

First Citizens Bank Limited and its Subsidiaries

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THREE MONTHS ENDED 31 DECEMBER 2018

(Expressed In Trinidad and Tobago Dollars)



First Citizens

Chairman's Report

We are pleased to report that the First Citizens Group has concluded another profitable first quarter recording profit before tax of \$311.5 million, a growth of \$22.7 million or 7.9%, when compared to the corresponding period in 2017. Profit after tax amounted to \$214.5 million. This represents an increase 5.5 %, as compared to December 2017. The Group's total assets amounted to \$42.7 billion as at December 2018, an increase of 1.6 % as compared to September 2018.

The Group's performance was due mainly to the growth in customers' loans of \$1.7 billion (10.3%), which resulted in an increase in net interest income of \$14.3 million or 3.7%. The Group continued to effectively manage its expenses for the quarter and also benefited from a reversal in the expected credit losses booked at 30 September 2018.

Our earnings per share increased by 4 cents to 85 cents for the first quarter period to 31 December 2018. Based on this performance, the Board has declared an interim dividend of 38 cents per ordinary share. The dividend will be paid on 28 February 2019, to shareholders on record as at 8 February 2019.

We continue our focus on prudent risk management policies and the adoption of measures to continue improving our efficiency and diversifying our business lines.

I wish to express my gratitude to our customers, staff, my fellow directors and all other stakeholders for their invaluable contribution to the continuing profitability of the First Citizens Group.

Anthony Isidore Smart
Chairman
28 January 2019

Condensed Consolidated Interim Statement of Financial Position

	Unaudited December 2018 \$'000	Unaudited December 2017 \$'000	Audited September 2018 \$'000
ASSETS			
Cash and Statutory Deposits	7,753,567	6,238,802	9,025,002
Financial Assets			
- Investments	15,492,515	16,072,616	15,128,356
- Loans and receivables less allowance for loan losses:			
Loans to customers	17,691,596	15,536,238	16,014,956
Loans Notes	294,799	368,498	294,799
Other assets	441,236	419,865	573,242
Investment in joint ventures & associates	185,372	180,145	185,256
Property, plant and equipment	604,710	592,745	603,083
Intangible asset	216,151	208,867	219,871
TOTAL ASSETS	42,679,946	39,617,776	42,044,565
LIABILITIES			
Customers' deposits and other funding instruments	30,317,318	29,410,961	29,886,485
Due to other banks	1,856,917	1,146,757	1,512,249
Creditors and accrued expenses	773,917	790,113	1,075,615
Defined benefit liability	29,220	75,142	24,733
Debt securities in issue	2,867,556	1,400,000	2,865,766
Notes due to related companies	58,000	58,000	58,000
TOTAL LIABILITIES	35,902,928	32,880,973	35,422,848
SHAREHOLDERS' EQUITY			
Share capital	458,557	458,557	458,557
Statutory reserve	879,335	879,335	879,335
Fair Value reserve	842,699	1,070,476	901,889
Retained earnings	4,596,427	4,328,435	4,381,936
SHAREHOLDERS' EQUITY	6,777,018	6,736,803	6,621,717
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	42,679,946	39,617,776	42,044,565

The notes are an integral part of these consolidated financial statements.

On 28 January 2019, the Board of Directors of First Citizens Bank Limited authorised these consolidated financial statements for issue.

Director

Director

Condensed Consolidated Interim Income Statement

Note	Unaudited Three months ended December 2018 \$'000	Unaudited December 2017 \$'000	Audited Year ended September 2018 \$'000
Net interest income	398,978	384,707	1,558,950
Other income	173,900	199,983	657,831
Total net income	572,878	584,690	2,216,781
Credit impairment losses net recoveries	4,079	(43,009)	(178,024)
Non-interest Expenses	(270,366)	(258,281)	(1,046,969)
Operating profit	306,591	283,400	991,788
Share of profit in associates and joint venture	4,882	5,380	18,238
Profit before taxation	311,473	288,780	1,010,026
Taxation	(96,982)	(85,421)	(336,333)
Profit after taxation	214,491	203,359	673,693
Earnings Per Share			
Basic	\$0.85	\$0.81	\$2.68
Weighted Average Number of Share			
Basic	251,354	251,354	251,354

Condensed Consolidated Statement of Comprehensive Income

	Unaudited Three months ended December 2018 \$'000	Unaudited December 2017 \$'000	Audited Year ended September 2018 \$'000
Profit for the period	214,491	203,359	673,693
Other comprehensive income:			
Items that will not be classified to Profit or Loss			
Remeasurement of defined benefit liability	-	-	2,567
Net gains on investments in equity instruments designated at FVOCI	(6,632)	-	10,887
Revaluation of property, plant and equipment net of tax	-	-	3,061
	(6,632)	-	16,515
Items that may be reclassified to Profit or Loss			
Exchange difference on translation	4,756	(1,143)	(2,201)
Reclassified to profit or loss on disposal	(1,429)	(50,342)	(77,794)
Amortisation of losses on hold to collect assets	(523)	(482)	(1,189)
Net gains/(losses) on financial assets measured at FVOCI	(55,362)	15,212	(102,220)
	(52,558)	(36,755)	(183,404)
Total other comprehensive loss for the period	(59,190)	(36,755)	(166,889)
Total comprehensive income for the period	155,301	166,604	506,804

Condensed Consolidated Statement of Changes In Equity

	Share Capital \$'000	Statutory Reserve \$'000	Other Reserve \$'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	-	-	(59,190)	214,491	155,301
Dividends	-	-	-	-	-
Balance at 31 December 2018	458,557	879,335	842,699	4,596,427	6,777,018
Balance at 1 October 2017	458,557	879,335	1,107,231	4,306,459	6,751,582
Total Comprehensive income	-	-	(36,755)	203,359	166,604
Dividends	-	-	-	(181,383)	(181,383)
Balance at 31 December 2017	458,557	879,335	1,070,476	4,328,435	6,736,803
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 October 1 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



Condensed Consolidated Statement of Cash Flow

	Unaudited December 2018 \$'000	Unaudited December 2017 \$'000	Audited September 2018 \$'000
Cash Flow From Operating Activities			
Profit before taxation	311,473	288,780	1,010,026
Adjustments to reconcile profit to net cash provided by operating activities:			
Cashflows from operating activities before changes in operating assets and liabilities	(37,029)	(110,408)	136,094
Changes in operating assets and liabilities:			
Net change in loans to customers	274,444	178,372	1,146,120
Net change in customers' deposits and other funding	(1,671,602)	(1,130,000)	(1,519,684)
Net change in other assets	430,833	1,103,189	1,578,711
Net change in statutory deposits with Central Bank	131,393	96,227	(170,886)
Net change in creditors and accrued expenses	1,001,364	(515,327)	(855,410)
Taxes paid	(246,161)	(90,371)	182,863
	(118,113)	(50,236)	(280,710)
Net cash flow from operating activities	(197,842)	(408,146)	81,004
Cash Flows From Investing Activities			
Net change in investments	(400,278)	(383,461)	19,467
Net change in loan notes	-	-	73,700
Net change in short-term investments	(13,992)	(141,701)	24,389
Proceeds from sale of financial asset	-	854	-
Proceeds from disposal of property, plant and equipment	365	172	3,544
Purchase of property, plant and equipment	(14,895)	(15,648)	(91,751)
	(428,800)	(539,784)	29,349
Cash Flows From Financing Activities			
Repayment of debt securities	-	-	1,465,766
Dividend paid	-	(181,383)	(452,319)
Net cash flow from financing activities	-	(181,383)	(452,319)
Effect of exchange rate changes	(2,090)	(4,111)	(10,507)
Net cash (decrease)/increase in cash and cash equivalents	(628,732)	(1,133,424)	(1,113,293)
Cash and cash equivalents at beginning of year	2,806,825	1,693,532	1,693,532
Cash and cash equivalents at end of period	2,178,093	560,108	2,806,825
REPRESENTED BY:-			
Cash and due from banks and Statutory Deposits	7,753,567	6,238,802	9,025,002
Due to other banks	(1,856,917)	(1,146,757)	(1,512,249)
Less:			
Statutory Deposits	(3,241,748)	(3,903,030)	(4,243,111)
Short-term Investments (Maturity over 3 months)	(476,809)	(628,907)	(462,817)
	2,178,093	560,108	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	Ownership interest
First Citizens Depository Services Limited (formerly First Citizens Asset Management Limited)	The company acts as custodian for the First Citizens Group and provides bond 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 (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 investment 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	14.29%
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 three months period ended 31 December 2018, 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

	December 2018 \$'000	December 2017 \$'000	September 2018 \$'000
Capital Commitments			
Capital expenditure approved by the Directors but not provided for in these accounts:	60,406	18,476	67,935
Credit Commitments			
Commitments for loans approved not yet disbursed:	747,035	1,238,144	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 \$272.6 million on the acquisition of these instruments, and had to write back the ECL of \$300.3 million on derecognition of the original instruments.

	December 2018 \$'000	December 2017 \$'000	September 2018 \$'000
Expected Credit Losses			
Expected credit losses on loans and advances	(4,215)	(28,960)	(73,013)
Expected credit losses on other financial assets	(19,417)	(14,049)	(105,011)
Loss on the recognition of credit impairment on origination assets	(272,573)	-	-
Net Gains/(losses) on derecognition of financial assets	300,284	-	-
	4,079	(43,009)	(178,024)

6. Related Party Transactions

(a) Directors and key management personnel

	December 2018 \$'000	December 2017 \$'000	September 2018 \$'000
Salaries and other short-term employee benefits	10,838	9,355	50,425
Loans and receivables	13,545	9,808	12,902
Interest income	173	128	591
Customers' Deposits	14,534	11,167	11,510
Interest expense	34	26	121
Other Funding instruments	692	676	-
Interest expense- Other Funding	4	1	-

(b) Transactions with associate

Loans and receivables	-	16,732	-
Interest income	-	420	844

(c) Transactions with parent

Customers' Deposit	77	1,231	155
Long-term notes payable	58,000	58,000	58,000
Loan Note receivable	20,856	26,070	20,856
Interest income on loan notes	605	756	2,848
Due from Parent	226	341	249

(d) Pension Plan

Employer's contribution	9,121	8,045	32,213
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(e) Government of the Republic of Trinidad and Tobago

On the formation of the Bank (see Note 1), 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 addition, the Central Bank agreed to put specific liquidity arrangements in place by way of a long-term loan. The current amount outstanding on these obligations and the related income and expenses are disclosed below:

	December 2018 \$'000	December 2017 \$'000	September 2018 \$'000
Assets			
Loan notes with Taurus Services Limited	273,942	342,428	273,942
Liabilities			
Due to GORTT	20,462	26,124	21,478
Interest Income			
Loan notes	7,941	9,926	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:

	December 2018 \$'000	December 2017 \$'000	September 2018 \$'000
Loans to customers	3,883,135	3,360,426	2,915,876
Interest income	65,553	54,850	199,926
Customers' deposits	7,399,019	7,477,521	7,151,386
Interest expense	7,449	6,293	24,638
Investments	10,178,684	10,052,860	9,177,978
Investment income	120,174	114,003	409,655
Other funding instruments	1,010,168	972,806	-
Interest expense	6,905	5,742	-

7. 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.

8. Segment Reporting

The segmental information provided to the Executive Management for the reportable segments are as follows:

Period ended	Retail & Corporate Banking \$'000	Treasury & Investments Banking \$'000	Trustee & Asset Management \$'000	Group Functions \$'000	Eliminations \$'000	Total \$'000
31 December 2018						
Total Net Income	406,999	142,877	31,200	1,116	(9,314)	572,878
Profit Before Taxation	260,438	84,018	21,092	(52,690)	(1,385)	311,473
Total Assets	23,353,173	20,484,796	607,947	416,147	(2,182,117)	42,679,946
Period ended 31 December 2017						
Total Net Income	236,178	139,469	172,612	44,963	(8,532)	584,690
Profit Before Taxation	218,581	70,456	33,236	(32,503)	(990)	288,780
Total Assets	21,886,553	18,873,116	477,046	307,337	(1,926,276)	39,617,776
Year ended 30 September 2018						
Total Net Income	1,488,705	706,790	149,966	5,517	(134,197)	2,216,781
Profit Before Taxation	753,607	463,642	111,291	(211,562)	(106,952)	1,010,026
Total Assets	20,748,222	22,757,612	825,448	324,334	(2,611,051)	42,044,565