STATEMENT BY THE MINISTER OF FINANCE AND THE ECONOMY
SENATOR THE HONOURABLE LARRY HOWAI

DISTRIBUTION OF SHARES UNDER THE INITIAL PUBLIC OFFER OF FIRST CITIZENS BANK LIMITED

Friday 14th February 2014

Over the past few days a number of questions have been raised in the public domain regarding the allocation of shares in the 2013 First Citizens Bank's Initial Public Offer ("IPO").

I can disclose that the Ministry of Finance and the Economy had commenced a full review of the IPO process once we noted information in the Bank's recently published Annual Report.

Background to this development is that, on July 15 2013 the Government offered for sale 48,495,665 ordinary shares of no par value in First Citizens Bank at $22 per share. The offer closed on August 12 2013.

Each employee was given the right to buy a specified minimum allocation of shares in an amount of 500, but could purchase additional shares up to 5,000. The shares so purchased would be subject to a discount of 10% of the Offer price. Thereafter, employees could purchase shares in excess of 5,000 at the Offer price.

The Government's public policy position on share ownership in privatizations remains clear and transparent. The intention is that there should be the widest possible distribution among the national community. This is achieved through a well-established allocation formula.

Further, in recognition of their important contribution to the growth, profitability and success of the institutions in which the Government is reducing its shareholding, employees of those institutions have been allocated a preferred share allotment.

In the two public offerings of National Enterprises Limited (NEL) made in 2001 and 2002, employees and employee groups received preferred allotments of 15.0 per cent of the shares being offered.

In the July 15 2013 IPO of First Citizens, 15.0 per cent of the shares on offer (or 7.2 million) was allocated to the 1,664 employees of the First Citizens Group of companies. The allotment was formulated in the context of the likelihood that the employee group could purchase a total of 8.3 million shares if each employee exercised the right to purchase the maximum 5,000 shares. It was envisaged that this 15.0 per cent excess over the amount allocated would ensure an equitable distribution of shares among employees. However, for a variety of reasons, a number of employees did not participate in the IPO, thus creating room for other employees to purchase shares in excess of the discounted availability of 5,000 shares.

The recent publication of the 2013 Annual Report of First Citizens brought my attention to the current shareholdings in the Bank.

Immediately upon noting the information in the Annual Report, I requested the Ministry of Finance and the Economy to undertake enquiries. Meetings were held with representatives of the bank and a detailed audit was requested. This is being done. The Ministry has also advised the various regulatory authorities of this development, in accordance with required procedures.

I remain satisfied that the Ministry has to proceed with honouring its statutory responsibilities in this matter.

I am advised that the foregoing is the fullest extent to which I can comment at this stage.

However, I stand ready to provide the public of Trinidad and Tobago with pertinent information as soon as same is deemed allowable for disclosure.