

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 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 March 31st 2017, amounted to approximately \$162.6M. This brought the year to date profit for the first six months of the financial year to \$347.8M, which represents an increase of 4.3% when compared to the corresponding period in 2016.

The Group's total assets amounted to \$38.9B as at March 2017, an increase of 2.9% over March 2016 and 0.3% over September 2016. The Group experienced growth in Investments of \$722.5M (4.8%) and Loans \$563.2M (4.2%) for the first six months.

Our earnings per share increased by 6 cents to \$1.37 for the six month period to March 31st 2017. Based on this performance, the Board has declared an interim dividend of 69 cents per ordinary share, which represents an increase of 3 cents, when compared to the 2016 interim dividend. The dividend will be paid on May 26th 2017, to shareholders on record as at May 18th, 2017.

We continue to closely monitor the current environment and the resulting impact on economic activities. First Citizens will maintain its focus on strengthening its balance sheet, and adopt measures to improve its efficiency and diversification of its product lines.

We are indeed very proud of our achievements during the period. 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 Isidore Smart
Chairman

April 25th 2017

Condensed Consolidated Interim Statement of Financial Position

	Unaudited Mar-17 \$'000	Unaudited Mar-16 \$'000	Audited Sep-16 \$'000
ASSETS			
Cash and Statutory Deposits	7,575,681	8,112,391	8,680,010
Financial Assets			
- Investments	15,737,955	14,082,955	15,015,472
- Loans and receivables less allowance for loan losses:			
Loans to customers	13,895,528	13,418,884	13,332,281
Loans Notes	405,348	952,916	442,198
Other assets	411,271	445,903	422,356
Investment in joint ventures & associates	179,541	161,200	171,149
Property, plant and equipment	544,504	470,669	542,222
Intangible asset	233,511	238,825	244,667
TOTAL ASSETS	38,983,339	37,883,743	38,850,355
LIABILITIES			
Customers' deposits and other funding instruments	29,082,899	29,218,095	29,512,441
Due to other banks	647,194	202,174	459,470
Creditors and accrued expenses	949,245	535,759	711,687
Defined benefit liability	42,775	36,276	29,453
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	32,180,113	31,450,304	32,171,051
SHAREHOLDERS' EQUITY			
Share capital	643,557	643,557	643,557
Statutory reserve	677,698	675,726	677,698
Fair value reserve	1,098,582	1,043,176	1,151,111
Retained earnings	4,383,389	4,070,980	4,206,938
SHAREHOLDERS' EQUITY	6,803,226	6,433,439	6,679,304
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	38,983,339	37,883,743	38,850,355

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

On 25 April 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 Six months ended		Audited Sep-16
	Mar-17 \$'000	Mar-16 \$'000	Mar-17 \$'000	Mar-16 \$'000	Sep-16 \$'000
Net interest income	348,745	316,532	693,611	619,650	1,283,762
Other income	139,850	181,809	319,587	373,623	711,330
Total net income	488,595	498,341	1,013,198	993,273	1,995,092
Impairment Expenses net recoveries	(6,558)	(18,156)	(36,886)	(46,965)	(86,222)
Expenses	(264,263)	(278,807)	(515,624)	(530,161)	(1,107,360)
Operating profit	217,774	201,378	460,688	416,147	801,510
Share of profit in associates and joint venture	7,555	1,179	12,229	6,431	15,865
Profit before taxation	225,329	202,557	472,917	422,578	817,375
Taxation	(62,733)	(49,032)	(125,137)	(89,179)	(180,153)
Profit after taxation	162,596	153,525	347,780	333,399	637,222
Earnings Per Share					
Basic			\$1.37	\$1.31	\$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 Six months ended		Audited Sep-16
	Mar-17 \$'000	Mar-16 \$'000	Mar-17 \$'000	Mar-16 \$'000	Sep-16 \$'000
Profit after taxation	162,596	153,525	347,780	333,399	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	193	21,007	5,503	41,643	61,686
Transfer of net realised gain to current year income	(8,064)	(13,528)	(14,586)	(26,067)	(36,494)
Amortisation of gain on held to maturity assets	(852)	(914)	(1,729)	(1,927)	(3,772)
Revaluation of available-for-sale assets	19,846	(16,629)	(33,093)	(50,575)	(2,972)
	11,123	(10,064)	(43,905)	(36,926)	18,448
Total other comprehensive income	11,123	(10,064)	(52,529)	(36,926)	71,009
Total comprehensive income	173,719	143,461	295,251	296,473	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	—	—	(52,529)	347,780	295,251
Dividends	—	—	—	(171,329)	(171,329)
Balance at 31 March 2017	643,557	677,698	1,098,582	4,383,389	6,803,226
Balance at 1 October 2015	643,557	675,726	1,080,102	3,926,505	6,325,890
Total Comprehensive income	—	—	(36,926)	333,399	296,473
Dividends	—	—	—	(188,924)	(188,924)
Balance at 31 March 2016	643,557	675,726	1,043,176	4,070,980	6,433,439
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 Mar-17 \$'000	Unaudited Mar-16 \$'000	Audited Sep-16 \$'000
Cash Flow From Operating Activities			
Profit before taxation	472,917	422,578	817,375
Adjustments to reconcile profit to net cash provided by operating activities:	61,070	74,927	113,576
Cashflows from operating activities before changes in operating assets and liabilities	533,987	497,505	930,951
Changes in operating assets and liabilities:			
Net change in loans to customers	(593,201)	369,446	451,246
Net change in customers' deposits and other funding	(429,542)	3,473,950	3,768,296
Net change in other assets	16,110	1,885	44,528
Net change in statutory deposits with Central Bank	133,733	(250,767)	451,789
Net change in creditors and accrued expenses	179,775	(2,709,164)	(2,525,768)
Taxes paid	(95,984)	(81,358)	(164,733)
Net cash flow from operating activities	(255,122)	1,301,497	2,956,309
Cash Flows From Investing Activities			
Net change in investments	(741,155)	(500,936)	(1,221,218)
Net change in loan notes	36,850	1,205,138	1,715,856
Net change in short-term investments	578,505	(17,366)	(1,054,882)
Proceeds from disposal of property, plant and equipment	1,976	1,865	1,937
Purchase of property, plant and equipment	(29,630)	(34,149)	(141,991)
	(153,454)	654,552	(700,298)
Cash Flows From Financing Activities			
Net change of debt securities	—	(527,574)	(527,574)
Dividend paid	(171,329)	(188,924)	(354,817)
Net cash flow from financing activities	(171,329)	(716,498)	(882,391)
Effect of exchange rate changes	90	(41,330)	(200,036)
Net cash (decrease)/increase in cash and cash equivalents	(579,815)	1,198,221	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	2,314,200	2,918,652	2,894,015
REPRESENTED BY:-			
Cash and due from banks and Statutory Deposits	7,575,681	8,112,391	8,680,010
Due to other banks	(647,194)	(202,174)	(459,470)
Less:			
Statutory Deposits	(3,837,733)	(4,674,022)	(3,971,466)
Short Term Investments (Maturity over 3 months)	(776,554)	(317,543)	(1,355,059)
	2,314,200	2,918,652	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 March 13 2017, an additional 25% of its current ordinary shareholdings was offered for sale via an Additional Public Offering which was scheduled to close on April 7 2017.

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, Chapter 79:09 of the revised laws of the Republic of Trinidad and Tobago, 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	Percentage ownership
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	Percentage ownership
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 six months period ended 31 March 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

	March 2017 \$'000	March 2016 \$'000	September 2016 \$'000
Capital Commitments			
Capital expenditure approved by the Directors but not provided for in these accounts:	19,635	14,222	19,477
Credit Commitments			
Commitments for loans approved not yet disbursed:	427,758	816,194	568,223

5 Related Party Transactions

(a) Directors and key management personnel

	March 2017 \$'000	March 2016 \$'000	Sept 2016 \$'000
Salaries and other short-term employee benefits	22,897	25,100	45,673
Loans and receivables	22,890	18,710	22,473
Interest income	631	511	1,396
Customers' deposits	10,724	12,742	9,988
Interest expense	46	83	139
Other Funding instruments	709	779	503
Interest expense - Other funding	13	13	17

(b) Transactions with associate

Loans and receivables	33,463	48,830	41,596
Interest income	1,324	1,855	3,474

(c) Transactions with Parent

Customers' deposit	3,853	4,277	4,239
Long-term notes	58,000	58,000	58,000
Loan note	28,677	33,892	31,284
Interest income on loan notes	1,794	2,104	4,059
Due from parent	3,389	3,333	3,580

(d) Pension Plan

Employer's contribution	13,782	12,622	27,654
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(e) Government of the Republic of Trinidad and Tobago

Assets			
Loan notes	376,670	445,156	410,914
Notes receivable from Central Bank	—	473,868	—
Liabilities			
Due to GORTT	23,393	15,244	22,889
Interest Income			
Loan notes	23,563	27,641	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:

	March 2017 \$'000	March 2016 \$'000	Sept 2016 \$'000
Loans to customers	2,741,386	2,849,233	2,955,349
Interest income	93,177	91,975	198,842
Customers' deposits	7,250,175	8,023,307	8,035,861
Interest expense	12,484	8,960	21,805
Investments	10,811,562	9,168,077	9,123,470
Investment income	153,524	173,825	487,853
Other funding instruments	945,205	1,140,906	—
Interest expense	9,287	7,658	—

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 used by the Executive and Senior Management is as follows:-

	Retail & Corporate Banking \$'000	Treasury & Investment Banking \$'000	Trustee & Asset Management \$'000	Group Functions \$'000	Eliminations \$'000	Total \$'000
Period ended 31 March 2017						
Total Net Income	662,084	397,681	87,445	2,696	(136,708)	1,013,198
Profit Before Taxation	356,886	273,215	67,454	(99,095)	(125,543)	472,917
Total Assets	19,024,926	19,447,050	488,327	1,941,650	(1,918,614)	38,983,339
Period ended 31 March 2016						
Total Net Income	594,098	394,845	109,579	2,373	(107,622)	993,273
Profit Before Taxation	311,351	228,229	87,209	(103,761)	(100,450)	422,578
Total Assets	17,895,714	21,081,335	391,380	475,700	(1,960,386)	37,883,743
Year ended 30 September 2016						
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