



Republic Wealth Management Limited

First Citizens Group Financial Holdings Limited (FCGFH)

31 March 2022 (Q2 2022)

Last Price	\$50.00	52 Week Range	\$50.00 to \$71.10	Market Cap	\$13,656MM
Sector	Banking	Dividend Yield TTM	2.92%	EPS (TTM)	\$2.69
PE Ratio (TTM)	18.18x	YTD Price Change	-19.74%	Total Return TTM	3.09%

FCGFH's Profits Rebound Amidst Falling Net Interest Income

Quarterly Highlights/ Key Update

- In May 2022, First Citizens Group Financial Holdings Limited (FCGFH) declared an interim dividend for the three-month period at \$0.34/sh. This brings the total dividend for the trailing twelve month period to \$1.56/sh. as compared to \$1.46/sh. for fiscal 2021.
- In October 2021, First Citizens Bank (FCGFH) completed a corporate restructuring which saw the bank become a wholly-owned subsidiary of First Citizens Group Financial Holdings Limited.
- The Minister of Finance signaled the Government's intention to raise some \$550 million through the sale of 10,869,565 FCGFH ordinary shares, reducing Government's ownership from 64.43% to 60.10%.
- On 14 June 2022, legal notice was given regarding the expiration of the purchase and sale agreement between First Citizens Bank Limited and Bank of Nova Scotia (Scotiabank) for the sale of Scotiabank's retail operations in Guyana.

Table 1: FCGFH EPS, DPS and Dividend yield for fiscal year end

	2017	2018	2019	2020	2021
Earnings per share	\$2.54	\$2.67	\$2.98	\$2.40	\$2.65
Dividends per share	\$1.40	\$1.60	\$1.70	\$1.37	\$1.46
Dividend Yield	4.38%	4.71%	3.82%	3.39%	2.60%

Figure 1: FCGFH's revenue from all activities by geography (TT\$'000)

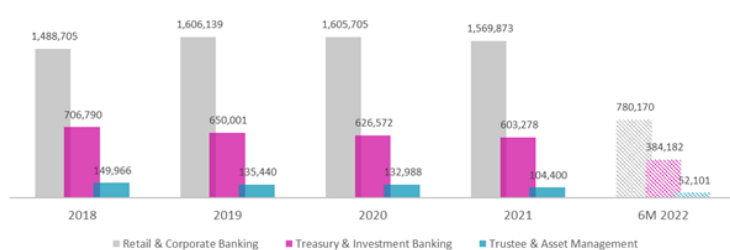


Table 2: Peer group comparables

	RFHL	FIRST	SBTT	Group Average
P/E Ratio	17.05x	18.18x	20.99x	18.74x
P/B Ratio	1.93x	1.60x	3.18x	2.24x
Dividend Yield	2.84%	2.92%	4.49%	3.42%

- Compared to its peer group (Table 2), which consists of other locally listed companies in the Banking sector, FCGFH is relatively undervalued on both a P/E basis and P/B basis. FCGFH's dividend yield is fairly below the group average.

Performance Review/ Financials

Financial Highlights (TT\$'000)	Mar-22	Mar-21	Sep-21
Net Revenue	\$524	\$543	\$2,141
Operating Profit	\$216	\$201	\$881
Profit before Tax	\$221	\$207	\$902
Profit after Tax	\$154	\$134	\$667
Total Assets	\$46,259	\$47,418	\$46,606
Total Liabilities	\$38,404	\$39,838	\$38,660
Total Equities	\$7,855	\$7,579	\$7,945
Operating Margin	41.18%	36.98%	41.15%
Net Income Margin	2.00%	2.00%	8.26%
Net Profit Margin	29.31%	24.76%	31.16%
Return on Assets	0.33%	0.28%	1.43%
Return on Equity	1.96%	1.77%	8.40%
Efficiency Ratio	58.82%	63.02%	58.27%

- FCGFH reported total net revenue of \$524M, for the second quarter of the 2022 fiscal year, 3.43% lower than the comparable period in 2021 reflecting decreases in both net interest income (3.57%↓) and other income (3.12%↓). The fall in net interest income reflects the lower loan base as net interest margin remained flat at 2.00%.
- Profit after tax for the second quarter was \$153.65M, representing a 14.33% increase above the profit after tax generated in the 3-month period ended March 2021, mainly driven by the decrease in credit impairment which offset the aforementioned decline in net revenue.
- Total assets fell by 2.44% to \$46,258.80M driven by declines in FCGFH's largest assets: investments (10.80 %↓) and loans (3.48 %↓). Total liabilities declined by 3.60% YoY to \$38,404.08M as customer deposits fell by 1.51%.

Key Risks

- FCGFH's operations are concentrated in Trinidad and Tobago, thereby making it vulnerable to adverse changes in the domestic economy.
- The domestic banking sector's faces the headwinds of foreign currency difficulties and the low interest rate environment



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Figure 2: FCGFH share price vs ALL T&T Index

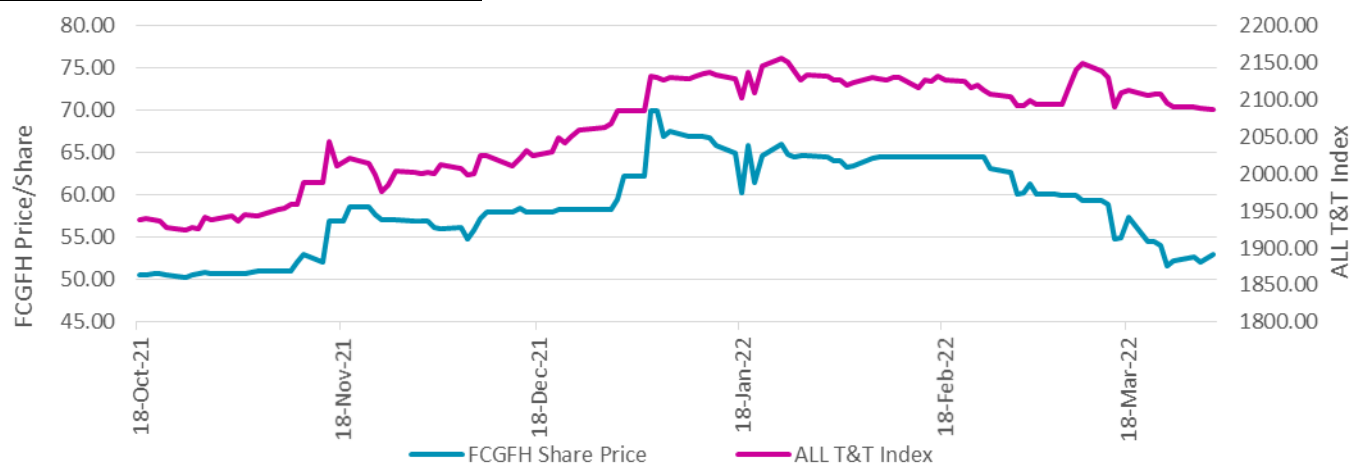


Table 3: Historic Dividend Payments (TTD)

	Payment Dates	Interim Dividends	Total Dividend per share
2017	May-17	\$0.69	\$1.40
	Dec-17	\$0.71	
2018	Feb-18	\$0.36	\$1.60
	May-18	\$0.44	
	Aug-18	\$0.32	
	Jan-19	\$0.48	
2019	Feb-19	\$0.38	\$1.70
	May-19	\$0.46	
	Aug-19	\$0.37	
	Jan-20	\$0.49	
2020	Feb-20	\$0.44	\$1.37
	Jun-20	\$0.28	
	Aug-20	\$0.20	
	Jan-21	\$0.45	
2021	Feb-21	\$0.36	\$1.46
	May-21	\$0.28	
	Aug-21	\$0.37	
	Dec-21	\$0.45	
2022	Mar-22	\$0.40	\$0.74
	May-22	\$0.34	

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