

First Citizens Investment Services Limited and its Subsidiaries

A Subsidiary of First Citizens Bank Limited

Unaudited Interim Financials for three months to December 31, 2021

(Expressed in Trinidad and Tobago dollars)



First Citizens

Consolidated Statement of Financial Position

	Unaudited Dec '21 \$'000	Unaudited Dec '20 \$'000	Audited Sept '21 \$'000
ASSETS			
Cash and due from banks	291,713	372,739	265,085
Financial assets			
- Fair value through other comprehensive income	2,839,733	3,135,888	2,807,717
- Amortised cost	3,897,834	3,983,668	3,939,450
- Fair value through profit and loss	651	25,188	607
Intangible assets	8,613	6,896	8,790
Property and equipment	44,765	55,702	44,983
Right of use assets	1,018	1,746	1,269
Other assets	43,938	17,965	41,414
Deferred income tax asset	1,052	--	998
Tax recoverable	18,448	27,896	19,977
TOTAL ASSETS	7,147,765	7,627,688	7,130,290
LIABILITIES			
Borrowings	1,712,444	1,967,263	1,518,109
Funds under management	6,376	29,271	6,420
Securities sold under repurchase agreements	3,317,279	3,481,663	3,356,300
Creditors and accrued expenses	108,047	138,420	109,342
Loan from parent company	267,899	263,127	362,740
Lease liabilities	1,037	1,733	1,211
Deferred income tax liability	93,137	129,795	114,225
Tax payable	19,609	26,690	23,482
TOTAL LIABILITIES	5,525,828	6,037,962	5,491,829
SHAREHOLDERS' EQUITY			
Share capital	637,697	637,697	637,697
Retained earnings	810,142	717,975	775,911
Fair value reserves	174,098	234,054	224,853
TOTAL SHAREHOLDER'S EQUITY	1,621,937	1,589,726	1,638,461
TOTAL EQUITY AND LIABILITIES	7,147,765	7,627,688	7,130,290

Director

Director

Consolidated Statement of Income

	Unaudited Three months ended		Audited
	Dec '21 \$'000	Dec '20 \$'000	Sept '20 \$'000
Interest income	71,870	77,861	302,326
Interest expense	(31,415)	(38,186)	(138,434)
Net interest income	40,455	39,675	163,892
Fees and commissions	29,222	28,575	107,057
(Loss)/gain on financial assets	(5,183)	(3,431)	15,815
Foreign exchange gain/(loss)	1,163	(277)	(2,009)
Other income	116	123	12,826
Total net revenue	65,773	64,665	297,581
Impairment gain on financial assets	2,397	3,438	13,151
Impairment loss on non-financial assets	--	--	(6,554)
Administrative expenses	(10,034)	(9,674)	(39,589)
Other operating expenses	(11,935)	(10,899)	(49,698)
Profit before taxation	46,201	47,530	214,891
Taxation charge	(11,970)	(10,654)	(42,062)
Profit for the period/year	34,231	36,876	172,829

Consolidated Statement of Other Comprehensive Income

	Unaudited Three months ended		Audited
	Dec '21 \$'000	Dec '20 \$'000	Sept '21 \$'000
Profit for the period/year	34,231	36,876	172,829
Other comprehensive income:			
<i>Items that will not be classified to profit or loss</i>			
Revaluation of property and equipment	--	--	(403)
	--	--	(403)
<i>Items that may be reclassified to profit or loss</i>			
Net (losses)/gains on investments in debt instruments designated at FVOCI	(50,828)	56,180	47,756
Net losses on financial assets measured at amortised cost	(105)	(217)	(591)
Exchange differences on translation	178	--	--
	(50,755)	55,963	47,165
Total other comprehensive (loss)/income for the period/year net of tax	(50,755)	55,963	46,762
Total comprehensive (loss)/income for the period/year	(16,524)	92,839	219,591

Consolidated Statement of Changes in Equity

	Share Capital \$'000	Retained Earnings \$'000	Fair Value Reserve \$'000	Total Equity \$'000
Balance at 1 October 2021	637,697	775,911	224,853	1,638,461
Profit for the period	--	34,231	--	34,231
Other comprehensive loss	--	--	(50,755)	(50,755)
Total comprehensive income for the period	--	34,231	(50,755)	(16,524)
<i>Transactions with owners:</i>				
Dividends paid	--	--	--	--
Total transactions with owners	--	--	--	--
Balance at 31 December 2021	637,697	810,142	174,098	1,621,937
Balance at 1 October 2020	637,697	681,099	178,091	1,496,887
Profit for the period	--	36,876	--	36,876
Other comprehensive income	--	--	55,963	55,963
Total comprehensive income for the period	--	36,876	55,963	92,839
<i>Transactions with owners:</i>				
Dividends paid	--	--	--	--
Total transactions with owners	--	--	--	--
Balance at 31 December 2020	637,697	717,975	234,054	1,589,726
Balance at 1 October 2020	637,697	681,099	178,091	1,496,887
Profit for the year	--	172,829	--	172,829
Other comprehensive income	--	--	46,762	46,762
Total comprehensive income for the year	--	172,829	46,762	219,591
<i>Transactions with owners:</i>				
Dividends	--	(78,017)	--	(78,017)
Total transactions with owners	--	(78,017)	--	(78,017)
Balance at 30 September 2021	637,697	775,911	224,853	1,638,461

Consolidated Statement of Cashflow

	Unaudited Dec '21 \$'000	Unaudited Dec '20 \$'000	Audited Sept '21 \$'000
Cash flows from operating activities			
Profit before taxation	46,201	47,530	214,891
Adjustments to reconcile profit to net cash from operating activities:			
Impairment gain on financial assets	(2,397)	(3,438)	(13,151)
Impairment loss on non-financial assets	--	--	6,554
Interest income	(71,849)	(77,835)	(302,325)
Interest received	61,573	68,665	308,247
Interest expense	31,415	38,186	138,434
Interest paid	(31,787)	(39,752)	(148,926)
Interest on right of use assets	13	16	57
Repayment of principal on right of use assets	(188)	(188)	(751)
Depreciation	581	733	5,722
Depreciation for right of use assets	253	159	636
Amortisation	546	--	984
Unrealised foreign exchange (gain)/loss	(758)	(345)	96
Gain on disposal of property and equipment	--	(20)	(19)
Fair Value (gain)/loss on financial assets	(13)	(21)	21
Income taxes paid	(14,292)	(7,761)	(44,853)
Cash flows from operating activities before changes in operating assets and liabilities	19,298	25,929	165,617
Net change in FVOCI financial assets	(72,323)	135,867	455,213
Net change in amortised cost financial assets	45,110	110,218	146,396
Net change in fair value through profit & loss	(30)	(24,666)	(55)
Net change in other assets	(151)	79,473	(14,707)
Net change in securities sold under repurchase agreements	(39,814)	(413,915)	(526,142)
Net change in creditors and accrued expenses	(24,339)	(16,160)	22,245
Net change in right of use liabilities	174	171	--
Net change in other funding instruments	(48)	1,030	(21,816)
Net change in borrowings	194,335	3,956	(445,198)
Net cash flow from operating activities	122,212	(98,097)	(218,447)
Cash flows from investing activities			
Net change in short term investment	(10)	--	(76)
Proceeds from disposal of financial assets	--	--	272
Purchase of intangible assets	(369)	--	--
Purchase of financial assets	--	(466)	(5,459)
Purchase of property and equipment	(363)	(165)	(1,120)
Net cash flow used in investing activities	(742)	(631)	(6,383)
Cash flows from financing activities			
(Repayment)/receipt of loan from parent company	(94,841)	(5,319)	94,295
Ordinary dividend paid	--	--	(78,017)
Net cash flows (used in)/ generated from financing activities	(94,841)	(5,319)	16,278
Net increase/(decrease) in cash and cash equivalents	26,629	(104,047)	(208,552)
Cash and cash equivalents at beginning of year	262,641	471,193	471,193
Cash and cash equivalents at end of the period/year	289,270	367,146	262,641

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(Expressed in Trinidad and Tobago dollars)



First Citizens

Notes to the Consolidated Financial Statements

1 Incorporation and Principal Activity

First Citizens Investment Services Limited ("the Company") and its subsidiaries (together "the Group") is incorporated in the Republic of Trinidad and Tobago. Effective 1 September 2018, the Group acquired 100% ownership of First Citizens Portfolio Investment and Management Services Limited (FCPIMS). The Group operates in Trinidad and Tobago as well as in St. Lucia, St. Vincent and Barbados through branches. Its principal business includes dealing in securities and such other business as is authorised pursuant to its registration under the Securities Industry Act 1995 of the Republic of Trinidad and Tobago.

Effective 2 February 2009, First Citizens Bank Limited (the Bank) assumed control of the Group. The Bank formally acquired 100% ownership of the Company on 22 May 2009. The Bank is a subsidiary of First Citizens Holdings Limited (the First Citizens Group), a company with a 64.43% controlling interest in the Bank and which is owned by the Government of the Republic of Trinidad and Tobago (GORTT). The remainder of the Bank's shares are listed on the Trinidad and Tobago Stock Exchange and are publicly traded.

The shares of First Citizens Investment Services (Barbados) Limited were fully redeemed by the Group on 30 June 2019. The operations of that company became a branch of First Citizens Investment Services Limited effective 1 July 2019.

The Group's registered office is 17 Wainwright Street, Port of Spain, Trinidad and Tobago.

The Group's subsidiaries, all wholly-owned, are:

- First Citizens Investment Services (Barbados) Limited;
- First Citizens Brokerage and Advisory Services Limited;
- Caribbean Money Market Brokers (Trincity) Limited
- FCIS Nominees Limited; and
- First Citizens Portfolio Investment and Management Services Limited

2 Basis of preparation

The Interim consolidated financial statement for the three months' period ended 31 December 2021, has been prepared in accordance with IAS 34 "Interim Financial Reporting".

3 Significant Accounting Policies

The accounting policies applied in the preparation of these consolidated interim financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended 30 September 2021.

4 Commitments

	Dec '21 \$'000	Dec '20 \$'000	Sept '21 \$'000
Capital Commitments			
Capital expenditure approved by the Directors but not provided for in these accounts:	7,349	39,520	2,635

5 Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The Group is fully owned by First Citizens Bank Limited, a subsidiary of First Citizens Holdings Limited, a company owned by the Government of the Republic of Trinidad and Tobago (GORTT).

A number of transactions are entered into with related parties in the normal course of business. These include purchase of investment securities and securities sold under repurchase agreements.

	Dec '21 \$'000	Dec '20 \$'000	Sept '21 \$'000
(a) Directors and key management personnel			
Statement of financial position:			
Loan and receivable	--	--	--
Securities sold under repurchase agreements	(6,866)	(722)	(6,830)
	(6,866)	(722)	(6,830)
Statement of income:			
Interest income	--	--	--
Interest expense	(43)	(4)	(15)
Salaries and other short-term employee benefits	(1,310)	(1,241)	(5,859)
	(1,353)	(1,245)	(5,874)

(b) Related Companies

The following related party transactions are included in the Statement of Income and Statement of Financial Position for the three months ended December 2021:

	Parent \$'000	Related companies \$'000	GORTT \$'000	State-owned Enterprises \$'000
Statement of Income				
Interest Income	58	1	16,241	3,168
Interest Expense	(2,728)	(399)	--	(2,302)
	(2,670)	(398)	16,241	866
Statement of Financial Position				
Assets:				
Cash and due from other banks	127,504	28,352	--	--
Other assets	--	--	--	--
Financial assets	192	--	1,571,887	233,117
Liabilities:				
Securities sold under repurchase agreements	--	(370,991)	--	(601,182)
Creditors and accrued expenses	(24,843)	(2,398)	--	--
Loan from parent company	(257,890)	--	--	--
	(155,037)	(345,037)	1,571,887	(368,065)

5 Related Party Transactions (cont'd)

The following related party transactions are included in the Statement of Income and Statement of financial position for the three months ended December 2020:

	Parent \$'000	Related companies \$'000	GORTT \$'000	State-owned Enterprises \$'000
Statement of Income				
Interest Income	215	1	13,560	4,756
Interest Expense	(2,681)	(1,449)	--	(4,333)
	(2,466)	(1,448)	13,560	423
Statement of financial position				
Assets:				
Cash and due from other banks	207,256	18,309	--	--
Other assets	--	12	--	--
Financial assets	193	--	1,306,452	392,456
Liabilities:				
Securities sold under repurchase agreements	--	(357,135)	--	(701,477)
Creditors and accrued expenses	(28,864)	(1,074)	--	--
Loan from parent	(263,124)	--	--	--
	(84,539)	(339,888)	1,306,452	(309,021)

The following related party transactions are included in the Statement of Income and Statement of financial position for the year ended September 2021:

	Parent \$'000	Related companies \$'000	GORTT \$'000	State-owned Enterprises \$'000
Statement of Income				
Interest Income	265	15	63,716	13,520
Interest Expense	(10,755)	(4,380)	--	(13,429)
	(10,490)	(4,365)	63,716	91
Statement of financial position				
Assets:				
Cash and due from other banks	125,545	14,315	--	--
Other assets	--	--	--	--
Financial assets	195	--	1,572,213	233,495
Liabilities:				
Securities sold under repurchase agreements	--	(370,571)	--	(674,213)
Creditors and accrued expenses	(26,034)	(974)	--	--
Loan from parent	(362,740)	--	--	--
	(263,034)	(357,230)	1,572,213	(440,718)

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