

First Citizens Bank Limited and its Subsidiaries

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THREE MONTHS ENDED 31 DECEMBER 2016

(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 \$247.6 million, a growth of \$27.6 million or 12.5%, when compared to the corresponding period in 2015. Profit after tax amounted to \$185.2 million. This represents an increase of 3.0%, as compared to December 2015.

The Group's total assets amounted to \$39.4 billion as at December 2016. This represents an increase of 1.5% as compared to September 2016, mainly due to growth in Loans of \$542.8 million (3.9%) and Investments of \$288.4 million (1.9%). The Group was also able to maintain its expenses for the quarter, as evidenced by the improved efficiency ratio of 47.9% for the first quarter, compared with 50.9% in the comparative period for 2015.

While we continue to monitor very closely the current local environment, First Citizens remains focussed on strengthening its balance sheet and measures to improve its efficiency and diversification of its product lines.

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

Anthony Isadore Smart

Anthony Isadore Smart
Chairman
31 January 2017

Condensed Consolidated Interim Statement Of Financial Position

	Unaudited Dec-16 \$'000	Unaudited Dec-15 \$'000	Audited Sep-16 \$'000
ASSETS			
Cash and Statutory Deposits	8,425,152	7,879,749	8,680,010
Financial Assets			
- Investments	15,303,833	12,636,993	15,015,472
- Loans and receivables less allowance for loan losses:			
Loans to customers	13,845,084	13,483,889	13,332,281
Loans notes	442,198	984,690	442,198
Other assets	454,325	481,516	422,356
Investment in joint ventures & associates	171,986	160,588	171,149
Property, plant and equipment	551,006	483,122	542,222
Intangible asset	230,833	226,186	244,667
TOTAL ASSETS	39,424,417	36,336,733	38,850,355
LIABILITIES			
Customers' deposits and other funding instruments	30,163,115	26,750,830	29,512,441
Due to other banks	437,568	181,800	459,470
Creditors and accrued expenses	697,236	595,006	711,687
Defined benefit liability	36,069	28,169	29,453
Debt securities in issue	1,400,000	2,432,949	1,400,000
Notes due to related companies	58,000	58,000	58,000
TOTAL LIABILITIES	32,791,988	30,046,754	32,171,051
SHAREHOLDERS' EQUITY			
Share capital	643,557	643,557	643,557
Statutory reserve	677,698	675,726	677,698
Fair value reserve	1,087,459	1,053,240	1,151,111
Retained earnings	4,223,715	3,917,456	4,206,938
SHAREHOLDERS' EQUITY	6,632,429	6,289,979	6,679,304
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	39,424,417	36,336,733	38,850,355

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

On 31 January 2017, the Board of Directors of First Citizens Bank Limited authorised these consolidated financial statements for issue.

Director: *Anthony Isadore Smart*

Director: *Anthony Isadore Smart*

Condensed Consolidated Interim Income Statement

	Unaudited Three months ended Dec-16 \$'000	Unaudited Three months ended Dec-15 \$'000	Audited Sep-16 \$'000
Net interest income	344,866	303,118	1,283,762
Other income	179,737	191,814	711,330
Total net income	524,603	494,932	1,995,092
Impairment expenses net recoveries	(30,328)	(28,809)	(86,222)
Non-interest Expenses	(251,361)	(251,353)	(1,107,360)
Operating profit	242,914	214,770	801,510
Share of profit in associates and joint venture	4,674	5,252	15,865
Profit before taxation	247,588	220,022	817,375
Taxation	(62,404)	(40,147)	(180,153)
Profit after taxation	185,184	179,875	637,222
Earnings Per Share - Basic	\$0.74	\$0.72	\$2.52
Weighted Average Number of Share - Basic	251,354	251,354	251,354

Condensed Consolidated Statement Of Comprehensive Income

	Unaudited Three months ended Dec-16 \$'000	Unaudited Three months ended Dec-15 \$'000	Audited Sep-16 \$'000
Profit for the year	185,184	179,875	637,222
Other comprehensive income: Items that will not be classified to Profit or Loss			
Remeasurement of defined benefit liability	(8,624)	-	17,160
Revaluation of property, plant and equipment net of tax	-	-	35,401
	(8,624)	-	52,561
Items may be classified to Profit or Loss			
Exchange difference on translation	5,310	20,636	61,686
Transfer of net realised gain to current year income	(6,522)	(12,539)	(36,494)
Amortisation of gains on held to maturity assets	(877)	(1,013)	(3,772)
Revaluation of available-for-sale assets	(52,939)	(33,946)	(2,972)
	(55,028)	(26,862)	18,448
Total Other Comprehensive Income	(63,652)	(26,862)	71,009
Total comprehensive income for the year	121,532	153,013	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
Total comprehensive income	-	-	(63,652)	185,184	121,532
Dividends	-	-	-	(168,407)	(168,407)
Balance at 31 December 2016	643,557	677,698	1,087,459	4,223,715	6,632,429
Balance at 1 October 2015	643,557	675,726	1,080,102	3,926,505	6,325,890
Total comprehensive income	-	-	(26,862)	179,875	153,013
Dividends	-	-	-	(188,924)	(188,924)
Balance at 31 December 2015	643,557	675,726	1,053,240	3,917,456	6,289,979
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



Condensed Consolidated Statement Of Cash Flow

	Unaudited Dec-16 \$'000	Unaudited Dec-15 \$'000	Audited Sep-16 \$'000
Cash Flow From Operating Activities			
Profit before taxation	247,588	220,022	817,375
Adjustments to reconcile profit to net cash provided by operating activities:			
Cash flows from operating activities before changes in operating assets and liabilities	71,433	65,971	113,576
Changes in operating assets and liabilities:	319,021	285,993	930,951
Net change in loans to customers	(542,757)	321,122	451,246
Net change in customers' deposits and other funding	650,674	1,006,685	3,768,296
Net change in other assets	(20,231)	(34,072)	44,528
Net change in statutory deposits with Central Bank	(225,922)	67,546	451,789
Net change in creditors and accrued expenses	(64,484)	(2,665,193)	(2,525,768)
Taxes paid	(23,835)	(41,444)	(164,733)
Net cash flow from operating activities	92,466	(1,059,363)	2,956,309
Cash Flows From Investing Activities			
Net change in investments	(365,035)	868,167	(1,221,218)
Net change in loan notes	--	1,173,364	1,715,856
Net change in short-term investments	229,574	(232,222)	(1,054,882)
Proceeds from disposal of property, plant and equipment	2	164	1,937
Purchase of property, plant and equipment	(13,548)	(6,205)	(141,991)
Net cash flow from investing activities	(149,007)	1,803,268	(700,298)
Cash Flows From Financing Activities			
Net change in debt securities	--	500,000	(527,574)
Dividend paid	(168,407)	(188,924)	(354,817)
Net cash flow from financing activities	(168,407)	311,076	(882,391)
Effect of exchange rate changes	(4,356)	34,429	(200,036)
Net cash (decrease)/increase in cash and cash equivalents	(229,304)	1,089,410	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	2,664,711	2,809,841	2,894,015
REPRESENTED BY:-			
Cash and due from banks and Statutory Deposits	8,425,152	7,879,749	8,680,010
Due to other banks	(437,568)	(181,800)	(459,470)
Less:			
Statutory Deposits	(4,197,388)	(4,355,709)	(3,971,466)
Short Term Investments (maturity over 3 months)	(1,125,485)	(532,399)	(1,355,059)
Net cash and cash equivalents	2,664,711	2,809,841	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). In 2013, First Citizens Holdings disposed of 20% of its ordinary share holdings interest, which is trading on the Trinidad and Tobago Stock Exchange. 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%
¹ First Citizens Securities Trading Limited	Financial management services and repo business	Trinidad & Tobago	100%
² 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%

¹ & ² Cease operation in June 2016 and December 2016 respectively.

2. Basis of preparation

The Interim financial statement for the three months period ended 31 December 2016, 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

	Dec-16 \$'000	Dec-15 \$'000	Sep-16 \$'000
Capital Commitments			
Capital expenditure approved by the Directors but not provided for in these accounts:	18,207	17,591	19,477
Credit Commitments			
Commitments for loans approved not yet disbursed:	488,891	397,343	568,223

5. Related Party Transactions

	Dec-16 \$'000	Dec-15 \$'000	Sep-16 \$'000
(a) Directors and key management personnel			
Salaries and other short-term employee benefits	8,785	8,023	45,673
Loans and receivables	28,130	19,322	22,427
Interest income	423	279	1,396
Customers' deposits	9,866	13,218	9,988
Interest expense	23	47	139
Other Funding instruments	709	908	503
Interest expense-Other funding	13	7	17
(b) Transactions with associate			
Loans and receivables	33,463	47,756	41,596
Interest income	726	982	3,474
(c) Transactions with Parent			
Customers' deposit	133,438	147,982	4,239
Long-term notes	58,000	58,000	58,000
Loan note	31,284	36,499	31,284
Interest income on loan notes	907	1,058	4,059
Due from parent	3,650	3,025	3,580
(d) Pension Plan			
Employer's contribution	6,891	6,311	27,654
(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:

	Dec-16 \$'000	Dec-15 \$'000	Sep-16 \$'000
Assets			
Loan notes with Taurus Services Limited	410,914	479,399	410,914
Notes receivable from Central Bank	--	468,793	--
Liabilities			
Due to GORTT	22,521	16,511	22,889
Interest Income			
Loan notes	11,911	13,896	53,308
Notes receivable from Central Bank	--	1,779	2,747

(f) Other transactions with the Government of the Republic of Trinidad and Tobago

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:

	Dec-16 \$'000	Dec-15 \$'000	Sep-16 \$'000
Loans to customers	3,039,781	3,079,197	2,955,349
Interest income	50,023	35,026	198,842
Customers' deposits	8,057,421	6,644,111	8,035,861
Interest expense	7,113	2,563	21,805
Investments	8,952,554	7,565,512	9,123,470
Investment income	94,283	74,581	487,853
Other funding instruments	805,421	1,441,342	--
Interest expense	4,504	4,117	--

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.

7. Segment Reporting

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

	Retail & Corporate Banking \$'000	Treasury & Investments Banking \$'000	Trustee & Asset Management \$'000	Group Functions \$'000	Eliminations \$'000	Total \$'000
Period ended 31 December 2016						
Total Net Income	334,872	152,405	45,606	(317)	(7,964)	524,603
Profit Before Taxation	175,016	89,009	35,959	(48,799)	(3,597)	247,588
Total Assets	17,873,754	22,477,421	482,973	395,821	(1,805,552)	39,424,417
Period ended 31 December 2015						
Total Net Income	295,866	148,121	58,562	1,233	(8,850)	494,932
Profit Before Taxation	163,916	61,697	47,978	(51,169)	(2,400)	220,022
Total Assets	17,796,804	20,881,314	367,233	262,137	(2,970,755)	36,336,733
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