

First Citizens Bank Limited and its Subsidiaries

(A Subsidiary of First Citizens Holdings Limited)

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THREE MONTHS ENDED 31 DECEMBER 2019

(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 \$321.1 Million, a growth of \$9.6 Million which was just over 3%, when compared to the corresponding period in 2018. Profit after tax amounted to \$222.6 Million, which represents an increase of 3.8%. The Group's Total Assets exceeded \$45 Billion as at December 2019, an increase of 4.4% as compared to September 2019.

The Group's performance was due mainly to the growth in Loans to customers of \$1.0 Billion (5.3%) and Investments of \$1.1 Billion (6.7%), which resulted in an increase in Net interest income of \$30.0 Million or 7.5%. This growth was funded by a \$1.8 Billion or 6.1% increase in Customer's deposits and other funding instruments.

Our earnings per share increased by 4 cents to 89 cents for the first quarter period to 31 December 2019. Based on this performance, the Board has declared an interim dividend of 44 cents per ordinary share. The dividend will be paid on 28 February 2020, to shareholders on record as at 12 February 2020.

We maintain our focus on prudent risk management policies and the adoption of measures to continue to improve our efficiency and diversify 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

27 January 2020

Condensed Consolidated Interim Statement of Financial Position

	Unaudited December 2019 \$'000	Unaudited December 2018 \$'000	Audited September 2019 \$'000
ASSETS			
Cash and Statutory Deposits	7,052,678	7,753,567	7,183,543
Financial Assets			
- Investments	16,946,596	15,492,515	15,876,476
- Loans and receivables less allowance for loan losses:			
Loans to customers	19,606,262	17,691,596	18,624,265
Loans Notes	221,099	294,799	221,099
Other assets	467,087	441,236	464,807
Investment in joint ventures & associates	193,344	185,372	191,932
Property, plant and equipment	588,006	604,710	596,937
Intangible asset	219,637	216,151	222,688
TOTAL ASSETS	45,294,709	42,679,946	43,381,747
LIABILITIES			
Customers' deposits and other funding instruments	31,866,423	30,317,318	30,025,701
Due to other banks	2,217,108	1,856,917	2,204,290
Creditors and accrued expenses	927,605	773,917	1,003,965
Defined benefit liability	12,965	29,220	8,885
Debt securities in issue	2,930,832	2,867,556	2,928,855
Notes due to related companies	58,000	58,000	58,000
TOTAL LIABILITIES	38,012,933	35,902,928	36,229,696
SHAREHOLDERS' EQUITY			
Share capital	458,557	458,557	458,557
Statutory reserve	884,689	879,335	884,689
Fair Value reserve	1,129,296	842,699	1,096,130
Retained earnings	4,809,234	4,596,427	4,712,675
SHAREHOLDERS' EQUITY	7,281,776	6,777,018	7,152,051
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	45,294,709	42,679,946	43,381,747

The notes are an integral part of these consolidated financial statements.

On 27 January 2020, the Board of Directors of First Citizens Bank Limited authorised these consolidated financial statements for issue.

Condensed Consolidated Interim Income Statement

Note	Unaudited Three months ended December 2019 \$'000	Unaudited Three months ended December 2018 \$'000	Audited Year ended September 2019 \$'000
Net interest income	428,997	398,978	1,633,294
Other income	190,860	173,900	642,523
Total net income	619,857	572,878	2,275,817
Credit impairment losses net recoveries	(19,349)	4,079	14,476
Non-interest Expenses	(285,560)	(270,366)	(1,247,439)
Operating profit	314,948	306,591	1,042,854
Share of profit in associates and joint venture	6,177	4,882	19,921
Profit before taxation	321,125	311,473	1,062,775
Taxation	(98,481)	(96,982)	(311,046)
Profit after taxation	222,644	214,491	751,729
Earnings Per Share			
Basic	\$0.89	\$0.85	\$2.98
Weighted Average Number of Share			
Basic	251,354	251,354	251,354

Condensed Consolidated Statement of Comprehensive Income

	Unaudited Three months ended December 2019 \$'000	Unaudited Three months ended December 2018 \$'000	Audited Year ended September 2019 \$'000
Profit for the period	222,644	214,491	751,729
Other comprehensive income:			
Items that will not be classified to Profit or Loss			
Remeasurement of defined benefit liability	--	--	25,916
Net gains on investments in equity instruments designated at FVOCI	6,141	(6,632)	8,240
Revaluation of property, plant and equipment net of tax	--	--	1,725
	6,141	(6,632)	35,881
Items that may be reclassified to Profit or Loss			
Exchange difference on translation	5,758	4,756	(10,325)
Reclassified to profit or loss on disposal	(958)	(1,429)	(24,303)
Amortisation of losses on hold to collect assets	(512)	(523)	(3,339)
Net gains/(losses) on financial assets measured at FVOCI	22,737	(55,362)	198,630
	27,025	(52,558)	160,663
Total other comprehensive loss for the period	33,166	(59,190)	196,544
Total comprehensive income for the period	255,810	155,301	948,273

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 2019	458,557	884,689	1,096,130	4,712,675	7,152,051
Total Comprehensive income	--	--	33,166	222,644	255,810
Dividends	--	--	--	(126,085)	(126,085)
Balance at 31 December 2019	458,557	884,689	1,129,296	4,809,234	7,281,776
Balance at 1 October 2018	458,557	879,335	901,889	4,381,936	6,621,717
Total Comprehensive income	--	--	(59,190)	214,491	155,301
Dividends	--	--	--	--	--
Balance at 31 December 2018	458,557	879,335	842,699	4,596,427	6,777,018
Balance at 1 October 2018	458,557	879,335	901,889	4,381,936	6,621,717
Total Comprehensive income	--	--	196,544	751,729	948,273
Other Comprehensive income	--	--	(2,303)	2,303	--
Transfer to statutory reserve	--	5,354	--	(5,354)	--
Dividends	--	--	--	(417,939)	(417,939)
Balance at 30 September 2019	458,557	884,689	1,096,130	4,712,675	7,152,051



Condensed Consolidated Statement of Cash Flow

	Unaudited December 2019 \$'000	Unaudited December 2018 \$'000	Audited September 2019 \$'000
Cash Flow From Operating Activities			
Profit before taxation	321,125	311,473	1,062,775
Adjustments to reconcile profit to net cash provided by operating activities:	17,375	(37,029)	(216,116)
Cashflows from operating activities before changes in operating assets and liabilities	338,500	274,444	846,659
Changes in operating assets and liabilities:			
Net change in loans to customers	(997,674)	(1,671,602)	(2,612,475)
Net change in customers' deposits and other funding	1,840,722	430,833	139,217
Net change in other assets	(10,743)	131,393	115,332
Net change in statutory deposits with Central Bank	(349,034)	1,001,364	735,533
Net change in creditors and accrued expenses	(102,521)	(246,161)	(97,503)
Taxes paid	(65,450)	(118,113)	(399,264)
Net cash flow from operating activities	653,800	(197,842)	(1,272,501)
Cash Flows From Investing Activities			
Net change in investments	(1,020,014)	(400,278)	(143,376)
Net change in loan notes	--	--	73,700
Net change in short-term investments	358,737	(13,992)	55,762
Proceeds from disposal of property, plant and equipment	138	365	1,175
Purchase of property, plant and equipment	(6,878)	(14,895)	(104,495)
	(668,017)	(428,800)	(117,234)
Cash Flows From Financing Activities			
Repayment of debt securities	--	--	63,089
Dividend paid	(126,085)	--	(417,939)
Net cash flow from financing activities	(126,085)	--	(354,850)
Effect of exchange rate changes	6,322	(2,090)	2,379
Net cash (decrease)/increase in cash and cash equivalents	(133,980)	(628,732)	(1,742,206)
Cash and cash equivalents at beginning of year	1,064,619	2,806,825	2,806,825
Cash and cash equivalents at end of period	930,639	2,178,093	1,064,619
REPRESENTED BY:-			
Cash and due from banks and Statutory Deposits	7,052,678	7,753,567	7,183,543
Due to other banks	(2,217,108)	(1,856,917)	(2,204,290)
Less:			
Statutory Deposits	(3,856,613)	(3,241,748)	(3,507,579)
Short-Term Investments (Maturity over 3 months)	(48,318)	(476,809)	(407,055)
	930,639	2,178,093	1,064,619

	December 2019 \$'000	December 2018 \$'000	September 2019 \$'000
4. Commitments			
Capital Commitments			
Capital expenditure approved by the Directors but not provided for in these accounts:	51,101	60,406	53,508
Credit Commitments			
Commitments for loans approved not yet disbursed:	1,238,887	747,035	905,072
5. Credit impairment losses net recoveries			
Expected Credit Losses			
Loans and advances	(16,986)	(4,215)	(22,257)
Other financial assets	(2,363)	8,294	36,733
	(19,349)	4,079	14,476

	December 2019 \$'000	December 2018 \$'000	September 2019 \$'000
6. Related Party Transactions			
(a) Directors and key management personnel			
Salaries and other short-term employee benefits	20,436	10,838	50,843
Loans and receivables	11,993	13,545	12,063
Interest income	144	173	600
Customers' Deposits	19,378	14,534	13,078
Interest expense	48	34	159
Other Funding instruments	707	692	690
Interest expense- Other Funding	4	4	11
(b) Transactions with parent			
Customers' Deposit	1,829	77	1,209
Long-term notes payable	58,000	58,000	58,000
Loan Note receivable	15,642	20,856	15,642
Interest income on loan notes	453	605	2,248
Due from Parent	69	226	363
(c) Pension Plan			
Employer's contribution	8,985	9,121	29,888

(d) 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 2019 \$'000	December 2018 \$'000	September 2019 \$'000
Assets			
Loan notes with Taurus Services Limited	205,457	273,942	205,457
Liabilities			
Due to GORTT	23,044	20,462	23,171
Interest Income			
Loan notes	5,955	7,941	29,529

(e) 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:

	December 2019 \$'000	December 2018 \$'000	September 2019 \$'000
Loans to customers			
Interest income	4,951,299	3,883,135	3,882,296
Customers' deposits	83,218	65,553	254,995
Interest expense	9,885,993	7,399,019	7,399,019
Investments	10,005	7,449	32,175
Investment income	9,287,957	10,178,684	8,257,303
Other funding instruments	104,732	120,174	429,255
Interest expense	973,342	1,010,168	1,010,404
	6,396	6,905	28,561

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 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 2019						
Total Net Income	437,389	157,862	34,714	(1,507)	(8,601)	619,857
Profit Before Taxation	272,329	85,066	24,862	(60,923)	(209)	321,125
Total Assets	24,152,143	21,771,191	586,848	950,948	(2,166,421)	45,294,709
Period ended 31 December 2018						
Total Net Income	406,999	142,877	31,200	1,116	(9,314)	572,878
Profit Before Taxation	260,438	84,018	21,092	(52,690)	(1,385)	311,473
Total Assets	23,353,173	20,484,796	607,947	416,147	(2,182,117)	42,679,946
Year ended 30 September 2019						
Total Net Income	1,606,139	650,001	135,440	5,068	(120,831)	2,275,817
Profit Before Taxation	957,694	317,909	94,174	(245,904)	(61,098)	1,062,755
Total Assets	22,852,966	21,787,423	647,079	368,298	(2,274,019)	43,381,747

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 Depository Services Limited (formerly First Citizens Asset Management Limited)	The company acts as custodian for third parties and provides paying agent services	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 and its subsidiaries	Investment & asset management services and repo business	Trinidad & Tobago	100%
First Citizens Trustee Services Limited	Provision of trustee, administration and 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%

2. Basis of preparation

The interim consolidated financial statement for the three-month period ended 31 December 2019, 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 2019.

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 2019.