Certified Change Practitioner.

He currently serves on the Boards of several subsidiaries within and external to the First Citizens Group – Chairs the UWI Faculty of Social Sciences Advisory Board, the UWI Institute for Gender and Development Studies External Advisory Board, the UWI Development Endowment Fund Board, the Board of the Foundation for the Enhancement and Enrichment of Life (FEEL) and the First Citizens Foundation. He also serves as Deputy Chair of the Statutory Authorities Service Commission, Assessor/Advisor to the Industrial Court of Trinidad and Tobago, Director of the St Lucia Electricity Services Limited and Director of Angostura Holdings Limited and its subsidiaries.

\*retired with effect from 23 December 2023

# OUR EXECUTIVE TEAM

01



02



03



04



# OUR EXECUTIVE TEAM

05



06



07



08





## OUR EXECUTIVE TEAM

### 1 **Robin Lewis**

#### **General Manager**

Mr. Lewis has over 40 years of banking experience in Retail and Commercial Banking, with 20 years at the senior management level. He previously held the position of General Manager, Retail and Commercial Banking.

Mr. Lewis holds a Master's in Business Administration (MBA) from the University of Lincoln, London and a Diploma in Business Management from the University of the West Indies. He has served on several boards within the First Citizens Group and currently serves as a member of the First Citizens Financial Services St. Lucia Board.

### 2 **Xoceketzal Abbey Mohammed, CFA**

#### **Head - Portfolio & Investment Management Services**

Abbey has over 15 years' experience in the financial services sector, both locally and internationally. Her current position is Head – First Citizens Portfolio and Investment Management Services.

She is the holder of a Bachelor of Commerce Degree (with Honours) in Economics from the University of Guelph, Canada, ACCA, and an MBA (with Distinction) from Edinburgh Business School. In addition, she is a CFA charterholder.

### 3 **Norlann Gabriel**

#### **Head of Regional Operations**

Norlann joined FCIS in 2010 and has functioned in a leadership capacity in every regional unit of FCIS where her responsibilities included business development and strategic execution in the Eastern Caribbean and Barbados Capital Markets. She holds a BBA in Finance with a concentration in Economics from Midwestern State University and an MBA in Finance from the University of NTexas.

### 4 **Daniel Youssef**

#### **Head - Wealth Management**

Daniel has two decades of experience in Financial Services Sector, with extensive knowledge and expertise in the areas of Wealth Management, Investment Advisory Services, Securities Brokerage and Investment Sales. Over the span of his career, Daniel has found great fulfilment by facilitating clients in their pursuit of their investment goals and objectives. He has held several Management positions and currently leads the Wealth Management and Business Development teams of the company.

Daniel graduated from the University of Lincoln, United Kingdom with a Bachelor of Arts Degree in International Business Administration (with honours). He also holds a Master's in Business Administration (with distinction) from Edinburgh Business School, United Kingdom.

## EXECUTIVE TEAM (continued)

### 5 Beverly Durity–Baptiste

#### Head - Finance

Beverly has over twenty years of diverse, progressive experience working within the financial, telecommunication, project management and construction sectors. She has been with the First Citizens Group for the past eight years and is a Fellow Member of the Association of Chartered Certified Accountants (FCCA) and holds an MBA from the University of Manchester.

### 6 Yuri Seedial

#### Head - Brokerage and Advisory Services Ltd

Yuri has over 11 years of experience in Investment Research and Analysis, Securities Trading and Wealth Management and assumed the position as Head of First Citizens Brokerage and Advisory Services in December 2023 bringing to the role a client-centric approach and analytical expertise, thereby assisting investors to navigate the complexities of the Financial Markets and optimize their investment strategies.

Yuri possesses dual degrees, a Bachelor of Science in Finance and Bachelor of Science in Economics from the University of South Florida, Tampa.

### 7 Maritza Ferreira Ramdeen

#### Manager - Investment Research

Maritza is a Chartered Financial Analyst (CFA) charterholder with a Bachelor's degree in Management Studies and a Minor in Finance from the University of the West Indies, St Augustine. She has been with the First Citizens Group since August 2015 and has twenty years of experience in asset management.

### 8 Greg Ferreira

#### Head - Proprietary Portfolio Management

Greg has over 15 years of investment experience and is responsible for managing the FCIS Proprietary Portfolio. He holds a BSc in Management Studies with a Finance Minor (First Class Honours) from the University of the West Indies and is a CFA charterholder.

## CHAIRPERSON'S STATEMENT

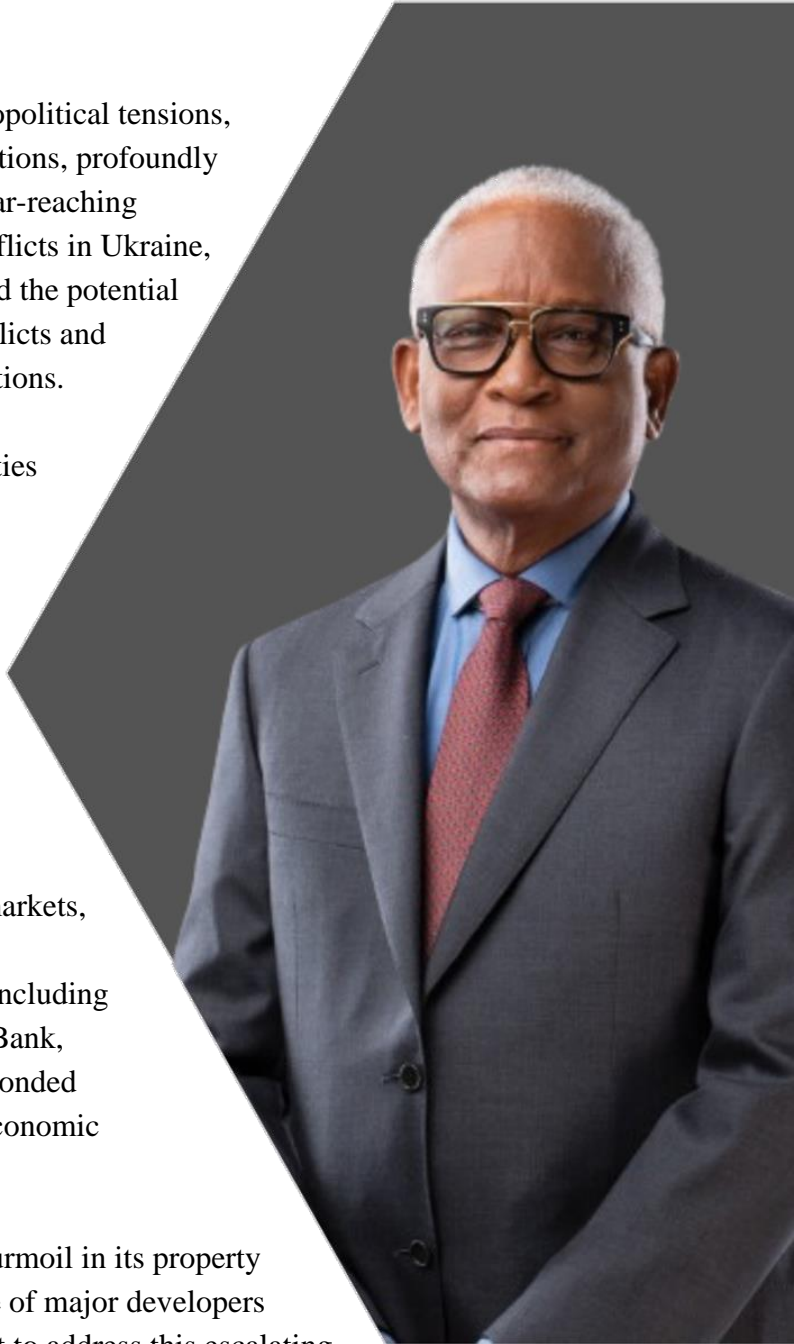
### The International Economy

Fiscal year 2024 was characterized by escalating geopolitical tensions, as pivotal elections unfolded across more than 70 nations, profoundly shaping the political and economic landscape with far-reaching implications. Amid ongoing crises—such as the conflicts in Ukraine, Gaza, and Yemen—the results of these elections held the potential to significantly influence the trajectory of these conflicts and redefine the broader framework of international relations.

In Europe, the ascent of right-wing and far-right parties during the EU Parliamentary Elections heightened concerns regarding potential policy shifts and the future governance of the continent. Meanwhile, in the United States, the presidential election held on November 5, 2024, emerged as a focal point of global attention, with implications for foreign policy that could resonate across various regions.

The transition to a more accommodating monetary stance in 2024 had a profound impact on financial markets, significantly shaping investor sentiment and market dynamics across various regions. As central banks, including the U.S. Federal Reserve and the European Central Bank, commenced interest rate cuts, financial markets responded favourably, buoyed by heightened expectations of economic growth and diminished borrowing costs.

Throughout 2024, China grappled with significant turmoil in its property sector, a crisis that unravelled following the collapse of major developers such as Evergrande and Country Garden. In an effort to address this escalating situation, Chinese authorities implemented a series of stimulus measures aimed at stabilizing the market. However, despite these interventions, the decline in the property market persisted unabated, marked by a continuous decrease in new home prices over a span of 16 months, culminating in a peak decline of 5.9% in October 2024.



## CHAIRPERSON'S STATEMENT (continued)

In its October 2024 publication, the International Monetary Fund (IMF) projected global growth to hold steady at 3.2% for both 2024 and 2025. Among the advanced economies, slower growth is expected in the U.S. while emerging markets, developing economies and developing Asia and Europe are expected to expand at a slower pace in 2025.

In the United States, forecasted growth is anticipated to decelerate to 2.2% in 2025, driven by weaker consumer spending due to tighter fiscal policies and a cooling labour market. Emerging Asia's growth is forecasted to moderate to 5% in 2025, reflecting a slowdown in India, the region's second-largest economy. India's economic expansion is expected to ease to 6.5% as demand normalizes post-pandemic. Meanwhile, growth in emerging and developing Europe is predicted to slow significantly to 2.2%, largely due to a pronounced deceleration in Russia, where a constrained labour market and slower wage growth weigh heavily on economic performance.

The IMF also projects global inflation to continue its downward trajectory, declining from 5.8% in 2024 to 4.3% in 2025. This reduction is attributed to the unwinding of past supply and demand shocks and improved labour supply in many advanced economies. However, the outlook remains clouded by downside risks, including potential escalations in geopolitical tensions and disruptions in commodity markets.

### Regional Economies

Despite the devastating impact of Hurricane Beryl, Barbados demonstrated remarkable economic resilience during the first nine months of 2024. The economy expanded by 3.9%, driven by pivotal sectors such as tourism, business services, and construction. Tourism emerged as a significant catalyst for growth, with long-stay arrivals increasing by 12.9% over this period. While there was a decline in arrivals from the UK and European markets, notable surges were recorded from the U.S. market, which rose by 32.5%, Canada by 16.53%, and CARICOM countries by 7.13%. Additionally, cruise ship activity played an essential role in the sector's recovery as for the first time since 2021, summer cruise arrivals returned to the island, with in-transit cruise visitors growing by 27.7%, totalling 377,340 by the end of September. The sector recorded 286 cruise calls during this timeframe, an increase of 41 compared to the same period in 2023.

The Jamaican economy experienced a notable slowdown over the nine-month period ending September 2024, registering growth rates ranging from 1% to 2% in the first quarter, followed by a modest 0% to 1% in the second quarter, before contracting by 2.8% in the third quarter. This deceleration in the initial two quarters was primarily driven by contractions in the construction sector, attributed to reduced government capital spending, alongside declines in agriculture, forestry, and fishing due to diminished domestic crop production. Additionally, the mining and quarrying sectors suffered from lower capacity utilization across all mining plants. The significant contraction observed in the third quarter was largely a consequence of Hurricane Beryl, which struck in July 2024, exacerbating existing economic challenges. Forecasted projections from the Bank of Jamaica, project anticipated economic growth within a range of -1% to 0.5% for the fiscal year 2024/2025, with growth primarily expected from the mining and quarrying sector. The anticipated expansion of this sector hinges on the normalization of operations at all mining facilities.

## CHAIRPERSON'S STATEMENT (continued)

Guyana's economy continued its extraordinary expansion as Guyana's economy achieved a real oil GDP growth of 49.7% in the first half of 2024. The non-oil economy also demonstrated robust performance, with an estimated growth of 12.6%, fuelled by the construction sector, which saw significant expansion, growing by approximately 43.7%, fuelled by public sector investment initiatives and increased private sector activity. Following this strong half-year performance, the full-year GDP growth forecast for 2024 was revised upward to 42.3%, with the non-oil economy projected to grow by 11.8%.

### Trinidad and Tobago

Trinidad and Tobago's economy is forecast to grow by 1.9% in 2024, an improvement from the 1.3% expansion recorded in 2023, fueled by a robust performance in the non-energy sectors. The non-energy sector is anticipated to take on a more prominent role in driving economic activity, with the Food, Beverages, and Tobacco Products manufacturing subsector projected to achieve a remarkable 9.1% growth. This surge is attributed to rising domestic demand and expanding export opportunities. Additional contributions to economic growth are expected from key sectors such as Trade and Repairs (3.0%), Construction (2.3%), Transport and Storage (2.1%), and Financial and Insurance Activities (2.1%), underscoring a broad-based recovery across multiple industries.

The energy sector remains subdued, grappling with persistently low production levels. In the second quarter of 2024, output declined significantly in crude oil by 11.4% and natural gas by 10.2%, primarily due to planned maintenance activities. The constrained availability of natural gas feedstock further hampered refining operations and downstream production of liquefied natural gas, ammonia, and methanol. However, amidst these challenges, urea production experienced a modest uptick, offering a glimmer of resilience within the sector.

Inflationary pressures continued their steady decline in 2024, with year-on-year inflation easing to 0.40% in August 2024, a significant reduction from 4.1% recorded in August 2023. This moderation was primarily driven by a deceleration in food price increases, as food inflation fell sharply to 1.5% in August 2024, compared to 5.6% in the previous year. Similarly, core inflation, which excludes the more volatile food prices, exhibited a downward trajectory, dropping to 0.10% in August 2024 from 3.7% in August 2023, reflecting broad-based easing across key components.

The financial system sustained its growth trajectory into 2024, with consumer lending advancing by 10% year-on-year between March and June 2024, primarily driven by increased demand for motor vehicle loans, refinancing, and debt consolidation. Concurrently, business credit and real estate mortgage lending demonstrated robust growth, rising by a monthly average of 9.2% and 5.1%, respectively, over the same period.

## CHAIRPERSON'S STATEMENT (continued)

However, banking system liquidity witnessed a significant decline in 2024. Commercial banks' reserves held at the Central Bank, in excess of mandatory requirements, fell to a daily average of \$3.46 billion in July 2024 when compared to prior year averages of \$ 5 billion. This contraction was primarily driven by an increased dependence on open market operations, which caused significant fluctuations in the liquidity levels in the Banking sector. To alleviate these pressures, the Central Bank of Trinidad and Tobago reduced the reserve requirement for commercial banks from 14% to 10%, effective July 2024, offering relief to the financial system.





## GENERAL MANAGER STATEMENT

After navigating a host of challenges in the previous year—ranging from sluggish economic growth and financial contagion risks to persistently high inflation and elevated interest rates—the fiscal year ending September 2024 offered a welcome reprieve.

During the first half of 2024, inflation in the United States remained stubbornly elevated, juxtaposed against a backdrop of resilient economic performance and robust corporate earnings. This persistent inflation undermined expectations that the Federal Reserve would initiate interest rate cuts in the near term. Consequently, the Fed revised its initial forecast of four rate reductions down to two, reflecting a more cautious stance in monetary policy as it responded to evolving economic data and uncertainties.

In Europe, while inflationary pressures began to ease, the region was engulfed in turmoil following the electoral successes of right-wing and far-right parties in the EU Parliamentary Elections. This political shift amplified uncertainty regarding potential alterations in policies, economic strategies, and social dynamics. These parties, advocating for protectionist measures, stricter immigration controls, and resistance to liberal reforms, posed significant challenges to the governance of the EU. The ramifications were particularly pronounced in France and Germany, where ruling leaders suffered notable defeats, prompting France to call for new elections to navigate the shifting political landscape.

Simultaneously, emerging equity markets grappled with a challenging start to 2024, as Asia faced adverse effects from China's property market downturn, sluggish economic growth, and persistent deflationary pressures.

Investor sentiment experienced a notable uplift in the latter half of the year, buoyed by a cooling of inflationary pressures and the initiation of an accommodative monetary policy stance. Both the U.S. Federal Reserve and the European Central Bank embarked on interest rate cuts during the third quarter, aimed at fostering economic growth amidst easing inflation, which in turn bolstered investor confidence and propelled stock prices higher.

In Europe, market optimism was further enhanced by the results of the French elections, which yielded a fragmented parliament and assuaged fears of significant policy upheaval. Although a far-left coalition emerged as the largest faction, it failed to secure an outright majority, thereby mitigating concerns regarding radical legislative changes.

Emerging markets also joined the rally, spurred by decisive actions from the People's Bank of China (PBOC), which implemented interest rate cuts and fiscal measures designed to rejuvenate the economy following a prolonged period of stagnation.

## GENERAL MANAGER STATEMENT (continued)

In the United States, the Treasury yield curve maintained its inversion for the first eight months of the year. However, in early September, a pivotal shift occurred as 2-year Treasury yields fell below those of 10-year Treasuries, re-establishing a normal yield curve in that segment. This transition was largely driven by anticipations surrounding forthcoming Federal Reserve interest rate cuts, which materialized later that month. In 2024, Trinidad & Tobago's stock market continued its downward trend from the previous year, with the Cross Listed Index leading the decline with a loss of 17.10%, followed by the TT Composite Index (14.78%) and All T&T Index (14.09%).

During the initial ten months of 2024, the GOTT TTD curve continued along its steepening path across various tenors. In the short to medium term, the 3-month and 2-year rates increased by 108 basis points and 140 basis points, reaching 2.22% and 3.96%, respectively. On the longer end of the curve, the 10-year and 15-year yields increased modestly by 34 and 12 basis points to 5.56% and 6.11% respectively.

Amid persistent uncertainty and market volatility, FCIS demonstrated remarkable resilience and achieved significant advancements over the fiscal year. The Wealth Management unit at FCIS relocated its San Fernando Centre to office spaces at Gulf City Mall. This impeccably outfitted site provides an environment conducive to our client interactions at a more convenient location. The unit also invested in staff skills development by participating in group wide sales training. We hope to leverage on this along with newly implemented Client Relationship Management technology to enhance client relationships and business efforts in the coming year.

We also continued to expand our regional presence through additional capital raises throughout the Caribbean, with the FCIS's Regional Operations being lead broker to several deals in excess of XCD1.1 billion. Fiscal year 2024 marked a remarkable chapter for our brokerage division, First Citizens Brokerage & Advisory Services (FCBAS). Demonstrating exceptional leadership and expertise, FCBAS served as the lead broker for the National Investment Fund 2 (NIF2), which achieved an extraordinary oversubscription rate of 267%. Further underscoring its strength and strategic acumen, FCBAS secured a 4% growth in market share on the Trinidad and Tobago Stock Exchange (TTSE)—a truly outstanding accomplishment amidst the challenges of a contracting market.

Our investment management services subsidiary, First Citizens Portfolio Investment Management Services (FCPIMS), reached a notable milestone as its funds under management surpassed TTD17.5 billion.

Despite challenges such as geopolitical uncertainty, fluctuating interest rates, and shifting market dynamics, our disciplined risk management and diversified investment strategy have enabled us to deliver robust returns for our clients. We are steadfast in our commitment to navigating this dynamic environment, harnessing our expertise to uncover opportunities and drive sustainable growth. As we look to the future, FCIS remains dedicated to creating value and maintaining its role as a trusted partner in our clients' financial journeys. Thank you for placing your confidence in us—we are inspired to continue striving for excellence in the year ahead and beyond.

## GENERAL MANAGER STATEMENT (continued)

### Review of Financial Performance for First Citizens Investment Services and Its Subsidiaries

#### Net Interest Income

Net Interest Income totaled TTD131.7 million for the financial period ended September 30 2024, compared to TTD151.1 million for the prior year which reflected a 13% decrease. This reduction was as a result of increased cost of funding which resulted from the increase in interest rates.

#### Fees & Commission Income

Fees and commission decreased by TTD9.3 million. The year-on-year decrease was primarily as a result of decreased fees earned for brokerage and advisory services on an equity transactions, which was partially offset by an increase of TTD4.3 million on Investment management fees.

#### Trading Losses

Trading losses were experienced in the period due to a strategic sell down of the portfolio, which was necessary to mitigate against credit risk and mark to market losses due to volatile market conditions. Net trading losses amounted to TTD8.7 million for the financial period ended September 30 2024.

#### Net Foreign Exchange Loss

This loss increased by TTD4.5 million YOY, which was mainly due to cross currency translation on consolidation.

#### Other Income

Other income increased from TTD0.8 million in 2023 to TTD22 million in 2024; this was largely due to increase in dividend income received in 2024.

#### Administrative and Operating Expenses

Total overhead expenses increased by TTD3.5 million in 2024. This was mainly due to increased staff costs during the period and major repairs and maintenance expenses.

#### Impairment Gain/Loss on financial assets

Net impairment on financial assets reflected an additional write back of TTD6.8 million following a write back in 2023 of TTD16 million. This resulted from the continued improvement in the Probability of Default (PD's) for the OECS region in 2024.

#### Investment Securities

Total investment securities were TTD6.2 billion at the financial period ended 30 September 2024, compared to the prior year of TTD5.8 billion which shows an increase of TTD490 million. This was mainly attributable to net movements on; maturities, disposals and additions of TTD369 million, followed by a positive fair value movement of TTD95.7 million. There was also a net IFRS 9 provision write back of TTD7.7 million.

#### Borrowings

Borrowings increased by TTD6.6 million from TTD1.293 billion in 2023 to TTD1.299 billion in 2024. This movement was due to accrued interest on the Medium-Term notes.

## **GENERAL MANAGER STATEMENT (continued)**

### **Securities Under Repurchase Agreements (Repos)**

The repo balances increased by TTD268 million net of maturities, interest and additions from TTD3.2 billion as at September 2023 to TTD3.5 billion at the financial period ended 30 September 2024.

### **Loan from Parent Company**

The loan from Parent Company reflected a net decrease year on year of TTD23.6 million due to repayment on the line of credit. The Group does have access to an unsecured short-term US facility approved for USD40 million and a line of approved credit for USD25 million respectively with its Parent.

### **Shareholders' Equity**

Shareholders' equity which comprises of share capital, retained earnings and other reserves, stood at TTD1.53 billion at the financial period ended 30 September 2024 which represented an increase of TTD120.2 million from the prior period. This increase reflected a TTD63.3 million increase in the other reserve movements and an increase in retained earnings of TTD56.9 million which represented the profit after tax for the period of TTD138.9 million net of a dividend payment of TTD82.1 million.

# STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Management is responsible for the following:

- Preparing and fairly presenting the accompanying consolidated financial statements of First Citizens Investment Services Limited and its subsidiaries (the “Group”), which comprise the consolidated statement of financial position as at 30 September 2024, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of material accounting policies and other explanatory information;
- Ensuring that the Group keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Group’s assets, detection/prevention of fraud, and the achievement of Group operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.


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

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

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



General Manager  
19 November 2024



Head of Finance  
19 November 2024

# INDEPENDENT AUDITOR'S REPORT

To the shareholder of  
First Citizens Investment Services Limited

## **Our opinion**

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

## ***What we have audited***

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 30 September 2024;
- the consolidated statement of income for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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## **Basis for opinion**

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

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

## ***Independence***

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

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## **Other information**

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

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

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

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



## INDEPENDENT AUDITOR'S REPORT (continued)

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

## INDEPENDENT AUDITOR'S REPORT (continued)

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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



Port of Spain  
Trinidad, West Indies  
20 November 2024

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

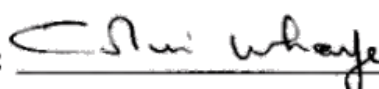
(Expressed in Trinidad and Tobago Dollars)

|   | Notes | As at                   |                         |
|---|-------|-------------------------|-------------------------|
|   |       | 2024                    | 2023                    |
|   |       | \$'000                  | \$'000                  |
| <b>Assets</b>                                   |       |                         |                         |
| Cash and due from Banks                         | 5     | 315,965                 | 368,689                 |
| Financial assets                                |       |                         |                         |
| - Fair value through other comprehensive income | 6     | 2,455,952               | 2,004,231               |
| - Amortised cost                                | 7     | 3,791,997               | 3,753,853               |
| - Fair value through profit or loss             | 8     | 564                     | 560                     |
| Intangible assets                               | 9     | 4,937                   | 6,079                   |
| Property and equipment                          | 10    | 48,493                  | 44,997                  |
| Right of use assets                             | 10    | 3,787                   | 5,270                   |
| Other assets                                    | 11    | 45,760                  | 163,410                 |
| Deferred income tax asset                       | 17    | 6,176                   | 32,276                  |
| Tax recoverable                                 |       | <u>16,203</u>           | <u>17,824</u>           |
| <b>Total assets</b>                             |       | <u><b>6,689,834</b></u> | <u><b>6,397,189</b></u> |
| <b>Liabilities</b>                              |       |                         |                         |
| Borrowings                                      | 12    | 1,299,310               | 1,292,685               |
| Funds under management                          |       | 6,081                   | 6,095                   |
| Securities sold under repurchase agreements     | 13    | 3,468,033               | 3,199,721               |
| Creditors and accrued expenses                  | 14    | 103,708                 | 182,780                 |
| Loan from parent company                        | 15    | 248,497                 | 272,090                 |
| Lease liabilities                               | 16    | 4,288                   | 5,378                   |
| Deferred income tax liability                   | 17    | 20,398                  | 19,257                  |
| Tax payable                                     |       | <u>6,315</u>            | <u>6,148</u>            |
| <b>Total liabilities</b>                        |       | <u><b>5,156,630</b></u> | <u><b>4,984,154</b></u> |
| <b>Shareholders' equity</b>                     |       |                         |                         |
| Share capital                                   | 18    | 637,697                 | 637,697                 |
| Retained earnings                               |       | 902,432                 | 845,575                 |
| Other reserves                                  | 19    | <u>(6,925)</u>          | <u>(70,237)</u>         |
| <b>Total shareholders' equity</b>               |       | <u><b>1,533,204</b></u> | <u><b>1,413,035</b></u> |
| <b>Total equity and liabilities</b>             |       | <u><b>6,689,834</b></u> | <u><b>6,397,189</b></u> |

The notes on pages 34 to 102 are an integral part of these consolidated financial statements.

On 19 November 2024, the Board of Directors of First Citizens Investment Services Limited authorised these consolidated financial statements for issue.

Director: 

Director: 

**CONSOLIDATED STATEMENT OF INCOME**

(Expressed in Trinidad and Tobago Dollars)

|   | Notes | Year ended<br>30 September |                       |
|---|-------|----------------------------|-----------------------|
|   |       | 2024<br>\$'000             | 2023<br>\$'000        |
| Interest income   | 20    | 276,232                    | 261,626               |
| Interest expense  | 21    | <u>(144,566)</u>           | <u>(110,553)</u>      |
| <b>Net interest income</b>  |       | 131,666                    | 151,073               |
| Fees and commissions  | 22    | 106,098                    | 115,361               |
| Loss realised on financial assets                                     | 23    | (8,707)                    | (18,367)              |
| Foreign exchange loss   |       | (5,048)                    | (500)                 |
| Other income  | 24    | <u>21,963</u>              | <u>806</u>            |
| <b>Total net revenue</b>  |       | 245,972                    | 248,373               |
| Reversal of impairment loss on financial assets                       | 25    | 6,832                      | 15,997                |
| Reversal of impairment loss/(impairment loss) on non-financial assets | 26    | 3,241                      | (54)                  |
| Administrative expenses   | 27    | (44,414)                   | (43,646)              |
| Other operating expenses  | 28    | <u>(48,266)</u>            | <u>(45,506)</u>       |
| <b>Profit before taxation</b>   |       | 163,365                    | 175,164               |
| Taxation charge   | 29    | <u>(24,448)</u>            | <u>(29,764)</u>       |
| <b>Profit for the year</b>  |       | <u><u>138,917</u></u>      | <u><u>145,400</u></u> |

The notes on pages 34 to 102 are an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(Expressed in Trinidad and Tobago Dollars)

|  | Note | Year ended<br>30 September |                      |
|--|------|----------------------------|----------------------|
|  |      | 2024<br>\$'000             | 2023<br>\$'000       |
| <b>Profit for the year</b>   |      | 138,917                    | 145,400              |
| <b>Other comprehensive income</b>                                      |      |                            |                      |
| <i>Items that will not be reclassified to profit or loss</i>           |      |                            |                      |
| Net gain on revaluation of property and equipment                      | 19   | <u>66</u>                  | <u>--</u>            |
|  |      | <u>66</u>                  | <u>--</u>            |
| Net losses on investments in equity instruments designated at FVOCI    | 19   | <u>(4,187)</u>             | <u>(90,407)</u>      |
|  |      | <u>(4,187)</u>             | <u>(90,407)</u>      |
| <i>Items that may be reclassified to profit or loss</i>                |      |                            |                      |
| Net gains on investments in debt instruments designated at FVOCI       | 19   | <u>67,433</u>              | <u>31,621</u>        |
|  |      | <u>67,433</u>              | <u>31,621</u>        |
| <b>Total other comprehensive income/(loss) for the year net of tax</b> |      | <u>63,312</u>              | <u>(58,786)</u>      |
| <b>Total comprehensive income for the year</b>                         |      | <u><u>202,229</u></u>      | <u><u>86,614</u></u> |

The notes on pages 34 to 102 are an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

(Expressed in Trinidad and Tobago Dollars)

|   | Share<br>capital<br>\$'000 | Retained<br>earnings<br>\$'000 | Other<br>reserves<br>\$'000 | Total<br>equity<br>\$'000 |
|---|----------------------------|--------------------------------|-----------------------------|---------------------------|
| <b>Balance at 1 October 2023</b>                              | <u>637,697</u>             | <u>845,575</u>                 | <u>(70,237)</u>             | <u>1,413,035</u>          |
| Profit for the year   | --                         | 138,917                        | --                          | 138,917                   |
| Gains on disposal of equity instrument<br>recognised in FVOCI | --                         | 77                             | --                          | 77                        |
| Other comprehensive income                                    | <u>--</u>                  | <u>--</u>                      | <u>63,312</u>               | <u>63,312</u>             |
| Total comprehensive income for the year                       | <u>--</u>                  | <u>138,994</u>                 | <u>63,312</u>               | <u>202,306</u>            |
| <i>Transactions with owners</i>                               |                            |                                |                             |                           |
| Dividends paid  | <u>--</u>                  | <u>(82,137)</u>                | <u>--</u>                   | <u>(82,137)</u>           |
| Total transactions with owners                                | <u>--</u>                  | <u>(82,137)</u>                | <u>--</u>                   | <u>(82,137)</u>           |
| <b>Balance at 30 September 2024</b>                           | <u><u>637,697</u></u>      | <u><u>902,432</u></u>          | <u><u>(6,925)</u></u>       | <u><u>1,533,204</u></u>   |
| <b>Balance at 1 October 2022</b>                              | <u>637,697</u>             | <u>816,545</u>                 | <u>(11,451)</u>             | <u>1,442,791</u>          |
| Profit for the year   | --                         | 145,400                        | --                          | 145,400                   |
| Other comprehensive loss                                      | <u>--</u>                  | <u>--</u>                      | <u>(58,786)</u>             | <u>(58,786)</u>           |
| Total comprehensive income for the year                       | <u>--</u>                  | <u>145,400</u>                 | <u>(58,786)</u>             | <u>86,614</u>             |
| <i>Transactions with owners</i>                               |                            |                                |                             |                           |
| Dividends paid  | <u>--</u>                  | <u>(116,370)</u>               | <u>--</u>                   | <u>(116,370)</u>          |
| Total transactions with owners                                | <u>--</u>                  | <u>(116,370)</u>               | <u>--</u>                   | <u>(116,370)</u>          |
| <b>Balance at 30 September 2023</b>                           | <u><u>637,697</u></u>      | <u><u>845,575</u></u>          | <u><u>(70,237)</u></u>      | <u><u>1,413,035</u></u>   |

The notes on pages 34 to 102 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in Trinidad and Tobago Dollars)

|  | Notes | Year ended<br>30 September |                  |
|--|-------|----------------------------|------------------|
|  |       | 2024<br>\$'000             | 2023<br>\$'000   |
| <b>Cash flows from operating activities</b>  |       |                            |                  |
| Profit before taxation   |       | 163,365                    | 175,164          |
| Adjustments to reconcile profit to<br>net cash provided by operating activities:             |       |                            |                  |
| Impairment (gain) on financial assets  |       | (6,832)                    | (15,997)         |
| Impairment (gain)/loss on non-financial assets   |       | (3,241)                    | 54               |
| Interest income  |       | (276,232)                  | (261,626)        |
| Interest expense   |       | 144,566                    | 110,553          |
| Interest on right of use assets  |       | 367                        | 341              |
| Depreciation   |       | 2,798                      | 1,892            |
| Depreciation for right of use assets   |       | 1,816                      | 1,714            |
| Amortisation   |       | 1,561                      | 2,462            |
| Gain on disposal of property and equipment   |       | 3                          | 1                |
| (Gain)/loss on disposal of right of use assets   |       | (14)                       | 9                |
| Unrealised foreign exchange loss   |       | 168                        | 35               |
| Unrealised (gain)/loss on financial assets   |       | (67)                       | 76               |
| Cash inflows from operating activities before<br>changes in operating assets and liabilities |       | 28,258                     | 14,678           |
| Net change in fair value through<br>other comprehensive income financial assets              |       | (358,222)                  | 52,783           |
| Net change in amortised cost financial assets  |       | (31,332)                   | 1,104            |
| Net change in fair value through profit or loss assets                                       |       | 64                         | --               |
| Net change in other assets   |       | 117,270                    | (130,875)        |
| Net change in securities sold under repurchase agreements                                    |       | 257,327                    | (104,878)        |
| Net change in creditors and accrued expenses   |       | (79,236)                   | 54,253           |
| Net change in funds under management   |       | (14)                       | (133)            |
| Net change in borrowings   |       | 41,230                     | 23,614           |
| Cash outflows from operations  |       | (24,655)                   | (89,454)         |
| Interest received  |       | 272,885                    | 253,862          |
| Interest paid  |       | (166,921)                  | (109,749)        |
| Income taxes paid  |       | (21,740)                   | (30,969)         |
| <b>Net cash inflows from operating activities</b>  |       | <b>59,569</b>              | <b>23,690</b>    |
| <b>Cash flows from investing activities</b>  |       |                            |                  |
| Purchase of short term investment securities   |       | (19)                       | --               |
| Proceeds from disposal of property and equipment   |       | 1                          | --               |
| Purchase of intangible assets  |       | (419)                      | (456)            |
| Purchase of property and equipment   |       | (2,969)                    | (3,814)          |
| <b>Net cash outflows from investing activities</b>   |       | <b>(3,406)</b>             | <b>(4,270)</b>   |
| <b>Cash flows from financing activities</b>  |       |                            |                  |
| Repayment of principal of lease liabilities  | 16    | (1,775)                    | (2,053)          |
| (Repayment)/receipt of loan from parent company  |       | (24,994)                   | 15,062           |
| Ordinary dividend paid   |       | (82,137)                   | (116,370)        |
| <b>Net cash outflows from financing activities</b>   |       | <b>(108,906)</b>           | <b>(103,361)</b> |
| <b>Net decrease in cash and cash equivalents</b>   |       | <b>(52,745)</b>            | <b>(83,941)</b>  |
| <b>Cash and cash equivalents at beginning of year</b>  |       | <b>366,216</b>             | <b>450,157</b>   |
| <b>Cash and cash equivalents at end of year</b>  | 5     | <b>313,473</b>             | <b>366,216</b>   |

First Citizens Investment Services Limited And Its Subsidiaries  
**CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**  
 (Expressed in Trinidad and Tobago Dollars)

|   | Note | Year ended<br>30 September |                |
|---|------|----------------------------|----------------|
|   |      | 2024<br>\$'000             | 2023<br>\$'000 |
| <b>Represented by:</b>                            |      |                            |                |
| Cash and due from banks                           |      | 312,714                    | 365,472        |
| Short-term investments – maturity within 3 months |      | <u>759</u>                 | <u>744</u>     |
|   | 5    | <u>313,473</u>             | <u>366,216</u> |

The notes on pages 34 to 102 are 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 Investment Services Limited (“the Company”) and its subsidiaries (together “the Group”) is incorporated in the Republic of Trinidad and Tobago. The Group operates in Trinidad and Tobago as well as in St. Lucia, St. Vincent and Barbados through branches. Its principal business includes dealing in securities and such other business as is authorised pursuant to its registration under the Securities Act 2012 of the Republic of Trinidad and Tobago.

First Citizens Group Financial Holdings Limited (FCGFH) is a subsidiary of First Citizens Holdings Limited (Holdings), a company owned by the Government of Trinidad & Tobago (GORTT). First Citizens Holdings Limited is the majority shareholder of FCGFH, with shareholding interest of 60.1%. On 18 October 2021, FCGFH became the parent company of First Citizens Bank Limited (the Bank), and replaced the Bank as the listed entity whose shares are publicly traded on the Trinidad & Tobago Stock Exchange. Effective 2 February 2009, First Citizens Bank Limited (the Bank) assumed control of the Group.

As a part of the corporate restructuring of First Citizens Group, and in accordance with Legal Notice 102 dated 6 June 2024, with effect from 1 October 2024, all the shares owned by First Citizens Bank Limited in FCIS will become vested in First Citizens Group Financial Holdings Limited (FCGFH), whereupon FCIS will become a fully owned subsidiary of FCGFH (see note 33).

The Group’s registered office is 17 Wainwright Street, Port of Spain, Trinidad and Tobago.

The Group’s subsidiaries, all wholly-owned, are:

- First Citizens Portfolio Investment and Management Services Limited;
- First Citizens Brokerage and Advisory Services Limited;
- First Citizens Investment Services (Barbados) Limited;
- Caribbean Money Market Brokers (Trincity) Limited; and
- FCIS Nominees Limited

## 2 Summary of material accounting policies

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

The financial statements are for the Group consisting of FCIS and its subsidiaries

### a. *Basis of preparation*

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

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.

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**2 Summary of material accounting policies (continued)***a. Basis of preparation (continued)**(i) Standards, amendments and interpretations which are effective and have been adopted by the Group in the accounting period*

- Amendments IAS1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies (Effective 1 January 2023). The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2.
- Amendments to IAS 8 - Definition of Accounting Estimates (Effective 1 January 2023). The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.
- The amendments to IAS 12 Income Taxes require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented.
- Amendments to IAS 1 - Non-current liabilities with covenants (Effective 1 January 2024). These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

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

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**2 Summary of material accounting policies (continued)***a. Basis of preparation (continued)**(ii) IFRS Accounting Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group*

- Amendments to IFRS 16 - Leases on sales and Leaseback (Effective 1 January 2024). The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.
- IFRS 18 - Presentation and Disclosures in Financial Statements (Effective 1 January 2027) will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to the structure of the statement of profit or loss, required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

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

- IFRS S1 - General requirements for disclosure of sustainability-related financial information (Effective 1 January 2024). This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.
- IFRS S2 - Climate-related disclosures information (Effective 1 January 2024). This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

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

First Citizens Investment Services Limited And Its Subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Expressed in Trinidad and Tobago Dollars)

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

#### b. Consolidation

##### (i) Principles of consolidation

The consolidated financial statements include the accounts of the Group 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.

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

##### (ii) 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.

##### (iii) 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 in relation to financial instruments to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 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.

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**2 Summary of material accounting policies (continued)****b. Consolidation (continued)****(iii) Business combinations and goodwill (continued)**

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 statement of income.

**c. Foreign currency translation****(i) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

The consolidated financial statements are presented in Trinidad and Tobago dollars, which is the Group's functional and presentation currency.

The exchange rate between the TT dollar and the US dollar at 30 September 2024 was TT\$6.6926 = US\$1.00 (2023: TT\$6.6926 = US\$1.00), the TT dollar and the XCD dollar was TT\$2.5190 = XC\$1.00 (2023: TT\$2.5190 = XC\$1.00), the TT dollar and the Barbados dollar was TT\$3.4102 = BB\$1.00 (2023: TT\$3.4102 = BB\$1.00) and the TT dollar and the Jamaican dollar was TT\$0.0423 = JM\$1.00 (2023: TT\$0.0431 = JM\$1.00).

**(ii) Transactions and balances**

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

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

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**2 Summary of material accounting policies (continued)***c. Foreign currency translation (continued)**(iii) 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 statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (b) income and expenses for each statement of income are translated at average cover exchange rates for the financial year, and
- (c) all resulting exchange differences are recognised in other comprehensive income.

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

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

The Group classifies its financial assets based on the following business models:

- Hold to collect
- Hold to collect and sell
- Hold for trading

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

- *Amortised cost*

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

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

First Citizens Investment Services Limited And Its Subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Expressed in Trinidad and Tobago Dollars)

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

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

##### (i) Financial assets (continued)

- *Amortised cost (continued)*

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

- *Fair value through other comprehensive income (FVOCI)*

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss, except for foreign exchange on non-monetary assets which are measured in accordance to c.ii above. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit and loss and recognised in "Gain on financial assets".

The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value and foreign exchange gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. The interest income from these financial assets is included in "interest Income" using the effective interest rate method.

- *Fair value through profit or loss (FVTPL)*

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is measured at fair value through profit or loss and is not part of a hedging relationship is recognised and presented in the consolidated statement of income within "Loss realised on financial assets". All equity gains and losses are recognised in the consolidated statement of income except for those designated at initial recognition to FVOCI or for those equities which are held for the strategic business operations.

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include ordinary shares.

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.



## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**2 Summary of material accounting policies (continued)***d. Financial assets and financial liabilities (continued)**(i) Financial assets (continued)**(a) Group's business model*

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

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

Arising out of the assessment, the portfolios were deemed to have the business models identified as follows:

| <b>Hold to collect</b>  | <b>Hold to collect and sell</b>   | <b>Hold for trading</b>                   |
|---|---|---|
| Bonds Issued by or guaranteed by Government of Trinidad & Tobago (GORTT) maturing in more than 3 years at recognition | Bonds Issued by or guaranteed by Government of Trinidad & Tobago maturing in less than 3 years at recognition | Actively Traded (Capital Gains) Portfolio |
| Non-Eurobonds maturing in greater than 3 years at recognition   | Eurobonds   | Equities                                  |
| Securities sold under repurchase agreements to clients and brokers  | Non-Eurobonds maturing in less than 3 years at recognition  |   |
| Long Term Borrowings from brokers in the form of Total Return Swaps   | Equities initially designated to OCI  |   |
| Medium Term Notes   |   |   |

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



First Citizens Investment Services Limited And Its Subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Expressed in Trinidad and Tobago Dollars)

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

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

##### (i) Financial assets (continued)

##### (a) Group's business model (continued)

###### *Hold to collect*

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

###### *Hold to collect and sell*

Where the business model is to hold assets to collect and sell, it incorporates the above assessment of SPPI. In addition, the Group manages liquidity and credit risk using both expected and contractual cash flows, through its fair value OCI portfolio and through the disposal of assets.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. There was no impact on the fair value reserve as the bond price remained unchanged.

###### *Hold for trading*

Hold for trading refers to equity instruments whose fair value movements are recognised through the consolidated statement of income.

##### (b) Impairment

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

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
  - The time value of money; and
  - Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.
- Note 3.a.iii provides more detail of how the expected credit loss allowance is measured.

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**2 Summary of material accounting policies (continued)***d. Financial assets and financial liabilities (continued)**(i) Financial assets (continued)**(c) Modification of financial assets*

The issuer of financial assets sometimes renegotiates or otherwise modifies the contractual cash flows of an instrument. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Significant extension of the term when the borrower is not in financial difficulty.
- Significant change in the interest rate.

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

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

*(d) Derecognition other than on a modification*

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

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

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

Collateral (shares and bonds) furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**2 Summary of material accounting policies (continued)**d. *Financial assets and financial liabilities (continued)*(ii) *Financial liabilities**Classification and subsequent measurement of financial liabilities*

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

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in the trading booking) and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss;
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Group recognises any expense incurred on the financial liability; and
- Financial guarantee contracts and loan commitments (see note 3 c ii).

*Derecognition*

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

The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**2 Summary of material accounting policies (continued)***e. Impairment of non-financial assets*

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

*f. 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.

*g. 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 cash flow 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 cash flows or other valuation techniques using input existing at the year end.

The Group uses an internally developed model which is generally consistent with other valuation models used in the industry. Valuation models are used to value unlisted debt securities and other debt securities for which the market has become or is illiquid. Some of the inputs of this model may not be market observable and are therefore based on assumptions (see note 4.a.).

*h. Sale and repurchase agreements and lending of securities*

Securities sold under sale and repurchase agreements (repos) are retained on the consolidated statement of financial position as investment securities and the counterparty liability is included in securities sold under repurchase agreement and borrowings.

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

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

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**2 Summary of material accounting policies (continued)***i. Lease transactions*

For all new and existing contracts entered into on or after 1 October 2019, the Group assesses whether a contract is, or contains a lease. A lease is defined as “a contract that conveys the right-of-use of an asset for a period of time in exchange for consideration”. To assess whether a contract conveys the right-of-use of an asset, the Group assesses whether:

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

*(i) The Group as the lessee*

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

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

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

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

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

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

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**2 Summary of material accounting policies (continued)***j. Property and equipment*

Freehold premises are shown at fair value based on assessments performed by management or by independent valuers 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 and equipment are stated at historical cost less depreciation.

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

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

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

Depreciation and amortisation are computed on all assets except land.

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

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

The assets' useful lives and residual values 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.

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**2 Summary of material accounting policies (continued)****k. Income tax**

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

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

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the 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 statement of financial position 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 foreseeable 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.



## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**2 Summary of material accounting policies (continued)**1. *Employee benefits*(i) *Pension plan – First Citizens defined benefit pension plan*

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

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

The liability or asset is recognised in the Bank's statement of financial position. In respect of the defined benefit pension plan, as at September 2024, the defined benefit pension plan asset represented the fair value of the plan's asset less the present value of the obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The Group's contribution to the plan amounted to \$2.8M (2023: \$3.2M) (Note 27 a). These contributions were recharged by the Bank and settled through the intercompany.

(ii) *Profit sharing and bonus plans*

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the First Citizens 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.

Included in the bonus and profit-sharing is a contribution to the employee share option plan which is administered by the Bank and settled through an intercompany recharge

m. *Cash and cash equivalents*

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



## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**2 Summary of material accounting policies (continued)***n. Net interest income and expense*

Interest income and interest expense are recognised in the consolidated statement of income for all interest bearing instruments on an accrual basis using the effective interest method based on the initial carrying amount. Interest income includes coupons earned on fixed income investments, Promissory Notes (PNotes) and accrued discount and premium on treasury bills and other discounted instruments. When a financial asset is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income.

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

For financial assets that are credit impaired (stage 3), interest income is calculated by applying the effective interest rate to the carrying value net of the expected credit loss provision.

For financial assets classified as Purchased or Originated Credit Impaired (POCI), interest income is calculated by applying a Credit-Adjusted Effective Interest Rate (CAEIR) (based on an initial expectation of further credit losses) to the amortised cost of these POCI assets. The CAEIR is lower than the effective interest rate as the cash flows of the instruments are adjusted downwards for the impact of expected credit losses.

*o. Dividend income*

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

*p. Fee and commission income*

IFRS 15's core underlying principle is that an entity should recognise revenue in a manner that depicts the pattern of the transfer of goods and services to customers. The Group's performance obligations are very contract specific for the various services: wealth managed client accounts, private placements, portfolio management fees and commissions and mutual funds portfolio management.

Fees and commissions are recognised at a point in time when the service has been provided. Commissions and fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses are recognised at a point in time on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts usually on a time apportioned basis, which is normally on a monthly billing cycle at a point in time.

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 at a point in time.

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**2 Summary of material accounting policies (continued)***p. Fee and commission income (continued)*

Brokerage & advisory fees are generally recognised at a point in time upon full completion of the scope of works to the contract; however, for Initial Public Offerings and services of that nature the performance obligation may be specific to the stage of completion of the services performance obligation. In addition, some contracts may require variation to the performance obligation based on the client specifications. These contracts would qualify for revenue recognition over time.

*q. Borrowings*

Borrowings are recognised initially at fair value, exclusive of transaction costs. 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 statement of income over the period of the borrowings using the effective interest method.

*r. Dividend distribution*

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

*s. 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.

*t. Intangible assets*

Intangible assets comprise separately identifiable items arising from business combinations, computer software licenses and other intangible assets. Intangible assets are stated at cost less amortisation and provisions for impairment, if any, plus reversals of impairment, if any. The cost of an intangible asset acquired in a business combination is its fair value at the date of acquisition. Intangible assets with a definite useful life are amortised using the straight line method over the period that the benefits from these assets are expected to be consumed, generally not exceeding 20 years. Intangible assets with an indefinite useful life are not amortised. At each date of the 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.

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**2 Summary of material accounting policies (continued)***t. Intangible assets (continued)*

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

*(i) Other Intangible assets*

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

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

*(ii) Computer software*

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

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

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

*u. Fiduciary activities*

The Group acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these consolidated financial statements, as they are not assets of the Group (Note 3.d).

First Citizens Investment Services Limited And Its Subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Expressed in Trinidad and Tobago Dollars)

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### 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 of First Citizens Bank Limited has overall responsibility for the establishment and oversight of the First Citizens Group 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 First Citizens Group - the First Citizens Group Enterprise Risk Management Committee and the Board Credit Committee; and two Senior Management Committees- the Senior Management Enterprise Risk Management Committee (SMERMC) and the Asset Liability Committee.

The First Citizens Group Enterprise Risk Management Unit, headed by the Group Chief Risk Officer (GCRO), 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 First Citizens Group through the First Citizens Group Operational Risk and Controls Unit, Group Credit Risk Management Unit, Group Market Risk Unit and Group Business Continuity Planning Unit. The First Citizens Group Enterprise Risk Management Unit reports into the SMERMC 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.

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**3 Financial risk management (continued)**

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 First Citizens Group's liquidity and market risks. The ALCO is also supported in some specific areas of activity by the First Citizens Group's Market Risk Committee.

As part of its mandate, the Bank Board of Directors 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 First Citizens 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.

Credit risk is managed by the Risk Management Committee (RMC), a subcommittee of the Board of Directors, which has oversight and monitors the risk appetite for the investment portfolio for the First Citizens Investment Services Ltd. ("the Group").

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

**a. Credit risk**

Credit risk is a significant risk for the First Citizens Group's business; management therefore carefully manages its exposure to credit risk. The credit risk management and control are centralised in a First Citizens Group Credit Risk Management Unit which reports regularly to the Group Chief Risk Officer and the Board Credit Committee.

Credit risk arises mainly from investments in debt securities and other exposures arising from its trading activities ("trading exposures") including non-equity trading portfolio assets and derivatives as well as settlement balances with market counterparties and reverse repurchase agreements.

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**3 Financial risk management (continued)**a. *Credit risk (continued)*(i) *Credit risk management*

In its management of credit risks, the First Citizens Group has established an organisational structure which supports the lending philosophy of the First Citizens Group. This structure comprises the Board of Directors, the Board Credit Committee (BCC), Senior Management Enterprise Risk Committee (SMERC), the Group Chief Risk Officer (GCRO), the Credit Risk Management Unit and the Internal Audit Department. The Board of Directors maintains general oversight to ensure that policies and procedures are consistent with the strategic direction and credit philosophy of the First Citizens 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 and credit requests exceeding the authority of management. The SMERC together with the GCRO monitors the effectiveness of credit policies and procedures and may direct changes to strategies to improve the effectiveness of policies. The major focus of the Credit Risk Management Unit 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 First Citizens Group's written Credit Policy Manual.

(ii) *Credit risk grading*

The Group uses internal credit risk grading or ratings which reflect its assessment of the risk profile or PD of counterparties. The Group utilises one (1) rating model for investment securities.

*Investment securities*

For sovereign and corporate investment securities, the ratings published by Standards and Poor's Rating Agency (S&P), where available, are used. For sovereigns with no S&P rating, the Bank's Research and Analytics Unit uses a model based on the S&P methodology to generate a rating. For corporate investment securities with no S&P rating, a rating is assigned using the Borrower Risk Rating ("BRR") model.

S&P published ratings are continuously monitored and updated. The PD's associated with each rating are determined based on realised default over the prior 12 months, as published by the rating agency. The ratings generated by the BRR model are also updated annually.

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**3 Financial risk management (continued)***a. Credit risk (continued)**(ii) Credit risk grading (continued)**Investment securities (continued)*

The Table below provides a comparative view of the rating models used by the Group:

|                      | <b>S&amp;P Rating</b>                       | <b>Research &amp; Analytics<br/>Risk Rating<br/>(Investment Securities)</b> | <b>Interpretation</b> |
|----------------------|---|---|-----------------------|
| Investment<br>Grade  | AAA, AA+                                    | A+  | Extremely Low<br>Risk |
|                      | AA, AA-                                     | A   |                       |
|                      | A+, A                                       | A-  | Very Low Risk         |
|                      | BBB+, BBB, BBB-                             | B+  | Low Risk              |
| Speculative<br>Grade | BB+, BB, BB-                                | B   | Moderate Risk         |
|                      | B+, B, B-                                   | B-  | High Risk             |
|                      | CCC+, CCC, CCC-, CC+,<br>CC, CC-, C+, C, C- | C   | Very High Risk        |
|                      | D   | D   | In Default            |

*(iii) Expected credit loss measurement*

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

- A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1 and has its credit risk continuously monitored by The First Citizens Group.
- If a significant increase in credit risk (‘SICR’) since initial recognition is identified, the financial instrument is moved to ‘Stage 2’ but is not yet deemed to be credit-impaired. Please refer to note 3.a.iv for a description of how The First Citizens Group determines when a significant increase in credit risk has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to ‘Stage 3’. Please refer to note 3.a.vi for a description of how The First Citizens Group defines credit-impaired and default.
- For financial instruments in Stage 1, the respective ECL’s are measured at an amount equal to the portion of lifetime expected credit losses within the next 12 months. Instruments in Stages 2 or 3 respective ECL’s are measured based on the expected credit losses on a lifetime basis. Please refer to note 3.a.vii for a description of inputs, assumptions and estimation techniques used in measuring the ECL.



## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

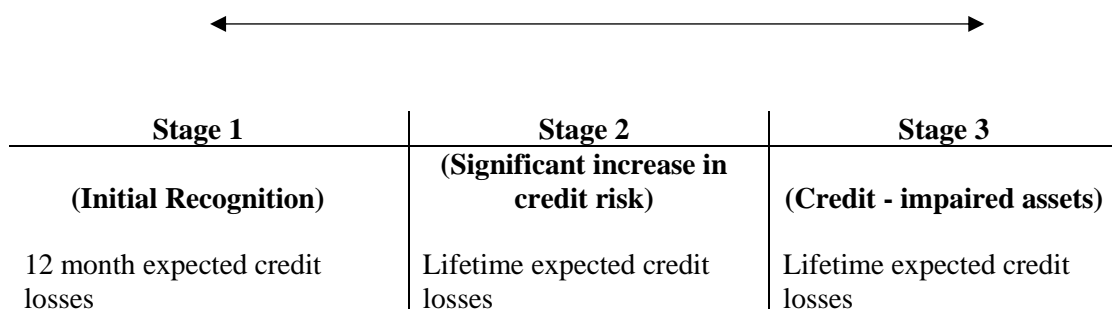
(Expressed in Trinidad and Tobago Dollars)

**3 Financial risk management (continued)**a. *Credit risk (continued)*(iii) *Expected credit loss measurement (continued)*

- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note 3.a.viii includes an explanation of how The First Citizens Group has incorporated this in its ECL models.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

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

The following diagram summarises the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):

**Change in credit quality since initial recognition**(iv) *Significant increase in credit risk (SICR)*

The First Citizens Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following criteria have been met:

| Criteria                     | Investment Grade Portfolio                                  | Single "B" Speculative Grade Portfolio                      |
|------------------------------|---|---|
| <b>Absolute Measure</b>      | PD - 15% or higher  | PD - 25% or higher  |
| <b>AND</b>                   | AND   | AND   |
| <b>Relative Measure</b>      | One notch downgrade<br>(investment securities rating scale) | One notch downgrade<br>(investment securities rating scale) |
| <b>OR</b>                    | OR  | OR  |
| <b>Special Consideration</b> | Eurobonds with Trigger 3 Breaches                           | Eurobonds with Trigger 3 Breaches                           |

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



## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**3 Financial risk management (continued)**a. *Credit risk (continued)*(v) *Significant decrease in credit risk (SDCR)*

The First Citizens Group considers a financial instrument to have experienced a significant decrease in credit risk when one or more of the following criteria have been met:

| Criteria                     | Investment Grade Portfolio                            | Single "B" Speculative Grade Portfolio                 |
|------------------------------|---|--|
| <b>Absolute Measure</b>      | PD – 12.5% or lower                                   | PD - 25% or lower                                      |
| <b>AND</b>                   | AND   | AND  |
| <b>Relative Measure</b>      | Credit rating reverts to level just prior to the SICR | One notch upgrade (investment securities rating scale) |
| <b>OR</b>                    | OR  | OR   |
| <b>Special Consideration</b> | No credit stop loss breaches                          | No credit stop loss breaches                           |

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

The First Citizens Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

*Quantitative criteria*

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

*Qualitative criteria*

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

- The borrower formally files for bankruptcy or there is a commencement of foreclosure or restructure proceedings or an indication of the intention to restructure is initiated by the borrower.
- The obligation is classified doubtful or worse as per The First Citizens Group's classification process.
- A modification to terms and conditions of the original investment that would not normally be considered is executed and where the change in the present value of the cashflows of the new proposed investment versus the original exceed 10%.

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

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**3 Financial risk management (continued)**a. *Credit risk (continued)*(vi) *Definition of default and credit-impaired assets (continued)**Qualitative criteria (continued)*

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

*Purchase Originated Credit-Impaired (POCI)*

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

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

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

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

- PD represents the likelihood of a borrower defaulting on its financial obligation (as defined in note 3.a.iv), either over the next twelve (12) months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Group expects to be owed at the time of default, either over the next twelve (12) months (12M EAD) or over the remaining lifetime (Lifetime EAD). The EAD is calculated as the outstanding balance of the investment.
- LGD - For sovereign investment securities, LGDs are obtained from Moody's Investor Services' Data Report on Sovereign Default and Recovery Rates (1983-2022). Corporate investment securities LGDs are based on the standard terms for North American corporate entities CDS contracts, taken from Moody's Analytics' CDS-implied EDF™ Credit Measures and Fair-value Spreads.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**3 Financial risk management (continued)**a. *Credit risk (continued)*(viii) *Forward-looking information incorporated in the ECL models*

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

*Determination of macroeconomic scenarios and probabilities*

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

The following are the lead sovereign indicators used in the macroeconomic overlay; the lead indicators remained unchanged from the prior year unless indicated:

**TRINIDAD AND TOBAGO:**

## Lead Indicators:

- WTI Oil Price
- US GDP Growth Rate (2023: T&T FX Reserves)

Both indicators are negatively correlated to sovereign risk, suggesting that higher oil price and US GDP Growth will positively impact upon the economy and therefore reduce ECLs.

**BARBADOS**

## Lead Indicators:

- Tourist Arrivals (2023: US Unemployment Rate)
- US GDP Growth Rate (2023: UK Unemployment Rate)

Both indicators are negatively correlated to sovereign risk, such that both the tourist arrivals and US GDP Growth rate move in the opposite direction as Barbados' sovereign risk. This suggest that higher arrivals and US GDP Growth may positively impact upon Barbados' economy and therefore likely to reduce ECLs.

**ST LUCIA/ ST VINCENT AND THE GRENADINES/ ANTIGUA AND BARBUDA**

## Lead Indicators:

- US GDP Growth Rate
- US Unemployment Rate

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**3 Financial risk management (continued)**a. *Credit risk (continued)*(viii) *Forward-looking information incorporated in the ECL models (continued)**Determination of macroeconomic scenarios and probabilities (continued)*

US GDP growth rate is negatively related to sovereign risk of the ECCU members, suggesting that increases in US GDP growth reduces ECL, while US unemployment rate is positively related to sovereign risk, indicating that as US unemployment rate rises, the ECCU economies are negatively impacted, resulting in higher ECLs.

While there are other components that may impact upon the final ECLs, from a macroeconomic perspective, by using the link between the lead economic variables and sovereign risk, we generalise that once the lead indicators positively impact the economies, ECLs are likely to decline. On the other hand, if the lead indicators negatively impact the economies, ECLs are likely to increase.

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

For example, the following credit ratings were forecasted for the next three years using these macro-economic scenarios for Trinidad and Tobago. The weightings applied to the forecasted ratings were 60% for year 1, 20% each for year 2 and 3. These weightings were determined based on management's judgment and experience.

| Current rating                   | 2025   |        |       | 2026   |       |        | Current | 2027  |        |      | Current |
|----------------------------------|--------|--------|-------|--------|-------|--------|---------|-------|--------|------|---------|
|                                  | Base   | Best   | Worst | Base   | Worst | Best   |         | Base  | Worst  | Best |         |
| BBB-                             | BB+    | BBB-   | BB    | BB+    | BB+   | BB-    | BBB-    | BB+   | BB+    | BBB- | BBB-    |
| STABLE                           |        |        |       |        |       |        |         |       |        |      |         |
| Probability of Transition (in %) | 22.57% | 75.49% | 1.94% | 40.64% | 0.61% | 58.75% | 57.03%  | 0.97% | 42.00% |      |         |

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**3 Financial risk management (continued)**a. *Credit risk (continued)*(viii) *Forward-looking information incorporated in the ECL models (continued)**Determination of macroeconomic scenarios and probabilities (continued)*

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Management judgment has also been applied in this process. Forecasts of these economic variables (the “base economic scenario”) are provided by the Economic Research Unit on a periodic basis and provide the best estimate view of the economy over the next three years. After three years, to project the economic variables out for the full remaining lifetime of each instrument, a mean reversion approach has been used.

(ix) *Risk limit control and mitigation policies*

The First Citizens 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, and to geographical segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product and by country are approved annually by the Group’s Board of Directors. Actual exposures against limits are monitored regularly and reported to the Group’s Risk Management Committee and the Board of Directors.

(a) *Single investor or industry exposure limits*

These limits have been established based on a ranking of the riskiness of various industries. The ranking is guided by a model developed by the First Citizens Group for this purpose. The model utilises a scale incorporating scores of 1 to 6 with 1 being the least risky. Exposure limits as a percentage of the total credit portfolio have been established for the various country exposure categories based on the risk ranking.

(b) *Country exposure limits*

Exposure limits have been established for selected countries which are considered to be within the Group’s target market. Three (3) risk categories have been developed and the selected countries have been assigned to these categories based either on ratings issued by acceptable 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.

(c) *Collateral*

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of collateral to secure investments. Investment securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**3 Financial risk management (continued)**a. *Credit risk (continued)*(ix) *Risk limit control and mitigation policies (continued)*(d) *Liquidity support agreement*

The terms of the Liquidity Support Agreement (LSA) under which First Citizens Bank Limited (the Bank) acquired Caribbean Money Market Brokers Limited (CMMB), now First Citizens Investment Services Limited (FCIS), outlined certain financial assurances given by the Government of Republic of Trinidad and Tobago (GORTT) to the Bank, that provided for the indemnification of the Bank against various claims, losses or liabilities if incurred by FCIS within a stipulated period of time after the date of acquisition in relation to obligations existing or default on assets owned by FCIS at the date of the acquisition.

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

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

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

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

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**3 Financial risk management (continued)**a. *Credit risk (continued)*(x) *Maximum exposure to credit risk before collateral held or other credit enhancement*

Credit risk exposures relating to financial assets carried on the Group's consolidated statement of financial position are as follows:

|   | Gross maximum exposure |                  |
|---|------------------------|------------------|
|   | 2024<br>\$'000         | 2023<br>\$'000   |
| Due from banks                                  | 315,951                | 368,676          |
| Financial assets                                |                        |                  |
| - Fair value through other comprehensive income | 2,153,828              | 1,694,909        |
| - Amortised cost                                | 3,805,414              | 3,775,188        |
| Other assets (note 11)                          | 36,012                 | 149,035          |
|   | <u>6,311,205</u>       | <u>5,987,808</u> |

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.

For on-consolidated statement of financial position assets, the exposures set out above are based on gross carrying amounts before impairment. There are no credit risk exposures relating to off-consolidated statement of financial position items.

As shown above, 6% of the total maximum exposure is derived from due from banks and receivables (2023: 9%); while 94% represents investments in other debt securities (2023: 91%).

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Group resulting from both its cash and due from banks and assets held at amortised cost portfolio and its other debt securities based on the following:

- The Group has maintained a stringent selection process for investing in securities with none of the impaired assets coming from new investments made in the current financial year.
- The collateral package or financial assurances in place in support of receivables minimises the probability of losses on this portfolio.
- For September 2024, more than 56% (2023: 50.8%) of the investments in debt securities and other bills have at least a BBB- based on Standards & Poor's Ratings.
- As per Note 3.a.ix.d 'Risk limit control and mitigation policies- Liquidity Support Agreement', management is confident that given the agreement to transfer the benefits of such assurances by First Citizens Bank Limited to the Group, the Group would realise no losses on these assets. The amount outstanding to the Group stood at TT\$284M and US\$116.2M as at 30 September 2024 (2023: TT\$281M and US\$113.6M) and continues to accrue interest.
- The Group's portfolio carries exposure to the credit risk of the Government of Barbados securities which at the consolidated statement of financial position date accounted for BB\$122M, 6.959% of the value of Investment Securities (2023: BB\$120M, 7.476%). Included in this portfolio are POCI bonds with an amortized value of BB\$119M (2023: BB\$117M) and a face value of BB\$132M (2023:BB\$132M).
- The Group's exposure to the GORTT debt included in financial assets as at 30 September 2024 was TT\$1.9B, 32.52% (2023: TT\$1.67B, 28.9%).



## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**3 Financial risk management (continued)**a. *Credit risk (continued)*(xi) *Financial assets*

Included in amortised cost past due but not impaired are amounts due from CL Financial Limited and its affiliates of \$1.1B which matured but are indemnified under the Liquidity Support Agreement (LSA) (2023: \$1B). The LSA has been extended from time to time with the latest extension being a Ninth Supplemental Agreement made October 16, 2023, and the indemnity in favour of the Bank referred to in Clause 5 (iii) of the LSA was extended for a further period of one (1) year with effect from March 1, 2024, to expire on February 28, 2025.

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

In keeping with the terms of the LSA and the said indemnity, the Bank continues to make claims against the GORTT, including Claim No. 16 dated 21 July 2023 and updated letters of 11 April 2024 and 18 April 2024 for full settlement in accordance with the Bank’s right to be indemnified in respect of the CLF obligations in the LSA. In addition to these efforts, the GORTT and the Bank, will continue to discuss options to settle the CLF obligations in the LSA. All principal and interest payments due on these advances are covered under the LSA as detailed in 3.a.ix.d.

(xii) *Debt and other investment securities*

The table below presents an analysis of debt securities by internal, external and equivalent rating agency designation.

**30 September 2024**

|                   | <b>Fair value through other<br/>comprehensive income<br/>securities<br/>\$’000</b> | <b>Amortised cost<br/>securities<br/>\$’000</b> | <b>Total<br/>\$’000</b> |
|-------------------|--|---|-------------------------|
| Investment grade  | 1,812,797  | 1,525,838                                       | 3,338,635               |
| Speculative grade | 341,031  | 2,279,576                                       | 2,620,607               |
| <b>Total</b>      | <b>2,153,828</b>   | <b>3,805,414</b>                                | <b>5,959,242</b>        |

**30 September 2023**

|                   | <b>Fair value through other<br/>comprehensive income<br/>securities<br/>\$’000</b> | <b>Amortised cost<br/>securities<br/>\$’000</b> | <b>Total<br/>\$’000</b> |
|-------------------|--|---|-------------------------|
| Investment grade  | 1,364,304  | 1,412,712                                       | 2,777,016               |
| Speculative grade | 330,604  | 2,362,476                                       | 2,693,081               |
| <b>Total</b>      | <b>1,694,908</b>   | <b>3,775,188</b>                                | <b>5,470,097</b>        |



## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**3 Financial risk management (continued)**a. *Credit risk (continued)*(xiii) *Debt and other investment securities (continued)*

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

|                          | Investments                       |                                   |                                   |                |                 |
|--------------------------|-----------------------------------|-----------------------------------|-----------------------------------|----------------|-----------------|
|                          | 30 September 2024                 |                                   |                                   |                |                 |
|                          | Stage 1<br>12-month ECL<br>\$'000 | Stage 2<br>Lifetime ECL<br>\$'000 | Stage 3<br>Lifetime ECL<br>\$'000 | POCI<br>\$'000 | Total<br>\$'000 |
| <b>Credit rating</b>     |                                   |                                   |                                   |                |                 |
| Investment grade         | 3,338,635                         | --                                | --                                | --             | 3,338,635       |
| Non-investment grade     | 2,216,350                         | --                                | --                                | 404,257        | 2,620,607       |
| <b>Gross investments</b> | 5,554,985                         | --                                | --                                | 404,257        | 5,959,242       |
| Loss allowance - ECL     | (15,475)                          | --                                | --                                | --             | (15,475)        |
| <b>Carrying balance</b>  | 5,539,510                         | --                                | --                                | 404,257        | 5,943,767       |

|                          | Investments                       |                                   |                                   |                |                 |
|--------------------------|-----------------------------------|-----------------------------------|-----------------------------------|----------------|-----------------|
|                          | 30 September 2023                 |                                   |                                   |                |                 |
|                          | Stage 1<br>12-month ECL<br>\$'000 | Stage 2<br>Lifetime ECL<br>\$'000 | Stage 3<br>Lifetime ECL<br>\$'000 | POCI<br>\$'000 | Total<br>\$'000 |
| <b>Credit rating</b>     |                                   |                                   |                                   |                |                 |
| Investment grade         | 2,777,016                         | --                                | --                                | --             | 2,777,016       |
| Non-investment grade     | 2,273,039                         | 22,371                            | --                                | 397,671        | 2,693,081       |
| <b>Gross investments</b> | 5,050,055                         | 22,371                            | --                                | 397,671        | 5,470,097       |
| Loss allowance - ECL     | (22,600)                          | (555)                             | --                                | --             | (23,155)        |
| <b>Carrying balance</b>  | 5,027,455                         | 21,816                            | --                                | 397,671        | 5,446,942       |

(xiv) *Loss allowance*

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

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent step up (or step down) between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**3 Financial risk management (continued)**a. *Credit risk (continued)*(xiv) *Loss allowance (continued)*

|  | <b>Stage 1<br/>12-month<br/>ECL<br/>\$'000</b> | <b>Stage 2<br/>Lifetime<br/>ECL<br/>\$'000</b> | <b>Stage 3<br/>Lifetime<br/>ECL<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|--|--|--|--|-------------------------|
| <b>Loss allowance as at 1 October 2023</b>                   | (22,600)                                       | (555)  | --   | (23,155)                |
| <b>Movement with P&amp;L Impact</b>                          |  |  |  |                         |
| Transfer from stage 1 to stage 2                             | --   | --   | --   | --                      |
| Transfer from stage 2 to stage 1                             | (555)  | 555  | --   | --                      |
| New financial assets originated                              | (539)  | --   | --   | (539)                   |
| Change in PDS/LGDs/EADs                                      | 5,664  | --   | --   | 5,664                   |
| Disposal/ Maturities of Investment                           | 1,139  | --   | --   | 1,139                   |
| FX and other movements                                       | 1,416  | --   | --   | 1,416                   |
| <b>Total net P&amp;L charge during the period: (Note 25)</b> | 7,125  | 555  | --   | 7,680                   |
| <b>Loss allowance as at 30 September 2024</b>                | (15,475)                                       | --   | --   | (15,475)                |

|  | <b>Stage 1<br/>12-month<br/>ECL<br/>\$'000</b> | <b>Stage 2<br/>Lifetime<br/>ECL<br/>\$'000</b> | <b>Stage 3<br/>Lifetime<br/>ECL<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|--|--|--|--|-------------------------|
| <b>Loss allowance as at 1 October 2022</b>                   | (36,623)                                       | (5,260)  | --   | (41,883)                |
| <b>Movement with P&amp;L Impact</b>                          |  |  |  |                         |
| Transfer from stage 1 to stage 2                             | --   | --   | --   | --                      |
| Transfer from stage 2 to stage 1                             | --   | --   | --   | --                      |
| New financial assets originated                              | (114)  | --   | --   | (114)                   |
| Change in PDS/LGDs/EADs                                      | 13,315   | 2,489  | --   | 15,804                  |
| Disposal/ Maturities of Investment                           | 822  | 2,216  | --   | 3,038                   |
| FX and other movements                                       | --   | --   | --   | --                      |
| <b>Total net P&amp;L charge during the period: (Note 25)</b> | 14,023   | 4,705  | --   | 18,728                  |
| <b>Loss allowance as at 30 September 2023</b>                | (22,600)                                       | (555)  | --   | (23,155)                |

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**3 Financial risk management (continued)**a. *Credit risk (continued)*(xiv) *Loss allowance (continued)*

The following table further explains changes in the gross carrying amount of the Investment portfolio to help explain their significance to the changes in the loss allowance.

**Investments**

|   | <b>Stage 1</b>      | <b>Sage 2</b>       | <b>Stage 3</b>      | <b>POCI</b>   | <b>Total</b>  |
|---|---------------------|---------------------|---------------------|---------------|---------------|
|   | <b>12-month ECL</b> | <b>Lifetime ECL</b> | <b>Lifetime ECL</b> |               |               |
|   | <b>\$'000</b>       | <b>\$'000</b>       | <b>\$'000</b>       | <b>\$'000</b> | <b>\$'000</b> |
| <b>Gross carrying balance as at 1 October 2023</b>    | 5,050,055           | 22,371              | --                  | 397,671       | 5,470,097     |
| Transfer from stage 2 to stage 1                      | 22,371              | (22,371)            | --                  | --            | --            |
| Transfer from stage 2 to stage 3                      | --                  | --                  | --                  | --            | --            |
| New financial assets originated                       | 1,185,392           | --                  | --                  | --            | 1,185,392     |
| Disposal/Maturities of investment                     | (814,758)           | --                  | --                  | --            | (814,758)     |
| Unwind of discounts                                   | 111,925             | --                  | --                  | 6,586         | 118,511       |
| FX and other movements                                | --                  | --                  | --                  | --            | --            |
| Change in the carrying value                          | 504,930             | (22,371)            | --                  | 6,586         | 489,145       |
| <b>Gross carrying balance as at 30 September 2024</b> | 5,554,985           | --                  | --                  | 404,257       | 5,959,242     |

**Investments**

|   | <b>Stage 1</b>      | <b>Sage 2</b>       | <b>Stage 3</b>      | <b>POCI</b>   | <b>Total</b>  |
|---|---------------------|---------------------|---------------------|---------------|---------------|
|   | <b>12-month ECL</b> | <b>Lifetime ECL</b> | <b>Lifetime ECL</b> |               |               |
|   | <b>\$'000</b>       | <b>\$'000</b>       | <b>\$'000</b>       | <b>\$'000</b> | <b>\$'000</b> |
| <b>Gross carrying balance as at 1 October 2022</b>    | 5,033,193           | 58,634              | --                  | 382,337       | 5,474,164     |
| Transfer from stage 2 to stage 1                      | --                  | --                  | --                  | --            | --            |
| Transfer from stage 2 to stage 3                      | --                  | --                  | --                  | --            | --            |
| New financial assets originated                       | 599,892             | 6,180               | --                  | --            | 606,072       |
| Disposal/Maturities of investment                     | (627,351)           | (59,135)            | --                  | --            | (686,486)     |
| Unwind of discounts                                   | 44,321              | 16,692              | --                  | 15,334        | 76,347        |
| FX and other movements                                | --                  | --                  | --                  | --            | --            |
| Change in the carrying value                          | 16,862              | (36,263)            | --                  | 15,334        | (4,067)       |
| <b>Gross carrying balance as at 30 September 2023</b> | 5,050,055           | 22,371              | --                  | 397,671       | 5,470,097     |

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**3 Financial risk management (continued)**a. *Credit risk (continued)*(xv) *Write-off policy*

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

The Group may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the year ended 30 September 2024 was nil (2023: nil). The Group still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

(xvi) *Concentration of risks of financial assets with credit risk exposure – Geographical sectors*

The following table breaks down the Group's main credit exposure at their carrying amounts, as categorised by geographical region. For this table, the Group has allocated exposures to regions based on the country of domicile of its counterparties. The Group's investment portfolio, comprising cash and cash equivalents, financial assets – receivables, fair value through other comprehensive income, amortised cost, held for trading and repurchase receivables, is diversified across 20 countries. Limits for each country are reviewed on an annual or more frequent basis and the exposures are monitored on a daily basis. The country exposures are categorised into five regional sectors and the sector concentrations within the portfolio are as follows:

|   | <b>Asia</b>   | <b>North</b>     | <b>South &amp;</b> |                  | <b>Other</b>     |                  |
|---|---------------|------------------|--------------------|------------------|------------------|------------------|
|   | <b>\$000</b>  | <b>America</b>   | <b>Central</b>     | <b>Caribbean</b> | <b>countries</b> | <b>Total</b>     |
|   |               | <b>\$000</b>     | <b>America</b>     | <b>\$000</b>     | <b>\$000</b>     | <b>\$000</b>     |
| Cash and due from Banks                         | --            | 46,972           | --                 | 268,993          | --               | 315,965          |
| Financial assets:                               |               |                  |                    |                  |                  |                  |
| - Fair value through other comprehensive income | 53,649        | 1,107,944        | 170,125            | 767,346          | 52,706           | 2,151,770        |
| - Amortised cost                                | --            | --               | --                 | 3,791,997        | --               | 3,791,997        |
| Other assets                                    | --            | 17,022           | --                 | 18,990           | --               | 36,012           |
| <b>At 30 September 2024</b>                     | <b>53,649</b> | <b>1,171,938</b> | <b>170,125</b>     | <b>4,847,326</b> | <b>52,706</b>    | <b>6,295,744</b> |

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**3 Financial risk management (continued)**a. *Credit risk (continued)*(xvii) *Concentration of risks of financial assets with credit risk exposure – Geographical sectors (continued)*

|   | Asia<br>\$000 | North<br>America<br>\$000 | South &<br>Central<br>America<br>\$000 | Caribbean<br>\$000 | Other<br>countries<br>\$000 | Total<br>\$000   |
|---|---------------|---------------------------|--|--------------------|-----------------------------|------------------|
| Cash and due from Banks                         | --            | 10,661                    | --                                     | 358,028            | --                          | 368,689          |
| Financial assets:                               |               |                           |  |                    |                             |                  |
| - Fair value through other comprehensive income | 13,628        | 762,054                   | 180,157                                | 674,788            | 62,462                      | 1,693,089        |
| - Amortised cost                                | --            | --                        | --                                     | 3,753,853          | --                          | 3,753,853        |
| Other assets                                    | --            | 122,308                   | --                                     | 26,727             | --                          | 149,035          |
| <b>At 30 September 2023</b>                     | <b>13,628</b> | <b>895,023</b>            | <b>180,157</b>                         | <b>4,813,396</b>   | <b>62,462</b>               | <b>5,964,666</b> |

b. *Market risk*

The Group takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market 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 market risks arising from trading and non-trading activities are measured separately by the First Citizens Group Market Risk department who submit reports to the Senior Management Enterprise Risk Management Committee on a regular basis and also reports via the First Citizens Group Enterprise Risk Management Unit to the Board Enterprise Risk Management Committee to enable Board oversight of market risk issues. Additionally, on a monthly basis, the First Citizens Group's Pricing Committee reviews and approves the yield curves used to value all investment securities and reports on this into the Group ALCO. This Committee also provides 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 are those positions entered into primarily to take advantage of market movements to generate capital gains.

Non-trading portfolios primarily arise from investments held as collateral for repurchase agreements. Non-trading portfolios also entail foreign exchange and equity risks arising from the Group's amortised cost and fair value through other comprehensive income investments.

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**3 Financial risk management (continued)****b. Market risk (continued)****(i) Market risk measurement techniques**

As part of the management of market risk, the Group uses duration management and other portfolio strategies to manage market risk. The major measurement techniques used to measure and control market risk are outlined below.

*Value at risk*

The Group applies a 'value at risk' methodology (VAR) to its trading and non-trading portfolios, to estimate the market risk of positions held and the maximum losses expected, based upon a number of assumptions for various changes in market conditions. VAR measurements capture potential losses arising from changes in interest rates and foreign exchange rates. The Board sets limits on the value of risk that may be accepted for the Group's, trading and non-trading portfolios, which are monitored on a daily basis by First Citizens Group Market Risk Unit.

VAR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the 'maximum' amount the Group might lose, at a certain level of confidence (99%) under normal market conditions.

The First Citizens Group Market Risk calculates VAR using a 99% confidence level. The VAR model assumes a certain 'holding period' until positions can be closed (10 days for Eurobonds and 30 days for other securities). For comparability purposes the 1-day VAR for the portfolio segments are disclosed in the following section. A parametric approach is used in calculating VAR which uses the volatility, correlation and relative weights of the securities in the portfolio. Actual outcomes are monitored regularly to test the validity of the assumptions and parameters/factors used in the VAR calculation.

The use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Actual exposure against limits is monitored by Risk Management on a daily basis. There are Board approved limits set on the portfolio VAR. A breach in these limits would trigger actions by the management of the Group to reduce risk on the portfolio. These actions can include hedging of the portfolio or specific positions or sale of securities to bring the portfolio back within limit.

The quality of the VAR model is continuously monitored by back-testing the VAR results. All back-testing exceptions and any exceptional revenues on the profit side of the VAR distribution are investigated.

*Stress tests*

Stress tests provide an indication of the potential size of losses that could arise in extreme conditions. The stress tests carried out by risk management include interest rate stress testing, where movements in the yield curve are applied to each investment.

The Group stressed test the portfolio at 30 September 2024 based on a 100 basis point (1%) upward parallel shift in all yield curves which resulted in unrealized mark to market losses of \$191.46M (2023: \$200.14M).

The results of the stress tests are reviewed by senior management, the Risk Management Committee and by the Board of Directors.

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**3 Financial risk management (continued)**b. *Market risk (continued)*(i) *Market risk measurement techniques (continued)**Stress tests (continued)*

Based on net foreign currency positions at 30 September 2024 and 2023, the effect of a 2.5% depreciation in the Trinidad and Tobago dollar against the respective currencies is as follows:

|                             | USD<br>\$'000 | EC<br>\$'000 | JMD<br>\$'000 | BBD<br>\$'000 |
|-----------------------------|---------------|--------------|---------------|---------------|
| <b>At 30 September 2024</b> |               |              |               |               |
| Gain/(loss)                 | 25,622        | (6,880)      | 7,383         | 1,637         |
| <b>At 30 September 2023</b> |               |              |               |               |
| Gain/(loss)                 | 17,129        | (2,601)      | 7,379         | 1,373         |

*Group 1-day VAR by portfolio*

|             | 30 September 2024 |                |               | 30 September 2023 |                |               |
|-------------|-------------------|----------------|---------------|-------------------|----------------|---------------|
|             | Average<br>\$'000 | High<br>\$'000 | Low<br>\$'000 | Average<br>\$'000 | High<br>\$'000 | Low<br>\$'000 |
| Trading     | 6,204             | 8,609          | 4,507         | 9,015             | 14,618         | 6,140         |
| Non-trading | 13,779            | 18,765         | 9,557         | 12,598            | 21,653         | 9,665         |
| Total VAR   | 19,983            | 27,374         | 14,064        | 21,613            | 36,271         | 15,805        |

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**3 Financial risk management (continued)**b. *Market risk (continued)*(ii) *Foreign exchange risk*

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. It is the policy of the Group not to engage in speculative foreign exchange activities, The Board sets limits on the level of exposure by currency and in aggregate for all positions, which are monitored periodically. 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. The table below summarises the Group's exposure to foreign currency exchange rate risk at 30 September 2024. Included in the table are the Group's financial instruments at TTD equivalents, categorised by currency.

|  | <b>TT</b>        | <b>US</b>        | <b>EC</b>        | <b>JMD</b>     | <b>BBD</b>     | <b>Other</b>  | <b>Total</b>     |
|--|------------------|------------------|------------------|----------------|----------------|---------------|------------------|
|  | <b>\$'000</b>    | <b>\$'000</b>    | <b>\$'000</b>    | <b>\$'000</b>  | <b>\$'000</b>  | <b>\$'000</b> | <b>\$'000</b>    |
| <b>At 30 September 2024</b>                                |                  |                  |                  |                |                |               |                  |
| <b>Assets</b>  |                  |                  |                  |                |                |               |                  |
| Cash and due from Banks                                    | 119,938          | 97,664           | 87,741           | 110            | 10,136         | 376           | 315,965          |
| Financial assets   |                  |                  |                  |                |                |               |                  |
| - Fair value through other comprehensive income            | 4,150            | 2,153,015        | 68               | 294,808        | 3,911          | --            | 2,455,952        |
| - Amortised cost   | 1,805,539        | 918,036          | 641,566          | --             | 426,856        | --            | 3,791,997        |
| - Fair value through profit or loss                        | --               | 225              | --               | --             | 339            | --            | 564              |
| Other assets   | 16,604           | 3,803            | 7,193            | 7,991          | 421            | --            | 36,012           |
| <b>Total assets</b>  | <b>1,946,231</b> | <b>3,172,743</b> | <b>736,568</b>   | <b>302,909</b> | <b>441,663</b> | <b>376</b>    | <b>6,600,490</b> |
| <b>Liabilities</b>   |                  |                  |                  |                |                |               |                  |
| Borrowings   | 200,633          | 1,098,677        | --               | --             | --             | --            | 1,299,310        |
| Funds under management                                     | 4,762            | 376              | --               | --             | 860            | 83            | 6,081            |
| Securities sold under repurchase agreements                | 1,421,008        | 696,917          | 985,969          | --             | 364,139        | --            | 3,468,033        |
| Loan from parent company                                   | --               | 248,497          | --               | --             | --             | --            | 248,497          |
| Creditors and accrued expenses                             | 42,034           | 18,085           | 32,693           | (1)            | 10,897         | --            | 103,708          |
| <b>Total liabilities</b>                                   | <b>1,668,437</b> | <b>2,062,552</b> | <b>1,018,662</b> | <b>(1)</b>     | <b>375,896</b> | <b>83</b>     | <b>5,125,629</b> |
| <b>Net on-consolidated statement of financial position</b> | <b>277,794</b>   | <b>1,110,191</b> | <b>(282,094)</b> | <b>302,910</b> | <b>65,767</b>  | <b>293</b>    | <b>1,474,861</b> |



## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**3 Financial risk management (continued)***b. Market risk (continued)**(ii) Foreign exchange risk (continued)*

|  | <b>TT</b>        | <b>US</b>        | <b>EC</b>        | <b>JMD</b>     | <b>BBD</b>     | <b>Other</b>  | <b>Total</b>     |
|--|------------------|------------------|------------------|----------------|----------------|---------------|------------------|
|  | <b>\$'000</b>    | <b>\$'000</b>    | <b>\$'000</b>    | <b>\$'000</b>  | <b>\$'000</b>  | <b>\$'000</b> | <b>\$'000</b>    |
| <b>At 30 September 2023</b>                                |                  |                  |                  |                |                |               |                  |
| <b>Assets</b>  |                  |                  |                  |                |                |               |                  |
| Cash and due from Banks                                    | 165,284          | 48,474           | 137,662          | 110            | 16,909         | 250           | 368,689          |
| Financial assets   |                  |                  |                  |                |                |               |                  |
| - Fair value through other comprehensive income            | 3,100            | 1,694,272        | 68               | 302,652        | 4,139          | --            | 2,004,231        |
| - Amortised cost   | 1,685,299        | 900,208          | 749,830          | --             | 418,516        | --            | 3,753,853        |
| - Fair value through profit or loss                        | --               | 158              | --               | --             | 402            | --            | 560              |
| Other assets   | 20,683           | 124,489          | 3,529            | --             | 334            | --            | 149,035          |
| <b>Total assets</b>  | <b>1,874,366</b> | <b>2,767,601</b> | <b>891,089</b>   | <b>302,762</b> | <b>440,300</b> | <b>250</b>    | <b>6,276,368</b> |
| <b>Liabilities</b>   |                  |                  |                  |                |                |               |                  |
| Borrowings   | 200,634          | 1,092,051        | --               | --             | --             | --            | 1,292,685        |
| Funds under management                                     | 4,765            | 376              | --               | --             | 875            | 79            | 6,095            |
| Securities sold under repurchase agreements                | 1,306,659        | 620,678          | 893,257          | --             | 379,127        | --            | 3,199,721        |
| Loan from parent company                                   | --               | 272,090          | --               | --             | --             | --            | 272,090          |
| Creditors and accrued expenses                             | 56,212           | 16,746           | 104,479          | --             | 5,343          | --            | 182,780          |
| <b>Total liabilities</b>                                   | <b>1,568,270</b> | <b>2,001,941</b> | <b>997,736</b>   | <b>--</b>      | <b>385,345</b> | <b>79</b>     | <b>4,953,371</b> |
| <b>Net on-consolidated statement of financial position</b> | <b>306,096</b>   | <b>765,660</b>   | <b>(106,647)</b> | <b>302,762</b> | <b>54,955</b>  | <b>171</b>    | <b>1,322,997</b> |

Included in the "Other" category are assets and liabilities held in UK pound sterling, Euro and Canadian dollars. A 2.5% increase or decrease in any of these currencies would not significantly impact the Group's profit.

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**3 Financial risk management (continued)**b. *Market risk (continued)*(iii) *Interest rate risk*

Interest rate risk management focuses on potential changes in net interest income resulting from changes in interest rates, product spreads and mismatches in the re-pricing between interest rate sensitive assets and liabilities. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may also reduce resulting in losses in the event that unexpected movements arise. 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 table below summarises the Group's exposure to interest rate risks.

|  | Up to 1<br>month<br>\$'000 | 1 to 3<br>months<br>\$'000 | 3 to 12<br>months<br>\$'000 | 1 to 5<br>years<br>\$'000 | Over 5<br>years<br>\$'000 | Non-<br>interest<br>bearing<br>\$'000 | Total<br>\$'000  |
|--|----------------------------|----------------------------|-----------------------------|---------------------------|---------------------------|---------------------------------------|------------------|
| <b>At 30 September 2024</b>                        |                            |                            |                             |                           |                           |                                       |                  |
| <b>Assets</b>                                      |                            |                            |                             |                           |                           |                                       |                  |
| Cash and due from Banks                            | 114,137                    | 759                        | 2,492                       | --                        | --                        | 198,577                               | 315,965          |
| Financial assets                                   |                            |                            |                             |                           |                           |                                       |                  |
| - Fair value through other<br>comprehensive income | 7,867                      | 178,480                    | 276,119                     | 1,088,738                 | 600,566                   | --                                    | 2,151,770        |
| - Amortised cost                                   | 45,688                     | 25,428                     | 1,594,849                   | 798,530                   | 1,327,502                 | --                                    | 3,791,997        |
| Other assets                                       | --                         | --                         | --                          | --                        | --                        | 36,012                                | 36,012           |
| <b>Total assets</b>                                | <b>167,692</b>             | <b>204,667</b>             | <b>1,873,460</b>            | <b>1,887,268</b>          | <b>1,928,068</b>          | <b>234,589</b>                        | <b>6,295,744</b> |
| Borrowings   | 15,926                     | --                         | 1,131                       | 1,282,254                 | --                        | --                                    | 1,299,311        |
| Funds under management                             | --                         | --                         | --                          | --                        | --                        | 6,081                                 | 6,081            |
| Securities sold under<br>repurchase agreements     | 484,740                    | 720,302                    | 1,809,583                   | 453,408                   | --                        | --                                    | 3,468,033        |
| Loan from parent<br>company                        | 8,882                      | --                         | 239,615                     | --                        | --                        | --                                    | 248,497          |
| Creditors and<br>accrued expenses                  | --                         | --                         | --                          | --                        | --                        | 104,278                               | 104,278          |
| <b>Total liabilities</b>                           | <b>509,548</b>             | <b>720,302</b>             | <b>2,050,329</b>            | <b>1,735,662</b>          | <b>--</b>                 | <b>110,359</b>                        | <b>5,126,200</b> |
| <b>Interest sensitivity gap</b>                    | <b>(341,856)</b>           | <b>(515,635)</b>           | <b>(176,869)</b>            | <b>151,606</b>            | <b>1,928,068</b>          | <b>124,230</b>                        | <b>1,169,544</b> |

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**3 Financial risk management (continued)**b. *Market risk (continued)*(iii) *Interest rate risk (continued)*

|  | <b>Up to 1<br/>month<br/>\$'000</b> | <b>1 to 3<br/>months<br/>\$'000</b> | <b>3 to 12<br/>months<br/>\$'000</b> | <b>1 to 5<br/>years<br/>\$'000</b> | <b>Over 5<br/>years<br/>\$'000</b> | <b>Non-<br/>interest<br/>bearing<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|--|-------------------------------------|-------------------------------------|--------------------------------------|------------------------------------|------------------------------------|---|-------------------------|
| <b>At 30 September 2023</b>                        |                                     |                                     |                                      |                                    |                                    |   |                         |
| <b>Assets</b>                                      |                                     |                                     |                                      |                                    |                                    |   |                         |
| Cash and due from<br>Banks                         | 70,483                              | 744                                 | 2,473                                | --                                 | --                                 | 294,989   | 368,689                 |
| Financial assets                                   |                                     |                                     |                                      |                                    |                                    |   |                         |
| - Fair value through other<br>comprehensive income | 2,315                               | 140,131                             | 341,830                              | 705,046                            | 503,767                            | --  | 1,693,089               |
| - Amortised cost                                   | 899                                 | 29,379                              | 1,173,565                            | 1,256,453                          | 1,293,557                          | --  | 3,753,853               |
| Other assets                                       | --                                  | --                                  | --                                   | --                                 | --                                 | 149,035   | 149,035                 |
| <b>Total assets</b>                                | <b>73,697</b>                       | <b>170,254</b>                      | <b>1,517,868</b>                     | <b>1,961,499</b>                   | <b>1,797,324</b>                   | <b>444,024</b>                                  | <b>5,964,666</b>        |
| Borrowings   | 189,839                             | --                                  | 902,846                              | 200,000                            | --                                 | --  | 1,292,685               |
| Funds under<br>management                          | --                                  | --                                  | --                                   | --                                 | --                                 | 6,095   | 6,095                   |
| Securities sold under<br>repurchase agreements     | 391,949                             | 742,372                             | 1,621,162                            | 444,238                            | --                                 | --  | 3,199,721               |
| Loan from parent<br>company                        | 27,593                              | --                                  | 6,419                                | 238,078                            | --                                 | --  | 272,090                 |
| Creditors and<br>accrued expenses                  | --                                  | --                                  | --                                   | --                                 | --                                 | 182,780   | 182,780                 |
| <b>Total liabilities</b>                           | <b>609,381</b>                      | <b>742,372</b>                      | <b>2,530,427</b>                     | <b>882,316</b>                     | <b>--</b>                          | <b>188,875</b>                                  | <b>4,953,371</b>        |
| <b>Interest sensitivity gap</b>                    | <b>(535,684)</b>                    | <b>(572,118)</b>                    | <b>(1,012,559)</b>                   | <b>1,079,183</b>                   | <b>1,797,324</b>                   | <b>255,149</b>                                  | <b>(1,011,295)</b>      |

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. If interest rates were to move by 1%, the impact on net interest income would be \$14.9M (2023: \$12.6M).

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**3 Financial risk management (continued)**b. *Market risk (continued)*(iv) *Other price risk*

Other price risk arises due to the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is affected by changing prices of equity instruments mainly classified as fair value through other comprehensive income securities with fair value movements recognised in shareholders' equity. These investments are held for strategic reasons and risk is managed via exposure limits. As at 30 September 2024, the Group's significant holding is as follows:

|   | <b>Originating<br/>currency<br/>JMD<br/>'000</b> | <b>Functional<br/>currency<br/>TTD<br/>'000</b> |
|---|--|---|
| <b>Equities instruments recognised in OCI</b> |  |   |
| <b>As at 1 October 2023</b>                   |  |   |
| Equity Instruments                            | 7,022,097  | 302,653   |
| Disposals                                     | (25,800)   | (1,200)   |
| FX  | --   | (5,510)   |
| MTM Movement                                  | (26,831)   | (1,135)   |
| <b>As at 30 September 2024</b>                | <u>6,969,466</u>                                 | <u>294,808</u>                                  |
| <b>Equities instruments recognised in OCI</b> |  |   |
| <b>As at 1 October 2022</b>                   |  |   |
| Equity Instruments                            | 9,795,889  | 430,040   |
| Disposals                                     | --   | --  |
| FX  | --   | (7,837)   |
| MTM Movement                                  | (2,773,792)                                      | (119,550)                                       |
| <b>As at 30 September 2023</b>                | <u>7,022,097</u>                                 | <u>302,653</u>                                  |

**Price sensitivity**

These securities are listed in Jamaica; if prices for equities securities listed in Jamaica move by 15% (2023:15%) respectively with all other variables including tax being held constant, the effects on the other comprehensive income would have been 2024; TTD44.8 million (2023: TTD45.5 million)

**FX sensitivity**

If the JMD appreciates by 250 basis points against the USD, the OCI would increase by TTD1.2 million (2023: increase by TTD1.3 million). The average change for the last three (3) years was 21 basis points (2023: 29 basis points). The change for 2024 was 29 basis points (2023: 15 basis points).

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**3 Financial risk management (continued)***c. Liquidity risk*

The liquidity risk is the risk that the Group will be unable to generate or obtain sufficient cash or its equivalent in a timely and cost-effective manner to meet its commitments when they fall due under normal and stress circumstances and arises from fluctuation in cash flows. The Group is exposed to daily liquidity risk of its available cash resources from its current accounts, funds under management, borrowing arrangement and margin calls. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty.

*Liquidity risk management process*

The First Citizens Group's liquidity management process is carried out by the Treasury and International Trade Centre and monitored by the Group's Asset/Liability Committee (ALCO). The First Citizens 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-statement of financial position or off-statement of financial position liabilities. The Group relies on a broad range of funding sources and applies prudent limits to avoid undue concentration. Current and projected cash flows are monitored, together with diversification of funding and contingency planning, and ensuring that funding disturbances are minimised. The Group manages liquidity risk using both expected and contractual cash flows through its investment portfolio strategy for its business model. The Group would also be able to meet unexpected net cash outflows by accessing additional funding sources such as the existing facility with its parent company, asset-backed financing from commercial banks and securities brokers.

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

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**3 Financial risk management (continued)***c. Liquidity risk (continued)*

The table below analyses financial assets and liabilities of the Group by remaining contractual maturities at the consolidated statement of financial position date. The amounts disclosed in the table are the contractual undiscounted cash flows.

|   | <b>Up to 1<br/>month<br/>\$'000</b> | <b>1 to 3<br/>months<br/>\$'000</b> | <b>3 to 12<br/>months<br/>\$'000</b> | <b>1 to 5<br/>years<br/>\$'000</b> | <b>Over 5<br/>years<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|---|-------------------------------------|-------------------------------------|--------------------------------------|------------------------------------|------------------------------------|-------------------------|
| <b>At 30 September 2024</b>                     |                                     |                                     |                                      |                                    |                                    |                         |
| <b>Assets</b>                                   |                                     |                                     |                                      |                                    |                                    |                         |
| Cash and due from Banks                         | 316,062                             | --                                  | --                                   | --                                 | --                                 | 316,062                 |
| Financial assets                                |                                     |                                     |                                      |                                    |                                    |                         |
| - Fair value through other comprehensive income | 155,175                             | 42,447                              | 371,773                              | 1,159,119                          | 812,578                            | 2,541,092               |
| - Amortised cost                                | 47,946                              | 47,142                              | 1,742,971                            | 1,226,676                          | 1,899,313                          | 4,964,048               |
| Other assets                                    | 46,611                              | --                                  | --                                   | --                                 | --                                 | 46,611                  |
| <b>Total assets</b>                             | <b>565,794</b>                      | <b>89,589</b>                       | <b>2,114,744</b>                     | <b>2,385,795</b>                   | <b>2,711,891</b>                   | <b>7,867,813</b>        |
| <b>Liabilities</b>                              |                                     |                                     |                                      |                                    |                                    |                         |
| Borrowings                                      | 21,772                              | --                                  | 51,232                               | 1,341,551                          | --                                 | 1,414,555               |
| Funds under management                          | 6,081                               | --                                  | --                                   | --                                 | --                                 | 6,081                   |
| Securities sold under repurchase agreements     | 430,266                             | 723,165                             | 1,846,176                            | 478,781                            | --                                 | 3,478,388               |
| Loan from parent company                        | 8,882                               | --                                  | 245,977                              | --                                 | --                                 | 254,859                 |
| Lease liabilities                               | 122                                 | 245                                 | 1,313                                | 2,774                              | --                                 | 4,454                   |
| Creditors and accrued expenses                  | 103,971                             | --                                  | --                                   | --                                 | --                                 | 103,971                 |
| <b>Total liabilities</b>                        | <b>571,094</b>                      | <b>723,410</b>                      | <b>2,144,698</b>                     | <b>1,823,106</b>                   | <b>--</b>                          | <b>5,262,308</b>        |
| <b>Net liquidity position</b>                   | <b>(5,300)</b>                      | <b>(633,821)</b>                    | <b>(29,954)</b>                      | <b>562,689</b>                     | <b>2,711,891</b>                   | <b>2,605,505</b>        |

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**3 Financial risk management (continued)***c. Liquidity risk (continued)*

|   | <b>Up to 1<br/>month<br/>\$'000</b> | <b>1 to 3<br/>months<br/>\$'000</b> | <b>3 to 12<br/>months<br/>\$'000</b> | <b>1 to 5<br/>years<br/>\$'000</b> | <b>Over 5<br/>years<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|---|-------------------------------------|-------------------------------------|--------------------------------------|------------------------------------|------------------------------------|-------------------------|
| <b>At 30 September 2023</b>                     |                                     |                                     |                                      |                                    |                                    |                         |
| <b>Assets</b>                                   |                                     |                                     |                                      |                                    |                                    |                         |
| Cash and due from Banks                         | 368,706                             | --                                  | --                                   | --                                 | --                                 | 368,706                 |
| Financial assets                                |                                     |                                     |                                      |                                    |                                    |                         |
| - Fair value through other comprehensive income | 157,892                             | 142,933                             | 243,248                              | 954,836                            | 807,225                            | 2,306,134               |
| - Amortised cost                                | 11,270                              | 50,157                              | 314,081                              | 2,802,592                          | 1,889,668                          | 5,067,768               |
| Other assets                                    | 149,035                             | --                                  | --                                   | --                                 | --                                 | 149,035                 |
| <b>Total assets</b>                             | <b>686,903</b>                      | <b>193,090</b>                      | <b>557,329</b>                       | <b>3,757,428</b>                   | <b>2,696,893</b>                   | <b>7,891,643</b>        |
| <b>Liabilities</b>                              |                                     |                                     |                                      |                                    |                                    |                         |
| Borrowings                                      | 191,621                             | --                                  | 924,063                              | 210,284                            | --                                 | 1,325,968               |
| Funds under management                          | 6,095                               | --                                  | --                                   | --                                 | --                                 | 6,095                   |
| Securities sold under repurchase agreements     | 388,697                             | 745,013                             | 1,642,539                            | 464,378                            | --                                 | 3,240,627               |
| Loan from parent company                        | 27,602                              | --                                  | 6,419                                | 257,391                            | --                                 | 291,412                 |
| Lease liabilities                               | 124                                 | 283                                 | 1,219                                | 4,495                              | --                                 | 6,121                   |
| Creditors and accrued expenses                  | 182,780                             | --                                  | --                                   | --                                 | --                                 | 182,780                 |
| <b>Total liabilities</b>                        | <b>796,919</b>                      | <b>745,296</b>                      | <b>2,574,240</b>                     | <b>936,548</b>                     | <b>--</b>                          | <b>5,053,003</b>        |
| <b>Net liquidity position</b>                   | <b>(110,016)</b>                    | <b>(552,206)</b>                    | <b>(2,016,911)</b>                   | <b>2,820,880</b>                   | <b>2,696,893</b>                   | <b>2,838,640</b>        |

Assets available to meet all of the Group's liabilities include cash and due from banks; receivables and liquid debt securities. In the normal course of business, a proportion of liabilities to customers under securities sold under repurchase agreements repayable within one year will be extended. The Group's business model allows for the management of its liquidity risk using both expected and contractual cash flows. The Group would also be able to meet unexpected net cash outflows by accessing additional funding sources such as the existing facility with its parent company, asset-backed financing from commercial banks and securities brokers.

*(i) 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:

- (a) Cash deposits at Bank
- (b) Government bonds
- (c) Secondary sources of liquidity in the form of liquid instruments in the Group's investment portfolios.

*(ii) Loan commitments*

As at 30 September 2024, the Group has no financial instruments that commit it to taking up new receivables or other debt securities (2023: nil).

*(iii) Capital commitments*

At 30 September 2024, the Group had capital commitments towards Information Communication Technology (ICT) projects to the value of TT\$3.1M (2023: TT\$4.9M).

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**3 Financial risk management (continued)****d. Fiduciary activities**

The Group provides custody, mutual funds 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.

**e. Fair value of financial assets and liabilities****(i) Financial instruments not measured at fair value**

The table below summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Group's consolidated statement of financial position at their fair value.

|                                    | Carrying value     |                    | Fair value         |                    |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                    | Sept 2024<br>\$000 | Sept 2023<br>\$000 | Sept 2024<br>\$000 | Sept 2023<br>\$000 |
| <b>Financial assets</b>            |                    |                    |                    |                    |
| Cash and due from Banks            | 315,965            | 368,689            | 315,965            | 368,689            |
| Financial assets at amortised cost | 3,791,997          | 3,753,853          | 3,803,570          | 3,806,071          |
| Other assets                       | 36,014             | 149,035            | 41,387             | 149,035            |
| <b>Financial liabilities</b>       |                    |                    |                    |                    |
| Borrowings                         |                    |                    |                    |                    |
| and bank overdraft                 | 1,299,310          | 1,292,685          | 1,351,826          | 1,443,426          |
| Funds under management             | 6,081              | 6,095              | 6,081              | 6,095              |
| Securities sold under              |                    |                    |                    |                    |
| repurchase agreement               | 3,468,033          | 3,199,721          | 3,512,819          | 3,705,886          |
| Loan from parent company           | 248,497            | 272,090            | 250,215            | 251,078            |
| Creditors and accrued expenses     | 103,708            | 182,780            | 103,708            | 182,780            |

The fair value of the borrowings and securities sold under repurchase agreements are based on the fair value of the financial assets of the underlying securities less the accrued interest.

*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 banks.



## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**3 Financial risk management (continued)**e. *Fair value of financial assets and liabilities (continued)*(i) *Financial instruments not measured at fair value (continued)**Amortised cost investments*

The Non-Eurobond investment securities prices are determined by the Group Market Risk (GMR) Department using the spot/zero curves produced and the internal Bond Pricing Model. The spot rates for each curve generated by the internal Bootstrapping model and Bloomberg is used to determine the future cash flows for the securities. For other bonds a credit spread is determined based on the cash flows term to maturity and the determination of a discount factor. The fair value of the amortised cost portfolio is computed for disclosure purposes only.

*Borrowings, Funds under Management and Securities sold under Repurchase Agreements*

The above include maturities ranging from 1 day to 5 years and are subject to interest reset on a regular basis. The fair value of those amounts with maturities of less than one year is approximately equal to their carrying value. For long term fixed rate liabilities, the fair value of these amounts is estimated using fair value of the underlying securities and accrued finance cost to date.

*Loan from parent company*

The fair value of these facilities is calculated using the discounted cash flow analysis of comparable GORTT borrowing rates for the term indicated, plus a spread consistent with the parent company. These facilities accrue interest rates of 3 months LIBOR plus 225 basis points and 5.25%. If interest was accrued using the secured overnight financing rate (SOFR) plus 225 basis point, interest expense would decrease by \$36,560 (2023: \$752,866). The fair value of those amounts with maturities of less than one year is approximately equal to their carrying value.

(ii) *Financial instruments measured at fair value using a valuation technique*

The total amount of the change in fair value estimated using a valuation technique that was recognised in profit or loss during the period ended September 2024: \$nil (2023: nil).

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to these valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect The 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-Measurements involving 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-Measurements involving significant inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**3 Financial risk management (continued)**e. *Fair value of financial assets and liabilities (continued)*(ii) *Financial instruments measured at fair value using a valuation technique (continued)*

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

|                                  | Level 1<br>\$'000 | Level 2<br>\$'000 | Level 3<br>\$'000 | Total<br>\$'000  |
|----------------------------------|-------------------|-------------------|-------------------|------------------|
| <b>As at 30 September 2024</b>   |                   |                   |                   |                  |
| <b>Fair value securities</b>     |                   |                   |                   |                  |
| - Investment securities - debt   | --                | 2,153,827         | --                | 2,153,827        |
| - Investment securities - equity | 295,372           | --                | 9,374             | 304,746          |
| Total investments                | <u>295,372</u>    | <u>2,153,827</u>  | <u>9,374</u>      | <u>2,458,573</u> |

**As at 30 September 2023****Fair value securities**

|                                  |                |                  |              |                  |
|----------------------------------|----------------|------------------|--------------|------------------|
| - Investment securities - debt   | --             | 1,694,909        | --           | 1,694,909        |
| - Investment securities - equity | 303,212        | --               | 8,489        | 311,701          |
| Total investments                | <u>303,212</u> | <u>1,694,909</u> | <u>8,489</u> | <u>2,006,610</u> |

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

**Reconciliation of Level 3 items**

|                        | 2024<br>Equity<br>\$ | 2023<br>Equity<br>\$ |
|------------------------|----------------------|----------------------|
| <b>Opening Balance</b> | 8,489                | 10,148               |
| Fair value movement    | 885                  | (1,659)              |
| <b>Closing Balance</b> | <u>9,374</u>         | <u>8,489</u>         |

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**3 Financial risk management (continued)***f. 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 Securities Exchange Commission Repo guidelines
- To comply with the capital requirements set by the regulators of the securities markets where the Group operates;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits for other stakeholders;
- To ensure that the Group can remain solvent during periods of adverse earnings or economic decline; and
- To ensure that the Group is adequately capitalised to cushion depositors and other creditors against losses.

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

The Commission requires each securities company to hold the minimum paid up share capital of five million Trinidad and Tobago dollars. In addition to the minimum level of regulatory capital, the Group's management also monitors capital adequacy using relevant national and international benchmarks. Capital adequacy calculations are reported monthly to the Group's Risk and Portfolio Strategy Committee, the Risk Management Committee and the Board of Directors.

The Group complied with all of the externally imposed capital requirements to which it is subject for the periods ended 30 September 2024 and 30 September 2023.

**4 Critical accounting estimates and judgements in applying accounting policies**

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances:

*a. Measurement of the expected credit loss allowance*

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and fair value through other comprehensive income is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of debt instruments defaulting). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 3.a.vii. The main sensitivity to the ECL is in the macroeconomic overlay scenarios which are explained in note 3.a.viii.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**4 Critical accounting estimates and judgements in applying accounting policies (continued)***a. Measurement of the expected credit loss allowance (continued)*

The Loss Given Default rate on corporate senior unsecured bonds is estimated to be 60% (2023: 60%) based on the International Swaps and Derivatives Association standard Credit Default Swap contract specification for North American corporate issuers. The Loss Given Default rate on sovereign senior unsecured bonds is estimated to be 50% (2023: 47%) based on the average Loss Given Default rate on Sovereign bonds during the period 1983 to 2022 as reported by Moody's Investors Service.

*b. Fair valuation of properties*

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

- 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;
- Recent prices of similar properties in less active market, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- Discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount.
- The First Citizens Group engages external, independent and qualified valuers to determine the fair value of the Group's land and buildings at least every three years. The last valuations were performed as at September 2024.

**5 Cash and due from banks**

|                            | <b>2024</b>    | <b>2023</b>    |
|----------------------------|----------------|----------------|
|                            | <b>\$000</b>   | <b>\$000</b>   |
| Cash and due from banks    | 312,714        | 365,472        |
| Short-term investments     | 3,251          | 3,217          |
|                            | <u>315,965</u> | <u>368,689</u> |
| Short-term investments:    |                |                |
| - Maturity within 3 months | 759            | 744            |
| - Maturity over 3 months   | 2,492          | 2,473          |
|                            | <u>3,251</u>   | <u>3,217</u>   |

The average effective interest rate on cash and due from bank was 1.72% (2023: 0.59%).

Term deposits are presented as cash equivalent if they have a maturity of twelve months or less from the date of acquisition and repayable within 24 hours' notice with no loss of interest.

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

|   |                |                |
|---|----------------|----------------|
| Cash  | 14             | 14             |
| Short-term investments – maturity within 3 months | 759            | 744            |
| Due from Banks                                    | 312,700        | 365,458        |
|   | <u>313,473</u> | <u>366,216</u> |

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**6 Financial assets - fair value through other comprehensive income**

|                               | 2024<br>\$'000   | 2023<br>\$'000   |
|-------------------------------|------------------|------------------|
| <i>Debt securities</i>        |                  |                  |
| Unlisted                      | 2,153,828        | 1,694,909        |
|                               | <u>2,153,828</u> | <u>1,694,909</u> |
| Less provision for impairment | (2,058)          | (1,820)          |
|                               | <u>2,151,770</u> | <u>1,693,089</u> |
| <i>Equity securities</i>      |                  |                  |
| Listed                        | 294,808          | 302,653          |
| Unlisted                      | 9,374            | 8,489            |
|                               | <u>304,182</u>   | <u>311,142</u>   |
|                               | <u>2,455,952</u> | <u>2,004,231</u> |

The movement in financial assets held at fair value through other comprehensive income may be summarised as follows:

|   |                  |                  |
|---|------------------|------------------|
| At start of year                            | 2,004,231        | 2,137,509        |
| Exchange difference - bonds                 | --               | 10               |
| Exchange difference - equity                | (5,509)          | (7,837)          |
| Additions - bonds                           | 982,028          | 418,350          |
| Disposal of bonds                           | (626,474)        | (473,408)        |
| Disposal of equity                          | (1,200)          | --               |
| Amortisation of premiums                    | 7,396            | 2,933            |
| Gains from changes in fair value of bonds   | 95,968           | 45,312           |
| Losses from changes in fair value of equity | (250)            | (121,209)        |
| Net movement in provision for impairment    | (238)            | 2,571            |
| At end of year                              | <u>2,455,952</u> | <u>2,004,231</u> |

Included in these are financial assets amounting to \$1.9B (2023: \$1.7B) that have been pledged to third parties under sale and repurchase agreements.

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**7 Financial assets - amortised cost**

|                               | <b>2024</b>      | <b>2023</b>      |
|-------------------------------|------------------|------------------|
|                               | <b>\$'000</b>    | <b>\$'000</b>    |
| <i>Debt securities</i>        |                  |                  |
| Unlisted                      | 3,805,414        | 3,775,188        |
|                               | 3,805,414        | 3,775,188        |
| Less provision for impairment | (13,417)         | (21,335)         |
|                               | <u>3,791,997</u> | <u>3,753,853</u> |

Included in the unlisted amortised cost portfolio are Government of Barbados Series D bonds which have been classified as POCI with a face value of BB\$132M (2023: BB\$132M).

The movement in financial assets held at amortised cost for the year may be summarised as follows:

|  | <b>2024</b>      | <b>2023</b>      |
|--|------------------|------------------|
|  | <b>\$'000</b>    | <b>\$'000</b>    |
| At beginning of year                                   | 3,753,853        | 3,734,961        |
| Exchange differences                                   | --               | (10)             |
| Additions  | 203,365          | 187,722          |
| Redemptions/ Maturities/ Disposals                     | (188,284)        | (213,078)        |
| Movement on GOB POCI bonds                             | 6,586            | 15,333           |
| Net amortisation of discounts                          | 9,220            | 13,390           |
| Amortisation of unrealised loss on reclassified assets | (660)            | (621)            |
| Movement of provision for impairment                   | 7,917            | 16,156           |
| At end of year   | <u>3,791,997</u> | <u>3,753,853</u> |

Included in these are financial assets amounting to \$3B (2023: \$2.9B) that have been pledged to third parties under sale and repurchase agreements.

**8 Financial assets - fair value through profit or loss**

|               |            |            |
|---------------|------------|------------|
| Listed equity | 564        | 560        |
|               | <u>564</u> | <u>560</u> |

The movement for the year may be summarised as follows:

|                                 |             |            |
|---------------------------------|-------------|------------|
| At start of year                | 560         | 636        |
| Additions                       | 4,681,519   | 479,617    |
| Disposals                       | (4,687,167) | (483,024)  |
| Gain from changes in fair value | 5,652       | 3,331      |
| At end of year                  | <u>564</u>  | <u>560</u> |

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**9 Intangible assets**

Computer software

Movements are as follows:

|                          | <b>2024</b>         | <b>2023</b>         |
|--------------------------|---------------------|---------------------|
|                          | <b>\$'000</b>       | <b>\$'000</b>       |
| At beginning of the year | 6,079               | 8,085               |
| Additions                | 419                 | 456                 |
| Amortisation             | (1,561)             | (2,462)             |
| At end of year           | <u>4,937</u>        | <u>6,079</u>        |
| Cost                     | 11,628              | 11,209              |
| Accumulated amortisation | <u>(6,691)</u>      | <u>(5,130)</u>      |
| Net book amount          | <u><u>4,937</u></u> | <u><u>6,079</u></u> |

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**10 Property and equipment**

|                                     | <b>Land &amp;<br/>building<br/>\$'000</b> | <b>Leasehold<br/>improvements<br/>\$'000</b> | <b>Office<br/>equipment<br/>&amp; furniture<br/>\$'000</b> | <b>Motor<br/>vehicles<br/>\$'000</b> | <b>Computer<br/>equipment<br/>\$'000</b> | <b>Work in<br/>progress<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|-------------------------------------|---|--|--|--------------------------------------|--|--|-------------------------|
| <b>Year ended 30 September 2024</b> |   |  |  |                                      |  |  |                         |
| Opening net book amount             | 39,774                                    | --   | 1,308  | 140                                  | 177                                      | 3,598                                  | 44,997                  |
| Additions                           | --  | 1,061  | 906  | --                                   | 140                                      | 862                                    | 2,969                   |
| Transfer                            | --  | 3,598  | --   | --                                   | --                                       | (3,598)                                | --                      |
| Disposals                           | --  | (1,760)                                      | (262)  | --                                   | (378)                                    | --                                     | (2,400)                 |
| Revaluation                         | 3,328                                     | --   | --   | --                                   | --                                       | --                                     | 3,328                   |
| Depreciation charge                 | (1,284)                                   | (813)  | (508)  | (54)                                 | (139)                                    | --                                     | (2,798)                 |
| Depreciation charge on disposal     | --  | 1,760  | 262  | --                                   | 375                                      | --                                     | 2,397                   |
| <b>Closing net book amount</b>      | <b>41,818</b>                             | <b>3,846</b>                                 | <b>1,706</b>   | <b>86</b>                            | <b>175</b>                               | <b>862</b>                             | <b>48,493</b>           |
| <b>At 30 September 2024</b>         |   |  |  |                                      |  |  |                         |
| Cost/revaluation                    | 56,554                                    | 9,122  | 14,121   | 447                                  | 2,409                                    | 862                                    | 83,515                  |
| Accumulated depreciation            | (14,736)                                  | (5,276)                                      | (12,415)   | (361)                                | (2,234)                                  | --                                     | (35,022)                |
| <b>Net book amount</b>              | <b>41,818</b>                             | <b>3,846</b>                                 | <b>1,706</b>   | <b>86</b>                            | <b>175</b>                               | <b>862</b>                             | <b>48,493</b>           |



## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**10 Property and equipment (continued)**

|                                     | Land &<br>building<br>\$'000 | Leasehold<br>improvements<br>\$'000 | Office<br>equipment<br>& furniture<br>\$'000 | Motor<br>vehicles<br>\$'000 | Computer<br>equipment<br>\$'000 | Work in<br>progress<br>\$'000 | Total<br>\$'000 |
|-------------------------------------|------------------------------|-------------------------------------|--|-----------------------------|---------------------------------|-------------------------------|-----------------|
| <b>Year ended 30 September 2023</b> |                              |                                     |  |                             |                                 |                               |                 |
| Opening net book amount             | 41,058                       | --                                  | 1,578  | 194                         | 246                             | --                            | 43,076          |
| Additions                           | --                           | --                                  | 124  | --                          | 92                              | 3,598                         | 3,814           |
| Disposals                           | --                           | --                                  | (535)  | --                          | (175)                           | --                            | (710)           |
| Depreciation charge                 | (1,284)                      | --                                  | (394)  | (54)                        | (160)                           | --                            | (1,892)         |
| Depreciation charge on disposal     | --                           | --                                  | 535  | --                          | 174                             | --                            | 709             |
| <b>Closing net book amount</b>      | <b>39,774</b>                | <b>--</b>                           | <b>1,308</b>                                 | <b>140</b>                  | <b>177</b>                      | <b>3,598</b>                  | <b>44,997</b>   |
| <b>At 30 September 2023</b>         |                              |                                     |  |                             |                                 |                               |                 |
| Cost/revaluation                    | 53,226                       | 6,224                               | 13,477                                       | 447                         | 2,647                           | 3,598                         | 79,619          |
| Accumulated depreciation            | (13,452)                     | (6,224)                             | (12,169)                                     | (307)                       | (2,470)                         | --                            | (34,622)        |
| <b>Net book amount</b>              | <b>39,774</b>                | <b>--</b>                           | <b>1,308</b>                                 | <b>140</b>                  | <b>177</b>                      | <b>3,598</b>                  | <b>44,997</b>   |
| <b>At 30 September 2022</b>         |                              |                                     |  |                             |                                 |                               |                 |
| Cost/revaluation                    | 53,226                       | 6,224                               | 13,888                                       | 447                         | 2,729                           | --                            | 76,514          |
| Accumulated depreciation            | (12,168)                     | (6,224)                             | (12,310)                                     | (253)                       | (2,483)                         | --                            | (33,438)        |
| <b>Net book amount</b>              | <b>41,058</b>                | <b>--</b>                           | <b>1,578</b>                                 | <b>194</b>                  | <b>246</b>                      | <b>--</b>                     | <b>43,076</b>   |

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**10 Property and equipment (continued)**a. *Recognised right of use asset*

|                         | <b>2024</b>   | <b>2023</b>   |
|-------------------------|---------------|---------------|
|                         | <b>\$'000</b> | <b>\$'000</b> |
| Opening net book amount | 5,270         | 4,144         |
| Additions – Building    | 543           | 3,030         |
| Disposals               | (210)         | (190)         |
| Depreciation            | (1,816)       | (1,714)       |
| Closing net book amount | <u>3,787</u>  | <u>5,270</u>  |

The statement of income reflects the following amount relating to leases:-

|  |            |            |
|--|------------|------------|
| Interest expenses (included in finance cost) | <u>367</u> | <u>341</u> |
|  | <u>367</u> | <u>341</u> |

Within right of use assets, there are two building leases with 5 and 2 year terms, as well as motor vehicle leases with 3 to 4 year tenors.

Motor vehicle balance as at 2024: \$0.4M (September 2023: \$1.1M)

b. *Recognised fair value measurements*(i) *Fair value hierarchy*

This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the consolidated financial statements.

*Level 3*

|                            |               |               |
|----------------------------|---------------|---------------|
| Leasehold land             | 8,448         | 8,448         |
| Building on lease land     | 27,860        | 25,571        |
| Freehold land and building | 20,246        | 19,207        |
|                            | <u>56,554</u> | <u>53,226</u> |

The Group's policy is to recognise transfers into and transfers out of fair values hierarchy levels as at the end of the reporting period.

(ii) *Valuation techniques used to determine level 3 fair values*

The basis of valuation is the market value, which is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**10 Property and equipment (continued)**b. *Recognised fair value measurements (continued)*(ii) *Valuation techniques used to determine level 2 and level 3 fair values (continued)*

Level 3 fair values of land have been derived using the sales comparison approach. Commercial rental income of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

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

|                          | <b>2024</b>   | <b>2023</b>   |
|--------------------------|---------------|---------------|
|                          | <b>\$000</b>  | <b>\$000</b>  |
| Cost                     | 47,900        | 44,638        |
| Accumulated depreciation | (14,736)      | (13,452)      |
| Net book amount          | <u>33,164</u> | <u>31,186</u> |

**11 Other assets**

|                             |               |                |
|-----------------------------|---------------|----------------|
| Prepayments                 | 4,377         | 14,375         |
| Fees and coupons receivable | 18,372        | 13,738         |
| Due from related party      | 34            | 33             |
| Amounts due from brokers    | 205           | 5,716          |
| Other receivables           | 22,772        | 129,548        |
|                             | <u>45,760</u> | <u>163,410</u> |

Other receivables includes accrued dividend and matured bonds of \$14M (2023: \$120.5M matured bond).

**12 Borrowings**

|                        |                  |                  |
|------------------------|------------------|------------------|
| Medium term borrowings | 484,954          | 485,238          |
| Short term borrowings  | 814,356          | 807,447          |
|                        | <u>1,299,310</u> | <u>1,292,685</u> |

Medium term borrowings represent unsecured borrowings: US\$41.7M, and TT\$200M for a period of two to three years (2023: US\$42.15M, and TT\$200M). Interest on these debt instruments accrue at rates of 4.75% and 5.75% on the USD and on the TTD at 3.4% (2023: 2.5% and 3.5% on the USD and 3.4% TTD). The average rate as at the end of 2024 was 3.95% (2023: 3.13%).

Short term borrowings represent US\$120M facility (2023: US\$120M) which is secured by the Group's investment securities. This facility was established in July 2024 when the prior facility matured. The current facility will mature in July 2026. Average interest rate 5.6% (2023: 2.9%). The market value of the investment security held as collateral for this facility amounted to TT\$866M (2023: TT\$886M) (Note 3 e (i)).

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**13 Securities sold under repurchase agreements**

|  | <b>2024</b>      | <b>2023</b>      |
|--|------------------|------------------|
|  | <b>\$000</b>     | <b>\$000</b>     |
| Invested principal   | 3,426,849        | 3,161,837        |
| Accrued interest   | 41,184           | 37,884           |
|  | <u>3,468,033</u> | <u>3,199,721</u> |
| Securities sold under repurchase agreements are analysed by sector as follows: |                  |                  |
| Public institutions  | 555,382          | 499,757          |
| Private institutions   | 1,945,679        | 1,780,327        |
| Consumer   | 966,972          | 919,637          |
|  | <u>3,468,033</u> | <u>3,199,721</u> |
| Current portion  | 3,014,625        | 2,755,483        |
| Non-current portion  | 453,408          | 444,238          |
|  | <u>3,468,033</u> | <u>3,199,721</u> |

These financial instruments accrue interest at rates between 0.4% and 5.35% (2023: 0.4% and 5%).

**14 Creditors and accrued expenses**

|                   |                |                |
|-------------------|----------------|----------------|
| Accrued expenses  | 11,359         | 9,702          |
| Due to brokers    | 325            | 7,360          |
| Other liabilities | 61,783         | 133,246        |
| Related parties   | 30,241         | 32,472         |
|                   | <u>103,708</u> | <u>182,780</u> |

Balances due to related parties include an amount of \$27.6M (2023: \$26.6M) owed to the Bank. This relates to an amount owing to GORTT by the Bank in respect of payments made on claims which were subsequently recovered pursuant to the Liquidity Support Agreement discussed in Note 3.a.ix.

Other liabilities balance as at 30 September 2024 includes amounts due for clients and proprietary settlements \$51.7M (2023: \$106M).

**15 Loan from parent company**

|  | <b>2024</b>    | <b>2023</b>    |
|--|----------------|----------------|
|  | <b>\$000</b>   | <b>\$000</b>   |
| Loan from parent company (note 3 e.i.) | <u>248,497</u> | <u>272,090</u> |

This comprises Unsecured Medium Term US facility approved for US\$37.7M, at a rate of 5.25%. Drawn down balance as at September 2024: US\$36.2M (2023: US\$36.9M at 4%), repayable March 2025.

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**16 Lease liabilities**

|                              | <b>2024</b>  | <b>2023</b>  |
|------------------------------|--------------|--------------|
|                              | <b>\$000</b> | <b>\$000</b> |
| Opening lease liability      | 5,378        | 4,287        |
| Additions                    | 542          | 2,984        |
| Disposals                    | (224)        | (181)        |
| Interest on lease liability  | 367          | 341          |
| Repayment of lease principal | (1,775)      | (2,053)      |
| Lease liability              | <u>4,288</u> | <u>5,378</u> |
| Current lease liability      | 1,560        | 1,522        |
| Non-current lease liability  | <u>2,728</u> | <u>3,856</u> |
|                              | <u>4,288</u> | <u>5,378</u> |

**17 Deferred tax**

Deferred taxes are calculated on all temporary differences under the liability method using tax rates of 30% for Trinidad and Tobago and 9% for Barbados respectively (2023: 30% and 5.5%).

The movement on the deferred tax account is as follows:

|                                      |               |                 |
|--------------------------------------|---------------|-----------------|
| At beginning of year                 | (13,019)      | 10,054          |
| Other reserve – (Note 19)            | 26,326        | (25,545)        |
| Statement of income charge (Note 29) | 917           | 2,472           |
|                                      | <u>14,224</u> | <u>(13,019)</u> |

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**17 Deferred tax (continued)**

Deferred tax assets and liabilities, the deferred tax charge/credit in the Consolidated statement of income and fair value reserve – financial assets are attributable to the following items:

|   | <b>Opening<br/>balance<br/>Oct 2023<br/>\$'000</b> | <b>Statement of<br/>Other<br/>Comprehensive<br/>Income -Fair<br/>Value Reserves<br/>\$'000</b> | <b>(Credit)/Charge<br/>to statement of<br/>income<br/>\$'000</b> | <b>Closing<br/>balance<br/>Sept 2024<br/>\$'000</b> |
|---|--|--|--|---|
| Financial assets at fair value through other comprehensive income | (32,213)   | 26,095   | --   | (6,118)   |
| Accelerated tax depreciation                                      | (53)   | --   | 5  | (48)  |
| Unrealised exchange losses  | (10)   | --   | --   | (10)  |
| <i>Deferred tax asset</i>   | <u>(32,276)</u>                                    | <u>26,095</u>  | <u>5</u>   | <u>(6,176)</u>                                      |
| Financial assets at fair value through other comprehensive income | 1,064  | 401  | --   | 1,465   |
| Amortisation of premiums and discounts on financial assets        | 978  | (198)  | --   | 780   |
| Unrealised exchange gains   | 6,187  | --   | (50)   | 6,137   |
| Zero coupon instruments   | 7,929  | --   | 1,216  | 9,145   |
| Fair Value measurement on building                                | --   | 28   | --   | 28  |
| Accelerated tax depreciation                                      | 3,088  | --   | (276)  | 2,812   |
| Financial assets at fair value through profit & loss              | 11   | --   | 20   | 31  |
| <i>Deferred tax liability</i>                                     | <u>19,257</u>                                      | <u>231</u>   | <u>910</u>   | <u>20,398</u>                                       |
| <i>Net deferred tax (asset)/ liability</i>                        | <u>(13,019)</u>                                    | <u>26,326</u>  | <u>915</u>   | <u>14,222</u>                                       |

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

17 **Deferred tax (continued)**

|  | Opening<br>balance<br>Oct 2022<br>\$'000 | Statement of Other<br>Comprehensive<br>Income -Fair Value<br>Reserves<br>\$'000 | (Credit)/<br>Charge to<br>statement of<br>income<br>\$'000 | Closing<br>balance<br>Sept 2023<br>\$'000 |
|--|--|---|--|---|
| Financial assets at fair value through other<br>comprehensive income | (635)                                    | (31,939)  | 361  | (32,213)                                  |
| Accelerated tax depreciation   | (57)                                     | --  | 4  | (53)                                      |
| Unrealised exchange losses   | (10)                                     | --  | --   | (10)                                      |
| <i>Deferred tax asset</i>  | <u>(702)</u>                             | <u>(31,939)</u>   | <u>365</u>   | <u>(32,276)</u>                           |
| Financial assets at fair value through other<br>comprehensive income | (5,597)                                  | 6,572   | 89   | 1,064                                     |
| Amortisation of premiums and discounts on<br>financial assets        | 1,156                                    | (178)   | --   | 978                                       |
| Unrealised exchange gains  | 6,203                                    | --  | (16)   | 6,187                                     |
| Zero coupon instruments  | 6,628                                    | --  | 1,301  | 7,929                                     |
| Accelerated tax depreciation   | 2,356                                    | --  | 732  | 3,088                                     |
| Financial assets at fair value<br>through profit & loss              | 10                                       | --  | 1  | 11  |
| <i>Deferred tax liability</i>  | <u>10,756</u>                            | <u>6,394</u>  | <u>2,107</u>   | <u>19,257</u>                             |
| <i>Net deferred tax liability/(asset)</i>                            | <u>10,054</u>                            | <u>(25,545)</u>   | <u>2,472</u>   | <u>(13,019)</u>                           |

Deferred tax assets are expected to be recovered as follows:

|                  | 2024<br>\$000 | 2023<br>\$000 |
|------------------|---------------|---------------|
| Within 12 months | --            | --            |
| After 12 months  | 6,174         | 32,276        |
|                  | <u>6,174</u>  | <u>32,276</u> |

Deferred tax liabilities are expected to be realised as follows:

|                  | 2024<br>\$000 | 2023<br>\$000 |
|------------------|---------------|---------------|
| Within 12 months | --            | --            |
| After 12 months  | 20,398        | 19,257        |
| At end of year   | <u>20,398</u> | <u>19,257</u> |

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**18 Share capital**

These shares are not traded in an open market and during the year there were no movements in each type and/or class of share.

|   | 2024<br>\$'000 | 2023<br>\$'000 |
|---|----------------|----------------|
| Authorised                                  |                |                |
| An unlimited number of shares at par value  |                |                |
| Issued and fully paid                       |                |                |
| 637,697,000 ordinary shares of no par value | <u>637,697</u> | <u>637,697</u> |

**19 Other reserves***i Fair value reserve – Financial assets*

For debt financial assets, the fair value reserve comprises the cumulative net change in the fair value of the fair value through other comprehensive income financial assets, net of deferred tax, until the assets are derecognised or impaired. For equity financial assets, any movement in fair value is recognised through other comprehensive income and are not recycled to the consolidated statement of income.

*ii Fair value reserve – Land and buildings*

The fair value reserve comprises of the net fair value of the Group's land and building, which are valued by an independent valuator every three years.

|   | 2024<br>\$000   | 2023<br>\$000   |
|---|-----------------|-----------------|
| Financial assets                                  | (7,579)         | (70,825)        |
| Land and building                                 | 654             | 588             |
|   | <u>(6,925)</u>  | <u>(70,237)</u> |
| <i>Financial assets</i>                           |                 |                 |
| <i>DEBT</i>                                       |                 |                 |
| Opening balance                                   | (96,444)        | (128,065)       |
| Net gains from changes in fair value              | 95,308          | 44,715          |
| Deferred tax (charge)                             | (28,000)        | (13,094)        |
| Exchange differences                              | 125             | --              |
| Debt at end of year                               | <u>(29,011)</u> | <u>(96,444)</u> |
| <i>EQUITY</i>                                     |                 |                 |
| Opening balance                                   | 25,619          | 116,026         |
| Net losses from changes in fair value             | (5,760)         | (129,046)       |
| Deferred tax credit                               | 1,680           | 38,639          |
| Deferred tax due to change in effective tax rates | (107)           | --              |
| Equity at end of year                             | <u>21,432</u>   | <u>25,619</u>   |
| Total financial assets at end of year             | <u>(7,579)</u>  | <u>(70,825)</u> |



## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

| 19 Other reserve (continued)  | 2024<br>\$000  | 2023<br>\$000   |
|---|----------------|-----------------|
| <i>Land and building</i>  |                |                 |
| At beginning of year  | 588            | 588             |
| Net gains from changes in fair value  | 87             | --              |
| Deferred Tax on building revaluation  | (28)           | --              |
| Exchange differences  | 7              | --              |
| At end of year  | <u>654</u>     | <u>588</u>      |
| <br>  |                |                 |
| 20 Interest income  |                |                 |
| Amortised cost  | 189,743        | 190,752         |
| Fair value through other comprehensive income   | 82,976         | 70,254          |
| Other   | 3,513          | 620             |
|   | <u>276,232</u> | <u>261,626</u>  |
| <br>  |                |                 |
| 21 Interest expense   |                |                 |
| Securities sold under repurchase agreements   | 72,609         | 61,412          |
| Borrowings  | 59,456         | 38,245          |
| Loan from parent company  | 12,475         | 10,844          |
| Other   | 26             | 52              |
|   | <u>144,566</u> | <u>110,553</u>  |
| <br>  |                |                 |
| 22 Fees and commissions   |                |                 |
| Portfolio management  | 67,238         | 66,505          |
| Wealth management   | 28,094         | 23,803          |
| Capital markets - placement fees  | 9,184          | 7,612           |
| Brokerage & advisory - equity   | 1,582          | 17,441          |
|   | <u>106,098</u> | <u>115,361</u>  |
| <br>  |                |                 |
| 23 Loss realised on financial assets  |                |                 |
| Net realised gains on disposal of fair value through profit or loss assets              | 5,640          | 3,372           |
| Net realised losses on disposal of fair value through other comprehensive income assets | (14,347)       | (21,739)        |
|   | <u>(8,707)</u> | <u>(18,367)</u> |

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

| 24 <b>Other income</b>  | <b>2024</b>   | <b>2023</b>   |
|---|---------------|---------------|
|   | <b>\$000</b>  | <b>\$000</b>  |
| Dividend income   | 14,490        | 225           |
| Other income  | 7,079         | 424           |
| Rental income   | 394           | 157           |
|   | <u>21,963</u> | <u>806</u>    |
| Other Income amounts include amounts relating to Capital Market fees 2024: \$6M (2023: nil) |               |               |
| 25 <b>Reversal of impairment loss on financial assets</b>                                   |               |               |
| Impairment write back on financial assets   | 6,527         | 15,690        |
| Impairment write back on sales/maturities of financial assets                               | 1,140         | 3,038         |
| Net Impairment  | 7,667         | 18,728        |
| Loss) on assets purchased originated credit impaired  | (835)         | (2,731)       |
|   | <u>6,832</u>  | <u>15,997</u> |
| 26 <b>Reversal of Impairment loss/(impairment loss) on non-financial assets</b>             |               |               |
| Other impairment  | --            | (54)          |
| Reversal of impairment loss on building   | 3,241         | --            |
|   | <u>3,241</u>  | <u>(54)</u>   |
| 27 <b>Administrative expenses</b>   |               |               |
| Staff costs (Note 27.a)   | 38,239        | 37,578        |
| Depreciation  | 4,614         | 3,606         |
| Amortisation  | 1,561         | 2,462         |
|   | <u>44,414</u> | <u>43,646</u> |
| a. <i>Staff costs</i>   |               |               |
| Wages and salaries  | 25,767        | 25,163        |
| Pension   | 3,342         | 3,241         |
| National insurance  | 1,156         | 1,115         |
| Other   | 7,974         | 8,059         |
|   | <u>38,239</u> | <u>37,578</u> |
| 28 <b>Other operating expenses</b>  |               |               |
| Information technology expenses   | 6,522         | 9,848         |
| Office expenses   | 7,915         | 5,795         |
| Consultancy & other professional services   | 6,880         | 7,562         |
| Management charges  | 17,688        | 17,955        |
| Other expenses  | 9,261         | 4,346         |
|   | <u>48,266</u> | <u>45,506</u> |

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**29 Taxation**

|                           | <b>2024</b>   | <b>2023</b>   |
|---------------------------|---------------|---------------|
|                           | <b>\$000</b>  | <b>\$000</b>  |
| Corporation tax           | 24,180        | 30,292        |
| Prior year over provision | (649)         | (3,000)       |
| Deferred tax (Note 17)    | 917           | 2,472         |
|                           | <u>24,448</u> | <u>29,764</u> |

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

|   |                |                |
|---|----------------|----------------|
| Profit before tax   | <u>163,361</u> | <u>175,164</u> |
| Tax calculated at tax rates applicable to profits in respective countries | 53,711         | 61,255         |
| Income exempt from tax  | (42,720)       | (40,609)       |
| Expenses not deductible for tax purposes                                  | 14,133         | 13,709         |
| Over provision prior year   | (649)          | (3,000)        |
| Net effect of other charges and allowances                                | (27)           | (1,591)        |
|   | <u>24,448</u>  | <u>29,764</u>  |

**30 Assets under management**

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

|  |                   |                   |
|--|-------------------|-------------------|
| Off-consolidated statement of financial position investments | <u>17,881,779</u> | <u>17,255,445</u> |
|--|-------------------|-------------------|

**31 Related party transactions**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

A number of transactions are entered into with related parties in the normal course of business. These include purchase of investment securities and securities sold under repurchase agreements.

a. *Directors and key management personnel**Statement of financial position*

|   |              |                |
|---|--------------|----------------|
| Securities sold under repurchase agreements | <u>(669)</u> | <u>(2,352)</u> |
|   | <u>(669)</u> | <u>(2,352)</u> |

*Statement of income*

|   |                |                |
|---|----------------|----------------|
| Interest expense                                | (33)           | (122)          |
| Salaries and other short-term employee benefits | <u>(6,130)</u> | <u>(7,194)</u> |
|   | <u>(6,163)</u> | <u>(7,316)</u> |

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

## 31 Related party transactions (continued)

## b. Related companies

The following related party transactions are included in the consolidated statement of financial position and consolidated statement of income for the year to September 2024:

|   | Parent<br>\$'000 | Related<br>companies<br>\$'000 | GORTT<br>\$'000  |
|---|------------------|--------------------------------|------------------|
| <i>Statement of income</i>                  |                  |                                |                  |
| Interest income                             | 230              | 4                              | 73,381           |
| Interest expense                            | <u>(12,475)</u>  | <u>(8,155)</u>                 | <u>--</u>        |
|   | <u>(12,245)</u>  | <u>(8,151)</u>                 | <u>73,381</u>    |
| <i>Statement of financial position</i>      |                  |                                |                  |
| <i>Assets</i>                               |                  |                                |                  |
| Cash and cash equivalents                   | 150,943          | 10,131                         | --               |
| Financial assets                            | --               | 35                             | --               |
| Other Assets                                | --               | --                             | 1,735,490        |
| <i>Liabilities</i>                          |                  |                                |                  |
| Securities sold under repurchase agreements | --               | (520,726)                      | --               |
| Creditors and accrued expenses              | (29,333)         | (1,397)                        | --               |
| Leases                                      | (489)            | --                             | --               |
| Loan from parent company                    | <u>(248,497)</u> | <u>--</u>                      | <u>--</u>        |
|   | <u>127,376</u>   | <u>(511,957)</u>               | <u>1,735,490</u> |

The following related party transactions are included in the consolidated statement of financial position and consolidated statement of income for the year to September 2023:

|   | Parent<br>\$'000 | Related<br>companies<br>\$'000 | GORTT<br>\$'000  |
|---|------------------|--------------------------------|------------------|
| <i>Statement of income</i>                  |                  |                                |                  |
| Interest income                             | 266              | 4                              | 62,327           |
| Interest expense                            | <u>(10,844)</u>  | <u>(4,763)</u>                 | <u>--</u>        |
|   | <u>(10,578)</u>  | <u>(4,759)</u>                 | <u>62,327</u>    |
| <i>Statement of financial position</i>      |                  |                                |                  |
| <i>Assets</i>                               |                  |                                |                  |
| Cash and cash equivalents                   | 190,642          | 16,902                         | --               |
| Financial assets                            | --               | --                             | 1,553,931        |
| Other Assets                                | --               | 33                             | --               |
| <i>Liabilities</i>                          |                  |                                |                  |
| Securities sold under repurchase agreements | --               | (274,031)                      | --               |
| Creditors and accrued expenses              | (31,625)         | (848)                          | --               |
| Leases                                      | (1,147)          | --                             | --               |
| Loan from parent company                    | <u>(272,090)</u> | <u>--</u>                      | <u>--</u>        |
|   | <u>(114,220)</u> | <u>(257,944)</u>               | <u>1,553,931</u> |

## First Citizens Investment Services Limited And Its Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

(Expressed in Trinidad and Tobago Dollars)

**32 Contingent liabilities**

At the consolidated statement of financial position date, there were no contingent liabilities (2023: nil).

**33 Subsequent events**

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

With effect from 1 October 2024, First Citizens Bank Limited (Bank) transferred the shares of First Citizens Investment Services Limited (FCIS) to FCGFH, marking the end of the second and final phase of the First Citizens Group's corporate restructuring exercise. The Bank remains a subsidiary of FCGFH. The shares of FCIS were transferred by vesting order to FCGFH by virtue of Legal Notice No. 102 of 2024.

There were no other events after the reporting period that were material to the financial statements which required adjustments to the financial statements or disclosures when the financial statements were authorised for issue.



**First Citizens**  
Investment Services