

First Citizens Bank Limited and Its Subsidiaries

(A Subsidiary of First Citizens Holdings Limited)

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR NINE MONTHS ENDED 30 JUNE 2019

(Expressed in Trinidad and Tobago Dollars)



First Citizens

Chairman's Report

We are very pleased to report that the First Citizens Group concluded yet another profitable quarter as at 30 June 2019. This third quarter yielded a Profit before Tax of \$242.4 million, bringing the year to date Profit before Tax for the nine-month period to \$815.8 million. This represents an increase of 16.2% when compared to June 2018. Profit after Tax for the nine-month period amounted to \$553.0 million, which represents an increase of 14.3% when compared to June 2018. The Group's total assets stood at \$43.3 billion which represents an increase of 2.96% when compared to September 2018.

Our strong financial performance was supported by growth in customers' loans of \$2.1 billion (13.4%) and growth in investments of \$0.7 billion (4.3%); resulting in an increased net interest income of \$44.0 million or 3.8%. During the quarter, our strategies to manage expenses proved to be beneficial and positively impacted our income statement.

As a result of this performance, our earnings per share increased to \$2.19 for the nine-month period ended 30 June 2019. Accordingly, the Board is happy to declare an interim dividend of 37 cents per ordinary share. Dividends will be paid on 30 August 2019 to all shareholders on record as at 15 August 2019.

The Board remains committed to the pursuit of its organisational goals; utilising prudent risk management policies and adopting measures that will continue to improve its efficiency and diversify its business lines.

I take this opportunity to express my sincere appreciation to all our customers, staff, fellow directors and other stakeholders for their invaluable contribution to the continuing success of the First Citizens Group.

Anthony Isidore Smart
Chairman
29 July, 2019

Condensed Consolidated Interim Statement of Financial Position

	Unaudited Jun-19 \$'000	Unaudited Restated Jun-18 \$'000	Audited Sep-18 \$'000
ASSETS			
Cash and Statutory Deposits	7,196,661	7,576,916	9,025,002
Financial Assets			
– Investments	15,784,904	16,083,244	15,128,356
– Loans and receivables less allowance for loan losses:			
Loans to customers	18,143,519	15,856,438	16,014,956
Loans Notes	257,949	331,649	294,799
Other assets	862,760	452,308	573,242
Investment in joint ventures & associates	186,263	180,211	185,256
Property, plant and equipment	609,409	581,736	603,083
Intangible asset	221,273	218,676	219,871
TOTAL ASSETS	43,262,738	41,281,178	42,044,565
LIABILITIES			
Customers' deposits and other funding instruments	30,703,942	29,515,038	29,886,485
Due to other banks	1,761,120	1,558,414	1,512,249
Creditors and accrued expenses	874,895	671,832	1,075,615
Defined benefit liability	38,376	88,511	24,733
Debt securities in issue	2,865,766	2,865,766	2,865,766
Notes due to related companies	58,000	58,000	58,000
TOTAL LIABILITIES	36,302,099	34,757,561	35,422,848
SHAREHOLDERS' EQUITY			
Share capital	458,557	458,557	458,557
Statutory reserve	879,335	879,335	879,335
Fair Value reserve	1,019,707	919,885	901,889
Retained earnings	4,603,040	4,265,840	4,381,936
SHAREHOLDERS' EQUITY	6,960,639	6,523,617	6,621,717
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	43,262,738	41,281,178	42,044,565

On 29 July 2019, the Board of Directors of First Citizens Bank Limited authorised these consolidated financial statements for issue.

Director

Condensed Consolidated Interim Income Statement

	Unaudited Three months ended		Unaudited Nine months ended		Audited
	Jun-19 \$'000	Jun-18 \$'000	Jun-19 \$'000	Jun-18 \$'000	Sep-18 \$'000
Net interest income	421,609	389,776	1,215,150	1,171,172	1,558,950
Other income	149,565	131,007	482,626	472,233	657,831
Total net income	571,174	520,783	1,697,776	1,643,405	2,216,781
Impairment Expenses net recoveries	(12,061)	(143,100)	(12,117)	(168,518)	(178,024)
Expenses	(320,674)	(255,424)	(884,136)	(786,138)	(1,046,969)
Operating profit	238,439	122,259	801,523	688,749	991,788
Share of profit in associates and joint venture	3,957	5,015	14,252	13,194	18,238
Profit before taxation	242,396	127,274	815,775	701,943	1,010,026
Taxation	(84,298)	(25,612)	(262,737)	(218,304)	(336,333)
Profit after taxation	158,098	101,662	553,038	483,639	673,693
Earnings Per Share					
Basic			\$2.19	\$1.91	\$2.67
Weighted Average Number of Shares					
Basic			251,354	251,354	251,354

Condensed Consolidated Statement of Comprehensive Income

	Unaudited Three months ended		Unaudited Nine months ended		Audited
	Jun-19 \$'000	Jun-18 \$'000	Jun-19 \$'000	Jun-18 \$'000	Sep-18 \$'000
Profit after taxation	158,098	101,662	553,038	483,639	673,693
Other comprehensive income:					
Items that will not be classified to profit or loss					
Remeasurement of Defined Benefit Liability	–	–	–	(8,014)	2,567
Net gains on investments in equity instruments designated at FVOCI	902	–	33	–	10,887
Revaluation of property, plant and equipment net of tax	–	–	–	–	3,061
	902	–	33	(8,014)	16,515
Items may be classified to profit or loss					
Exchange difference on translation	(167)	(1,384)	(45)	(2,626)	(2,201)
Reclassified to profit or loss on disposal	(2,881)	(6,475)	(18,984)	(55,700)	(77,794)
Amortisation of losses on hold to collect assets	(1,812)	(834)	(2,856)	(2,604)	(1,189)
Net gains/(losses) on financial assets measured at FVOCI	68,033	(49,743)	139,670	(79,948)	(102,220)
	63,173	(58,436)	117,785	(140,878)	(183,404)
Total other comprehensive income	64,075	(58,436)	117,818	(148,892)	(166,889)
Total comprehensive income	222,173	43,266	670,856	334,747	506,804

Condensed Consolidated Statement of Changes In Equity

	Share Capital \$'000	Statutory Reserve \$'000	Other Reserves \$'000	Retained Earnings \$'000	Shareholders' Equity \$'000
Balance at 1 October 2018	458,557	879,335	901,889	4,381,936	6,621,717
Total comprehensive income	–	–	117,818	553,038	670,856
Dividends	–	–	–	(331,934)	(331,934)
Balance at 30 June 2019	458,557	879,335	1,019,707	4,603,040	6,960,639
Balance at 1 October 2017	458,557	879,335	1,107,231	4,306,459	6,751,582
Change on initial application of IFRS 9	–	–	(38,453)	(145,897)	(184,350)
Restated balance as at 1 October 2017	458,557	879,335	1,068,778	4,160,562	6,567,232
Total comprehensive income	–	–	(148,893)	483,639	334,746
Dividends	–	–	–	(378,361)	(378,361)
Restated Balance at 30 June 2018	458,557	879,335	919,885	4,265,840	6,523,617
Balance at 1 October 2017	458,557	879,335	1,107,231	4,306,459	6,751,582
Change on initial application of IFRS 9	–	–	(38,453)	(145,897)	(184,350)
Restated balance as at 1 October 2017	458,557	879,335	1,068,778	4,160,562	6,567,232
Total comprehensive income	–	–	(166,889)	673,693	506,804
Dividends	–	–	–	(452,319)	(452,319)
Balance at 30 September 2018	458,557	879,335	901,889	4,381,936	6,621,717

First Citizens Bank Limited and Its Subsidiaries

(A Subsidiary of First Citizens Holdings Limited)



UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR NINE MONTHS ENDED 30 JUNE 2019 (Expressed in Trinidad and Tobago Dollars)

First Citizens

Condensed Consolidated Statement of Cash Flow

	Unaudited Jun-19 \$'000	Unaudited Restated Jun-18 \$'000	Audited Sep-18 \$'000
Cash Flow From Operating Activities			
Profit before taxation	815,775	701,943	1,010,026
Adjustments to reconcile profit to net cash provided by operating activities:	69,512	(60,286)	136,094
Cashflows from operating activities before changes in operating assets and liabilities	885,287	641,657	1,146,120
Changes in operating assets and liabilities:			
Net change in loans to customers	(2,126,979)	(1,455,137)	(1,519,684)
Net change in customers' deposits and other funding	817,457	1,207,266	1,578,711
Net change in other assets	(293,428)	48,457	(170,886)
Net change in statutory deposits with Central Bank	1,256,317	(407,363)	(855,410)
Net change in creditors and accrued expenses	(225,499)	(145,515)	182,864
Taxes paid	(297,170)	(211,248)	(280,710)
Net cash flow from operating activities	15,985	(321,883)	81,005
Cash Flows From Investing Activities			
Net change in investments	(456,306)	(714,758)	19,467
Net change in loan notes	36,850	36,849	73,700
Net change in short-term investments	349,693	(1,248,635)	24,389
Proceeds from disposal of property, plant and equipment	495	1,480	3,544
Purchase of property, plant and equipment	(90,367)	(50,500)	(91,751)
Net cash flow from investing activities	(159,635)	(1,975,564)	29,349
Cash Flows From Financing Activities			
Net change of debt securities	–	1,465,766	1,465,766
Dividend paid	(331,934)	(378,362)	(452,319)
Net cash flow from financing activities	(331,934)	1,087,404	1,013,447
Effect of exchange rate changes	4,382	4,107	(10,508)
Net cash (decrease) in cash and cash equivalents	(471,202)	(1,205,936)	(1,113,293)
Cash and cash equivalents at beginning of year	2,806,825	1,693,531	1,693,532
Cash and cash equivalents at end of period	2,335,623	487,595	2,806,825
REPRESENTED BY:-			
Cash and due from banks and Statutory Deposits	7,196,661	7,576,916	9,025,002
Due to other banks	(1,761,120)	(1,558,414)	(1,512,249)
Less:			
Statutory Deposits	(2,986,794)	(3,795,066)	(4,243,111)
Short-Term Investments (Maturity over 3 months)	(113,124)	(1,735,841)	(462,817)
2,335,623	487,595	2,806,825	

Notes to the Condensed Consolidated Interim Financial Statements

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 64.43% 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 Trinidad and Tobago Government. 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.

Effective 01 September 2018, the Bank sold First Citizens Portfolio and Investments Managements Services Limited (FCPIMSL) formerly First Citizens Securities Trading to First Citizens Investments Services Limited (FCIS).

The Group currently comprises the following entities:

Entity	Nature of operations	Country of incorporation	Percentage Ownership
First Citizens Depository Services Limited (formerly 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 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	Percentage Ownership
Infolink Services Limited	Provision of automated banking reciprocity services	Trinidad & Tobago	25%
Trinidad and Tobago Interbank Payment System Limited	Automated clearing house	Trinidad & Tobago	14.29%
St. Lucia Electricity Services Limited	Provision of electrical power to consumers	St. Lucia	19%

¹ Ceased operation in December 2016

2 Basis of preparation

The interim consolidated financial statement for the nine-month period ended 30 June 2019, has been prepared in accordance with IAS 34 "Interim Financial Reporting" and should be read in conjunction with the audited consolidated financial statements for the year ended 30 September 2018.

3 Significant Accounting Policies

The accounting policies adopted in the preparation of the interim financial statement are consistent with those followed in the preparation of the annual financial statements for the year ended 30 September 2018.

4 Commitments

	June 2019 \$'000	June 2018 \$'000	September 2018 \$'000
Capital Commitments			
Capital expenditure approved by the Directors but not provided for in these accounts	47,838	10,847	67,935
Credit Commitments			
Commitments for loans approved not yet disbursed	574,615	393,584	1,560,259

5 Credit Impairment Losses

During the period, the Group obtained the restructured instruments from the Government of Barbados. As a result of this, the Group incurred a loss of \$281.2 million on the acquisition of these instruments, and had to write back the ECL of \$288.0 million on derecognition of the original instruments.

	June 2019 \$'000	Restated June 2018 \$'000	Sept 2018 \$'000
Expected Credit Losses			
Expected credit losses charge on loans and advances		(29,154)	(71,305)
Expected credit losses write back/(charge) on other financial assets		10,264	(97,213)
Loss on the recognition of credit impairment on origination assets		(281,194)	–
Net gains on derecognition of financial assets		287,967	–
	(12,117)	(168,518)	(178,024)

6 Related Party Transactions

(a) Directors and key management personnel

	June 2019 \$'000	June 2018 \$'000	Sept 2018 \$'000
Salaries and other short-term employee benefits	40,908	39,682	50,425
Loans and receivables	14,302	12,337	12,902
Interest income	525	505	591
Customers' Deposits	14,621	14,899	11,510
Interest expense	123	99	121
Other Funding instruments	690	684	–
Interest expense – Other funding	11	11	–

(b) Transactions with associate

Loans and receivables	–	–	–
Interest income	–	945	844

(c) Transactions with Parent

Customers' Deposit	921	908	155
Long-term notes	58,000	58,000	58,000
Loan Note	18,249	23,463	20,856
Interest income on loan notes	1,719	2,168	2,848
Due from parent	122	102	249

(d) Pension Plan

Employer's contribution	41,006	24,135	32,213
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(e) Government of the Republic of Trinidad and Tobago

Assets			
Loan notes	239,699	308,185	273,942
Liabilities			
Due to GORTT	23,382	23,752	21,478
Interest Income			
Loan notes	22,581	28,472	37,405

(f) Other transactions with the Government of the Republic of Trinidad and Tobago

In addition to the balances in (e) 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:

	June 2019 \$'000	June 2018 \$'000	Sept 2018 \$'000
Loans to customers	4,262,944	2,981,705	2,915,876
Interest income	212,408	156,326	199,926
Customers' deposits	7,672,858	7,703,119	7,151,386
Interest expense	24,972	20,785	24,638
Investments	9,637,001	8,566,358	9,177,978
Investment income	373,877	265,057	409,655
Other funding instruments	1,171,671	1,099,806	–
Interest expense	21,339	18,089	–

7 Contingent Liabilities

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 will not have a material adverse effect on the position of the Group.

8 Segment Reporting

The segmental information used by the Executive and Senior Management is as follows:

	Retail & Corporate Banking \$'000	Treasury & Investments Banking \$'000	Trustee & Asset Management \$'000	Group Functions \$'000	Eliminations \$'000	Total \$'000
Period ended 30 June 2019	1,195,872	516,255	99,058	3,826	(117,235)	1,697,776
Total Net Income	686,414	325,621	69,001	(168,834)	(96,427)	815,775
Profit Before Taxation	22,823,683	21,437,528	535,964	473,473	(2,007,910)	43,262,738
Restated Period ended 30 June 2018	1,117,286	518,392	112,571	4,142	(108,986)	1,643,405
Total Net Income	633,617	217,113	84,794	(146,800)	(86,781)	701,943
Profit Before Taxation	20,892,034	21,599,366	544,895	508,823	(2,263,940)	41,281,178
Year ended 30 September 2018	1,488,705	706,790	149,966	5,517	(134,197)	2,216,781
Total Net Income	753,607	463,642	111,291	(211,562)	(106,952)	1,010,026
Profit Before Taxation	20,748,222	22,757,612	825,448	324,334	(2,611,051)	42,044,565