First Citizens Bank Limited and its Subsidiaries
(A Subsidiary of First Citizens Holdings Limited)

Consolidated Financial Statements
30 September 2015

First Citizens

Statement of Management Responsibility

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

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

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

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

Group Chief Executive Officer
30 November 2015

Chief Financial Officer
30 November 2015

Independent Auditor's Report

To the shareholders of
First Citizens Bank Limited

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of First Citizens Bank Limited (the Bank) and its Subsidiaries (together, the Group), which comprise the consolidated statement of financial position as at 30 September 2015 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the First Citizens Bank Limited and its subsidiaries as at 30 September 2015, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers

7 December 2015
Port of Spain
Trinidad, West Indies

Consolidated Statement of Financial Position
(Expressed in Trinidad and Tobago dollars)

	Notes	30 September 2015 $'000	2014 $'000
Assets			
Cash and due from other banks	6	2,221,519	2,876,947
Statutory deposits with Central Banks	7	4,423,255	5,408,804
Financial assets			
- Available-for-sale	8(a)	10,687,665	8,649,403
- Held to maturity	8(b)	1,606,273	1,792,818
- Fair value through profit or loss	8(c)	82	104
- Loans and receivables less allowances for losses:			
Loans to customers	9	13,830,535	11,153,735
Other loans and receivables	10	1,261,932	1,263,093
Loan notes	11	2,158,054	2,455,001
Finance leases	12	588	818
Other assets	13	396,964	295,194
Investment accounted for using equity methods	14	158,570	148,851
Due from parent company		2,935	2,825
Tax recoverable		69,366	52,983
Property, plant and equipment	15	486,325	449,296
Intangible assets	16	234,251	233,163
Retirement benefit asset	17	—	74,933
Total assets		37,538,314	34,857,968
Liabilities			
Customers' deposits	18	20,994,527	20,889,799
Other funding instruments	19	4,749,618	4,808,060
Due to other banks		200,911	82,454
Creditors and accrued expenses	20	2,970,784	442,583
Taxation payable		22,169	40,494
Retirement benefit liability	17	20,159	—
Bonds payable	21	1,927,574	1,945,769
Deferred income tax liability	22	268,682	349,456
Notes due to parent company	23	58,000	58,000
Total liabilities		31,212,424	28,616,615
Capital and reserves attributable to the parent company's equity holders			
Share capital	24	643,557	643,557
Statutory reserves	25	675,726	672,768
Retained earnings		3,926,505	3,601,058
Other reserves		1,080,102	1,323,970
Total shareholders' equity		6,325,890	6,241,353
Total equity and liabilities		37,538,314	34,857,968

The accompanying notes form an integral part of these consolidated financial statements.

On 30 November 2015, the Board of Directors of First Citizens Bank Limited authorised these consolidated financial statements for issue.

Director

Director

First Citizens Bank Limited and its Subsidiaries
(A Subsidiary of First Citizens Holdings Limited)

Consolidated Financial Statements
30 September 2015

First Citizens

Consolidated Income Statement
(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 30 September 2015 $'000	2014 $'000
Interest income	26	1,450,487	1,471,200
Interest expense	27	(281,555)	(314,519)
Net interest income		1,168,932	1,156,681
Fees and commissions	28	414,768	359,814
Gains on sale of available-for-sale financial assets, net		27,465	65,525
Foreign exchange gains, net	29	120,512	76,347
Other income		31,673	22,752
Total net income		1,763,350	1,681,119
Impairment loss on loans, net of recoveries	9	(5,909)	(12,873)
Impairment loss on other financial assets, net of recoveries	30	1,360	(11)
Administrative expenses	31	(594,366)	(522,364)
Other operating expenses	32	(389,647)	(390,717)
Operating profit		774,788	755,154
Share of profit in associate	14	12,297	13,711
Share of profit in joint ventures	14	3,696	3,710
Profit before taxation		790,781	772,575
Taxation	33	(160,343)	(146,015)
Profit for the year		630,438	626,560
Earnings per share			
Basic		$2.51	$2.50
Weighted average number of shares			
Basic		251,353,562	251,353,562

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income
(Expressed in Trinidad and Tobago dollars)

	Note	Year ended 30 September 2015 $'000	2014 $'000
Profit for the year		630,438	626,560
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit liability	17	(51,305)	106,054
Revaluation of property, plant and equipment, net of tax		25,249	2,964
		(26,056)	109,018
Items that may be reclassified to profit or loss			
Change in fair value of held to maturity assets, net of tax		(4,011)	(4,447)
Exchange difference on translation		(1,580)	(6,708)
Transfer of net realised gain to current year income		(27,465)	(65,525)
Change in fair value of available-for-sale assets, net of tax		(184,756)	37,220
		(217,812)	(39,460)
Total other comprehensive income for the year		(243,868)	69,558
Total comprehensive income for the year		386,570	696,118

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity
(Expressed in Trinidad and Tobago dollars)

	Share Capital $'000	Statutory Reserve $'000	Fair Value Reserve $'000	Re-measurement of Defined Benefits $'000	Revaluation Surplus $'000	Other Reserve $'000	Retained Earnings $'000	Total $'000
Balance as at 1 October 2014	643,557	672,768	1,040,838	163,509	100,638	18,985	3,601,058	6,241,353
Profit for the year	—	—	—	—	—	—	630,438	630,438
Other comprehensive income for the year	—	—	(216,232)	(51,305)	25,249	(1,580)	—	(243,868)
Transfer to statutory reserve	—	2,958	—	—	—	—	(2,958)	—
Dividends	—	—	—	—	—	—	(302,033)	(302,033)
Balance at 30 September 2015	643,557	675,726	824,606	112,204	125,887	17,405	3,926,505	6,325,890
Balance as at 1 October 2013	643,557	669,717	1,073,590	57,455	97,674	25,693	3,397,718	5,965,404
Profit for the year	—	—	—	—	—	—	626,560	626,560
Other comprehensive income for the year	—	—	(32,752)	106,054	2,964	(6,708)	—	69,558
Transfer to statutory reserve	—	3,051	—	—	—	—	(3,051)	—
Dividends	—	—	—	—	—	—	(420,169)	(420,169)
Balance at 30 September 2014	643,557	672,768	1,040,838	163,509	100,638	18,985	3,601,058	6,241,353

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flow
(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 30 September 2015 $'000	2014 $'000
Profit before taxation		790,781	772,575
Adjustments to reconcile profit to net cash provided by operating activities:			
Share of profit in associate		(12,297)	(13,711)
Share of profit in joint ventures		(3,696)	(3,710)
Interest income		(1,450,487)	(1,471,200)
Interest received		1,449,347	1,494,102
Interest expense		281,554	314,519
Interest paid		(280,021)	(327,267)
Depreciation and amortisation	15, 16	66,381	57,222
(Gain)/loss on disposal of property, plant and equipment		(1,557)	271
Gain on sale of available-for-sale financial assets		(27,465)	(65,525)
Amortisation of premium on investment securities		21,949	9,817
Amortisation of bond issue cost		3,205	3,526
Amortisation of intangible asset	16	3,938	7,875
Impairment loss on other financial assets		(1,360)	11
Net pension expense	17	50,044	56,587
Net movement in allowance for loan loss		(13,097)	(12,664)
Cash flows from operating activities before changes in operating assets and liabilities		877,219	822,428
Net change in loans to customers		(2,663,702)	375,851
Net change in finance leases		230	729
Net change in customers' deposits		104,728	(110,582)
Net change in other funding instruments		(58,442)	175,237
Net change in other assets		(100,629)	79,176
Net change in due from parent company		(110)	(1,046,169)
Net change in statutory deposits with Central Bank		985,549	1,330,183
Dividends received		316	249
Net change in creditors and accrued expenses		2,526,668	(35,131)
Pension contributions paid	17	(23,359)	(9,876)
Taxes paid		(195,326)	(121,840)
Net cash flows from operating activities		1,453,142	1,460,255

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flow (continued)
(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 30 September 2015 $'000	2014 $'000
Cash flows from investing activities			
Purchase of financial assets			
- Available-for-sale	8(a)	(8,264,285)	(5,431,262)
- Held-to-maturity	8(b)	(20,341)	(398,882)
Proceeds from sale of investments			
- Available-for-sale	8(a)	5,950,831	5,397,913
- Fair value through profit or loss	8(c)	—	284
- Other loans and receivables	10	1,131	308,945
Proceeds from maturity/redemption of held-to-maturity	8(b)	203,768	266,811
Repayment on loan notes receivable		296,947	80,979
Net change in short-term investments		311,888	(457,362)
Proceeds from disposal of property, plant and equipment		7,150	1,578
Purchase of property, plant and equipment and intangibles	15,16	(80,706)	(79,304)
Net cash flows from investing activities		(1,593,617)	(310,300)
Cash flows from financing activities			
Net change in debt securities		(18,195)	(500,000)
Ordinary dividend paid		(299,111)	(417,247)
Preference dividend paid		(2,922)	(2,922)
Net cash flows from financing activities		(320,228)	(920,169)
Effect of exchange rate changes		(1,294)	43,513
Net (decrease)/increase in cash and cash equivalents		(461,997)	273,299
Cash and cash equivalents at beginning of period		2,182,428	1,909,129
Cash and cash equivalents at end of period		1,720,431	2,182,428

The accompanying notes form an integral part of these consolidated financial statements.

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

1 General information

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

The Bank is a subsidiary of First Citizens Holdings Limited (Holdings), a company owned by the Government of the Republic of Trinidad and Tobago (GORTT), and its registered office is located at 9 Queen's Park East, Port of Spain. First Citizens Holdings has 77.2% controlling interest. The remainder of the shares are listed on the Trinidad and Tobago Stock Exchange and are publicly traded.

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

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

The Group currently comprises the following entities:

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

The Group also has investments in the following entities:

Entity	Nature of operations	Country of incorporation	Ownership interest
Infolink Services Limited	Provision of automated banking reciprocity services	Trinidad & Tobago	25%
Trinidad and Tobago Interbank Payment System Limited	Automated clearing house	Trinidad & Tobago	14%
St. Lucia Electricity Services Limited	Provision of electrical power to consumers	St. Lucia	19%

2 Summary of significant accounting policies

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

a. *Basis of preparation*

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

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

(i) *Standards, amendments and interpretations which are effective and have been adopted by the Group:*

- IAS 32 Offsetting Financial Assets and Financial liabilities — Amendments to IAS 32 (effective 1 January 2014). This requires that "a financial asset and a financial liability shall not be contingent on a future event and shall be offset ... when, and only when, an entity currently has a legally enforceable right to set off the recognised amounts …" The amendments clarify that rights of set-off must not only be legally enforceable in the normal course of business, but must also be enforceable in the event of default and the event of bankruptcy or insolvency of all of the counterparties to the contract, including the reporting entity itself. The standard further clarifies the entity should have the intention to settle the asset and liability on a net basis.
- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27 effective January 2014). Amends IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements to:
  - Provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement
  - Require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries
  - Require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated).
- IAS 36 Recoverable Amount Disclosures for Non-Financial Assets (Amendments - effective January 1 2014). This amendment is to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

2 Summary of significant accounting policies (continued)

a. *Basis of preparation (continued)*

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

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

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

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

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

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

The following standards, amendments and interpretations to existing standards are not yet effective for accounting periods beginning on or after 1 January 2015 and have not been early adopted by the Group:

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

- IFRS 10 Consolidated Financial Statements - (Amendment effective January 1 2016). This amendment clarifies the accounting for loss of control of a subsidiary when the subsidiary does not constitute a business.

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

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

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

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

- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2017). This standard provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows:

  - Identify the contract with the customer
  - Identify the performance obligations in the contract
  - Determine the transaction price
  - Allocate the transaction price to the performance obligations in the contracts
  - Recognise revenue when (or as) the entity satisfies a performance obligation.

The following standards, amendments and interpretations to existing standards are not yet effective for accounting periods beginning on or after 1 January 2015 and have not been early adopted by the Group:

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

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

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

- IAS 28 Investments in Associates and Joint Venture - (Amendment effective January 1 2016). This amendment clarifies the accounting for loss of control of a subsidiary when the subsidiary does not constitute a business.

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

b. *Consolidation*

(i) *Principles of consolidation*

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

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

(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 IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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

2 Summary of significant accounting policies (continued)

b. *Consolidation (continued)*

(iv) *Transactions and non-controlling interests*

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

(v) *Investment in joint ventures*

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

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

(vi) *Investment in associates*

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investment in associates includes goodwill identified on acquisition.

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

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

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

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

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 as at the date of these statements was TT$6.2986 = US$1.00 (2014 - TT$6.2986 = US$1.00), which represent the Group's mid-rate. The exchange rate between the TT dollar and the Barbados dollar as at the date of these statements was TT$3.1852 = BB$1 (2014 - TT$3.1852 = BB$1.00), which represent the Group's cover rate.

(ii) *Transactions and balances*

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

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of 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 available-for-sale financial assets are included in other comprehensive income.

(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 balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) Income and expenses for each income statement are translated at cover exchange rates as at year end, 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. *Derivative financial instruments*

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

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

e. *Financial assets and financial liabilities*

(i) *Financial assets*

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

(a) *Loans and receivables*

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

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

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

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

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

This category includes financial assets designated by the Group as fair value through profit or loss upon initial recognition.

(d) *Held-to-maturity*

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

(ii) *Recognition and measurement*

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

2 Summary of significant accounting policies (continued)

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

(ii) *Recognition and measurement (continued)*

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

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

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

(iii) *Financial liabilities*

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

(iv) *Recognition and de-recognition of financial instruments*

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

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

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

(v) *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.

f. *Impairment of financial assets*

(i) *Assets carried at amortised cost*

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

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

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. Additionally, no provisioning is required for Assets that are supports by government guarantees even if the exposure is classified as "Non Performing".

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

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

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

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

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

(ii) *Assets classified as available-for-sale*

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

Debt securities are evaluated based on the criteria in Note 2.f. (i). If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

(iii) *Renegotiated loans*

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

g. *Impairment of non-financial assets*

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

2 Summary of significant accounting policies (continued)

h. *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.

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

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

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

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

j. *Lease transactions*

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

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

(i) *The Group as the lessee*

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

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

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

(ii) *The Group as the lessor*

When assets are held subject to a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return on the remaining balance of the asset for each period.

k. *Property, plant and equipment*

Freehold premises are shown at fair value based on assessments performed by management or by independent valuators every three years, less subsequent depreciation for buildings. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the assets and the net amount is restated to the revalued amount of the asset.

All other property, plant and equipment are stated at historical cost less depreciation. The valuation of freehold premises is reviewed annually to ensure it approximately equates to fair value. The valuations of freehold premises are re-assessed when circumstances indicate there may be a material change in value.

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

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

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

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

Depreciation and amortisation are computed on all assets except land.

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

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

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

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

l. *Income tax*

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

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

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

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

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

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the 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.

m. *Employee benefits*

(i) *Pension plans*

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

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

2 Summary of significant accounting policies (continued)

m. *Employee benefits (continued)*

(i) *Pension plans (continued)*

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

(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 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.

n. *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 other banks and short-term highly liquid investments with original maturities of three months or less when purchased net of balances "due to other banks".

o. *Interest income and expense*

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

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

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

p. *Fee and commission income*

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

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

q. *Dividend income*

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

r. *Computer software*

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

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

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

s. *Borrowings*

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

t. *Acceptances*

Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers. Acceptances are accounted for as off-balance sheet transactions and are disclosed as contingent liabilities and commitments.

u. *Dividend distribution*

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

v. *Preference shares*

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

w. *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.

x. *Intangible assets*

Intangible assets comprise separately identifiable items arising from business combinations, computer software licenses and other intangible assets. Intangible assets are recognised at cost. The cost of an intangible asset acquired in a business combination is its fair value at the date of acquisition. Intangible assets with a definite useful life are amortised using the straight line method over the period that the benefits from these assets are expected to be consumed, generally not exceeding 20 years. Intangible assets with an indefinite useful life are not amortised. At each date of the consolidated statement of financial position, intangible assets are reviewed for indications of impairment or changes in estimated future economic benefits. If such indications exist, the intangible assets are analysed to assess whether their carrying amount is fully recoverable. An impairment loss is recognised if the carrying amount exceeds the recoverable amount.

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

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

(i) *Goodwill*

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

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

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

2 Summary of significant accounting policies (continued)

x. *Intangible assets (continued)*

(ii) *Other Intangible assets*

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

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

y. *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.).

z. *Earning per share*

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

a.a. *Segment reporting*

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

3 Financial risk management

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management framework

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

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

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

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

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

a. *Credit risk*

Credit exposures arise principally in lending activities that lead to loans and advances and in investment activities that bring debt securities and other bills into the Group's asset portfolio. Credit risk also occurs in off balance sheet financial instruments such as loan commitments. This risk relates to the possibility that a counter party will cause a financial loss to the Group by failing to discharge an obligation. All the Group's lending and investment activities are conducted with various counter parties and it is in pursuing these activities that the Group becomes exposed to credit risk.

It is expected that these areas of business will continue to be principal ones for the Group in the future and with loans and advances currently comprising a significant portion of the Group's assets and being responsible for a substantial portion of the revenue generated, it is anticipated that the Group will continue to be exposed to credit risk well into the future. The management of credit risk is therefore of utmost importance to the Group and an appropriate organisational structure has been put in place to ensure that this function is effectively discharged for the Group's business; management therefore carefully manages its exposure to credit risk. Exposure to credit risk is managed through appropriate credit policies, procedures, practices and audit functions, together with approved limits. Exposure is also managed by obtaining collateral and corporate and personal guarantees.

(i) *Credit risk management*

In its management of credit risks, the Group has established an organisational structure which supports the lending philosophy of the Group. This structure comprises the Board of Directors, the Board Credit Committee (BCC), Senior Management Enterprise- Risk Committee (SMERC), the Chief Risk Officer (CRO), the Credit Administration Department and the Internal Audit Department. The Board of Directors maintains general oversight to ensure that policies and procedures are consistent with the strategic direction and credit philosophy of the Group and that they serve to bring the required level of protection over assets that are exposed to credit risks. To facilitate day to day decision making and timely implementation of decisions, the Board has delegated authority for specific areas to specific committees and/or officers with an appropriate reporting system to the Board. The BCC focuses primarily on credit risk appetite and in so doing sanctions amendments to credit policies, delegation of lending authority to senior management and credit requests exceeding the authority of management. The SMERC together with the CRO monitors the effectiveness of credit procedures and policies and may direct changes to strategies to improve the effectiveness of policies. The major focus of the Credit Administration Department is to formulate credit policies, monitor compliance with them and on a continuous basis to assess their relevance to the changing business environment. Most of these policies are established and communicated through the Group's written Credit Policy Manual. This document sets out in detail the current policies governing the lending function and provides a comprehensive framework for prudent risk management of the credit function. Major areas of focus are General Credit Criteria, Credit Risk Rating, Controls Risk Mitigants over the Credit Portfolio and Credit Concentration among others.

(ii) *Credit risk measurement*

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

(iii) *Credit classification system*

(a) *Loans to customers*

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

Criticised Loans

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

(b) *Debt securities and other bills*

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

(c) *Other loans and receivables*

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

3 Financial risk management (continued)

a. Credit risk (continued)

(iii) *Credit classification system (continued)*

(c) *Other loans and receivables*

Group's internal ratings scale and mapping of external ratings

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

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

(iv) *Risk limit control and mitigation policy*

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, industry and country segments. The Group monitors its concentration of credit exposure so that no single borrower or industry default will have a material impact on the Group. These limits are implemented and monitored by the Credit Administration Department via the stipulations of the Group Credit Policy Manual. In instances where it is strategically beneficial and adequately documented, the Group would seek approval on an exception basis for variation to its standard approved limits from the Board of Directors.

(a) *Single borrower and borrower group exposure limits*

Limits established by regulatory authorities have been incorporated into the credit policies where concentration is restricted by limiting credit amounts to a fraction of the capital base. This is supported by a stringent reporting requirement and is further enhanced by policies requiring periodic review of all commercial credit relationships.

(b) *Industry exposure limits*

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

(c) *Country exposure limits*

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

(d) *Collateral*

The principal collateral types for loans and advances are:

- Cash deposits;
- Mortgages over residential properties;
- Charges over business assets such as premises and accounts receivable;
- Charges over financial instruments such as debt securities and equities; and
- Government guarantees and indemnities

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

(e) *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 six (6) years from the date of completion of the share transfer of CMMB to the Bank.

Under the terms of the LSA, the Bank had until 14 May 2015 to claim for losses in respect of balances due from CL Financial and its affiliates and a claim was submitted on 8 May 2015 in respect of unrecovered exposures as at that date and a request was made by the Bank to the GORTT for an extension of the indemnification under the LSA.

GORTT, by letter dated 29 May 2015 granted an eighteen (18) month extension of the LSA consequent upon the Bank providing certain information to the Ministry of Finance and Economy by 30 September 2015, which was submitted by the Bank to the GORTT in fulfillment of same. Subsequent to the balance sheet date, the GORTT and CBTT signed the supplemental agreement to the LSA formalizing the eighteen (18) month extension with effect from 15 May 2015.

(f) *Credit-related commitments*

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

(v) *Impairment and provisioning policies*

The Group's impairment provision policy is covered in detail in Note 2.f.

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

Collectively assessed impairment allowances are provided for: (i) portfolios of homogenous assets that are individually below materiality thresholds; and (ii) losses that have been incurred but have not yet been identified, by using the available historical experience, experienced judgment and statistical techniques. The quarterly assessment of the impairment allowances are approved by audit committee of the Board.

(vi) *Maximum exposure to credit risk before collateral held or other credit enhancement*

	Gross Maximum Exposure 2015 $'000	Gross Maximum Exposure 2014 $'000
Credit risk exposures relating to financial assets carried on the Group's consolidated statement of financial position are as follows:		
Cash and bank balances	2,221,519	2,876,947
Statutory Deposit with Central Bank	4,423,255	5,408,804
Financial assets		
Available-for-sale	10,651,281	8,571,472
Held to maturity	1,606,273	1,806,680
Loans to customers	14,124,121	11,460,419
Other loans and receivables	1,267,020	1,268,213
Loan notes	2,158,054	2,455,001
Finance leases	588	818
Other assets	365,783	273,045
Due from parent company	2,935	2,825
Total credit risk exposure	36,820,829	34,124,224

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

3 Financial risk management (continued)

a. *Credit risk (continued)*

(vii) *Loans to customers and other financial assets*

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

30 September 2015

	Loans to customers $'000	Other loans and receivables $'000	Financial assets available-for-sale $'000	Held-to-maturity $'000	Loan notes $'000	Finance leases $'000
Neither past due nor impaired	10,976,166	491,298	10,643,471	1,606,273	2,158,054	588
Past due but not impaired	2,462,031	764,816	—	—	—	—
Individually impaired	688,514	10,906	7,810	—	—	—
Gross	14,126,711	1,267,020	10,651,281	1,606,273	2,158,054	588
Unearned interest	(2,590)	—	—	—	—	—
Less: Allowance for impairment	(293,586)	(5,088)	(7,810)	—	—	—
Net	13,830,535	1,261,932	10,643,471	1,606,273	2,158,054	588

30 September 2014

	Loans to customers $'000	Other loans and receivables $'000	Financial assets available-for-sale $'000	Held-to-maturity $'000	Loan notes $'000	Finance leases $'0000
Neither past due nor impaired	8,771,307	519,946	8,536,648	1,792,818	2,455,001	973
Past due but not impaired	2,171,858	736,929	—	—	—	—
Individually impaired	520,257	11,338	34,824	13,862	—	—
Gross	11,463,422	1,268,213	8,571,472	1,806,680	2,455,001	973
Unearned interest	(3,003)	—	—	—	—	(155)
Less: Allowance for impairment	(306,684)	(5,120)	(30,197)	(13,862)	—	—
Net	11,153,735	1,263,093	8,541,275	1,792,818	2,455,001	818

Included in receivable past due but not impaired are loans and receivable due to CL Financial and its affiliates which has not yet been claimed under the LSA. The amount outstanding stood at TTD$765.0 million as at 30 September 2015 (2014: TTD$198.2 million and USD$96.5 million). Interest continues to accrue on these amounts.

(a) *Neither past due nor impaired*

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

30 September 2015

Loans to customers

	Individual $'000	Corporate $'000	Total $'000
Standard	3,047,888	6,434,339	9,482,227
Special mention	165,248	1,328,691	1,493,939
	3,213,136	7,763,030	10,976,166

30 September 2014

Loans to customers

	Individual $'000	Corporate $'000	Total $'000
Standard	2,867,626	4,401,984	7,269,610
Special mention	120,502	1,381,195	1,501,697
	2,988,128	5,783,179	8,771,307

Other Loans and Receivables

	30 September 2015			30 September 2014		
	Individual $'000	Corporate $'000	Total Loans $'000	Individual $'000	Corporate $'000	Total Loans $'000
Investment grade	25	474,971	474,996	15,141	290,249	305,390
Speculative grade	5,665	10,637	16,302	2,927	211,629	214,556
	5,690	485,608	491,298	18,068	501,878	519,946

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

30 September 2015

	Individual (retail customers) $'000	Corporate $'000	Total $'000
Instalment loans	888,133	18,240	906,373
Demand loans	216,979	7,007,066	7,224,045
Overdrafts	7,344	180,064	187,408
Credit cards	345,827	15,214	361,041
Mortgages	1,754,853	542,446	2,297,229
Loans to customers	3,213,136	7,763,030	10,976,166
Impairment allowance	(42,458)	(57,323)	(99,781)
Loans net of impairment	3,170,678	7,705,707	10,876,385

30 September 2014

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

(b) *Past due but not impaired*

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

30 September 2015	Up to 30 days $'000	30 to 60 days $'000	60 to 90 days $'000	> 90 days $'000	Total $'000
Individual (retail customers)					
Instalment loans	171,885	15,383	3,872	47	191,187
Demand loans	71,672	18,064	4,744	2,558	97,038
Overdrafts	3,742	196	40	—	3,978
Credit cards	5,466	6,968	3,578	2,361	18,373
Mortgages	577,558	69,068	11,690	18,567	676,883
Sub-Total	830,323	109,679	23,924	23,533	987,459
Corporate					
Demand loans	913,000	29,149	11,002	—	953,151
Mortgages	459,707	58,018	3,696	—	521,421
Sub-Total	1,372,707	87,167	14,698	—	1,474,572
Total loans to customers	2,203,030	196,846	38,622	23,533	2,462,031
Fair value of collateral					
Individual (retail customers)	1,176,089	159,825	71,617	34,808	1,442,339
Corporate	1,506,571	199,977	27,540	—	1,734,088
Impairment allowance					
Individual (retail customers)	(8,051)	(1,400)	(392)	(300)	(10,143)
Corporate	(7,886)	(273)	(65)	—	(8,224)
Other loans and receivables	—	—	—	764,816	764,816

3 Financial risk management (continued)

a. *Credit risk (continued)*

(vii) *Loans to customers and other financial assets (continued)*

(b) *Past due but not impaired (continued)*

30 September 2014	Up to 30 days $'000	30 to 60 days $'000	60 to 90 days $'000	> 90 days $'000	Total $'000
Individual (retail customers)					
Instalment loans	178,975	10,382	2,777	—	192,134
Demand loans	64,444	16,438	3,695	—	84,577
Overdrafts	9,023	379	116	—	9,518
Credit cards	3,220	12,169	3,361	—	18,750
Mortgages	556,654	72,404	13,153	18,085	660,296
Sub-Total	812,316	111,772	23,102	18,085	965,275
Corporate					
Demand loans	515,581	30,980	3,995	—	550,556
Mortgages	594,337	61,690	—	—	656,027
Sub-Total	1,109,918	92,670	3,995	—	1,206,583
Total loans to customers	1,922,234	204,442	27,097	18,085	2,171,858
Fair value of collateral					
Individual (retail customers)	1,006,416	141,726	18,010	29,053	1,195,205
Corporate	1,435,531	91,622	7,814	—	1,534,967
Impairment allowance					
Individual (retail customers)	(8,116)	(1,638)	(400)	(60)	(10,214)
Corporate	(4,707)	(291)	(31)	—	(5,029)
Other loans and receivables	—	—	—	736,929	736,929

(c) *Individually impaired*

	Individual (retail customers)					Corporate		Total
	Instalment $'000	Demand Loans $'000	Overdrafts $'000	Credit Cards $'000	Mortgages $'000	Demand Loans $'000	Mortgages $'000	$'000
30 September 2015								
Loans to customers	23,295	54,146	604	24,402	57,976	497,387	30,703	688,513
Fair value of collateral	12,011	105,917	194	—	78,786	679,053	34,830	910,791
Impairment allowance	(20,060)	(11,039)	(545)	(17,254)	(10,536)	(108,183)	(7,771)	(175,388)
30 September 2014								
Loans to customers	22,762	51,177	852	19,368	66,914	327,729	31,455	520,257
Fair value of collateral	8,101	91,402	6	—	75,136	533,073	29,876	737,594
Impairment allowance	(20,212)	(8,613)	(598)	(15,109)	(19,672)	(133,539)	(5,770)	(203,513)

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

(d) *Loans to customers renegotiated*

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

(viii) *Credit quality of available-for-sale and held-to-maturity securities and other loans and receivables*

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

30 September 2015

S&P	Other loans & receivables $'000	Available-for-sale securities $'000	Held to maturity $'000
Investment grade	981,720	9,718,731	839,466
Speculative grade	280,212	924,740	766,807
	1,261,932	10,643,471	1,606,273

30 September 2014

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

(ix) *Repossessed collateral*

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

(x) *Concentration of risks of financial assets with credit risk exposure*

The following table breaks down the Group's main credit exposure as categorised by industry sectors of counter parties excluding Statutory Deposit with Central Bank:

	2015 Gross Maximum Exposure $'000	2014 Gross Maximum Exposure $'000
Financial assets:		
Consumer	2,390,624	2,154,007
Agriculture	9,049	10,831
Petroleum	596,454	497,672
Manufacturing	353,686	152,467
Construction	4,835,323	3,897,772
Distribution	259,266	296,697
Hotels and guest houses	532,766	611,246
Transport, storage and communications	1,038,308	768,339
Finance, insurance and real estate	4,791,905	5,362,978
Other business services	1,429,658	1,316,759
Personal services	288,978	143,386
Real estate mortgages	3,197,802	2,785,106
Government related	10,082,931	7,588,261
Finance leases	588	818
Financial institutions	2,224,454	2,879,772
Other assets	365,783	273,045
	32,397,575	28,739,156

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 Group separates exposures to market risk into either trading or non-trading portfolios.

The market risks arising from trading and non-trading activities are measured separately by the Group Market Risk department who submit reports to the Senior Management Enterprise Risk Committee on a regular basis and also reports via the Enterprise Risk Unit to the Board Enterprise Risk Committee to enable Board oversight of market risk issues. Additionally, on a monthly basis, the Bank's Market Risk Committee reviews and approves the yield curves used to value all investment securities and reports on this into the Group ALCO. This Committee also provides for the consideration of the Group ALCO technical information that may be relevant to current and developing market conditions from time to time.

3 Financial risk management (continued)

b. *Market risk (continued)*

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

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

(i) *Currency risk*

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. It is the policy of the Group not to engage in speculative foreign exchange activities, since its primary focus is to supply foreign currency to customers at a profit with the US$ dominating trading. However, as supply usually lags behind customer demand, the Group may find itself in an overbought or oversold position.

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

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

	TT$ $'000	US$ $'000	Other $'000	Total $'000
As at 30 September 2015				
Financial assets				
Cash and due from other banks	526,879	1,109,896	584,744	2,221,519
Statutory deposits with Central Banks	4,335,455	2,070	85,730	4,423,255
Financial assets:				
- Available-for-sale	7,852,553	2,199,891	635,221	10,687,665
- Held-to-maturity	530,576	349,638	726,059	1,606,273
- Fair value through profit or loss	8	74	—	82
- Loans and receivables less allowances for losses:				
- Loans to customers	216,579	795,923	249,430	1,261,932
- Other loans and receivables	8,929,828	3,589,088	1,311,619	13,830,535
- Loan notes	1,544,313	613,741	—	2,158,054
Other assets	292,079	69,769	35,116	396,964
Investment accounted for using equity methods	79,983	78,587	—	158,570
Total financial assets	24,308,253	8,808,677	3,627,919	36,744,849
Financial liabilities				
Customers' deposits	15,080,125	3,902,518	2,011,884	20,994,527
Other funding instruments	1,716,278	3,033,255	85	4,749,618
Due to other banks	—	—	200,911	200,911
Bonds payable	906,550	1,021,024	—	1,927,574
Creditors and accrued expenses	2,893,799	29,488	47,497	2,970,784
Total financial liabilities	20,596,752	7,986,285	2,260,377	30,843,414
Net on balance sheet position	3,711,501	822,392	1,367,542	5,901,435
Off balance sheet items	146,415	11,508	191	158,114
Credit commitments	230,289	31,493	245,251	507,033

	TT$ $'000	US$ $'000	Other $'000	Total $'000
As at 30 September 2014				
Financial assets				
Cash and due from other banks	449,395	1,542,345	885,207	2,876,947
Statutory deposits with Central Banks	5,317,714	3,055	88,035	5,408,804
Financial assets:				
- Available-for-sale	6,287,667	1,925,111	436,625	8,649,403
- Held-to-maturity	545,344	481,492	765,982	1,792,818
- Fair value through profit or loss	9	95	—	104
- Loans and receivables less allowances for losses:				
- Loans to customers	7,724,103	2,138,533	1,291,099	11,153,735
- Other loans and receivables	207,694	862,752	192,647	1,263,093
- Loan notes	1,562,011	892,990	—	2,455,001
Other assets	221,740	42,577	30,877	295,194
Investment accounted for using equity methods	70,264	78,587	—	148,851
Total financial assets	22,385,941	7,967,537	3,690,472	34,043,950
Financial liabilities				
Customers' deposits	15,793,953	3,044,921	2,050,925	20,889,799
Other funding instruments	1,451,448	2,087,393	1,269,219	4,808,060
Due to other banks	—	—	82,454	82,454
Bonds payable	906,550	1,039,219	—	1,945,769
Creditors and accrued expenses	374,632	35,325	32,626	442,583
Total financial liabilities	18,526,583	6,206,858	3,435,224	28,168,665
Net on balance sheet position	3,859,358	1,760,679	255,248	5,875,285
Off balance sheet items	197,948	14,684	2,054	214,686
Credit commitments	171,075	42,516	172,526	386,117

Included in the "Other" category are assets and liabilities held in UK pound sterling, Canadian dollars, Euros, Barbados, Eastern Caribbean Dollars and Yen. A 1% increase or decrease in any of these currencies would not significantly impact the Group's profit.

If the TT$ appreciates by 100 basis points against the US$, the profit would decrease by $21.1 million (2014: $19.5 million). 100 basis points was considered a reasonable possible shift since the US$ rate has not changed by more than 100 basis points year-on-year over the past 3 years. The average change for the last three years was 5.2 basis point (2014:42.8 basis points).

(ii) *Interest rate risk*

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

The Group's objective in the management of its interest rate risk is to reduce the sensitivity of its earnings and overall portfolio value to fluctuations in the interest rate. The strategy employed to achieve this involves the active pricing of deposit and loan products, increasing market share of loans and funding, diversifying portfolios, changing the mix of products in accordance with market trends and reducing funding mismatch through long-term instruments.

3 Financial risk management (continued)

b. *Market risk (continued)*

(ii) *Interest rate risk (continued)*

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

As at 30 September 2015	Up to 1 month $'000	1 to 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Total $'000
Financial Assets							
Cash and due from other banks	1,352,865	168,081	211,144	—	—	489,429	2,221,519
Statutory deposits with Central Banks	824,510	322,696	524,786	—	—	2,751,263	4,423,255
Financial assets:							
- Available-for-sale	862,807	1,523,228	931,146	2,485,553	4,840,656	44,275	10,687,665
- Held-to-maturity	12,906	—	350,842	659,618	582,907	—	1,606,273
- Fair value through profit or loss	—	—	—	—	—	82	82
- Loan to customers and finance leases	3,475,003	1,242,054	3,853,492	3,284,981	1,971,774	3,819	13,831,123
- Other loans and receivables	4,348	816,243	8,033	340,841	92,467	—	1,261,932
- Loan notes	709,455	—	1,006,401	294,798	147,400	—	2,158,054
Other assets	9,983	—	—	—	—	386,981	396,964
Due from parent company	—	—	—	—	—	2,935	2,935
Total financial assets	7,251,877	4,072,302	6,885,844	7,065,791	7,635,204	3,678,784	36,589,802
Financial liabilities							
Customers' deposits	17,549,794	811,494	2,013,589	230,979	843	387,827	20,994,526
Other funding instruments	932,875	1,135,972	2,416,022	264,749	—	—	4,749,618
Due to other banks	20,954	—	—	157,899	—	22,058	200,911
Bonds payable	406,550	—	1,021,024	—	500,000	—	1,927,574
Notes due to parent company	—	—	—	—	—	58,000	58,000
Creditors and accrued expenses	2,697,844	—	—	—	—	272,941	2,970,785
Total financial liabilities	21,608,017	1,947,466	5,450,635	653,627	500,843	740,826	30,901,414
Interest sensitivity gap	(14,356,140)	2,124,836	1,435,209	6,412,164	7,134,361		

As at 30 September 2014	Up to 1 month $'000	1 to 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Total $'000
Financial assets							
Cash and due from other banks	1,188,720	494,875	685,330	—	—	508,022	2,876,947
Statutory deposits with Central Banks	765,327	336,421	564,900	—	—	3,742,156	5,408,804
Financial assets:							
- Available-for-sale	788,699	206,194	2,239,837	1,099,348	4,201,058	114,267	8,649,403
- Held-to-maturity	—	13,436	120,156	965,898	693,328	—	1,792,818
- Fair value through profit or loss	—	—	—	—	—	104	104
Loan to customers and finance leases	1,749,978	1,105,685	2,169,738	3,926,751	2,202,401	—	11,154,553
- Other loans and receivables	30,455	756,623	263,774	166,055	46,186	—	1,263,093
Loan notes	—	1,865,403	73,700	294,798	221,100	—	2,455,001
Other assets	16,698	—	—	—	—	278,496	295,194
Due from parent company	—	—	—	—	—	2,825	2,825
Total financial assets	4,539,877	4,778,637	6,117,435	6,452,850	7,364,073	4,645,870	33,898,742
Financial liabilities							
Customers' deposits	18,050,942	599,234	1,651,045	185,044	832	402,702	20,889,799
Other funding instruments	820,778	1,237,289	2,365,065	384,928	—	—	4,808,060
Due to other banks	61,683	—	—	—	—	20,771	82,454
Bonds payable	—	—	—	1,445,769	500,000	—	1,945,769
Notes due to parent company	—	—	—	—	—	58,000	58,000
Creditors and accrued expenses	—	—	—	—	—	442,583	442,583
Total financial liabilities	18,933,403	1,836,523	4,016,110	2,015,741	500,832	924,056	28,226,665
Interest sensitivity gap	(14,393,526)	2,942,114	2,101,325	4,437,109	6,863,241		

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

A 100 basis point increase in interest rates will cause a decrease in profit of $29.8 million (2014 - $18.8 million) and a decrease in reserves of $449.9 million (2014: $386.7 million).

(iii) *Other price risk*

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

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

Liquidity risk management process

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

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

(i) *Financial assets and liabilities*

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

As at 30 September 2015	Up to 1 month $'000	1 to 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Financial liabilities						
Customers' deposits	18,126,821	655,738	2,022,386	236,844	967	21,042,756
Other funding instruments	937,448	1,141,069	2,446,016	276,658	—	4,801,191
Due to banks	43,035	—	—	—	166,146	209,181
Bonds payable	520,932	—	1,144,970	62,643	525,445	2,253,990
Notes due to parent company	58,000	—	—	—	—	58,000
Creditors and accrued expenses	2,970,785	—	—	—	—	2,970,785
Total financial liabilities	22,657,021	1,796,807	5,613,372	576,145	692,558	31,335,903
Total financial assets	9,098,591	4,660,442	9,902,437	10,123,798	13,997,810	47,783,078
Liquidity gap	(13,558,430)	2,863,635	4,289,065	9,547,653	13,305,252	16,447,175

3 Financial risk management (continued)

c. *Liquidity risk (continued)*

(i) *Financial assets and liabilities (continued)*

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

(ii) *Assets held for managing liquidity risk*

The Group holds a diversified portfolio of cash and high-quality highly-liquid securities to support payment obligations and contingent funding in a stressed market environment. The Group's assets held for managing liquidity risk comprise:

- Cash and balances with central banks;
- Certificates of deposit;
- Government bonds and other securities that are readily acceptable in repurchase agreements with central banks; and
- Secondary sources of liquidity in the form of highly liquid instruments in the Group's investment portfolios.

(iii) *Off-Balance sheet items*

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

As at 30 September 2015	Up to 1 month $'000	1 to 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Loan commitments	261,782	—	245,251	—	—	507,033
Acceptances	2,602	1,181	19,226	—	—	23,009
Guarantees	79,118	1,115	23,735	17,089	21	121,078
Letters of credit	5,263	681	7,500	583	—	14,027
Operating leases	510	1,016	29,505	75,215	61,662	167,908
Capital commitments	—	—	15,930	—	—	15,930
Total	349,275	3,993	341,147	92,887	61,683	848,985

As at 30 September 2014	Up to 1 month $'000	1 to 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Loan commitments	386,117	—	—	—	—	386,117
Acceptances	1,783	378	1,472	—	—	3,633
Guarantees	67,627	7,514	59,624	55,619	21	190,405
Letters of credit	14,685	4,472	913	583	—	20,653
Operating leases	1,253	2,510	11,291	49,453	20,293	84,800
Capital commitments	—	—	12,529	—	—	12,529
Total	471,465	14,874	85,829	105,655	20,314	698,137

d. *Fiduciary activities*

The Group provides custody, trustee and investment management services to third parties which involve the Group making allocation and purchase and sale decisions in relation to a wide range of financial instruments. Those assets that are held in a fiduciary capacity are not included in these consolidated financial statements. The assets under administration at 30 September 2015 totalled $15.3 billion (2014 - $14.9 billion).

e. *Operational risk*

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

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

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 capital requirement set by the regulators under the Financial Institutions Act (2008);
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits for other stakeholders;
- To ensure that the Group can remain solvent during periods of adverse earnings or economic decline; and
- To ensure that the Group is adequately capitalised to cushion depositors and other creditors against losses.

Capital adequacy and the use of the regulatory capital are monitored monthly by the Group ALCO Committee, employing techniques based on the guidelines developed by the Basel Committee on Banking Regulations and Supervisory practices, as implemented by the Central Bank of Trinidad and Tobago for supervisory purposes. The required information is filed with the Central Bank of Trinidad & Tobago on a monthly basis.

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

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

The Group's regulatory capital is comprised of:

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

Tier 1 (Core) Capital	2015 $'000	2014 $'000 Restated
Share capital	539,957	539,957
Statutory reserve	675,726	672,768
Retained earnings	3,926,505	3,601,058
Less: Intangible assets	(199,307)	(203,245)
Total Tier 1	4,942,881	4,610,538
Tier 2 (Supplementary) Capital		
Preference shares	103,600	103,600
Fair value reserves	988,576	922,108
Eligible reserve provision	162,817	143,266
Total Tier 2 Capital	1,254,993	1,168,974
Total Capital	6,197,874	5,779,512
Ratios		
Risk adjusted assets	12,879,428	11,297,893
Qualifying capital to risk adjusted assets	48.12%	51.16%
Core capital to qualifying capital	79.75%	79.77%

3 Financial risk management (continued)

g. *Fair value of financial assets and liabilities*

(i) *Financial instruments not measured at fair value*

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

	Carrying Value		Fair Value	
	2015	2014	2015	2014
Financial assets	$'000	$'000	$'000	$'000
Cash and due from other banks	2,221,519	2,876,947	2,221,694	2,876,947
Statutory deposits with Central Banks	4,423,255	5,408,804	4,423,300	5,408,804
Financial assets: -				
- Loans to customers	13,830,535	11,153,735	14,836,734	11,752,704
- Held to maturity	1,606,273	1,792,818	1,657,802	1,887,817
- Other loans and receivables	1,261,932	1,263,093	1,249,316	1,254,653
- Loan notes	2,158,054	2,455,001	2,331,769	2,694,760
- Finance leases	588	818	632	1,111
Other assets	396,964	295,194	396,964	295,194
Financial liabilities				
Customers' deposits	20,994,526	20,889,799	21,044,134	20,942,455
Other funding instruments	4,749,618	4,808,060	4,791,125	4,824,180
Bonds payable	1,927,574	1,945,769	1,946,701	2,085,718
Notes due to parent	58,000	58,000	58,000	58,000
Creditors and accrued expenses	2,970,784	442,583	2,970,784	442,583

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

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

Financial instruments where carrying value is equal to fair value

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

Loans to customers less allowance for loan losses

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

Held to maturity investments

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

Other loans and receivables

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

Loan notes

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

Customer deposits

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

Bonds payable

The fair value of bonds payable is calculated using discounted cash flow analyses assuming the 'yield to call' method of valuation. These bonds carry fixed interest rates and have been discounted using the prevailing market rate of similar instruments.

Note due to parent company

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

(ii) *Fair value hierarchy*

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

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

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

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

As at 30 September 2015	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets				
Financial assets designated at fair value				
- Equity securities	—	—	82	82
	—	—	82	82
Available-for-sale financial assets:				
-Investment securities – debt	677,907	9,749,493	216,071	10,643,471
-Investment securities – equity	36,541	280	7,373	44,194
	714,448	9,749,773	223,444	10,687,665
Total financial assets	714,448	9,749,773	223,526	10,687,747

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

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

	As at September 2015				As at September 2014			
	Debt Securities $'000	Equity $'000	Designated at Fair Value	Total $'000	Debt Securities $'000	Equity $'000	Designated at Fair Value	Total $'000
Opening balance	99,623	7,501	104	107,228	112,808	7,381	368	120,557
Exchange	—	—	—	—	(1,146)	(14)	20	(1,140)
Purchased	185,034	123	—	185,157	—	3	—	3
Settlement	(70,121)	—	—	(70,121)	(7,465)	—	(284)	(7,749)
Total losses- OCI	1,535	(251)	(22)	1,262	(4,574)	131	—	(4,443)
Closing balance	216,071	7,373	82	223,526	99,623	7,501	104	107,228

4 Critical accounting estimates and judgements

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

a. *Fair value of available-for-sale financial instruments*

The Group uses the discounted cash flow method to determine the fair value of available-for-sale financial assets not traded in active markets. The discounted cash flow method discounts the cash-flows of the financial assets at an appropriate yield plus a credit spread where applicable. The carrying amount of available-for-sale financial assets would decrease by $449.9 million if the discount rate used in the discounted cash flow analysis is increased by 100 basis points from management's estimates (2014 - $386.7 million).). During the year the Group amended the credit spread methodology to include the tenor of facility, this change resulted in a decrease in the valuation by $10.1 million.

b. *Estimation of the impairment loss on the loan portfolio*

The Group estimates the impairment loss on its loan portfolio by comparing the present value of the future cash flows to the carrying amounts in the consolidated financial statements. The Group makes assumptions about the amount and timing of future cash flows as well as the loss experience of the portfolio. The loss experience considers both the recovery rate on the portfolio as well as the probability of default by the customer. Management considers both the market and economic conditions at the year end and may modify the loss experience on the portfolio if necessary, to reflect current conditions. The Group uses five (5) years of historical data in its assessment.

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

Inflation is one of the economic factors used in the assessment. During the period the Group changed from using Headline to Core inflation. This change resulted in a decrease in provisioning by $3.0 million.

If the Group's estimation of the loss experience on the portfolio of loans not considered individually impaired were adjusted by 100 basis points upwards, the impairment provision for loans and receivables would increase by $0.9 million (2014 - $0.9 million), and if the historical period is adjusted from 5 years to 3 years, the provision will increase by $8.6 million (2014 - $8.6 million).

c. *Impairment losses of debt securities*

The Group reviews its debt securities portfolios to assess impairment at least on an annual basis. In determining whether an impairment loss should be recorded in the statement of income, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of debt securities before the decrease can be identified with an individual receivable in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. The Group also makes judgements on the mitigating factors impacting the probability of impairment losses.

d. *Impairment of available-for-sale equity investments*

The Group determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the issuer, industry and sector performance, changes in technology, and operational and financing cash flows.

e. *Held to maturity investments*

The Group follows the IAS 39 guidance on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgment. In making this judgment, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to reclassify the entire category of $1,658 million (2014: $1,888 million) as available-for-sale. The investments would therefore be measured at fair value not amortised cost. If the entire held-to-maturity investments are tainted, the fair value of investments would decrease by $18.0 million (2014: $95.0 million), with a corresponding entry in the fair value reserve in shareholders' equity.

f. *Income taxes*

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

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

g. *Retirement benefits*

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

The assumptions used in determining the net cost (income) for pensions include the discount rate, salary and pension increases. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds, and where no deep corporate market exist, the Government bonds are used, that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

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

h. *Fair valuation of properties*

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

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

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

i. *Estimated impairment of goodwill*

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 2.b.(iii). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. If the discounted rate used in the value-in-use calculation was increased by 100 basis points from management's estimates, the value in use calculation will still exceed the fair value less cost to sell calculation, and there will be no impairment of goodwill.

5 Segment analysis

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

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

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

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements *(continued)*

(Expressed in Trinidad and Tobago dollars)

5 Segment analysis (continued)

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

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

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

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

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

a. *Segment results of operations*

The segment information provided to the Executive Management for the reportable segments for the year ended 30 September 2015 is as follows:-

	Retail Banking $'000	Corporate Banking $'000	Treasury & Investments Banking $'000	Trustee & Asset Management $'000	Group Functions $'000	Total $'000
Year ending 30 September 2015						
Net interest income	479,617	371,951	315,610	2,904	833	1,170,915
Inter-segment net interest income	57,362	(31,221)	(26,141)	—	—	—
Net fee and commission income	143,982	16,701	46,198	211,436	3,816	422,133
Foreign exchange gains	41,042	2,186	76,368	43	873	120,512
Other income	168	24	701,058	4,375	33	705,658
Total income	722,171	359,641	1,113,093	218,758	5,555	2,419,218
Loan impairment charges	(11,416)	8,934	(2,067)	—	—	(4,549)
Depreciation and amortisation expense	(29,788)	(652)	(8,922)	(1,155)	(23,522)	(64,039)
Administrative expenses	(188,911)	(11,755)	(170,815)	(21,257)	(136,090)	(528,828)
Other operating expenses	(246,911)	(27,002)	(69,202)	(18,656)	(34,614)	(396,385)
Total non-interest expenses	(477,026)	(30,475)	(251,006)	(41,068)	(194,226)	(993,801)
Profit before taxation	245,145	329,166	862,087	177,690	(188,671)	1,425,417
Income tax expense	(1,166)	(226)	(35,490)	(42,450)	(82,490)	(161,822)
Profit for the year	243,979	328,940	826,597	135,240	(271,161)	1,263,595
As at 30 September 2015						
Total assets	6,977,892	10,470,563	24,992,527	358,345	484,375	43,283,702
Total liabilities	16,748,444	3,497,569	15,985,026	65,984	9,862	36,306,885
Year ending 30 September 2014						
Net interest Income	463,807	363,442	325,297	2,978	742	1,156,266
Inter-segment net interest income	66,999	(28,791)	(38,208)	—	—	—
Net fee and commission income	125,231	16,003	37,897	183,245	2,952	365,328
Foreign exchange gains	38,404	1,322	34,695	285	1,641	76,347
Other income	9,774	81	316,592	6,598	80	333,125
Total income	704,215	352,057	676,273	193,106	5,415	1,931,066
Loan impairment charges	(11,380)	2,755	(4,259)	—	—	(12,884)
Depreciation and amortisation expense	(27,607)	(668)	(9,142)	(1,007)	(18,660)	(57,084)
Administrative expenses	(168,103)	(11,363)	(142,515)	(18,351)	(119,363)	(459,695)
Other operating expenses	(227,368)	(33,286)	(81,255)	(19,273)	(37,495)	(398,677)
Total non-interest expenses	(434,458)	(42,562)	(237,171)	(38,631)	(175,518)	(928,340)
Profit before taxation	269,757	309,495	439,102	154,475	(170,103)	1,002,726
Income tax expense	(1,245)	(35)	(34,463)	(38,198)	(73,939)	(147,880)
Profit for the year	268,512	309,460	404,639	116,277	(244,042)	854,846
As at 30 September 2014						
Total assets	6,872,387	6,481,609	23,804,673	479,916	389,887	38,028,472
Total liabilities	13,192,184	5,387,712	12,444,405	145,739	14,323	31,184,363

b. *Reconciliation of segment results of operations to consolidated results of operations*

	Total management reporting $'000	Consolidation and adjustments $'000	Total consolidated $'000
Year Ended 30 September 2015			
Net interest income	1,170,915	(1,983)	1,168,932
Non-interest income	1,248,303	(653,885)	594,418
Impairment losses	(4,549)	—	(4,549)
Non-interest expenses	(989,352)	5,239	(984,013)
Operating profit	1,425,417	(650,629)	774,788
Share of profit of associates and joint ventures accounted for by the equity method	—	15,993	15,993
Income tax expense	(161,822)	1,479	(160,343)
Profit for the year	1,263,595	(633,157)	630,438
As at 30 September 2015			
Total assets	43,283,702	(5,745,388)	37,538,314
Total liabilities	36,306,885	(5,094,461)	31,212,424
Year ended 30 September 2014			
Net interest income	1,156,266	415	1,156,681
Non interest income	774,800	(250,362)	524,438
Impairment losses	(12,884)	—	(12,884)
Non-interest expenses	(915,456)	2,375	(913,081)
Operating profit	1,002,726	(247,572)	755,154
Share of profit of associates and joint ventures accounted for by the equity method	—	17,421	17,421
Income tax expense	(147,880)	1,865	(146,015)
Profit for the year	854,846	(228,286)	626,560
As at 30 September 2014			
Total assets	38,028,472	(3,170,504)	34,857,968
Total liabilities	31,184,363	(2,567,748)	28,616,615

6 Cash and due from other banks

	2015 $'000	2014 $'000
Cash and bank balances	1,597,982	1,507,686
Short-term investments	623,537	1,369,261
	2,221,519	2,876,947
Short-term investments:		
- Maturity within 3 months	323,360	757,196
- Maturity over 3 months	300,177	612,065
	623,537	1,369,261

The average effective interest rate on short-term bank deposits was 0.65% (2014 – 0.50%); these deposits have an average maturity of 90 days (2014: 90 days).

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

	2015 $'000	2014 $'000
Cash and bank balances	1,597,982	1,507,686
Short-term investments – maturity within 3 months	323,360	757,196
Due to other banks	(200,911)	(82,454)
	1,720,431	2,182,428

7 Statutory deposits with Central Bank

Under the provisions of Financial Institutions Act 2008 (Trinidad and Tobago), the Bank and its subsidiary (First Citizens Asset Management Limited) are required to maintain as a deposit with the Central Bank of Trinidad and Tobago restricted cash balances. These balances represent a ratio of certain deposit liabilities held in such form and to such extent as the Central Bank may prescribe from time to time. As of 30 September 2015, the current ratio was 17% for First Citizens Bank Limited and 9% for First Citizens Asset Management Limited. Under the provisions of the Act, it can be waived for a specified period of time and on such conditions as may be determined by the Central Bank. In 2006, the Central Bank introduced another compulsory deposit account, which amounted to $2,751.2 million as at year end (2014: $1,666.6 million) and carries an average interest rate of 0.47% (2014: 0.26%) per annum. Interest is to be paid semi-annually.

In Barbados, under the provisions of the Financial Institution Act, 1996-16, the Bank's subsidiary, First Citizens Bank (Barbados) Limited, is required to maintain as a deposit with the Central Bank of Barbados restricted cash balances. This balance represents a ratio of customers deposit balances (both domestic and foreign currency) held in such form and to such extent as the Minister, on advice of the Central Bank may prescribe from time to time. As at 30 September 2015, the ratio was 15% of total domestic customer deposit balances (comprising 10% government securities and 5% cash) plus 2% of total foreign customer deposit balances.

As at 30 September 2015 the Bank and its qualifying subsidiaries were in compliance with these requirements.

8 (a) Financial assets available-for-sale

	2015 $'000	2014 $'000
Securities of/or guaranteed by the Government of the Republic of Trinidad and Tobago	6,739,260	5,317,870
Listed investments	1,388,417	497,157
Unlisted investments	2,567,798	2,864,573
	10,695,475	8,679,600
Impairment allowance	(7,810)	(30,197)
	10,687,665	8,649,403
Debt securities		
Listed	1,351,479	1,140,475
Unlisted	9,291,992	7,400,800
	10,643,471	8,541,275
Equity securities		
Listed	36,821	100,628
Unlisted	7,373	7,500
	44,194	108,128
Total securities	10,687,665	8,649,403
Current portion	3,317,265	3,765,838
Non current portion	7,370,400	4,883,565
	10,687,665	8,649,403

Investment securities totalling $4,660 million (2014 - $4,714 million) are pledged to secure the repurchase agreements (see Note 19). Interest rates on these repos range from 0.15% to 7.7% in 2015 (2014 – 0.15% to 4.78%).

	2015 $'000	2014 $'000
Balance at beginning of the year	8,649,403	8,611,545
Exchange differences	2	(23,220)
Additions	8,264,285	5,431,262
Disposals	(5,945,753)	(5,332,388)
Impairment allowance	22,387	(4,007)
Net fair value gains	(302,659)	(33,789)
Balance at end of year	10,687,665	8,649,403
Fair value gains/(losses) based on:		
Quoted market prices	(65,098)	30,391
Other techniques	(235,561)	(64,180)
	(302,659)	(33,789)
The movement in the impairment allowance is as follows:		
Allowance at beginning of the year	30,197	26,943
Exchange difference	—	(72)
Charge for the year	—	4,122
Accounts written off during the year	(22,387)	(796)
Allowance at the end of year	7,810	30,197

8 (b) Financial assets held to maturity

	2015 $'000	2014 $'000
Securities of/or guaranteed by the Government of the Republic of Trinidad and Tobago	508,545	520,432
Unlisted investments	343,032	474,781
Listed investments	754,696	811,467
	1,606,273	1,806,680
Impairment	—	(13,862)
	1,606,273	1,792,818
Current portion	363,749	133,592
Non current portion	1,242,524	1,659,226
	1,606,273	1,792,818
Balance at beginning of the year	1,792,818	1,692,664
Exchange differences	(344)	(10,100)
Additions	20,341	398,882
Maturity/Redemption	(203,768)	(266,811)
Impairment	13,862	(13,862)
Amortisation	(16,636)	(7,955)
Balance at end of year	1,606,273	1,792,818

8 (c) Financial assets at fair value through profit and loss

	2015	2014
Equity securities:		
- Listed	82	104
At beginning of year	104	368
Additions	—	—
Disposals	—	(284)
Gains from changes in fair value	(22)	20
At end of year	82	104

The above equity securities are managed and their performance evaluated on a fair value basis in accordance with a documented risk management strategy, and information about the groups of financial instruments is reported to management on that basis.

9 Loans to customers

	2015 $'000	2014 $'000
Performing loans	13,645,349	10,940,162
Non-performing loans	478,772	520,257
	14,124,121	11,460,419
Allowance for loan losses	(293,586)	(306,684)
	13,830,535	11,153,735
Loans analysed by sector		
Consumer	2,377,430	2,126,636
Agriculture	9,048	10,831
Petroleum	186,842	6,641
Manufacturing	346,170	116,802
Construction	3,873,394	2,885,403
Distribution	259,266	296,697
Hotels and guest houses	526,934	599,256
Transport, storage and communications	924,554	487,999
Finance, insurance and real estate	1,359,211	1,140,840
Other business services	1,083,426	999,391
Personal services	288,978	143,386
Real estate mortgage	2,888,868	2,646,537
	14,124,121	11,460,419
Current portion	8,690,414	5,003,479
Non-current portion	5,433,707	6,150,256
	14,124,121	11,153,735
Allowance for loan losses		
Allowance at beginning of the year	306,684	319,348
Exchange difference	—	(306)
Charge for the year	17,213	21,414
Loans written off during the year	(30,311)	(33,772)
Allowance at the end of year	293,586	306,684
Impairment loss on loans net of recoveries		
Charge for the year	17,213	21,414
Amounts recovered during the year	(11,304)	(8,541)
	5,909	12,873

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

10 Other loans and receivables

	2015 $'000	2014 $'000
Corporate	1,250,423	1,238,807
Individuals	16,597	29,406
Total other loans and receivables	1,267,020	1,268,213
Impairment allowance	(5,088)	(5,120)
	1,261,932	1,263,093
Current portion	832,576	1,051,288
Non current portion	429,356	211,805
	1,261,932	1,263,093
Balance at beginning of the year	1,263,093	1,583,739
Exchange differences	(30)	(11,710)
Net disposals	(1,131)	(308,945)
Net movement in allowance	—	9
Balance at end of year	1,261,932	1,263,093

The movement in the impairment allowance is as follows:

	2015 $'000	2014 $'000
Allowance at beginning of the year	5,120	5,129
Exchange differences	—	(9)
(Recovery)/charge for the year	(32)	—
Written off during the year	—	—
Allowance at the end of year	5,088	5,120

11 Loan notes

The loan notes due to the Group comprise the following:

	2015 $'000	2014 $'000
i) Taurus Services Limited	479,399	547,885
ii) First Citizens Holdings Limited (Holdings)	36,499	41,713
iii) Notes receivable from Central Bank of Trinidad and Tobago	1,642,156	1,865,403
	2,158,054	2,455,001

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

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

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

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

The terms of this new agreement are as follows:

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

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

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

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

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

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

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

(iii) This balance represents four pro-notes due from the Central Bank of Trinidad & Tobago (CBTT), received as consideration for the CLICO Investment Bank (CIB) fixed deposits portfolio transferred to the Group, as part of the liquidation of that financial institution, as at 1st February 2009.

- Two notes totalling TT$972.4 million (2014: $972.4 million) at 1.5 % (2014: 1.35%), with a tenor of one year (1) with effect from January 2015. In September 2015, CBTT agreed to repay 50% on October 1 2015, and quarterly payments subsequently, with full liquidation by April 2016.
- The other two totalling US$106.3 million (2014: $141.8 million) are at 0.65% (2014:1.00%). These notes have a tenor of three months with effect from July 2015, as well principal repayment of $35.2M quarterly, with full liquidation by April 2016.

12 Finance leases

	2015 $'000	2014 $'000
Gross lease receivable	588	973
Unearned finance charges	—	(155)
Net investment in finance leases	588	818
The gross investment in finance lease receivable is analysed as follows:		
- Up to one year	249	315
- One year to five years	339	658
	588	973
The net investment in finance leases may be analysed as follows:		
- Up to one year	249	269
- One year to five years	339	549
	588	818

13 Other assets

	2015 $'000	2014 $'000
Prepayments	31,181	22,149
Accounts receivable	186,950	95,352
Accrued interest	178,833	177,693
	396,964	295,194

14 Investment accounted for using equity methods

	2015 $'000	2014 $'000
Investment in Joint Venture	26,661	24,117
Investment in Associate	131,909	124,734
	158,570	148,851

14 a. Investment in joint ventures

	2015 $'000	2014 $'000
i) Infolink Services Limited (ISL)	25,671	23,213
ii) Trinidad & Tobago Interbank Payment System Limited (TTIPS)	990	904
	26,661	24,117
Beginning of the year	24,117	21,478
Share of profit after tax	3,696	3,710
Dividend received from Joint Ventures	(1,152)	(1,071)
At end of year	26,661	24,117

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

14 a. Investment in joint ventures (continued)

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

Name	Country of Incorporation	Assets $'000	Liabilities $'000	Revenues $'000	Profits $'000	% Interest Held
2015						
ISL	Trinidad & Tobago	105,412	2,727	25,803	14,447	25
TTIPS	Trinidad & Tobago	7,247	319	2,705	589	14.25
2014						
ISL	Trinidad & Tobago	95,022	2,173	26,847	14,509	25
TTIPS	Trinidad & Tobago	6,548	208	2,297	534	14.29

b. *Investment in associate*

	2015 $'000	2014 $'000
Beginning of the year	124,734	117,401
Share of reserve movement	2,252	1,538
Share of profit after tax	12,297	13,711
Exchange differences	—	(646)
Dividend received from associate	(7,374)	(7,270)
At end of year	131,909	124,734

The investment in associate at 30 September 2015 includes goodwill of $4.6 million (2014 - $4.6 million). The Group's share of the results of associate, which is listed on the Eastern Caribbean Securities Exchange, and its share of the assets (including goodwill and liabilities) are as follows:

Name	Country of Incorporation	Assets $'000	Liabilities $'000	Revenues $'000	Profits $'000	% Interest Held
2015						
St. Lucia Electricity Services Limited	St. Lucia	1,309,903	644,484	566,562	64,273	19.11
2014						
St. Lucia Electricity Services Limited	St. Lucia	1,258,123	605,401	782,027	71,749	19.11

The fair value of the investment in associate at 30 September 2015 is $131.9 million (2014: $124.7 million).

15 Property, plant and equipment

	Freehold Premises $'000	Leasehold Premises $'000	Motor Vehicles & Equipment $'000	Work in Progress $'000	Total $'000
Year ended 30 September 2015					
Opening net book amount	288,868	51,927	71,625	36,876	449,296
Additions	424	2,153	33,172	22,073	57,822
Disposals	(3,600)	(32)	(1,035)	—	(4,667)
Transfer	10,544	10,583	—	(21,127)	—
Revaluation surplus	33,322	—	—	—	33,322
Depreciation charge	(3,289)	(11,683)	(34,476)	—	(49,448)
Closing net book amount	326,269	52,948	69,286	37,822	486,325
At 30 September 2015					
Cost/valuation	341,893	132,663	432,705	37,822	945,083
Accumulated depreciation	(15,624)	(79,715)	(363,419)	—	(458,758)
Net book amount	326,269	52,948	69,286	37,822	486,325
Year ended 30 September 2014					
Opening net book amount	289,775	46,923	66,418	28,990	432,106
Additions	32	6,070	28,544	27,732	62,378
Disposals	—	(82)	(1,757)	—	(1,839)
Transfer	—	7,578	12,268	(19,846)	—
Revaluation surplus	2,363	—	—	—	2,363
Depreciation charge	(3,302)	(8,562)	(33,848)	—	(45,712)
Closing net book amount	288,868	51,927	71,625	36,876	449,296
At 30 September 2014					
Cost/valuation	302,285	131,823	445,118	36,876	916,102
Accumulated depreciation	(13,417)	(79,896)	(373,493)	—	(466,806)
Net book amount	288,868	51,927	71,625	36,876	449,296

a. *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 financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its non-financial assets carried at fair value into the three levels prescribed under the accounting standards. An explanation of each level is provided in note 3.7(b).

Level 3	2015 $'000	2014 $'000
Land and building	320,369	283,118
Building on lease land	5,300	5,300
Freehold land	600	450
	326,269	288,868

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. There were no transfers between levels 1 and 2 for recurring fair value measurements during the year.

(ii) Valuation techniques used to determine level 2 and level 3 fair values

The Group engaged external, independent and qualified valuators to determine the fair value of the group's land and buildings as at 30 September 2015. The valuations were performed in July and August 2015. The Group's policy is to obtain independent valuations for its freehold land and buildings at least every three years.

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.

At the end of each reporting period, management updates their assessment of the fair value of each property, taking into account the most recent independent valuations. Management determines a property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available Management consider information from a variety of sources including:

- Current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences;
- Discounted cash flow projections based on reliable estimates of future cash flows.

(iii) *Transfer between level 2 and change in valuation techniques*

There were no transfers between levels 2 and 3 for recurring fair value measurements nor change in the valuation technique during the financial year

Level 3 fair values of land and retail units have been derived using the sales comparison approach. Sales prices 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 amounts would be as follows:

	2015 $'000	2014 $'000
Cost	206,985	210,161
Accumulated depreciation	(81,242)	(77,953)
Net book amount	125,743	132,208

16 Intangible assets

	Goodwill $'000	Software $'000	Other intangible assets $'000	Total $'000
As at 30 September 2015				
Acquisition cost	174,836	200,415	36,284	411,535
Accumulated amortisation and impairment	—	(165,471)	(11,813)	(177,284)
Net book amount	174,836	34,944	24,471	234,251
Period ended 30 September 2015				
Opening net book amount	174,836	29,918	28,409	233,163
Additions	—	22,884	—	22,884
Disposal	—	(925)	—	(925)
Amortisation charge	—	(16,933)	(3,938)	(20,871)
Closing net book amount	174,836	34,944	24,471	234,251

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

16 Intangible assets (continued)

	Goodwill $'000	Software $'000	Other intangible assets $'000	Total $'000
As at 30 September 2014				
Acquisition cost	174,836	178,457	36,284	389,577
Accumulated amortisation and impairment	—	(148,539)	(7,875)	(156,414)
Net book amount	174,836	29,918	28,409	233,163
Year ended 30 September 2014				
Opening net book amount	174,836	24,512	36,284	235,632
Additions	—	16,928	—	16,928
Disposal	—	(12)	—	(12)
Amortisation charge	—	(11,510)	(7,875)	(19,385)
Closing net book amount	174,836	29,918	28,409	233,163

Goodwill is reviewed annually for impairment, or more frequently when there are indicators that impairment may have occurred. There was no impairment identified in 2015 (2014: nil).

17 Retirement benefit asset

	2015 $'000	2014 $'000
a. *Net liability in balance sheet*		
Present value of obligation	(1,232,361)	(1,134,832)
Pension plan assets at fair value	1,212,202	1,209,765
Value of surplus/(deficit)	(20,159)	74,933
Effects of asset ceiling	—	—
Net defined benefit asset/(liability)	(20,159)	74,933
b. *Movement in present value of defined benefits obligation:*		
Beginning of year	1,134,832	1,156,854
Current year service cost	53,460	54,969
Interest cost	56,012	57,310
Members contributions	11,397	9,887
Re-measurements		
- Experience adjustments	6,211	(58,606)
- Actuarial (gains) from change in financial assumptions	—	(64,003)
Benefits paid	(29,551)	(21,579)
Defined benefit obligation at end of year	1,232,361	1,134,832
c. *The defined benefit obligation is allocated between the Plan's members as follows:*		
- Active	73%	74%
- Deferred members	7%	6%
- Pensioners	20%	20%
The weighted average duration of the defined benefit obligation at year end	19.4 years	
95% of the benefits for active members are vested		
35% of the defined benefit obligation for active member is conditional on future salary increases		
d. *Movement in fair value of plan assets:*		
Beginning of year	1,209,765	1,137,092
Interest income	60,588	56,783
Return of plan assets, excluding interest income	(62,196)	18,797
Company's contributions	23,359	9,876
Members contributions	11,397	9,887
Benefits paid	(29,551)	(21,579)
Expense allowance	(1,160)	(1,091)
Fair value of plan assets at end of year	1,212,202	1,209,765
Actual return on plan asset	(1,608)	75,580
e. *Asset allocation*		
Local and regional equity securities	386,486	387,429
Oversea equities (outside CARICOM)	180,745	173,257
TT$ denominated bonds	546,633	575,722
US$ denominated bonds	1,431	1,555
Cash and cash equivalents	96,698	71,593
Other (annuities, mortgages etc.)	209	209
Fair value of plan assets at end of year	1,212,202	1,209,765

All asset values as at 30 September 2015 were based on unaudited accounts provided by First Citizens Trustee Services Limited. Overseas equities have quoted prices in active markets. Local equities also have quoted prices but the market is relatively illiquid. The Plan's investment manager calculates the fair value of the Government bonds and corporate bonds by discounting expected future proceeds using a constructed yield curve.

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

The Plan's assets are invested using a strategy agreed with the Plan's Trustee and Management Committee.

This strategy is largely dictated by statutory constraints (at least 80% of the assets must be invested in Trinidad & Tobago and no more than 50% in equities) and the availability of suitable investments.

There are no asset-liability matching strategies used by the Plan.

	2015 $'000	2014 $'000
f. *Expenses recognised in profit or loss*		
Current service costs	53,460	54,969
Net interest on net defined benefit liability/asset	(4,576)	527
Administrative expenses	1,160	1,091
Net pension income	50,044	56,587
g. *Re-measurements*		
Return on plan assets, excluding interest income	62,196	(18,797)
Experience (gains)/losses	6,211	(58,606)
Actuarial gains from changes in financial assumptions	—	(64,003)
Total amount recognised in other comprehensive income	68,407	(141,406)
h. *Reconciliation of opening and closing balance sheet entries*		
Opening defined benefit (liability)/asset	74,933	(19,762)
Net pension cost	(50,044)	(56,587)
Re-measurements recognised in other comprehensive income	(68,407)	141,406
Company contribution paid	23,359	9,876
Closing defined benefit (liability)/asset	(20,159)	74,933
i. *Summary of principal assumptions as at 30 September*		
Discount rate	5.0%	5.0%
Average individual salary increases	5.5%	5.5%
Future pension increases	1.5%	1.5%

Assumptions regarding future mortality are based on published mortality tables. The life expectancies underlying the value of the defined benefit obligation as at 30 September 2015 are as follows:

	2015	2014
Life expectancy at age 60 for current pension in years		
- Male	21.0	21.0
- Female	25.1	25.1
Life expectancy at age 60 for current members age 40 in years		
- Male	21.4	21.4
- Female	25.4	25.4

j. *Sensitivity analysis*

The calculation of the defined benefit obligation is sensitive to the assumptions used. The following table summarises how the defined benefit obligation as at 30 September 2015 would have changed as a result of a change in the assumptions used.

	1% pa decrease	1% pa increase
Discount rate	261,108	(195,805)
Future salary increases	(74,632)	88,137

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at 30 September 2015 by $21.8 million (2014 ($19.7 million).

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

k. *Funding*

The Bank meets the balance of the cost of funding the defined benefit Pension Plans and the Bank must pay contributions at least equal to those paid by members, which are fixed. The funding requirements are based on regular (at least every 3 years) actuarial valuations of the Plans and the assumptions used to determine the funding required may differ from those set out above. The Bank expects to pay $25.0 million to the Pension Plans during 2015/16.

18 Customers' deposits

Deposits are analysed by sector as follows:

	2015 $'000	2014 $'000
Public institutions	5,985,807	7,891,187
Private institutions	7,008,174	5,679,795
Consumers	8,000,546	7,318,817
	20,994,527	20,889,799
Current portion	20,762,135	20,707,245
Non current portion	232,392	182,554
	20,994,527	20,889,799

Deposits due to customers only include financial instruments classified as liabilities at amortised cost. Deposits amounting to $4.2 billion (2014: $2.8 billion) are at fixed rates. All other deposits amounting to $16.8 billion (2014: $18.1 billion) are at variable rates.

As at year end, the unprocessed CIB deposit liabilities held was $14.0 million (2014:$15.6 million).

19 Other funding instruments

	2015 $'000	2014 $'000
Loan participation	9,247	11,889
Repurchase agreements	4,659,842	4,713,992
Funds under management	80,529	82,179
	4,749,618	4,808,060

Other funding instruments are analysed by sector as follows:

	2015 $'000	2014 $'000
Public institutions	2,540,400	2,125,294
Private institutions	1,425,560	1,892,797
Consumers	783,658	789,969
	4,749,618	4,808,060
Current portion	4,484,870	4,473,134
Non-current portion	264,748	334,926
	4,749,618	4,808,060

Interest rates on these repos range from 0.15% to 7.70% in 2015 (2014: 0.15% to 4.80%).

20 Creditors and accrued expenses

	2015 $'000	2014 $'000
Other liabilities	205,748	206,753
Interest payable	45,396	43,863
Due to GOTT	18,141	92,065
Funds payable to bondholders	11,835	99,902
Due to NGC (Proceeds from TTNGL IPO)	2,689,664	—
	2,970,784	442,583

The amount due to GORTT relates to what is owed by the Bank with respect to payments made on claims which were subsequently recovered pursuant to Liquidity Support Agreement outlined in note 3 a. (iv) (e).

21 Bonds payable

	2015 $'000	2014 $'000
(i) Fixed Rate Bond TTD$500 Million	406,550	406,550
(ii) First Citizens (St Lucia) Limited USD$175 million Bond	1,021,024	1,039,219
(iii) Fixed Rate Bond TTD$400 Million (Series 1)	400,000	400,000
(iv) Fixed Rate Bond TTD$100 Million (Series 2)	100,000	100,000
	1,927,574	1,945,769
Current portion	1,427,574	—
Non current portion	500,000	1,945,769
	1,927,574	1,945,769

i) TTD Fixed Rate Bond – In October 2008, this bond for $500 million was issued, of which a related party purchased $93.45 million. This bond is unsecured and carries a fixed rate of 8.45% with a tenor of seven (7) years. Interest is payable semi-annually in arrears. Principal was repaid on maturity in October 2015.

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

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

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

22 Deferred income tax

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 12.5%, 25% and 30% (2014 – 12.5, 25% and 30%).

	2015 $'000	2014 $'000
The movement on the deferred income tax account is as follows:		
At beginning of year	(349,456)	(337,086)
Impact of revaluation adjustments recorded directly to shareholders' equity:		
- Revaluation on available-for-sale financial assets	70,687	8,300
- Revaluation on held to maturity	1,055	1,100
- Revaluation on property, plant and equipment	(8,402)	(590)
Revaluation of property, plant and equipment -Associates	(563)	(385)
- Remeasurement of defined benefit liability	17,102	(35,352)
Credit to consolidated statement of income (note 33)	895	14,557
At end of year	(268,682)	(349,456)

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

	Balance at 1.10.14 $'000	(Charge)/Credit to Income Statement $'000	(Charge)/Credit to Other Comprehensive Income $'000	Balance at 30.09.15 $'000
Deferred income tax assets				
Tax losses carried forward	252	—	—	252
Provisions	252	(349)	—	(97)
Unrealised exchange and other gains	472	(279)	—	193
Fair value measurement of assets through profit or loss	398	(313)	—	85
	1,374	(941)	—	433
Deferred income tax liabilities				
Retirement benefit asset	(33,192)	6,672	—	(26,520)
Remeasurement of defined benefit liability	(54,503)	—	17,102	(37,401)
Fair value measurement of available-for-sale	(181,635)	—	70,687	(110,948)
Fair value measurement of held to maturity	(7,285)	—	1,055	(6,230)
Intangible asset recognised on business combination	(10,634)	1,480	—	(9,154)
Zero coupon instruments	(18,159)	(3,319)	—	(21,478)
Accelerated tax depreciation	(14,450)	(2,997)	—	(17,447)
Revaluation gain on property, plant and equipment	(28,264)	—	(8,402)	(36,666)
Revaluation of PPE – Associates	(2,708)	—	(563)	(3,271)
	(350,830)	1,836	79,879	(269,115)
Net deferred income tax liability	(349,456)	895	79,879	(268,682)

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

22 Deferred income tax (continued)

	Balance at 1.10.13 $'000	(Charge)/Credit to Income Statement $'000	(Charge)/Credit to Other Comprehensive Income $'000	Balance at 30.09.14 $'000
Deferred income tax assets				
Tax losses carried forward	1,520	(1,268)	—	252
Provisions	—	252	—	252
Financial assets held to maturity	(232)	232	—	—
Unrealised exchange and other gains	693	(221)	—	472
Fair value measurement of assets through profit or loss	253	145	—	398
	2,234	(860)	—	1,374
Deferred income tax liabilities				
Retirement benefit asset	(44,870)	11,678	—	(33,192)
Remeasurement of defined benefit liability	(19,151)	—	(35,352)	(54,503)
Fair value measurement of available-for-sale	(189,935)	—	8,300	(181,635)
Fair value measurement of held to maturity	(8,385)	—	1,100	(7,285)
Intangible asset recognised on business combination	(12,267)	1,633	—	(10,634)
Zero coupon instruments	(19,512)	1,353	—	(18,159)
Accelerated tax depreciation	(15,203)	753	—	(14,450)
Revaluation gain on property, plant and equipment	(27,674)	—	(590)	(28,264)
Revaluation gain on PPE - Associates	(2,323)	—	(385)	(2,708)
	(339,320)	15,417	(26,927)	(350,830)
Net deferred income tax liability	(337,086)	14,557	(26,927)	(349,456)

23 Notes due to parent company

	2015 $'000	2014 $'000
First Citizens Holdings Limited	58,000	58,000

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

24 Share capital

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

	2015 $'000	2014 $'000
251,353,562 ordinary shares of no par value	539,957	539,957
42,500,000 A preference shares of no par value	42,500	42,500
61,100,000 B preference shares of no par value	61,100	61,100
	643,557	643,557

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

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

25 Statutory reserve

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

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

26 Interest income

	2015 $'000	2014 $'000
Loans to customers	838,153	809,662
Financial assets (available-for-sale, held to maturity and FVTPL)	524,555	561,718
Loan notes	87,779	99,820
	1,450,487	1,471,200

27 Interest expense

	2015 $'000	2014 $'000
Customers' deposits	71,132	76,971
Other funding instruments	104,732	111,743
Bonds payable	105,691	125,805
	281,555	314,519

28 Fees and commissions

	2015 $'000	2014 $'000
Credit related fees	29,610	31,243
Transaction service fees/commissions	158,472	135,661
Portfolio and other management fees	226,686	192,910
	414,768	359,814

29 Foreign exchange gains

	2015 $'000	2014 $'000
Transaction gains less losses	133,253	83,779
Translation gains less losses	(12,741)	(7,432)
	120,512	76,347

30 Impairment loss on other financial assets

	2015 $'000	2014 $'000
Transfer of reserve to consolidated income statement	—	—
Increase in provision for impairment	—	—
Directly written off/(write back) to income	(1,360)	11
	(1,360)	11

31 Administrative expenses

	2015 $'000	2014 $'000
Wages and salaries	425,069	355,749
Pension expenses/(income) (note 17.4)	50,044	56,587
Other administrative expenses	53,047	52,806
Depreciation	66,206	57,222
	594,366	522,364

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

	2015 Employees	2015 %	2014 Employees	2014 %
First Citizens Bank Limited	1,418	83	1,414	83
Subsidiaries	298	17	286	17
	1,716	100	1,700	100

32 Other operating expenses

	2015 $'000	2014 $'000
Property expenses	72,698	68,485
Technical and professional	20,555	38,472
Advertising expenses	22,936	24,435
Hardware and software maintenance	27,627	28,165
Deposit insurance (see below)	34,138	31,287
Operating expenses	211,693	199,873
	389,647	390,717

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

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

33 Taxation

	2015 $'000	2014 $'000
Current tax	170,073	170,426
Prior period (over)/under provision	(8,835)	(9,854)
Deferred tax (Note 22)	(895)	(14,557)
	160,343	146,015

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

	2015	2014
Profit before taxation	790,781	772,575
Tax calculated at 25%	197,695	193,144
Income exempt from tax	(73,187)	(69,362)
Expenses not deductible for tax purposes	48,788	27,874
Recognition of previously unrecognised tax losses	—	787
Prior year under provision	(8,835)	(9,854)
Effects of different tax rates in other countries (i)	(4,118)	3,426
	160,343	146,015

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

34 Dividends

	2015	2014
Ordinary dividend paid - final	153,326	273,975
Ordinary dividend paid - interim	145,785	143,272
Preference dividend paid	2,922	2,922
	302,033	420,169

35 Related party transactions and balances

a. *Directors and key management personnel*

	2015	2014
Salaries and other short-term employee benefits	28,610	29,755
Loans and receivables	18,778	17,138
Interest income	1,019	551
Customers' deposit	10,355	7,858
Interest expense	168	57
Other funding instruments	1,383	1,313
Interest expense	31	34

b. *Transactions with associate*

	2015	2014
Loans and receivables	55,113	70,859
Interest income	4,496	5,593

c. *Transactions with parent*

	2015	2014
Customers' deposit	2,408	2,471
Long term notes (Note 23)	58,000	58,000
Loan note (Note 11)	36,499	41,713
Interest income on loan notes	4,647	5,246
Due from parent	2,935	2,825

d. *Government of the Republic of Trinidad and Tobago*

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

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

	2015 $'000	2014 $'000
Assets		
Loan notes with Taurus Services Limited (note 11 (i))	479,399	547,885
Loan note from Central Bank (note 11 (iii))	1,642,156	1,865,403
Liabilities		
Due to GORTT (note 20)	18,141	92,065
Interest Income		
Loan notes with Taurus Services Limited	61,033	74,154
Loan note with the Central Bank	22,103	26,535

e. *Other transactions with the Government of the Republic of Trinidad and Tobago*

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

	2015 $'000	2014 $'000
Loans and receivables	2,775,833	2,111,816
Interest income	181,186	150,654
Customers' deposits	5,985,807	8,371,000
Interest expense	16,315	19,986
Financial assets - available-for-sale	6,739,260	5,317,870
Financial assets - held-to-maturity	508,545	520,432
Investment income	233,079	180,006
Other funding instruments	885,084	2,125,294
Interest expense	3,650	17,381

36 Commitments

	2015 $'000	2014 $'000
a. *Capital commitments*		
Capital expenditure approved by the Directors but not provided for in these accounts	15,390	12,529
b. *Credit commitments*		
Commitments for loans approved not yet disbursed	507,033	386,117

37 Contingent liabilities

a. *Litigation*

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

b. *Customers' liability under acceptances, guarantees and letters of credit*

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

	2015 $'000	2014 $'000
Acceptances	23,009	3,633
Guarantees	121,078	190,405
Letters of credit	14,027	20,653
	158,114	214,691

38 Lease rentals

The Group leased certain premises under non-cancellable operating leases expiring in various years up to 2026. The leases contain renewal options from five to twenty-five years. Rental expense incurred under lease agreements amount to $37.4 million for the year 2015 (2014: $25 million).

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

	2015 $'000	2014 $'000
- Up to one year	31,031	15,054
- One year to five years	75,215	49,453
- Over five years	61,662	20,293
	167,908	84,800

39 Subsequent events

On 30 November, 2015, the Board of Directors declared a final dividend payment of $0.74 per share payable to shareholders.

In November 2015, the Board approved the winding up of the business operations of First Citizens Securities Trading Company by June 2016. These operations would be transferred to the parent company, the Bank.

Subsequent to the balance sheet date, the GORTT and CBTT signed the supplemental agreement to the LSA formalising the eighteen (18) month extension with effect from 15 May 2015 (note 3.a.(iv) (e)).