

First Citizens Bank Limited and Its Subsidiaries

(A Subsidiary of First Citizens Holdings Limited)

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR SIX MONTHS ENDED 31 MARCH 2020

(Expressed in Trinidad and Tobago Dollars)



First Citizens

Chairman's Report

The COVID-19 pandemic has caused an unprecedented health crisis. The measures necessary to contain the virus have triggered a global economic downturn. At this point, while there is great uncertainty about its duration, the financial system has already felt a dramatic impact and a further intensification of the crisis could affect global financial stability. The IMF predicts that the global economy will shrink by at least 3% this year. It is clear that this pandemic will negatively impact the Group's overall financial performance from as early as April 2020 and beyond.

For the three-month period ended March 31, 2020, the First Citizens Group recorded profit before tax of \$258.2 million. This brought the year-to-date profit before tax for the six-month period to \$579.3 million. Profit after tax for the six-month period amounted to \$404.4 million, which represents an increase of 2.4% as compared to March 2019. The Group's total assets stood at \$45.6 billion as at March 2020; this represents an increase of 5.1% when compared to September 2019. This stable performance for the six-month period was underpinned by the performance of the banking operations, supported by expense management strategies which were reflected by an improvement in the efficiency ratio of 49.2% as compared to 50.2% for the corresponding period last year.

Internationally and locally, it has been reported that some companies have opted to suspend dividend payments because of economic uncertainty which they anticipate will result in a decline in business generally. The First Citizens Group recognises the need for a balanced approach out of consideration for our valued shareholders while ensuring organisational sustainability. Based on the Group's performance up to March 2020, the Board has declared a second interim dividend of \$0.28 per ordinary share, which brings the total interim dividend for the six-month period to \$0.72 per share (corresponding period last year was \$0.84). This dividend will be paid on June 5, 2020 to shareholders on record as at May 21, 2020.

The recent Standard and Poor's downgrade of Trinidad and Tobago Sovereign credit ratings to BBB- has had a knock on effect on First Citizens Bank's rating which is also now rated BBB-.

In spite of the substantial uncertainty which this crisis has brought into people's lives and livelihoods, coupled with the contraction of economic activity, we are committed to working with all our customers through this challenging period to ensure we each do our part to survive this global issue together. As a corporate citizen, we will continue to live our purpose and do our part to support our communities as well.

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

Anthony Isidore Smart
Chairman
May 5, 2020

Condensed Consolidated Interim Statement of Financial Position

	Unaudited Mar-20 \$'000	Unaudited Mar-19 \$'000	Audited Sep-19 \$'000
ASSETS			
Cash and Statutory Deposits	7,362,865	7,568,957	7,183,543
Financial Assets			
- Investments	17,081,953	16,134,298	15,876,476
- Loans and receivables less allowance for loan losses:			
Loans to customers	19,482,141	17,632,458	18,624,265
Loans notes	184,249	257,949	221,099
Other assets	502,297	426,777	464,807
Investment in joint ventures & associates	196,867	190,540	191,932
Property, plant and equipment	583,409	625,223	596,937
Intangible asset	218,353	215,989	222,688
TOTAL ASSETS	45,612,134	43,052,191	43,381,747
LIABILITIES			
Customers' deposits and other funding instruments	31,589,745	31,019,251	30,025,701
Due to other banks	2,231,902	1,503,921	2,204,290
Creditors and accrued expenses	987,013	717,398	1,003,965
Defined benefit liability	17,100	33,768	8,885
Debt securities in issue	3,615,155	2,865,766	2,928,855
Notes due to related companies	58,000	58,000	58,000
TOTAL LIABILITIES	38,498,915	36,198,104	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	884,241	955,632	1,096,130
Retained earnings	4,529,289	4,560,563	4,712,675
SHAREHOLDERS' EQUITY	7,113,219	6,854,087	7,152,051
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	45,612,134	43,052,191	43,381,747

On April 27 2020, 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		Unaudited Six months ended		Audited Sep-19 \$'000
	Mar-20 \$'000	Mar-19 \$'000	Mar-20 \$'000	Mar-19 \$'000	
Net interest income	427,273	394,562	856,270	793,541	1,633,294
Other income	132,463	159,161	323,324	333,060	642,523
Total net income	559,736	553,723	1,179,594	1,126,601	2,275,817
Impairment expenses					
net recoveries	5 (7,951)	(4,136)	(27,300)	(57)	14,476
Expenses	(297,711)	(293,096)	(583,271)	(563,462)	(1,247,439)
Operating profit	254,074	256,491	569,023	563,082	1,042,854
Share of profit in associates and joint venture	4,141	5,413	10,318	10,295	19,921
Profit before taxation	258,215	261,904	579,341	573,377	1,062,775
Taxation	(76,497)	(81,457)	(174,978)	(178,439)	(311,046)
Profit after taxation	181,718	180,447	404,363	394,938	751,729
Earnings Per Share					
Basic			\$1.60	\$1.56	\$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 Six months ended		Audited Sep-19 \$'000
	Mar-20 \$'000	Mar-19 \$'000	Mar-20 \$'000	Mar-19 \$'000	
Profit after taxation	181,718	180,447	404,363	394,938	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	(10,474)	5,763	(4,333)	(869)	8,240
Revaluation of property, plant and equipment net of tax	--	--	--	--	1,725
	(10,474)	5,763	(4,333)	(869)	35,881
Items may be classified to profit or loss					
Exchange difference on translation	(12,907)	(4,634)	(7,149)	122	(10,325)
Reclassified to profit or loss on disposal	(8,781)	(521)	(9,739)	(1,044)	(24,303)
Amortisation of losses on hold to collect assets	(506)	(14,674)	(1,018)	(16,103)	(3,339)
Net (losses)/gains on financial assets measured at FVOCI	(212,387)	126,999	(189,650)	71,637	198,630
	(234,581)	107,170	(207,556)	54,612	160,663
Total other comprehensive income	(245,055)	112,933	(211,889)	53,743	196,544
Total comprehensive income	(63,337)	293,380	192,474	448,681	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 October 1, 2019	458,557	884,689	1,096,130	4,712,675	7,152,051
Total comprehensive (loss) / income	--	--	(211,889)	404,363	192,474
Transfer to statutory reserve	--	356,443	--	(356,443)	--
Dividends	--	--	--	(231,306)	(231,306)
Balance at March 31, 2020	458,557	1,241,132	884,241	4,529,289	7,113,219
Balance at October 1, 2018	458,557	879,335	901,889	4,381,936	6,621,717
Total comprehensive income	--	--	53,743	394,938	448,681
Dividends	--	--	--	(216,311)	(216,311)
Balance at March 31, 2019	458,557	879,335	955,632	4,560,563	6,854,087
Balance at October 1, 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 September 30, 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 Flows

	Unaudited Mar-20 \$'000	Unaudited Mar-19 \$'000	Audited Sep-19 \$'000
Cash Flows From Operating Activities			
Profit before taxation	579,341	573,377	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	688,907	609,661	846,659
Changes in operating assets and liabilities:			
Net change in loans to customers	(879,755)	(1,607,734)	(2,612,475)
Net change in customers' deposits and other funding	1,564,044	1,132,766	139,217
Net change in other assets	(88,707)	125,054	115,332
Net change in statutory deposits with Central Bank	13,279	440,030	735,533
Net change in creditors and accrued expenses	45,960	(366,187)	(97,503)
Taxes paid	(147,374)	(201,822)	(399,264)
Net cash flow from operating activities	1,196,354	131,768	(1,272,501)
Cash Flows From Investing Activities			
Net change in investments	(1,510,722)	(908,411)	(143,376)
Net change in loan notes	36,850	36,850	73,700
Net change in short-term investments	(41,608)	(105,579)	55,762
Proceeds from disposal of property, plant and equipment	839	338	1,175
Purchase of property, plant and equipment	(20,774)	(53,145)	(104,495)
	(1,535,415)	(1,029,947)	(117,234)
Cash Flows From Financing Activities			
Net change of debt securities	686,300	--	63,089
Dividend paid	(231,306)	(216,311)	(417,939)
Net cash flow from financing activities	454,994	(216,311)	(354,850)
Effect of exchange rate change	7,448	1,224	2,379
Net cash (decrease) in cash and cash equivalents	123,381	(1,113,266)	(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	1,188,000	1,693,559	1,064,619
REPRESENTED BY:-			
Cash and due from banks and Statutory Deposits	7,362,865	7,568,957	7,183,543
Due to other banks	(2,231,902)	(1,503,921)	(2,204,290)
Less:			
Statutory Deposits	(3,494,300)	(3,803,081)	(3,507,579)
Short-Term Investments (Maturity over 3 months)	(448,663)	(568,396)	(407,055)
	1,188,000	1,693,559	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	Ownership interest
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:

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 six-months period ended March 31, 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 September 30, 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 September 30, 2019.

4 Commitments

	March 2020 \$'000	March 2019 \$'000	September 2019 \$'000
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Capital Commitments			
Capital expenditure approved by the Directors but not provided for in these accounts	51,152	58,756	53,508

Credit Commitments

Commitments for loans approved not yet disbursed	563,725	245,306	905,072
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5 Credit impairment losses net recoveries

Expected Credit Losses

Loans and advances	(21,432)	(17,769)	(22,257)
Other financial assets	(5,868)	17,712	36,733
	(27,300)	(57)	14,476

6 Related Party Transactions

(a) Directors and key management personnel

Salaries and other short-term employee benefits	40,446	28,761	50,843
Loans and receivables	12,098	11,700	12,063
Interest income	292	312	600
Customers' Deposits	23,381	15,090	13,078
Interest expense	119	80	159
Other Funding instruments	702	676	690
Interest expense-Other funding	8	7	11

(b) Transactions with Parent

Customers' Deposit	2,467	1,579	1,209
Long-term notes	58,000	58,000	58,000
Loan Notes	13,035	18,249	15,642
Interest income on loan notes	902	1,196	2,248
Due from parent	694	665	363

(c) Pension Plan

Employer's contribution	17,969	18,242	29,888
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(d) Government of the Republic of Trinidad and Tobago (GORTT)

Assets	March 2020 \$'000	March 2019 \$'000	September 2019 \$'000
Loan notes	171,214	239,699	205,457
Liabilities			
Due to GORTT	23,024	20,452	23,044
Interest Income			
Loan notes	11,846	15,709	29,529

(e) Other transactions with the GORTT

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:

	March 2020 \$'000	March 2019 \$'000	September 2019 \$'000
Loans to customers	4,657,473	4,335,750	3,882,296
Interest income	158,868	147,456	254,995
Customers' deposits	10,356,849	8,142,707	7,399,019
Interest expense	21,880	17,018	32,175
Investments	11,530,287	9,047,261	8,257,303
Investment income	260,337	221,910	429,255
Other funding instruments	347,856	1,002,968	1,010,404
Interest expense	5,160	13,428	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:

	Retail & Corporate Banking \$'000	Treasury & Investments Banking \$'000	Trustee & Asset Management \$'000	Group Functions \$'000	Eliminations \$'000	Total \$'000
Period ended March 31, 2020						
Total Net Income	841,877	405,338	64,246	(3,159)	(128,709)	1,179,594
Profit Before Taxation	498,963	262,900	43,056	(111,592)	(113,986)	579,341
Total Assets	23,995,381	22,625,961	590,041	820,367	(2,419,616)	45,612,134
Period ended March 31, 2019						
Total Net Income	796,291	370,604	62,798	2,363	(105,455)	1,126,601
Profit Before Taxation	470,742	263,190	42,623	(112,398)	(90,780)	573,377
Total Assets	22,687,928	20,848,579	520,643	932,882	(1,937,841)	43,052,191
Year ended September 30, 2019						
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