

First Citizens Bank Limited and its Subsidiaries

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THREE MONTHS ENDED 31 DECEMBER 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 first quarter recording profit before tax of \$288.8 million, a growth of \$41.2 million or 16.6%, when compared to the corresponding period in 2016. Profit after tax amounted to \$203.4 million. This represents an increase of 9.8%, as compared to December 2016. The Group's total assets amounted to \$39.6 billion as at December 2017, an increase of 1.7% as compared to September 2017.

The Group's performance was due mainly to the growth in Loans of \$1.1 billion (7.6%) and Investments of \$0.4 billion (2.4%). Additionally, the Group was also able to maintain its expenses for the quarter, as evidenced by the improved efficiency for the first quarter, compared with the comparative period ended December 2016.

Our earnings per share increased by 7 cents to 81 cents for the first quarter period to 31 December, 2017. Based on this performance, the Board has declared an interim dividend of 36 cents per ordinary share. The dividend will be paid on 28 February 2018, to shareholders on record as at 16 February 2018.

We continue to monitor very closely the current 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 adopt measures to continue improving our efficiency and diversifying our product 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

Anthony Isidore Smart
Chairman
30 January 2018

Condensed Consolidated Interim Income Statement of Financial Position

	Unaudited December 2017 \$'000	Unaudited December 2016 \$'000	Audited September 2017 \$'000
ASSETS			
Cash and Statutory Deposits	6,238,802	8,425,152	7,072,779
Financial Assets			
- Investments	16,072,616	15,303,833	15,689,687
- Loans and receivables less allowance for loan losses:			
Loans to customers	15,536,238	13,845,084	14,434,583
Loans Notes	368,498	442,198	368,498
Other assets	419,865	454,325	410,094
Investment in joint ventures & associates	180,145	171,986	179,761
Property, plant and equipment	592,745	551,006	590,520
Intangible asset	208,867	230,833	212,356
TOTAL ASSETS	39,617,776	39,424,417	38,958,278
LIABILITIES			
Customers' deposits and other funding instruments	29,410,961	30,163,115	28,307,772
Due to other banks	1,146,757	437,568	1,504,340
Creditors and accrued expenses	790,113	697,236	867,993
Defined benefit liability	75,142	36,069	68,591
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	32,880,973	32,791,988	32,206,696
SHAREHOLDERS' EQUITY			
Share capital	458,557	643,557	458,557
Statutory reserve	879,335	677,698	879,335
Fair Value reserve	1,070,476	1,087,459	1,107,231
Retained earnings	4,328,435	4,223,715	4,306,459
SHAREHOLDERS' EQUITY	6,736,803	6,632,429	6,751,582
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	39,617,776	39,424,417	38,958,278

The notes form part of these consolidated financial statements.

On 30 January 2018, the Board of Directors of First Citizens Bank Limited authorised these consolidated financial statements for issue.

Director *Anthony Isidore Smart*

Director *Jagmeet N. Banoora*

Condensed Consolidated Interim Income Statement

	Unaudited Three months ended December 2017 \$'000	December 2016 \$'000	Audited Year ended September 2017 \$'000
Net interest income	384,707	344,866	1,418,351
Other income	199,983	179,737	568,223
Total net income	584,690	524,603	1,986,574
Impairment Expenses net recoveries	(43,009)	(30,328)	(75,697)
Non-interest Expenses	(258,281)	(251,361)	(1,056,092)
Operating profit	283,400	242,914	854,785
Share of profit in associates and joint venture	5,380	4,674	21,597
Profit before taxation	288,780	247,588	876,382
Taxation	(85,421)	(62,404)	(234,450)
Profit after taxation	203,359	185,184	641,932
Earnings Per Share			
Basic	\$0.81	\$0.74	\$2.54
Weighted Average Number of Share			
Basic	251,354	251,354	251,354

Condensed Consolidated Statement of Comprehensive Income

	Unaudited Three months ended December 2017 \$'000	December 2016 \$'000	Audited Year ended September 2017 \$'000
Profit for the year	203,359	185,184	641,932
Other comprehensive income:			
Items that will not be classified to Profit or Loss			
Remeasurement of defined benefit liability	-	(8,624)	(17,163)
Revaluation of property, plant and equipment net of tax	-	-	9
	-	(8,624)	(17,154)
Items that may be reclassified to Profit or Loss			
Exchange difference on translation	(1,143)	5,310	667
Transfer of net realized gain to current year income	(50,342)	(6,522)	(19,956)
Amortization of gains on held to maturity assets	(482)	(877)	(4,841)
Revaluation of available-for-sale assets	15,212	(52,939)	(2,596)
	(36,755)	(55,028)	(26,726)
Total Other Comprehensive Income	(36,755)	(63,652)	(43,880)
Total comprehensive income for the year	166,604	121,532	598,052

Condensed Consolidated Statement of Changes In Equity

	Share Capital \$'000	Statutory Reserve \$'000	Other Reserve \$'000	Retained Earnings \$'000	Shareholders' Equity \$'000
Balance at 1 October 2017	458,557	879,335	1,107,231	4,306,459	6,751,582
Total Comprehensive income	-	-	(36,755)	203,359	166,604
Dividends	-	-	-	(181,383)	(181,383)
Balance at 31 December 2017	458,557	879,335	1,070,476	4,328,435	6,736,803
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 2016	643,557	677,698	1,151,111	4,206,938	6,679,304
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)	-
Balance at 30 September 2017	458,557	879,335	1,107,231	4,306,459	6,751,582



Condensed Consolidated Statement of Cash Flow

	Unaudited December 2017 \$'000	Unaudited December 2016 \$'000	Audited September 2017 \$'000
Cash Flow From Operating Activities			
Profit before taxation	288,780	247,588	876,382
Adjustments to reconcile profit to net cash provided by operating activities:			
Cashflows from operating activities before changes in operating assets and liabilities	(110,408)	71,433	116,004
Changes in operating assets and liabilities:			
Net change in loans to customers	178,372	319,021	992,386
Net change in customers' deposits and other funding	(1,130,000)	(542,757)	(1,067,156)
Net change in other assets	1,103,189	650,674	(1,204,669)
Net change in statutory deposits with Central Bank	96,227	(20,231)	(16,199)
Net change in creditors and accrued expenses	(515,327)	(225,922)	583,764
Taxes paid	(90,371)	(64,484)	90,706
	(50,236)	(23,835)	(223,818)
Net cash flow from operating activities	(408,146)	92,466	(844,986)
Cash Flows From Investing Activities			
Net change in investments	(383,461)	(365,035)	(643,560)
Net change in loan notes	-	-	73,700
Net change in short-term investments	(141,701)	229,574	867,853
Proceeds from sale of financial asset	854	-	-
Proceeds from disposal of property, plant and equipment	172	2	985
Purchase of property, plant and equipment	(15,648)	(13,548)	(116,599)
	(539,784)	(149,007)	182,379
Cash Flows From Financing Activities			
Purchase of treasury shares (ESOP)	-	-	(185,000)
Dividend paid	(181,383)	(168,407)	(340,774)
Net cash flow from financing activities	(181,383)	(168,407)	(525,774)
Effect of exchange rate changes	(4,110)	(4,356)	(12,103)
Net cash (decrease)/increase in cash and cash equivalents	(1,133,423)	(229,304)	(1,200,484)
Cash and cash equivalents at beginning of year	1,693,531	2,894,015	2,894,015
Cash and cash equivalents at end of period	560,108	2,664,711	1,693,531
REPRESENTED BY:-			
Cash and due from banks and Statutory Deposits	6,238,802	8,425,152	7,072,779
Due to other banks	(1,146,757)	(437,568)	(1,504,340)
Less:			
Statutory Deposits	(3,903,030)	(4,197,388)	(3,387,702)
Short-Term Investments (Maturity over 3 months)	(628,907)	(1,125,485)	(487,206)
	560,108	2,664,711	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%
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
Infotlink 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 consolidated financial statement for the three months period ended 31 December 2017, 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

Capital Commitments

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

	December 2017 \$'000	December 2016 \$'000	September 2017 \$'000
Capital expenditure approved by the Directors but not provided for in these accounts:	18,476	18,207	17,523
Credit Commitments			
Commitments for loans approved not yet disbursed:	1,238,144	488,891	614,583

5. Related Party Transactions

(a) Directors and key management personnel

Salaries and other short-term employee benefits
Loans and receivables
Interest income
Customers' Deposits
Interest expense
Other Funding instruments
Interest expense - Other funding

	December 2017 \$'000	December 2016 \$'000	September 2017 \$'000
Salaries and other short-term employee benefits	9,355	8,785	45,738
Loans and receivables	9,808	28,130	10,103
Interest income	128	423	1,262
Customers' Deposits	11,167	9,866	11,032
Interest expense	26	23	99
Other Funding instruments	676	709	-
Interest expense - Other funding	1	13	-

(b) Transactions with associate

Loans and receivables
Interest income

	December 2017 \$'000	December 2016 \$'000	September 2017 \$'000
Loans and receivables	16,732	33,463	25,097
Interest income	420	726	2,054

(c) Transactions with parent

Customers' Deposit
Long-term notes payable
Loan Note receivable
Interest income on loan notes
Due from Parent

	December 2017 \$'000	December 2016 \$'000	September 2017 \$'000
Customers' Deposit	1,231	133,438	256
Long-term notes payable	58,000	58,000	58,000
Loan Note receivable	26,070	31,284	26,070
Interest income on loan notes	756	907	3,447
Due from Parent	341	3,650	174

(d) Pension Plan

Employer's contribution

	December 2017 \$'000	December 2016 \$'000	September 2017 \$'000
Employer's contribution	8,045	6,891	27,876

(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:

	December 2017 \$'000	December 2016 \$'000	September 2017 \$'000
Assets			
Loan notes with Taurus Services Limited	342,428	410,914	342,428
Liabilities			
Due to GORTT	26,124	22,521	25,531
Interest Income			
Loan notes	9,926	11,911	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:

	December 2017 \$'000	December 2016 \$'000	September 2017 \$'000
Loans to customers	3,360,426	3,039,781	2,889,140
Interest income	54,850	50,023	194,723
Customers' deposits	7,477,521	8,057,421	7,108,490
Interest expense	6,293	7,113	24,140
Investments	10,052,860	8,952,554	8,461,530
Investment income	114,003	94,283	327,486
Other funding instruments	972,806	805,421	-
Interest expense	5,742	4,504	-

6. Contingent Liabilities

(a) 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:

Period ended	Retail & Corporate Banking \$'000	Treasury & Investments \$'000	Trustee & Asset Management \$'000	Group Functions \$'000	Eliminations \$'000	Total \$'000
31 December 2017						
Total Net Income	375,647	172,612	44,963	2,379	(8,532)	584,690
Profit Before Taxation	218,581	70,456	33,236	(32,503)	(990)	288,780
Total Assets	21,886,553	18,873,116	477,046	307,337	(1,926,276)	39,617,776
30 September 2016						
Total Net Income	334,872	152,405	45,606	(317)	(7,963)	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
30 September 2017						
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