

First Citizens Bank Limited and Its Subsidiaries

(A Subsidiary of First Citizens Holdings limited)

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR NINE MONTHS ENDED JUNE 30 2017

(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 quarter. Profit after taxation for the three months ended June 30th 2017, amounted to approximately \$150.8M. This brought the year to date profit for the nine months to \$498.5M which represents an increase of 1.1% when compared to the corresponding period in 2016. Notably, operating profit for the nine months increased by 7% as compared to 2016. The Group's total assets amounted to \$38.7B as at June 2017, an increase of 0.7% over June 2016.

The Group's performance was due to the growth of net interest margin of \$106.2M or 11.2%, driven by the growth in both Investments and Loans portfolios of 7.0% and 5.7% respectively. Additionally the Group effectively managed its expenses, resulting in an improvement in its efficiency ratio to 51.2% as compared to 53.7% last year. However, the impact of these achievements was partly offset by the impairment of the goodwill recognised on the acquisition of First Citizens Bank (Barbados) Limited.

The recent sovereign downgrades in Barbados by both Moody's and Standard and Poors as well as, its high debt to GDP ratio remain a major concern to us. While we monitor the economies in which we operate, we will continue our focus on prudent risk management policies as we work with our clients in these challenging times.

We are proud of our achievements during this period.

We will maintain our drive to strengthen our balance sheet by diversification of our products and adoption of measures to improve our efficiency.

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

Anthony Isidore Smart
Chairman
July 25th 2017

Condensed Consolidated Interim Statement of Financial Position

	Unaudited Jun-17 \$'000	Unaudited Jun-16 \$'000	Audited Sep-16 \$'000
ASSETS			
Cash and Statutory Deposits	6,697,014	8,651,840	8,680,010
Financial Assets			
- Investments	16,070,843	14,424,275	15,015,472
- Loans and receivables less allowance for loan losses:			
Loans to customers	14,099,186	13,534,670	13,332,281
Loans Notes	405,348	479,048	442,198
Other assets	455,906	446,280	422,356
Investment in joint ventures & associates	174,946	158,257	171,149
Property, plant and equipment	588,294	485,619	542,222
Intangible asset	212,463	236,048	244,667
TOTAL ASSETS	38,704,000	38,416,037	38,850,355
LIABILITIES			
Customers' deposits and other funding instruments	28,543,003	29,651,206	29,512,441
Due to other banks	1,349,291	218,730	459,470
Creditors and accrued expenses	737,930	591,382	741,140
Debt securities in issue	1,400,000	1,400,000	1,400,000
Notes due to related companies	58,000	58,000	58,000
TOTAL LIABILITIES	32,088,224	31,919,318	32,171,051
SHAREHOLDERS' EQUITY			
Share capital	458,557	643,557	643,557
Statutory reserve	877,698	675,726	677,698
Fair Value reserve	1,114,815	1,112,834	1,151,111
Retained earnings	4,164,706	4,064,602	4,206,938
SHAREHOLDERS' EQUITY	6,615,776	6,496,719	6,679,304
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	38,704,000	38,416,037	38,850,355

The accompanying notes form an integral part of these consolidated financial statements.

On 25 July 2017, the Board of Directors of First Citizens Bank Limited authorised these consolidated financial statements for issue.

Director

Director

Condensed Consolidated Interim Income Statement

	Unaudited Three months ended		Unaudited Nine months ended		Audited Sep-16 \$'000
	Jun-17 \$'000	Jun-16 \$'000	Jun-17 \$'000	Jun-16 \$'000	
Net interest income	359,956	327,742	1,053,567	947,392	1,283,762
Other income	142,070	163,209	461,656	536,830	711,330
Total net income	502,026	490,951	1,515,223	1,484,222	1,995,092
Impairment Expenses net recoveries	(37,735)	(18,439)	(74,621)	(65,405)	(86,222)
Expenses	(260,122)	(267,495)	(775,746)	(797,655)	(1,107,360)
Operating profit	204,169	205,017	664,856	621,162	801,510
Share of profit in associates and joint venture	4,304	4,031	16,533	10,462	15,865
Profit before taxation	208,473	209,048	681,389	631,624	817,375
Taxation	(57,711)	(49,532)	(182,847)	(138,710)	(180,153)
Profit after taxation	150,762	159,516	498,542	492,914	637,222
Earnings Per Share					
Basic			\$1.97	\$1.96	\$2.52
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-16 \$'000
	Jun-17 \$'000	Jun-16 \$'000	Jun-17 \$'000	Jun-16 \$'000	
Profit after taxation	150,762	159,516	498,542	492,914	637,222
Other comprehensive income:					
Items that will not be classified to profit or loss					
Remeasurement of Defined Benefit Liability	-	32,954	(8,624)	32,954	17,160
Revaluation of property, plant and equipment	-	-	-	-	35,401
		32,954	(8,624)	32,954	52,561
Items may be classified to profit or loss					
Exchange difference on translation	4,122	15,569	9,622	57,212	61,686
Transfer of net realised gain to current year income	(11,323)	(12,319)	(25,909)	(38,386)	(36,494)
Change in fair value of held to maturity assets	(874)	(982)	(2,603)	(2,909)	(3,772)
Revaluation of available-for-sale assets	24,311	34,436	(8,782)	(16,139)	(2,972)
	16,236	36,704	(27,672)	(222)	18,448
Total other comprehensive income	16,236	69,658	(36,296)	32,732	71,009
Total comprehensive income	166,998	229,174	462,246	525,646	708,231

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 2016	643,557	677,698	1,151,111	4,206,938	6,679,304
Share Ownership Plan (note 5)	(185,000)	-	-	-	(185,000)
Total Comprehensive income	-	-	(36,296)	498,542	462,246
Dividends	-	-	-	(340,774)	(340,774)
Transfer to statutory reserve	-	200,000	-	(200,000)	-
Balance at 30 June 2017	458,557	877,698	1,114,815	4,164,706	6,615,776
Balance at 1 October 2015	643,557	675,726	1,080,102	3,926,505	6,325,890
Total Comprehensive income	-	-	32,732	492,914	525,646
Dividends	-	-	-	(354,817)	(354,817)
Balance at 30 June 2016	643,557	675,726	1,112,834	4,064,602	6,496,719
Balance at 1 October 2015	643,557	675,726	1,080,102	3,926,505	6,325,890
Total Comprehensive income	-	-	71,009	637,222	708,231
Dividends	-	-	-	(354,817)	(354,817)
Transfer to statutory reserve	-	1,972	-	(1,972)	-
Balance at 30 September 2016	643,557	677,698	1,151,111	4,206,938	6,679,304

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(A Subsidiary of First Citizens Holdings limited)

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR NINE MONTHS ENDED JUNE 30 2017

(Expressed in Trinidad and Tobago Dollars)



First Citizens

Condensed Consolidated Statement of Cash Flow

	Unaudited Jun-17 \$'000	Unaudited Jun-16 \$'000	Audited Sep-16 \$'000
Cash Flow From Operating Activities			
Profit before taxation	681,389	631,624	817,375
Adjustments to reconcile profit to net cash provided by operating activities:			
Cashflows from operating activities before changes in operating assets and liabilities	89,184	120,575	113,576
Changes in operating assets and liabilities:			
Net change in loans to customers	(815,287)	239,038	451,246
Net change in customers' deposits and other funding	(969,438)	3,907,061	3,768,296
Net change in other assets	(34,297)	(8,052)	44,528
Net change in statutory deposits with Central Bank	467,382	(827,491)	451,789
Net change in creditors and accrued expenses	(87,683)	(2,668,069)	(2,525,768)
Taxes paid	(145,833)	(118,085)	(164,733)
Net cash flow from operating activities	(814,583)	1,276,601	2,956,309
Cash Flows From Investing Activities			
Net change in investments	(1,044,117)	(913,809)	(1,221,218)
Purchase of shares for share ownership plan	(185,000)	-	-
Net change in loan notes	38,541	1,679,006	1,715,856
Net change in short-term investments	967,304	(151,118)	(1,054,882)
Proceeds from disposal of property, plant and equipment	1,030	790	1,937
Purchase of property, plant and equipment	(87,851)	(55,768)	(141,991)
Net cash flow from investing activities	(310,093)	559,101	(700,298)
Cash Flows From Financing Activities			
Net change of debt securities	-	(527,574)	(527,574)
Dividend paid	(340,774)	(354,817)	(354,817)
Net cash flow from financing activities	(340,774)	(882,391)	(882,391)
Effect of exchange rate changes	27,318	57,326	(200,036)
Net cash (decrease)/increase in cash and cash equivalents	(1,438,132)	1,010,637	1,173,584
Cash and cash equivalents at beginning of year	2,894,015	1,720,431	1,720,431
Cash and cash equivalents at end of period	1,455,883	2,731,068	2,894,015
REPRESENTED BY:-			
Cash and due from banks and Statutory Deposits	6,697,014	8,651,840	8,680,010
Statutory Deposits	(3,504,084)	(5,250,747)	(3,971,466)
Due to other banks	(1,349,291)	(218,730)	(459,470)
Short Term Investments (Maturity over 3 months)	(387,756)	(451,295)	(1,355,059)
Total	1,455,883	2,731,068	2,894,015

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).

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 Asset Management Limited	Investment & asset management services for corporate benefit plans, mutual funds and other parties	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	Investment & asset management services and repo business	Trinidad & Tobago	100%
First Citizens Securities Trading Limited	Financial 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
Infotek 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 financial statement for the Nine months period ended 30 June 2017, has been prepared in accordance with IAS 34 "Interim Financial Reporting".

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 2016.

4 Commitments

Capital Commitments

Capital expenditure approved by the Directors but not provided for in these accounts:

	Jun-17 \$'000	Jun-16 \$'000	Sept-16 \$'000
	20,848	13,795	19,477

Credit Commitments

Commitments for loans approved not yet disbursed:

	Jun-17 \$'000	Jun-16 \$'000	Sept-16 \$'000
	400,388	678,415	568,223

5 Share Ownership Plan

In April 2017, the shareholders approved the establishment of an employee share ownership plan for the Group's staff. In May 2017, the Group purchased 5,781,250 shares in the sum of \$185.0 million.

6 Related Party Transactions

(a) Directors and key management personnel

	Jun-17 \$'000	Jun-16 \$'000	Sept-16 \$'000
Salaries and other short-term employee benefits	35,248	35,414	45,673
Loans and receivables	22,667	28,476	22,473
Interest income	1,046	835	1,396
Customers' Deposits	11,341	13,314	9,988
Interest expense	73	113	139
Other Funding instruments	-	739	503
Interest expense-Other funding	-	21	17

(b) Transactions with associate

	Jun-17 \$'000	Jun-16 \$'000	Sept-16 \$'000
Loans and receivables	25,172	41,068	41,596
Interest income	1,894	2,759	3,474

(c) Transactions with Parent

	Jun-17 \$'000	Jun-16 \$'000	Sept-16 \$'000
Customers' Deposit	588	4,226	4,239
Long-term notes	58,000	58,000	58,000
Loan Note	28,677	33,892	31,284
Interest income on loan notes	2,616	3,076	4,059
Due from parent	113	3,444	3,580

(d) Pension Plan

	Jun-17 \$'000	Jun-16 \$'000	Sept-16 \$'000
Employer's contribution	20,673	18,933	27,654

(e) Government of the Republic of Trinidad and Tobago

Assets			
	Jun-17 \$'000	Jun-16 \$'000	Sept-16 \$'000
Loan notes	376,670	335,898	410,914
Liabilities			
Due to GORTT	24,651	22,974	22,889
Interest Income			
Loan notes	34,362	40,404	53,308
Notes receivable from Central Bank	--	2,723	2,747

(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:

	Jun-17 \$'000	Jun-16 \$'000	Sept-16 \$'000
Loans to customers	2,728,261	2,987,556	2,955,349
Interest income	139,533	144,705	198,842
Customers' deposits	6,968,125	8,296,145	8,035,861
Interest expense	17,899	15,304	21,805
Investments	10,794,027	7,967,521	9,123,470
Investment income	321,313	192,107	487,853
Other funding instruments	1,022,303	440,351	--
Interest expense	14,608	4,348	--

7 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.

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						
30 June 2017						
Total Net Income	1,001,184	596,838	131,889	4,039	(218,727)	1,515,223
Profit Before Taxation	549,252	398,878	102,218	(150,290)	(218,669)	681,389
Total Assets	19,108,501	20,600,106	431,929	421,267	(1,857,803)	38,704,000
Period ended						
30 June 2016						
Total Net Income	898,680	601,425	162,280	3,506	(181,669)	1,484,222
Profit Before Taxation	474,061	367,179	129,394	(155,733)	(183,277)	631,624
Total Assets	17,789,692	21,509,857	400,338	444,890	(1,728,740)	38,416,037
Year ended						
30 September 2016						
Total Net Income	1,229,304	766,068	218,696	(1,903)	(217,073)	1,995,092
Profit Before Taxation	611,711	437,517	173,626	(212,776)	(192,703)	817,375
Total Assets	17,424,291	22,453,182	461,888	445,704	(1,934,710)	38,850,355