

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 2020

(Expressed in Trinidad and Tobago Dollars)



First Citizens

Chairman's Report

As the world continues to grapple with uncertainties brought about by the COVID-19 crisis, the negative impact on our economy and the communities we serve are becoming more evident. These challenges are reflected in our third quarter year-to-date Profit after Tax of \$467 million, which reflects a 15.6% decline compared to the corresponding 2019 fiscal period. After three months of restrictions on movement to prevent the spread of the virus, with the commensurate impact on the business environment, our informed impairment assessment, in accordance with International Financial Reporting Standard (IFRS) 9, has resulted in a \$140.0 million increase in Expected Credit Losses for the quarter ending June 30, 2020. We remain guided by the IFRS 9 standard which will inform any further adjustments.

For the nine-month period the performance reflects an asset base of \$46.7 billion, representing a 7.6% increase when compared to September 2019. Growth of \$859.8 million (4.6%) was also reported in the Loan portfolio, as well as \$1.6 billion (10.0%) in the Investment portfolio. This growth was funded by a \$2.6 billion or 8.6% increase in Customers' Deposits and Other Funding Instruments. Net Interest Income grew by \$38.9 million (3.2%) as compared to the corresponding 2019 fiscal period. The outcome of our expense management strategies is reflected in an improvement in the efficiency ratio of 51.7% as compared to 52.1% for the corresponding 2019 fiscal period.

Based on this performance, the Board has declared an interim dividend of \$0.20 per ordinary share, which brings the total interim dividend for the nine-month period to \$0.92 per share (corresponding 2019 fiscal period was \$1.21). This dividend will be paid on August 28, 2020 to shareholders on record as at August 13, 2020.

The First Citizens Group is conscious of our wider social responsibilities and as such, is committed to providing support to our customers to assist with navigating through this difficult period. Thus far, our customers have benefitted from one or more special relief concessions that include deferral of loan payments, waiver of fees, reduction in interest rates and increased advances in credit cards. The Group implemented measures across our operations to reduce the risk of COVID-19 spread; including the installation of acrylic safety shields and sanitation stations, upholding physical distancing guidelines and encouraging the usage of digital and electronic banking channels. We continue to provide assistance and support to the vulnerable in the communities we serve especially in times of need.

Although the circumstances may be difficult, our Group's purpose remains the same. We are committed to maintaining a position of sustainability while securing the interest of all stakeholders. As we persevere with our purpose, I wish to express my sincere gratitude to our customers, my fellow directors and all other stakeholders for their invaluable contributions. A very special "thank you" is extended to the management and staff whose commitment and resolve during this period have been unwavering and have allowed us to continue to operate within challenging circumstances.

Anthony Isidore Smart

Anthony Isidore Smart
Chairman
July 27, 2020

Condensed Consolidated Interim Statement of Financial Position

	Unaudited June 2020 \$'000	Unaudited June 2019 \$'000	Audited Sep-2019 \$'000
ASSETS			
Cash and Statutory Deposits	8,026,027	7,196,661	7,183,543
Financial Assets			
- Investments	17,467,499	15,784,904	15,876,476
- Loans and receivables less allowance for loan losses:			
Loans to customers	19,340,622	18,143,519	18,624,265
Loans notes	184,249	257,949	221,099
Other assets	637,696	862,760	464,807
Investment in joint ventures & associates	201,511	186,263	191,932
Property, plant and equipment	579,745	609,409	596,937
Intangible asset	218,613	221,273	222,688
TOTAL ASSETS	46,655,962	43,262,738	43,381,747
LIABILITIES			
Customers' deposits and other funding instruments	32,623,657	30,703,942	30,025,701
Due to other banks	2,221,425	1,761,120	2,204,290
Creditors and accrued expenses	853,542	874,895	1,003,965
Defined benefit liability	21,292	38,376	8,885
Debt securities in issue	3,621,169	2,865,766	2,928,855
Notes due to related companies	58,000	58,000	58,000
TOTAL LIABILITIES	39,399,085	36,302,099	36,229,696
SHAREHOLDERS' EQUITY			
Share capital	458,557	458,557	458,557
Statutory reserve	1,241,132	879,335	884,689
Fair value reserve	1,034,431	1,019,707	1,096,130
Retained earnings	4,522,757	4,603,040	4,712,675
SHAREHOLDERS' EQUITY	7,256,877	6,960,639	7,152,051
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	46,655,962	43,262,738	43,381,747

On 27 July 2020, the Board of Directors of First Citizens Bank Limited authorised these consolidated financial statements for issue.

Director *Anthony Isidore Smart*

Director *Anthony Isidore Smart*

Condensed Consolidated Interim Income Statement

Note	Unaudited Three months ended		Unaudited Nine months ended		Audited Sep-2019
	June 2020 \$'000	June 2019 \$'000	June 2020 \$'000	June 2019 \$'000	Sep-2019 \$'000
Net interest income	397,791	421,609	1,254,061	1,215,150	1,633,294
Other income	133,326	149,565	456,650	482,626	642,523
Total net income	531,117	571,174	1,710,711	1,697,776	2,275,817
Impairment expenses					
net recoveries	(159,841)	(12,061)	(187,141)	(12,117)	14,476
Expenses	(300,437)	(320,674)	(883,708)	(884,136)	(1,247,439)
Operating profit	70,839	238,439	639,862	801,523	1,042,854
Share of profit in associates and joint venture	4,274	3,957	14,592	14,252	19,921
Profit before taxation	75,113	242,396	654,454	815,775	1,062,775
Taxation	(12,888)	(84,298)	(187,865)	(262,737)	(311,046)
Profit after taxation	62,225	158,098	466,589	553,038	751,729
Earnings Per Share					
Basic			\$1.84	\$2.19	\$2.98
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 Sep-19
	June 2020 \$'000	June 2019 \$'000	June 2020 \$'000	June 2019 \$'000	Sep-19 \$'000
Profit after taxation	62,225	158,098	466,589	553,038	751,729
Other comprehensive income:					
Items that will not be classified to profit or loss					
Remeasurement of defined benefit liability	--	--	--	--	25,916
Net gains on investments in equity instruments designated at FVOCI	16,224	902	11,891	33	8,240
Revaluation of property, plant and equipment net of tax	--	--	--	--	1,725
	16,224	902	11,891	33	35,881
Items may be classified to profit or loss					
Exchange difference on translation	7,274	(167)	125	(45)	(10,325)
Reclassified to profit or loss on disposal	(5,424)	(2,881)	(15,163)	(18,984)	(24,303)
Amortization of losses on hold to collect assets	(504)	(1,812)	(1,522)	(2,856)	(3,339)
Net (losses)/gains on financial assets measured at FVOCI	132,620	68,033	(57,030)	139,670	198,630
Total other comprehensive income	133,966	63,173	(73,590)	117,785	160,663
Total comprehensive income	150,190	64,075	(61,699)	117,818	196,544
Total comprehensive income	212,415	222,173	404,890	670,856	948,273

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 2019	458,557	884,689	1,096,130	4,712,675	7,152,051
Total comprehensive (loss)/income	--	--	(61,699)	466,589	404,890
Transfer to statutory reserve	--	356,443	--	(356,443)	--
Dividends	--	--	--	(300,064)	(300,064)
Balance at 30 June 2020	458,557	1,241,132	1,034,431	4,522,757	7,256,877
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 2018	458,557	879,335	901,889	4,381,936	6,621,717
Total comprehensive income	--	--	196,544	751,729	948,273
Other comprehensive income	--	--	(2,303)	2,303	--
Transfer to statutory reserve	--	5,354	--	(5,354)	--
Dividends	--	--	--	(417,939)	(417,939)
Balance at 30 September 2019	458,557	884,689	1,096,130	4,712,675	7,152,051

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First Citizens

Condensed Consolidated Statement of Cash Flow

	Unaudited June 2020 \$'000	Unaudited June 2019 \$'000	Audited Sep-19 \$'0000
Cash Flow From Operating Activities			
Profit before taxation	654,454	815,775	1,062,775
Adjustments to reconcile profit to net cash provided by operating activities:			
Cashflows from operating activities before changes in operating assets and liabilities	141,158	69,512	(216,116)
Changes in operating assets and liabilities:			
Net change in loans to customers	(859,787)	(2,126,979)	(2,612,475)
Net change in customers' deposits and other funding	2,597,956	817,457	139,217
Net change in other assets	(95,645)	(293,428)	115,332
Net change in statutory deposits with Central Bank	(392,268)	1,256,317	735,533
Net change in creditors and accrued expenses	(101,376)	(225,499)	(97,503)
Taxes paid	(224,133)	(297,170)	(399,264)
Net cash flow from operating activities	1,720,359	15,985	(1,272,501)
Cash Flows From Investing Activities			
Net change in investments	(1,675,618)	(456,306)	(143,376)
Net change in loan notes	36,850	36,850	73,700
Net change in short-term investments	(61,427)	349,693	55,762
Proceeds from disposal of property, plant and equipment	866	495	1,175
Purchase of property, plant and equipment	(37,100)	(90,367)	(104,495)
	(1,736,429)	(159,635)	(117,234)
Cash Flows From Financing Activities			
Net change of debt securities	692,314	--	63,089
Dividend paid	(300,064)	(331,934)	(417,939)
Net cash flow from financing activities	392,250	(331,934)	(354,850)
Effect of exchange rate change	(4,526)	4,382	2,379
Net cash (decrease) in cash and cash equivalents	371,654	(471,202)	(1,742,206)
Cash and cash equivalents at beginning of year	1,064,619	2,806,825	2,806,825
Cash and cash equivalents at end of period	1,436,273	2,335,623	1,064,619
REPRESENTED BY:-			
Cash and due from banks and Statutory Deposits	8,026,027	7,196,661	7,183,543
Due to other banks	(2,221,425)	(1,761,120)	(2,204,290)
Less:			
Statutory Deposits	(3,899,847)	(2,986,794)	(3,507,579)
Short-Term Investments (Maturity over 3 months)	(468,482)	(113,124)	(407,055)
	1,436,273	2,335,623	1,064,619

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.

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)	The company acts as custodian for third parties and provides paying agent services	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 and its Subsidiaries	Investment & asset management services and repo business	Trinidad & Tobago	100%
First Citizens Trustee Services Limited	Provision of trustee, administration and 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%

2 Basis of preparation

The interim consolidated financial statement for the nine months period ended 30 June 2020, 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 2019.

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 2019.

4 Commitments

	June 2020 \$'000	June 2019 \$'000	September 2019 \$'000
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Capital Commitments

Capital expenditure approved by the Directors but not provided for in these accounts	46,721	47,838	53,508
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Credit Commitments

Commitments for loans approved not yet disbursed	584,857	574,615	905,072
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5 Credit impairment losses net recoveries

	June 2020 \$'000	June 2019 \$'000	September 2019 \$'000
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Expected Credit Losses

Loans and advances	(174,409)	(29,154)	(22,257)
Other financial assets	(12,732)	17,037	36,733
	(187,141)	(12,117)	14,476

6 Related Party Transactions

(a) Directors and key management personnel

	June 2020 \$'000	June 2019 \$'000	Sept 2019 \$'000
Salaries and other short-term employee benefits	52,554	40,908	50,843
Loans and receivables	12,417	14,302	12,063
Interest income	409	525	600
Customers' Deposits	24,105	14,621	13,078
Interest expense	186	123	159
Other Funding instruments	702	690	690
Interest expense-Other funding	8	11	11

(b) Transactions with Parent

Customers' Deposit	1,951	921	1,209
Long-term notes	58,000	58,000	58,000
Loan Note	13,035	18,249	15,642
Interest income on loan notes	1,276	1,719	2,248
Due from parent	118	122	363

(c) Pension Plan

Employer's contribution	39,360	41,006	29,888
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(d) Government of the Republic of Trinidad and Tobago (GORTT)

Assets			
Loan notes	171,214	239,699	205,457

Liabilities

Due to GORTT	22,918	23,382	23,044
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Interest Income

Loan notes	16,755	22,581	29,529
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(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:

	June 2020 \$'000	June 2019 \$'000	Sept 2019 \$'000
Loans to customers	4,753,188	4,262,944	3,882,296
Interest income	240,133	212,408	254,995
Customers' deposits	10,968,849	7,672,858	7,399,019
Interest expense	33,019	24,972	32,175
Financial assets – Hold to collect and sell	10,572,254	9,123,337	7,744,061
Financial assets – Hold to collect	512,115	513,664	513,242
Investment income	348,356	373,877	429,255
Other funding instruments	347,856	1,171,671	1,010,404
Interest expense	5,160	21,339	28,561

7 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.

8 Segment Reporting

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

Period ended	Retail & Corporate Banking	Treasury & Investments Banking	Trustee & Asset Management	Group Functions	Eliminations	Total
30 June 2020	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total Net Income	1,229,590	510,881	98,421	4,117	(132,298)	1,710,711
Profit Before Taxation	613,346	241,315	67,392	(156,541)	(111,058)	654,454
Total Assets	24,091,540	23,809,879	557,290	524,178	(2,326,925)	46,655,962

Period ended

30 June 2019	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total Net Income	1,195,872	516,255	99,058	3,826	(117,235)	1,697,776
Profit Before Taxation	686,414	325,621	69,001	(168,834)	(96,427)	815,775
Total Assets	22,823,683	21,437,528	535,964	473,473	(2,007,910)	43,262,738

Year ended

30 September 2019	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total Net Income	1,606,139	650,001	135,440	5,068	(120,831)	2,275,817
Profit Before Taxation	957,694	317,909	94,174	(245,904)	(61,098)	1,062,775
Total Assets	22,852,966	21,787,423	647,079	368,298	(2,274,019)	43,381,747