

First Citizens Investment Services Limited and its Subsidiaries

A Subsidiary of First Citizens Bank Limited



First Citizens

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR NINE MONTHS ENDED 30 JUNE 2022

(Expressed in Trinidad and Tobago dollars)

Consolidated Statement of Financial Position

	Unaudited Jun '22 \$'000	Unaudited Jun '21 \$'000	Audited Sept '21 \$'000
ASSETS			
Cash and due from banks	437,321	344,031	265,085
Financial assets			
- Fair value through other comprehensive income	2,648,868	2,709,017	2,807,717
- Amortised cost	3,822,233	4,040,771	3,939,450
- Fair value through profit and loss	667	1,030	607
Intangible assets	7,771	9,342	8,790
Property and equipment	43,101	54,737	44,983
Right of use assets	1,839	1,428	1,269
Other assets	25,572	63,072	41,414
Deferred income tax asset	1,356	--	998
Tax recoverable	19,927	29,518	19,977
TOTAL ASSETS	7,008,655	7,252,946	7,130,290
LIABILITIES			
Borrowings	1,695,644	1,693,465	1,518,109
Funds under management	6,234	30,637	6,420
Securities sold under repurchase agreements	3,538,355	3,443,568	3,356,300
Creditors and accrued expenses	114,477	154,043	109,342
Loan from parent company	254,530	259,698	362,740
Lease liabilities	1,930	1,387	1,211
Deferred income tax liability	5,899	99,142	114,225
Tax payable	7,967	21,904	23,482
TOTAL LIABILITIES	5,625,036	5,703,844	5,491,829
SHAREHOLDER'S EQUITY			
Share capital	637,697	637,697	637,697
Retained earnings	785,307	735,573	775,911
Fair value reserves	(39,385)	175,832	224,853
TOTAL SHAREHOLDER'S EQUITY	1,383,619	1,549,102	1,638,461
TOTAL EQUITY AND LIABILITIES	7,008,655	7,252,946	7,130,290

On 8 August 2022, the Board of Directors of First Citizens Investment Services Limited authorised these consolidated financial statements for issue.

Director

Director

Consolidated Statement of Income

	Unaudited Three months ended		Unaudited Nine months ended		Audited Sep '21 \$'000
	Jun '22 \$'000	Jun '21 \$'000	Jun '22 \$'000	Jun '21 \$'000	
Interest income	66,642	76,178	210,432	229,438	302,326
Interest expense	(30,534)	(32,652)	(92,636)	(107,005)	(138,434)
Net interest income	36,108	43,526	117,796	122,433	163,892
Fees and commissions	29,813	25,075	83,385	76,339	107,057
(Loss)/gain on financial assets	(11,978)	227	(5,883)	4,823	15,815
Foreign exchange (loss)/gain	(10)	4,399	(101)	(2,416)	(2,009)
Other income/(expense)	2,525	(23)	2,841	2,717	12,826
Total net revenue	56,458	73,204	198,038	203,896	297,581
Impairment gain/(loss) on financial assets	6,386	(4,977)	11,957	16,587	13,151
Impairment loss on non-financial assets	(21)	--	(21)	--	(6,554)
Administrative expenses	(8,885)	(8,329)	(28,830)	(27,632)	(39,589)
Other operating expenses	(11,346)	(11,626)	(34,755)	(33,904)	(49,698)
Profit before taxation	42,592	48,272	146,389	158,947	214,891
Taxation charge	(2,539)	(8,266)	(25,850)	(26,051)	(42,062)
Profit for the period/year	40,053	40,006	120,539	132,896	172,829

Consolidated Statement of Comprehensive Income

	Unaudited Three months ended		Unaudited Nine months ended		Audited Sep '21 \$'000
	Jun '22 \$'000	Jun '21 \$'000	Jun '22 \$'000	Jun '21 \$'000	
Profit for the period/year	40,053	40,006	120,539	132,896	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	(95,680)	6,964	(263,933)	(1,679)	47,756
Net losses on financial assets measured at amortised cost	(103)	(104)	(308)	(484)	(591)
Exchange differences on translation	--	1	3	(96)	--
	(95,783)	6,861	(264,238)	(2,259)	47,165
Total other comprehensive (loss)/income for the period/year net of tax	(95,783)	6,861	(264,238)	(2,259)	46,762
Total comprehensive (loss)/income for the period/year	(55,730)	46,867	(143,699)	130,637	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	--	120,539	--	120,539
Other comprehensive loss	--	--	(264,238)	(264,238)
Total comprehensive income for the period	--	120,539	(264,238)	(143,699)
<i>Transactions with owners:</i>				
Dividends paid	--	(111,143)	--	(111,143)
Total transactions with owners	--	(111,143)	--	(111,143)
Balance at 30 June 2022	637,697	785,307	(39,385)	1,383,619
Balance at 1 October 2020	637,697	681,099	178,091	1,496,887
Less: Prior year adjustments	--	(405)	--	(405)
Adjusted balance at 1 October 2020	637,697	680,694	178,091	1,496,482
Profit for the Period	--	132,896	--	132,896
Other comprehensive income	--	--	(2,259)	(2,259)
Total comprehensive income for the period	--	132,896	(2,259)	130,637
<i>Transactions with owners:</i>				
Dividends paid	--	(78,017)	--	(78,017)
Total transactions with owners	--	(78,017)	--	(78,017)
Balance at 30 June 2021	637,697	735,573	175,832	1,549,102
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 Cash Flows

	Unaudited Jun '22 \$'000	Unaudited Jun '21 \$'000	Audited Sept '21 \$'000
Cash flows from operating activities			
Profit before taxation	146,389	158,947	214,891
Adjustments to reconcile profit to net cash from operating activities:			
Impairment gain on financial assets	(11,957)	(16,587)	(13,151)
Impairment loss on non-financial assets	21	--	6,554
Interest income	(210,369)	(229,380)	(302,325)
Interest received	209,638	211,607	308,247
Interest expense	92,636	107,005	138,434
Interest paid	(98,571)	(93,434)	(148,926)
Interest on right of use assets	239	45	57
Repayment of principal on right of use assets	(1,270)	(563)	(751)
Depreciation	1,310	2,200	5,722
Depreciation for right of use assets	1,109	477	636
Amortisation	1,262	807	984
Unrealised foreign exchange loss	430	1,711	96
Gain on disposal of property and equipment	(97)	(23)	(19)
Fair Value loss/(gain) on financial assets	5	(55)	21
Income taxes paid	(40,619)	(29,167)	(44,853)
Cash flows from operating activities before changes in operating assets and liabilities	90,156	113,590	165,617
Net change in FVOCI financial assets	(210,572)	499,950	455,213
Net change in amortised cost financial assets	124,285	77,909	146,396
Net change in fair value through profit & loss	(64)	(437)	(55)
Net change in other assets	16,354	34,821	(14,707)
Net change securities sold under repurchase agreements	192,072	(466,122)	(526,142)
Net change in creditors and accrued expenses	5,723	(33,399)	22,245
Net change in right of use liabilities	1,706	--	--
Net change in other funding instruments	(779)	2,400	(21,816)
Net change in borrowings	171,257	(269,842)	(445,198)
Net cash flow from operating activities	390,138	(41,130)	(218,447)
Cash flows from investing activities			
Net change in short term investment	(15)	(13)	(76)
Proceeds from disposal of financial assets	--	--	272
Proceeds from disposal of intangible assets	1,370	--	--
Proceeds from disposal of property, plant and equipment	97	270	--
Purchase of intangible assets	(1,613)	(3,720)	(5,459)
Purchase of property and equipment	(849)	(1,411)	(1,120)
Purchase of right of use assets	(257)	--	--
Net cash flow used in investing activities	(1,267)	(4,874)	(6,383)
Cash flows from financing activities			
(Repayment)/receipt of loan from parent company	(105,506)	(8,747)	94,295
Ordinary dividend paid	(111,143)	(78,017)	(78,017)
Net cash flows (used in)/ generated from financing activities	(216,649)	(86,764)	16,278
Net increase/(decrease) in cash and cash equivalents	172,222	(132,768)	(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	434,863	338,425	262,641

First Citizens Investment Services Limited and its Subsidiaries

A Subsidiary of First Citizens Bank Limited

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR NINE MONTHS ENDED 30 JUNE 2022

(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 nine months' period ended 30 June 2022, 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

	Jun '22	Jun '21	Sept '21
	\$'000	\$'000	\$'000
Capital Commitments			
Capital expenditure approved by the Directors but not provided for in these accounts:	7,002	974	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.

	Jun '22	Jun '21	Sept '21
	\$'000	\$'000	\$'000

(a) Directors and key management personnel

Statement of financial position:

Loan and receivable	--	--	--
Securities sold under repurchase agreements	(8,852)	(729)	(6,830)
	(8,852)	(729)	(6,830)

Statement of income:

Interest income	--	--	--
Interest expense	(137)	(12)	(15)
Salaries and other short-term employee benefits	(5,132)	(4,571)	(5,859)
	(5,269)	(4,583)	(5,874)

(b) Related Companies

The following related party transactions are included in the Statement of Income and Statement of Financial Position for the nine months ended June 2022:

Statement of Income	Parent	Related companies	GORTT	State-owned Enterprises
	\$'000	\$'000	\$'000	\$'000
Interest Income	193	7	48,277	9,360
Interest Expense	--	(1,571)	--	(7,168)
	193	(1,564)	48,277	2,192

Notes to the Consolidated Financial Statements (cont'd)

Statement of Financial Position

Assets:

Cash and due from other banks	249,103	42,204	--	--
Other assets	--	--	--	--
Financial assets	192	--	1,492,994	214,324

Liabilities:

Securities sold under repurchase agreements	--	(433,196)	--	(864,911)
Creditors and accrued expenses	(30,522)	(1,996)	--	--
Loan from parent company	(254,530)	--	--	--
	(35,757)	(392,988)	1,492,994	(650,587)

The following related party transactions are included in the Statement of Income and Statement of financial position for the nine months ended June 2021:

Statement of Income	Parent	Related companies	GORTT	State-owned Enterprises
	\$'000	\$'000	\$'000	\$'000
Interest Income	318	--	47,198	10,294
Interest Expense	(8,093)	(3,798)	--	(10,579)
	(7,775)	(3,798)	47,198	(285)

Statement of financial position

Assets:

Cash and due from other banks	220,414	4,077	--	--
Other assets	3	--	--	--
Financial assets	--	--	1,595,452	234,008

Liabilities:

Securities sold under repurchase agreements	--	(371,970)	--	(699,418)
Creditors and accrued expenses	(9,297)	(1,274)	--	--
Loan from parent	(259,698)	--	--	--
	(48,578)	(369,167)	1,595,452	(465,410)

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

Statement of Income	Parent	Related companies	GORTT	State-owned Enterprises
	\$'000	\$'000	\$'000	\$'000
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.