

## First Citizens Bank Limited

### Results for the First Quarter Ended December 31, 2017

#### Earnings Per Share

For the First Quarter Ended December 31, 2017 (Q118), First Citizens Bank Limited (FIRST) reported Earnings Per Share (EPS) of \$0.81, up 9.46 per cent or \$0.07 per share on the corresponding period's EPS of \$0.74 cents in fiscal 2017.

#### Financial Highlights (Q118 on Q117)

	Q118	Q117	\$ Change Q118 - Q117	% Change Q118 - Q117	YE17
	\$'000	\$'000	\$'000		\$'000
Net Interest Income	384,707	344,866	39,841	11.55%	1,418,351
Other Income	199,983	179,737	20,246	11.26%	568,223
<b>Total Net Income</b>	<b>584,690</b>	<b>524,603</b>	<b>60,087</b>	<b>11.45%</b>	<b>1,986,574</b>
Impairment Expenses Net Recoveries	(43,009)	(30,328)	(12,681)	41.81%	(75,697)
Non-Interest Expenses	(258,281)	(251,361)	(6,920)	2.75%	(1,056,092)
<b>Operating Profit</b>	<b>283,400</b>	<b>242,914</b>	<b>40,486</b>	<b>16.67%</b>	<b>854,785</b>
Share of Profit in Associates and Joint Venture	5,380	4,674	706	15.10%	21,597
<b>Profit Before Taxation</b>	<b>288,780</b>	<b>247,588</b>	<b>41,192</b>	<b>16.64%</b>	<b>876,382</b>
Taxation	(85,421)	(62,404)	(23,017)	36.88%	(234,450)
<b>Profit After Taxation</b>	<b>203,359</b>	<b>185,184</b>	<b>18,175</b>	<b>9.81%</b>	<b>641,932</b>
<b>EPS</b>	<b>\$0.81</b>	<b>\$0.74</b>	<b>\$0.07</b>	<b>9.46%</b>	<b>\$2.52</b>

Q118 on Q117, Net Interest Income rose 11.55 per cent or \$39.84MM from \$344.87MM to \$384.71MM driven by increases in Investments of 5.02 per cent or \$768.78MM from \$15.30B (Q117) to \$16.07B (Q118) as well as increases in Loans to Customers of 12.21 per cent or \$1.69B from \$13.85B (Q117) to \$15.54B (Q118). Other Income grew 11.26 per cent or \$20.25MM from \$179.74MM (Q117) to \$199.98MM (Q118). This resulted in an overall increase in Total Net Income for the three month period of 11.45 per cent or \$60.09MM from \$524.60MM (Q117) to \$584.69MM (Q118).

The Bank conducts a broad range of banking and financial services and comprises five business segments – Retail Banking, Corporate Banking, Treasury Management and Investment Banking, Asset Management and Group Functions. The major contributor to Total Net Income was the Retail & Corporate Banking segment of the Bank, which accounted for \$375.65MM of the total figure and recorded growth of 12.18 per cent from the \$334.87MM reported in Q117. The Retail & Corporate Banking unit includes loans and mortgages, deposits, foreign exchange transactions, credit and debit cards and card merchant acquiring business with retail and commercial customers. It also includes loans and credit facilities and deposits and current accounts for corporate and institutional customers.

Impairment Expenses Net Recoveries rose 41.81 per cent or \$12.68MM to \$43.00MM in Q118 from \$30.33MM in Q117, in addition the Non-Interest Expenses grew marginally by 2.75 per cent or \$6.92MM to \$258.28MM from \$251.36MM in Q117. Thus Operating Profit for the first quarter in 2018 improved by 16.67 per cent or \$40.49MM to \$283.400MM from \$242.91MM in the comparable quarter in the previous fiscal year 2017. This improvement was partially attributed to an incremental increase in credit borrowings to businesses and consumers in the banking sector confirmed by the Central Bank of Trinidad and Tobago latest data release.

Share of Profit in Associates and Joint Venture increased by 15.10 per cent or \$0.71MM from \$4.67MM in Q117 to \$5.38MM in Q118. As such, Profit Before Taxation closed the three month period under review at \$288.78MM, up 16.64 per cent or \$41.19MM from \$247.59MM in Q117. The Effective Tax rate increased to 29.58 per cent from 25.20 per cent in Q1 2017, which resulted in Taxation rising 36.88 per cent or \$23.01MM from \$62.40MM (Q117) to \$85.42MM (Q118). Thus, Profit After Taxation rose 9.81 per cent or \$18.18MM from \$185.18MM in Q117 to \$203.36MM in Q118.

#### Total Net Income by Business Segment (Q118 on Q117)

Total Net Income by Business Segment	Q118	Q117	\$ Change	% Change
	\$'000	\$'000	Q118 - Q117	Q118 - Q117
Retail & Corporate Banking	375,647	334,872	40,775	12.18%
Treasury & Investments Banking	172,612	152,405	20,207	13.26%
Trust & Asset Management	44,963	45,606	(643)	-1.41%
Group Functions	2,379	(317)	2,696	-850.47%
Eliminations	(8,532)	(7,964)	(568)	7.13%
<b>Total</b>	<b>584,690</b>	<b>524,602</b>	<b>60,088</b>	<b>11.45%</b>

#### Profit Before Taxation by Business Segment (Q118 on Q117)

Profit Before Taxation by Business Segment	Q118	Q117	\$ Change	% Change
	\$'000	\$'000	Q118 - Q117	Q118 - Q117
Retail & Corporate Banking	218,581	175,016	43,565	24.89%
Treasury & Investments Banking	70,456	89,009	(18,553)	-20.84%
Trust & Asset Management	33,236	35,959	(2,723)	-7.57%
Group Functions	(32,503)	(48,799)	16,296	-33.39%
Eliminations	(990)	(3,597)	2,607	-72.48%
<b>Total</b>	<b>288,780</b>	<b>247,588</b>	<b>41,192</b>	<b>16.64%</b>

The Group's efficiency ratio improved from 47.91 per cent in Q117 to 44.17 per cent in Q118.

The Total Assets of the Bank at the end of Q118 stood at \$39.62B, up 0.49 per cent or \$193.36MM on Q117 and up 1.69 per cent or \$659.50MM from YE17. This increase was mainly due to growth in Investments of 5.02 per cent or \$768.78MM from \$15.30B (Q117) to \$16.07B (Q118) and increases in Loans to Customers of 12.21 per cent or \$1.69B from \$13.85B (Q117) to \$15.54B (Q118).

## Key Developments

### Frequency of Dividend Payment

On January 30, 2018, the Board of Directors of First Citizens Bank Limited agreed to change the frequency of dividend payment from semi-annually to quarterly. This change was made for the benefit of the Company's shareholders and became effective immediately, with quarterly dividends to be paid on profits of the Company for the financial period 2017-2018.

### Corporation Taxes

In 2017, the Corporation tax rate for Trinidad and Tobago increased from 25% to 30% and in 2018 it increased further to 35% for financial institutions.

## Dividends

At the current price of \$34.86 the trailing P/E ratio is 13.36 times which is below the banking sector weighted average P/E of 14.11 times. FIRST's historic dividend yield is 4.01 per cent compared to the banking sector weighted average dividend yield of 3.76 per cent.

Financial Year End	September 30
Symbol on TTSE	FIRST
Issued Share Capital	251.35MM
Market Capitalization	\$8.07B
Current Price (as at May 09, 2018)	\$34.86
52 Week Price Range	\$31.60 - \$34.86
Trailing EPS	\$2.61
Trailing Price to Earnings Multiple	13.4x
Current Book Value/Share	\$26.80
Price to Book	1.3 x
Return on Equity	12.1%
Return on Assets	2.1%
Dividend Yield	4.0%



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