

# 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 2018

(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 recording profit before tax of \$264.2 million. This brought the year-to-date profit before tax for the first six months to \$553.0 million which represents an increase of 16.9% when compared to 2017. Profit after tax for this six-month period amounted to \$367.3 million, which represents an increase of 5.6%, when compared to the same period in 2017. The Group's total assets as at March 2018 was \$40.9 billion, an increase of 4.9 % when compared to the total assets as at September 2017.

The Group's improved performance over the six-month period was due mainly to an increase in Net Interest Income of \$87.8 million or 12.7%, resulting from growth in Loans of \$1.4 billion (9.5%). Additionally, the Group was also able to maintain its expenses for the six-month period, as evidenced by the improved efficiency when compared with the comparative period ended March 2017.

Our Earnings per Share increased by \$0.08 to \$1.45 for the six-month period to 31 March 2018. Based on this performance, the Board has declared another interim dividend of \$0.44 per ordinary share, which brings the total interim dividend for the six-month period to \$0.80 per share, compared to \$0.69 for March 2017. In keeping with our new quarterly dividend policy, the dividend will be paid on 29 May 2018, to shareholders on record as at 14 May 2018.

We continue to monitor very closely the local and regional economies in which we operate. We will maintain our focus on strengthening our balance sheet, continued application of prudent risk management policies, and the adoption of measures to continue improving our efficiency and diversifying our business lines.

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

Anthony Isidore Smart  
Chairman  
24 April 2018

### Condensed Consolidated Interim Statement of Financial Position

	Unaudited Mar-18 \$'000	Unaudited Mar-17 \$'000	Audited Sep-17 \$'000
<b>ASSETS</b>			
Cash and Statutory Deposits	7,949,730	7,575,681	7,072,779
Financial Assets			
– Investments	15,350,602	15,737,955	15,689,687
– Loans and receivables less allowance for loan losses:			
Loans to customers	15,799,381	13,895,528	14,434,583
Loans Notes	331,649	405,348	368,498
Other assets	476,911	411,271	410,094
Investment in joint ventures & associates	182,945	179,541	179,761
Property, plant and equipment	582,465	544,504	590,520
Intangible asset	210,952	233,511	212,356
<b>TOTAL ASSETS</b>	<b>40,884,635</b>	<b>38,983,339</b>	<b>38,958,278</b>
<b>LIABILITIES</b>			
Customers' deposits and other funding instruments	30,036,356	29,082,899	28,307,772
Due to other banks	1,134,322	647,194	1,504,340
Creditors and accrued expenses	808,473	949,245	867,993
Defined benefit liability	81,782	42,775	68,591
Debt securities in issue	2,005,011	1,400,000	1,400,000
Notes due to related companies	58,000	58,000	58,000
<b>TOTAL LIABILITIES</b>	<b>34,123,944</b>	<b>32,180,113</b>	<b>32,206,696</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	458,557	643,557	458,557
Statutory reserve	879,335	677,698	879,335
Fair Value reserve	1,016,774	1,098,582	1,107,231
Retained earnings	4,406,025	4,383,389	4,306,459
<b>SHAREHOLDERS' EQUITY</b>	<b>6,760,691</b>	<b>6,803,226</b>	<b>6,751,582</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>40,884,635</b>	<b>38,983,339</b>	<b>38,958,278</b>

On 24 April 2018, 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-17 \$'000
	Mar-18 \$'000	Mar-17 \$'000	Mar-18 \$'000	Mar-17 \$'000	
<b>Net interest income</b>	<b>396,688</b>	<b>348,745</b>	<b>781,396</b>	<b>693,611</b>	<b>1,418,351</b>
Other income	141,245	139,850	341,227	319,587	568,223
<b>Total net income</b>	<b>537,933</b>	<b>488,595</b>	<b>1,122,623</b>	<b>1,013,198</b>	<b>1,986,574</b>
Impairment Expenses net recoveries	(4,065)	(6,558)	(47,074)	(36,886)	(75,697)
Expenses	(272,433)	(264,263)	(530,714)	(515,624)	(1,056,092)
<b>Operating profit</b>	<b>261,435</b>	<b>217,774</b>	<b>544,835</b>	<b>460,688</b>	<b>854,785</b>
Share of profit in associates and joint venture	2,799	7,555	8,179	12,229	21,597
<b>Profit before taxation</b>	<b>264,234</b>	<b>225,329</b>	<b>553,014</b>	<b>472,917</b>	<b>876,382</b>
Taxation	(100,261)	(62,733)	(185,682)	(125,137)	(234,450)
<b>Profit after taxation</b>	<b>163,973</b>	<b>162,596</b>	<b>367,332</b>	<b>347,780</b>	<b>641,932</b>
<b>Earnings Per Share</b>					
Basic			\$1.45	\$1.37	\$2.54
<b>Weighted Average Number of Shares</b>					
Basic			251,354	251,354	251,354

### Condensed Consolidated Statement of Comprehensive Income

	Unaudited Three months ended		Unaudited Six months ended		Audited Sep-17 \$'000
	Mar-18 \$'000	Mar-17 \$'000	Mar-18 \$'000	Mar-17 \$'000	
<b>Profit after taxation</b>	<b>163,973</b>	<b>162,596</b>	<b>367,332</b>	<b>347,780</b>	<b>641,932</b>
<b>Other comprehensive income:</b>					
<b>Items that will not be classified to profit or loss</b>					
Remeasurement of Defined Benefit Liability	(8,014)	–	(8,014)	(8,624)	(17,163)
Revaluation of property, plant and equipment net of tax	–	–	–	–	9
	(8,014)	–	(8,014)	(8,624)	(17,154)
<b>Items that may be classified to profit or loss</b>					
Exchange difference on translation	(100)	193	(1,243)	5,503	667
Transfer of net realised gain/(loss) to current year income	1,117	(8,064)	(49,225)	(14,586)	(19,956)
Amortisation of loss on held to maturity assets	(1,288)	(852)	(1,770)	(1,729)	(4,841)
Revaluation of available-for-sale assets	(45,688)	19,846	(30,205)	(33,093)	(2,596)
	(53,702)	11,123	(90,457)	(52,529)	(43,880)
Total other comprehensive income	(53,702)	11,123	(90,457)	(52,529)	(43,880)
<b>Total comprehensive income</b>	<b>110,271</b>	<b>173,719</b>	<b>276,875</b>	<b>295,251</b>	<b>598,052</b>

### Condensed Consolidated Statement Of Changes In Equity

	Share Capital \$'000	Statutory Reserve \$'000	Other Reserves \$'000	Retained Earnings \$'000	Shareholders' Equity \$'000
<b>Balance at 1 October 2017</b>	<b>458,557</b>	<b>879,335</b>	<b>1,107,231</b>	<b>4,306,459</b>	<b>6,751,582</b>
Total Comprehensive income	–	–	(90,457)	367,332	276,875
Dividends	–	–	–	(267,766)	(267,766)
<b>Balance at 31 March 2018</b>	<b>458,557</b>	<b>879,335</b>	<b>1,016,774</b>	<b>4,406,025</b>	<b>6,760,691</b>
<b>Balance at 1 October 2016</b>	<b>643,557</b>	<b>677,698</b>	<b>1,151,111</b>	<b>4,206,938</b>	<b>6,679,304</b>
Total Comprehensive income	–	–	(52,529)	347,780	295,251
Dividends	–	–	–	(171,329)	(171,329)
<b>Balance at 31 March 2017</b>	<b>643,557</b>	<b>677,698</b>	<b>1,098,582</b>	<b>4,383,389</b>	<b>6,803,226</b>
<b>Balance at 1 October 2016</b>	<b>643,557</b>	<b>677,698</b>	<b>1,151,111</b>	<b>4,206,938</b>	<b>6,679,304</b>
Treasury Shares (ESOP)	(185,000)	–	–	–	(185,000)
Total Comprehensive income	–	–	(43,880)	641,932	598,052
Dividends	–	–	–	(340,774)	(340,774)
Transfer to statutory reserve	–	201,637	–	(201,637)	–
<b>Balance at 30 September 2017</b>	<b>458,557</b>	<b>879,335</b>	<b>1,107,231</b>	<b>4,306,459</b>	<b>6,751,582</b>

# First Citizens Bank Limited and Its Subsidiaries

(A Subsidiary of First Citizens Holdings Limited)



## First Citizens

### UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTHS ENDED 31 MARCH 2018 (Expressed in Trinidad and Tobago Dollars)

#### Condensed Consolidated Statement of Cash Flow

	Unaudited Mar-18 \$'000	Unaudited Mar-17 \$'000	Audited Sep-17 \$'000
<b>Cash Flow From Operating Activities</b>			
Profit before taxation	553,014	472,917	876,382
Adjustments to reconcile profit to net cash provided by operating activities:			
Cashflows from operating activities before changes in operating assets and liabilities	(78,428)	61,070	116,004
Changes in operating assets and liabilities:			
Net change in loans to customers	474,586	533,987	992,386
Net change in customers' deposits and other funding	(1,396,540)	(593,201)	(1,067,156)
Net change in other assets	1,728,584	(429,542)	(1,204,669)
Net change in statutory deposits with Central Bank	30,926	16,110	(16,199)
Net change in creditors and accrued expenses	(845,916)	133,733	583,764
Taxes paid	(100,890)	179,775	90,706
	(109,045)	(95,984)	(223,818)
Net cash flow from operating activities	(218,295)	(255,122)	(844,986)
<b>Cash Flows From Investing Activities</b>			
Net change in investments	271,124	(741,155)	(643,560)
Net change in loan notes	36,849	36,850	73,700
Net change in short-term investments	(471,695)	578,505	867,853
Proceeds from disposal of property, plant and equipment	1,461	1,976	985
Purchase of property, plant and equipment	(25,264)	(29,630)	(116,599)
	(187,525)	(153,454)	182,379
<b>Cash Flows From Financing Activities</b>			
Purchase of treasury shares (ESOP)	-	-	(185,000)
Net change of debt securities	605,011	-	-
Dividend paid	(267,766)	(171,329)	(340,774)
Net cash flow from financing activities	337,245	(171,329)	(525,774)
Effect of exchange rate changes	(2,068)	90	(12,103)
Net cash (decrease) in cash and cash equivalents	(70,643)	(579,815)	(1,200,484)
Cash and cash equivalents at beginning of year	1,693,532	2,894,015	2,894,015
Cash and cash equivalents at end of period	1,622,889	2,314,200	1,693,531
<b>REPRESENTED BY:-</b>			
Cash and due from banks and Statutory Deposits	7,949,730	7,575,681	7,072,779
Due to other banks	(1,134,322)	(647,194)	(1,504,340)
Less:			
Statutory Deposits	(4,233,618)	(3,837,733)	(3,387,702)
Short-Term Investments (Maturity over 3 months)	(958,901)	(776,554)	(487,206)
	1,622,889	2,314,200	1,693,531

#### 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), and its registered office is located at 9 Queen's Park East, Port of Spain. First Citizens Holdings has 64.43% controlling interest. The remainder of the shares are listed on the Trinidad and Tobago Stock Exchange and are publicly traded.

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%
<sup>1</sup> 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%

<sup>1</sup> Cease operation in December 2016

##### 2 Basis of preparation

The interim consolidated financial statement for the six months period ended 31 March 2018, has been prepared in accordance with IAS 34 "Interim Financial Reporting" and should be read in conjunction with the audited consolidated financial statements for the year ended 30 September 2017.

##### 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 2017.

##### 4 Commitments

	March 2018 \$'000	March 2017 \$'000	September 2017 \$'000
<b>Capital Commitments</b>			
Capital expenditure approved by the Directors but not provided for in these accounts	22,997	19,635	17,523
<b>Credit Commitments</b>			
Commitments for loans approved not yet disbursed	1,182,343	427,758	614,583

##### 5 Related Party Transactions

###### (a) Directors and key management personnel

	March 2018 \$'000	March 2017 \$'000	Sept 2017 \$'000
Salaries and other short-term employee benefits	28,090	22,897	45,738
Loans and receivables	12,535	22,890	10,103
Interest income	302	631	1,262
Customers' deposits	14,942	10,724	11,032
Interest expense	61	46	99
Other funding instruments	676	709	-
Interest expense - Other funding	7	13	-

###### (b) Transactions with associate

	March 2018	March 2017	Sept 2017
Loans and receivables	16,732	33,463	25,097
Interest income	719	1,324	2,054

###### (c) Transactions with Parent

	March 2018	March 2017	Sept 2017
Customers' deposit	2,062	3,853	256
Long-term notes	58,000	58,000	58,000
Loan note	23,463	28,677	26,070
Interest income on loan notes	1,495	1,794	3,447
Due from parent	1,153	3,389	174

###### (d) Pension Plan

	March 2018	March 2017	Sept 2017
Employer's contribution	16,090	13,782	27,876

###### (e) Government of the Republic of Trinidad and Tobago

<b>Assets</b>			
	March 2018	March 2017	Sept 2017
Loan notes	308,185	376,670	342,428
<b>Liabilities</b>			
	March 2018	March 2017	Sept 2017
Due to GORTT	25,361	23,393	25,531
<b>Interest Income</b>			
	March 2018	March 2017	Sept 2017
Loan notes	19,636	23,563	45,281

###### (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 2018 \$'000	March 2017 \$'000	Sept 2017 \$'000
Loans to customers	3,129,127	2,741,386	2,889,140
Interest income	105,547	93,177	194,723
Customers' deposits	8,525,912	7,250,175	7,108,490
Interest expense	14,382	12,484	24,140
Investments	8,652,302	10,811,562	8,461,530
Investment income	214,486	153,524	327,486
Other funding instruments	1,065,492	945,205	1,018,264
Interest expense	11,700	9,287	20,053

##### 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 & Investments Banking \$'000	Trustee & Asset Management \$'000	Group Functions \$'000	Eliminations \$'000	Total \$'000
<b>Period ended 31 March 2018</b>						
Total Net Income	746,292	388,562	80,915	2,798	(95,944)	1,122,623
Profit Before Taxation	431,546	236,974	61,957	(94,777)	(82,686)	553,014
Total Assets	21,403,502	20,537,746	518,019	397,814	(1,972,446)	40,884,635
<b>Period ended 31 March 2017</b>						
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
<b>Year ended 30 September 2017</b>						
Total Net Income	1,348,505	681,952	175,544	5,458	(224,885)	1,986,574
Profit Before Taxation	732,903	417,612	137,392	(201,519)	(210,006)	876,382
Total Assets	19,864,093	18,835,278	480,661	1,903,833	(2,125,587)	38,958,278