

First Citizens Bank Limited
Results for the Half Year Ended March 31, 2017

Earnings Per Share

For the Half Year Ended March 31, 2017 (HY17), First Citizens Bank Limited (FIRST) recorded Earnings Per Share (EPS) of \$1.37, up 4.58 per cent or \$0.06 per share on the corresponding period's EPS of \$1.31 cents in fiscal 2016.

Financial Highlights (HY17 on HY16)

| | HY17 | HY16 | \$ Change | % Change | YE16 |
|---|------------------|----------------|--------------------|--------------------|------------------|
| | \$'000 | \$'000 | HY17 - HY16 | HY17 - HY16 | \$'000 |
| | | | \$'000 | | |
| Net Interest Income | 693,611 | 619,650 | 73,961 | 11.94% | 1,283,762 |
| Other Income | 319,587 | 373,623 | (54,036) | -14.46% | 711,330 |
| Total Net Income | 1,013,198 | 993,273 | 19,925 | 2.01% | 1,995,092 |
| Impairment Expenses Net Recoveries | (36,886) | (46,965) | 10,079 | -21.46% | (86,222) |
| Non-Interest Expenses | (515,624) | (530,161) | 14,537 | -2.74% | (1,107,360) |
| Operating Profit | 460,688 | 416,147 | 44,541 | 10.70% | 801,510 |
| Share of Profit in Associates and Joint Venture | 12,229 | 6,431 | 5,798 | 90.16% | 15,865 |
| Profit Before Taxation | 472,917 | 422,578 | 50,339 | 11.91% | 817,375 |
| Taxation | (125,137) | (89,179) | (35,958) | 40.32% | (180,153) |
| Profit After Taxation | 347,780 | 333,399 | 14,381 | 4.31% | 637,222 |
| EPS | \$1.37 | \$1.31 | \$0.06 | 4.58% | \$2.52 |

FIRST saw its Net Interest Income increase by 11.94 per cent or \$73.96MM from \$619.65MM in HY16 to \$693.61MM in HY17 while Other Income fell 14.46 per cent or \$54.04MM from \$373.62 (HY16) to \$319.59MM (HY17). Overall Total Net Income improved by 2.01 per cent or \$19.93MM to \$1.01B in HY17 from \$993.27MM in the previous half-year period in 2016. The major contributor to Total Net Income was the Retail & Corporate Banking segment of the Bank, which accounted for \$662.08MM of the total figure and recorded growth of 11.44 per cent from \$594.10MM in HY16.

Impairment Expenses Net Recoveries declined by 21.46 per cent or \$10.08MM from \$46.97MM in HY16 to \$36.89MM in HY17 while Non-Interest Expenses dropped 2.74 per cent or \$14.54MM to \$515.62MM in HY17 from \$530.16MM in HY16. As such, Operating Profit grew 10.70 per cent or \$44.54MM from \$416.15MM (HY16) to \$460.69MM (HY17).

Share of Profit in Associates and Joint Venture rose 90.16 per cent or \$5.80MM to \$12.23MM in HY17 from \$6.43MM in the comparable period in the previous fiscal year. Thus, Profit Before Tax for the six month period amounted to \$472.92MM, up 11.91 per cent or \$50.34MM from \$422.58MM in HY16. The Effective Tax Rate increased from 21.10 per cent in HY16 to 26.46 per cent in HY17 which resulted in Taxation increasing 40.32 per cent or \$35.96MM from \$89.18MM (HY16) to \$125.14MM (HY17). Profit After Tax closed HY17 at \$347.78MM, up 4.31 per cent or \$14.38MM from \$333.40MM in HY16.

Total Net Income by Business Segment (HY17 on HY16)

| | HY17 | HY16 | \$ Change | % Change |
|--------------------------------|------------------|----------------|--------------------|--------------------|
| | \$'000 | \$'000 | HY17 - HY16 | HY17 - HY16 |
| | | | \$'000 | |
| Retail & Corporate Banking | 662,084 | 594,098 | 67,986 | 11.44% |
| Treasury & Investments Banking | 397,681 | 394,845 | 2,836 | 0.72% |
| Trust & Asset Management | 87,445 | 109,579 | (22,134) | -20.20% |
| Group Functions | 2,696 | 2,373 | 323 | 13.61% |
| Eliminations | (136,708) | (107,622) | (29,086) | 27.03% |
| Total | 1,013,198 | 993,273 | 19,925 | 2.01% |

Profit Before Taxation by Business Segment (HY17 on HY16)

| | HY17 | HY16 | \$ Change | % Change |
|--------------------------------|----------------|----------------|--------------------|--------------------|
| | \$'000 | \$'000 | HY17 - HY16 | HY17 - HY16 |
| | | | \$'000 | |
| Retail & Corporate Banking | 356,886 | 311,351 | 45,535 | 14.62% |
| Treasury & Investments Banking | 273,215 | 228,229 | 44,986 | 19.71% |
| Trust & Asset Management | 67,454 | 87,209 | (19,755) | -22.65% |
| Group Functions | (99,095) | (103,761) | 4,666 | -4.50% |
| Eliminations | (125,543) | (100,450) | (25,093) | 24.98% |
| Total | 472,917 | 422,578 | 50,339 | 11.91% |

The Group's efficiency ratio improved from 53.38 per cent in HY16 to 50.89 per cent in HY17.

The Total Assets of the Bank as at HY17 stood at \$38.98B, up 2.90 per cent or \$1.10B on HY16 and up 0.34 per cent or \$132.98MM on YE16. This increase was primarily due to growth in Investments of 11.75 per cent or \$1.66B from \$14.08B in HY16 to \$15.74B in HY17 as well as increases in Loans to Customers of 3.55 per cent or \$476.64MM from \$13.42B (HY16) to \$13.90B (HY17).

Second Public Offering

In the 2016/2017 Budget, the Minister of Finance announced the proposed disposal by the Government of Trinidad and Tobago of an additional 20 per cent of its shareholding in First Citizens Holdings Limited, the majority owner of FIRST. This measure was expected to generate revenue of \$1.5B.

The FIRST Additional Public Offering closed on April 7, 2017 and received subscriptions totaling \$1.025B

Dividends

The Board of Directors declared a half-year dividend of \$0.69 per share (2016: \$0.66) which will be paid on May 26, 2017 to shareholders on record as at May 18, 2017.



Equity Research
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Nancy Chen (Investment Analyst)
(868) 628-9473 Ext. 81006
nancy.chen@wisett.com

At the current price of \$32.00 the trailing P/E ratio is 12.40 times which is below the banking sector weighted average P/E of 14.31 times. FIRST's historic dividend yield is 4.16 per cent compared to the banking sector weighted average dividend yield of 4.11 per cent.

| | |
|-------------------------------------|-------------------|
| Financial Year End | September 30 |
| Symbol on TTSE | FIRST |
| Issued Share Capital | 251.35MM |
| Market Capitalization | \$7.96B |
| Current Price (as at May 16, 2017) | \$32.00 |
| 52 Week Price Range | \$29.50 - \$35.50 |
| Trailing EPS | \$2.58 |
| Trailing Price to Earnings Multiple | 12.4 x |
| Current Book Value/Share | \$27.07 |
| Price to Book | 1.2 x |
| Return on Equity | 10.3% |
| Return on Assets | 1.8% |
| Dividend Yield | 4.2% |

West Indies Stockbrokers Limited

Member of the Trinidad and Tobago Stock Exchange Limited

P.O. Box 259, St. Clair Place, 8 Sweet Briar Road, Port of Spain, Trinidad W.I.

TEL: (868) 628-WISE (9473) FAX: (868) 622-5002 EMAIL: wiseinfo@wisett.com

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