

Address

by

Honourable Karen Nunez-Tesheira

Minister of Finance

Opening of the San Fernando Branch of

Caribbean Money Market Brokers

Mr. Larry Howai, CEO, First Citizens Group;

Mr. Ram Ramesh, CEO, Caribbean Money Market Brokers;

Mrs. Margaret Mahabirsingh, Branch Manager, Caribbean Money
Market Brokers

Other Specially invited guests,

Members of the Media

Ladies and Gentlemen.

A pleasant good evening to you all.

When I received the invitation to deliver the feature address for the opening of the San Fernando branch of Caribbean Money Market Brokers, I immediately cleared my schedule with the understanding that my participation at this event was not at all negotiable.

The significance of today's event derives not only from the confidence it conveys regarding the strength and stability of the financial system in Trinidad and Tobago, but more so, today's event speaks to the confidence of CMMB and the First Citizens Group regarding their shared prospects for the future.

However, when I began to consider the Government's groundbreaking role as facilitator in the acquisition of CMMB, and the unique stake it holds as the majority shareholder in First Citizens

Group, a broader picture began to emerge, one that framed the newly combined entity as being at the local nexus of both national and international forces.

In the five years that CMMB has been in operation, its performance has been nothing short of impressive. CMMB has been able to build on the legacy bequeathed by its predecessor, by playing a crucial role in the development of liquid, secondary Caribbean equity markets here in Trinidad and Tobago in very much the same way as Jamaican Money Market Brokers does in Jamaica.

CMMB as we know it today is a unique blend of the talent and entrepreneurial vision of its predecessor combined with local expertise. This blend has allowed us to embrace it as one of our own within the financial community while recognizing and applauding its expanding presence in the Caribbean basin. With recently opened offices in Barbados and St. Lucia, and approximately US\$1Bn in total assets under management, CMMB has only begun to explore opportunities for market share within the region.

With such a strong foundation and consistent growth, CMMB has expanded its portfolio of financial services over the years to become a true securities firm, offering not only wealth management and estate planning for individuals, but the full gamut of corporate, treasury and

institutional financing, including mergers and acquisitions advisory, private sector debt and equity underwriting, pension advisory, short-term liquidity management and merchant banking activities as a registered government intermediary.

Today, CMMB is undeniably among the leading brokerage houses in the region. The directors and financial analysts at both First Citizens Group and CMMB would have easily recognized the synergies that would be generated between the two companies. This is clearly a mutually beneficial partnership.

Caribbean Money Market Brokers will be joining a corporate family that is highly rated, fiscally prudent, and growing. First Citizens Group holds the distinction of being among the highest-rated indigenous banks in the English-speaking Caribbean, with a non-performing asset ratio of 1.2%, well below industry benchmarks.

The acquisition of CMMB by First Citizens Group will bring First Citizens total assets under management to TT\$24Bn. From this position, CMMB will be able to leverage existing individual and institutional FCG clients to strengthen its market share while FCG can utilize CMMB's regional presence to tap into markets in St Lucia, St. Vincent and the Grenadines, and Barbados.

The performance of First Citizens Group has been equally exemplary.

Here are some of the key highlights from First Citizens' Annual Report for the fiscal year ended in 2008:

- Profit after tax increased by 15.5% to \$463 million
- Total assets increased to \$15.8 billion
- The Group's efficiency ratio remained among the best in the industry
- Standard & Poor's and Moody's maintained the Group's investment grade rating at BBB+ and Baa1 respectively
- Capital to assets ratio remained best of class at 16.2%

Ladies and Gentlemen, I must emphasize that First Citizens Group is a State-owned enterprise with among the highest standards of performance among its peers and the same can be expected for CMMB.

Under the terms of a memorandum of understanding (MOU) between the Government of the Republic of Trinidad and Tobago (GORTT) and CL Financial (CLF), CMMB was one of three assets of value identified for sale by CL Financial to offset funding provided by Government.

Government's approach to these assets has been to ensure that these assets, including CMMB, continue to operate as going concerns. Government is committed to this principle.

It is the intention, therefore, that CMMB will continue to conduct business as a separate company, resuming regular operations in Trinidad, Barbados and St Lucia while building upon the products and services as it has offered in the past. This is the very same approach that Government has taken with respect to CLICO.

This establishment of a new branch in San Fernando is not only consistent with this approach but it also goes some way towards rebalancing the financial/industrial mix between San Fernando and Port of Spain.

Traditionally, the financial centre of Trinidad and Tobago has been Port-of-Spain, while South Trinidad has been considered to be the manufacturing and industrial base. Within recent times we have begun to witness the migration of financial services into the southern industrial area. This is truly a reflection that financial services in Trinidad and Tobago have matured and have become an industry in its own right.

CMMB is setting new standards by stepping outside of the nation's capital to make it more readily available to a new portfolio of clients, not just as a financial services provider, but as a neighbour.

In the aftermath of the global financial crisis, investors, regulators and service providers are all rethinking the contours of the global financial landscape of the future. Locally and regionally the emphasis will most certainly be greater coordination of regulatory activity.

These developments could be interpreted in many different ways, but we may derive at least one, salient point upon which we can all agree: that in times of global turmoil, sound management principles imbued with equal measures of prudence and vision provide the best measure of protection against the vicissitudes of economic cycles.

This expansion by CMMB had been contemplated even before the developments relating to CL Financial and is testimony of CMMB's continuing commitment to consolidating its leadership position under the safe and secure umbrella of the First Citizens Group.

Overall, the outlook is one that is biased on the positive side as the systemic threat posed by the CL Financial situation has abated and the financial system is being nurtured away from fragility to greater stability. Government knows full well that it is still no time for

complacency and is committed to doing all in its power to strengthen market confidence and to continue its programme for efficiency in the financial services sector.

To this end, I have been having discussions with representatives of the banking sector on the challenges facing the industry and in particular the prospect of lowering borrowing costs given the country's current economic circumstances. I am expectant that these discussions will bear fruit in the short term.

The Government of the Republic of Trinidad and Tobago remains firmly committed to Vision 2020, and within that context, to the development of Trinidad and Tobago as an International Financial Centre, a port of harbour, so to speak, for global capital flows. There is certainly opportunity for Trinidad and Tobago to leverage its position in the various energy markets to provide a competitive advantage for its international financial centre.

The Government views the acquisition of CMMB by the First Citizens Group as yet another milestone in the evolution of the Trinidad and Tobago financial sector.

Government remains committed to deepening the secondary market for government treasuries and envisages that Caribbean Money

Market Brokers, as part of the First Citizens Group and as a designated government securities intermediary, will no doubt play a critical role in fostering an active and highly liquid secondary market for government securities.

Local financial markets have become increasingly sophisticated over the past ten years due to the increasing availability of complex investment vehicles, a far cry from the early days when the only available options were fixed deposits, government bonds, and a small pool of mutual funds.

CMMB, as part of the First Citizens Group, will no doubt continue in play its part in this process.

The traditional Chinese character for the word ‘crisis’ is a combination of two symbols: one for danger, and the other for opportunity. It is perhaps this very same cultural attitude to adversity which has fuelled China’s dramatic rise to economic prominence since the 1970s.

Trinidad and Tobago too must be ready to take advantage of the opportunities as they present themselves in the ever the changing global circumstances.

As wealthy individuals and firms alike review their positions in traditional banking centres such as London and New York, might we not ask - Why not Trinidad?

Several major developments have combined to enhance the overall viability of Trinidad and Tobago as an International Financial Centre. The recently passed Financial Institutions Act provided the necessary reforms to match the scope of the legal infrastructure to the increased sophistication of the local domestic markets. As we speak, the Securities Industry Act of 1995 and its proposed amendments are tabled before Parliament, which promise to promote even greater levels of transparency within the financial sector. Meanwhile, the proposed Amendments to the Proceeds of Crime Act, also known as POCA, and the introduction to the Financial Intelligence Unit Act will be making significant headway in the fight against money-laundering.

With a corporate income tax rate of 25%, and a fair, yet firm regulatory framework in place, local securities firms such as Caribbean Money Market Brokers are well poised to take advantage of the capital flight to come, as tax-weary wealth prepares to set sail from old economies to find new frontiers.

When they do, ladies and gentlemen, we must be ready and waiting.

I would like to close with a quotation from Julius Caesar:

*There is a tide in the affairs of men, which, taken at the flood,
Leads on to fortune.*

*Omitted, all the voyage of our lives is bound in shallows and
miseries.*

*On such a full sea we are now afloat,
And we must take the current when it serves,
Or lose our venture.*

Ladies and Gentlemen, I thank you.