

First Citizens Bank Limited (FIRST) Results for the Nine Months Ended June 30, 2020

Key Points:

- FIRST increased its expected credit losses by \$140MM for the quarter ending June 30, 2020, as a result of the restriction on movement to prevent the spread of COVID-19 and its impact on the business environment.
- The Group's loan portfolio grew by \$859.8MM and its investment portfolio increased by \$1.6B. This growth was funded by \$2.6B increase in customers' deposits and other funding instruments.
- FIRST is committed to supporting their customers and staff members during the COVID-19 pandemic by implementing loan payment deferrals, waiver of fees, reduction in interest rates and increased advances in credit cards. To reduce the spread of COVID-19 the Group implemented measures across its operation, including upholding social distancing guidelines, encouraging digital and electronic banking channels usage and the installing of acrylic safety shields and sanitation stations.
- The Group continues to work on its Strategic Focuses: Digital Banking, Operation Efficiency, Culture & Employee Experience, Risk and Customer Centricity.

Financial Year End	September 30
Sector	Banking
Symbol on TTSE	FIRST
Issued Share Capital	251.35MM
Market Capitalization	\$11.53B
Current Price (September 15, 2020)	\$46.56
52 Week Price Range	\$37.94 - \$52.54
Trailing EPS	\$2.63
Price to Trailing Earnings Multiple	17.70x
Current Book Value/Share	\$28.87
Price to Book	1.61x
Return on Equity	8.64%
Return on Assets	1.38%

Basic Earnings Per Share (EPS):

FIRST reported an EPS of \$1.84, down 15.98 per cent or \$0.35 per share on the corresponding period's EPS of \$2.19 in NM19.

EPS recorded in Q3 2020 of \$0.24, was the lowest quarterly EPS over the past eight years.

Basic EPS	Q1	Q2	Q3	Q4	Total
NM 2020	\$0.89	\$0.71	\$0.24		\$1.84
2019	\$0.85	\$0.71	\$0.63	\$0.79	\$2.98
2018	\$0.81	\$0.64	\$0.40	\$0.82	\$2.67
2017	\$0.74	\$0.63	\$0.60	\$0.57	\$2.54
2016	\$0.72	\$0.61	\$0.63	\$0.56	\$2.52
2015	\$0.71	\$0.59	\$0.62	\$0.59	\$2.51
2014	\$0.70	\$0.58	\$0.62	\$0.60	\$2.50
2013	\$0.71	\$0.55	\$0.64	\$0.52	\$2.42

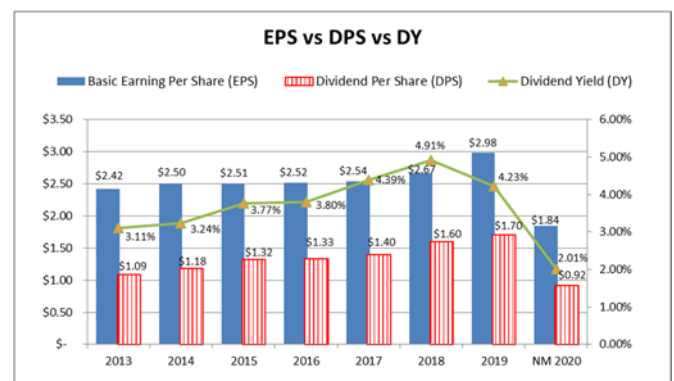
Dividend:

The Board of Directors declared a 3rd interim dividend of \$0.20 per share, which brings the total interim dividend for NM20 to \$0.92 per share. The 3rd interim dividend was paid on August 28, 2020 to shareholders on record as at August 13, 2020. This was also, the lowest dividend payment to holders in the past three years since the Group changed its dividend policy from semiannual to quarterly payments. FIRST has shown an average dividend payout ratio of 52.81 per cent over the past seven years.

Industry:

At the current price of \$46.56 the trailing P/E ratio is 17.70 times which is below the banking sector weighted average P/E of 93.94 times. FIRST's trailing dividend yield is 3.03 per cent compared to the banking sector weighted average dividend yield of 3.75 per cent.

Dividend	1st Interim	2nd Interim	3rd Interim	Final	Total	Dividend Yield
NM 2020	\$0.44	\$0.28	\$0.20		\$0.92	2.01%
2019	\$0.38	\$0.46	\$0.37	\$0.49	\$1.70	4.23%
2018	\$0.36	\$0.44	\$0.32	\$0.48	\$1.60	4.91%
2017	\$0.69	\$0.00	\$0.00	\$0.71	\$1.40	4.39%
2016	\$0.66	\$0.00	\$0.00	\$0.67	\$1.33	3.80%
2015	\$0.58	\$0.00	\$0.00	\$0.74	\$1.32	3.77%
2014	\$0.57	\$0.00	\$0.00	\$0.61	\$1.18	3.24%
2013	\$0.00	\$0.00	\$0.00	\$1.09	\$1.09	3.11%



Income Statement for the period ending June 30, 2020						
	NM20	NM19	\$ Change	% Change	Change	YE19
	\$'000	\$'000	NM20 - NM19	NM20 - NM19		\$'000
Net Interest Income	1,254,061	1,215,150	38,911	3.20%	↑	1,633,294
Other Income	456,650	482,626	(25,976)	-5.38%	↓	642,523
Total Net Income	1,710,711	1,697,776	12,935	0.76%	↑	2,275,817
Expenses	(883,708)	(884,136)	(428)	-0.05%	↓	(1,247,439)
Impairment Expenses net recoveries	(187,141)	(12,117)	175,024	1444.45%	↑	14,476
Operating Profit	639,862	801,523	(161,661)	-20.17%	↓	1,042,854
Share of Profit in Associates and Joint Venture	14,592	14,252	340	2.39%	↑	19,921
Profit Before Taxation	654,454	815,775	(161,321)	-19.78%	↓	1,062,775
Taxation	(187,865)	(262,737)	(74,872)	-28.50%	↓	(311,046)
Profit After Taxation	466,589	553,038	(86,449)	-15.63%	↓	751,729
Basic EPS	\$1.84	\$2.19	(\$0.35)	-15.98%	↓	\$2.98

Balance Sheet as at June 30 2020						
	NM20	NM19	\$ Change	% Change	Change	YE19
	\$'000	\$'000	NM20 - NM19	NM20 - NM19		\$'000
Total Assets	46,655,962	43,262,738	3,393,224	7.84%	↑	43,381,747
Total Liabilities	39,399,085	36,302,099	3,096,986	8.53%	↑	36,229,696
Total Equity	7,256,877	6,960,639	296,238	4.26%	↑	7,152,051
	46,655,962	43,262,738	3,393,224			43,381,747

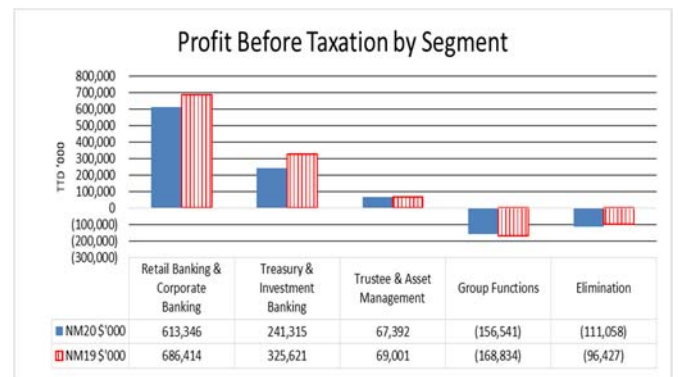
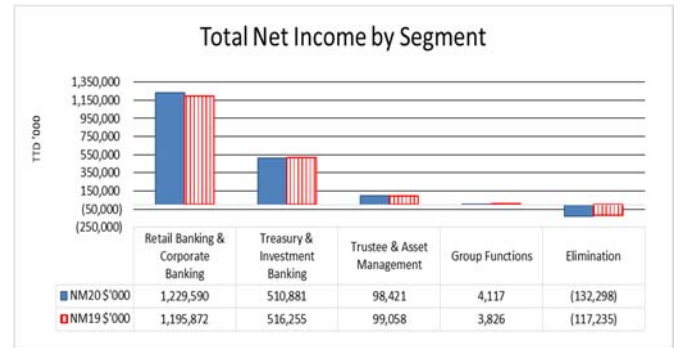
Financials:

- Total Net Income closed at \$1.71B, up 0.76 per cent or \$12.94MM from NM19's total of \$1.70B.
- Profit Before Tax for NM20 stood at \$654.45MM, down 19.78 per cent or \$161.32 MM from \$815.78MM in NM19.
- Expenses decreased marginally by 0.05 per cent or 0.43MM to close at 883.71MM.
- Profit After Tax totaled \$466.59MM in NM20 down 15.63 per cent or \$86.45MM from \$553.04MM in NM19.
- Total Assets increased by 7.84 per cent or \$3.39B to \$46.66B in NM20.
- Total Liabilities amounted to \$39.40B in NM20 and Total Equity rose by 4.26 per cent or \$296.24MM to close at \$7.26B.

Segments:

The Retail & Corporate Banking segment was the major contributor to the Group's Total Net Income (TNI) representing 71.88 per cent followed by Treasury & Investment Banking with 29.86 per cent. In third place was the Trustee & Asset Management segment holding 5.75 per cent of the Group's (TNI).

The major contributor to the Group's Profit Before Tax (PBT) was the Retail & Corporate Banking segment with 93.72 per cent. In second place was Treasury & Investment Banking holding 36.87 per cent of the Group's (PBT) followed by the Trustee & Asset Management segment representing 10.30 per cent.



*Eliminations represent outstanding balances with other entities within the Group which are required to be eliminated in the preparation of consolidated financial statements

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