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Quarterly Update

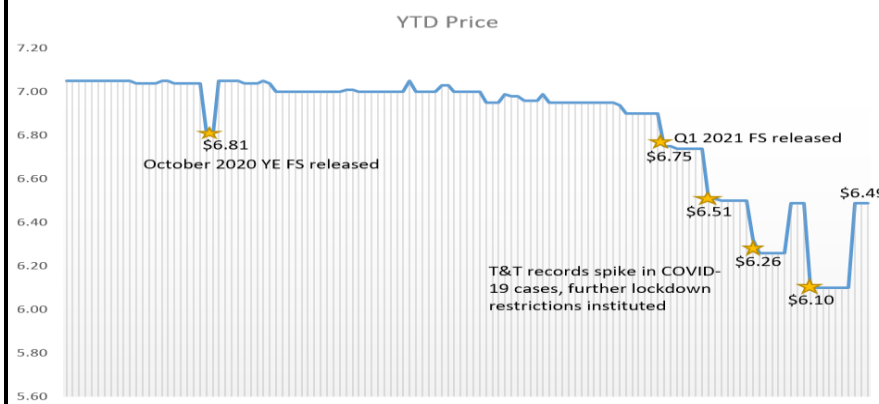


June 2021
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FirstCaribbean International Bank (FCI) will not pay dividend in Q2 2021 due to uncertainty brought on by COVID-19

FCI's Financial Summary	Quarter Ended 30-Apr-21	Quarter Ended 30-Apr-20	\$ change	% change
Income Statement Extract				
	US\$'000	US\$'000	US\$'000	
Profit after Tax	53,523	(58,268)	111,791	↓ -191.9%
Earnings per share (Expressed in cents)	3.30	(3.70)	7.00	↓ -189.2%
Total Revenue	\$ 271,824	\$ 301,057	(29,233)	↓ -9.7%
Balance Sheet Extract				
Total Assets	12,264,745	11,908,453	356,292	↑ 3.0%
Total Liabilities	11,214,620	10,800,474	414,146	↑ 3.8%
Shareholder's Equity	1,050,125	1,107,979	(57,854)	↓ -5.2%
Cash Flows Extract				
Net cash from operating activities	86,523	448,306	(361,783)	↓ -80.7%
Net cash used in investing activities	488,466	(190,467)	678,933	↑ 356.5%
Net cash used in financing activities	(11,189)	(107,925)	96,736	↑ 89.6%
Cash and cash equivalents	2,477,333	2,036,465	440,868	↑ 21.6%
Metrics				
Book Value Per Share (in TT\$)	4.49	4.74	-0.25	↓ -5.2%
Market Price (in TT\$)	6.50	7.50	-1.00	↓ -13.3%
Market to Book Ratio	1.45	1.58	-0.14	↓ -9%

Note: Green arrows indicate growth while red indicate contractions



Valuation	
Current Price	TT\$6.50
Trailing P/E Multiple	482.04x
Market to Book Value	1.45x
JMMB Target Price	TT\$5.33
Dividend Yield	7.3%

For the six month period ended April 30th, 2021 (Q2 2021), FirstCaribbean International Bank (FCI) realized a profit attributable to equity holders of US\$53.5 million from a loss position of US\$58.3 million in the corresponding prior period. This improvement led to a basic EPS of US\$0.033 at the end of the period. The increase in profitability was driven by:- (i) US\$10.1 million restructuring charge associated with ongoing efforts to transform the Bank's cost structure and (ii) lower provisions for credit losses, offset by lower revenues as a result of the current low interest rate environment. Revenue in Q2 2021 decreased by 9.7% to US\$271.8 million from US \$301.1 million in the prior period. Total assets increased by 3% to US\$12.3 billion from US \$11.9 billion in the corresponding prior period. FCI's Tier 1 and Total Capital ratios remained strong at 12.7% and 14.8% respectively. Given the uncertainty surrounding COVID-19, the Board did not declare a quarterly dividend, however, will continue to monitor the Bank's financial performance and market conditions.

Outlook:

As at June 2021, JMMB's research department maintained an **UNDERPERFORM** rating on FCI with a price target of \$5.33, relatively stable from our previous review in August 2020 with a target price of \$5.30. Currently, FCI is trading at a price of \$6.50, above our fair value range, however, down 7.14% from \$7.00 in August 2020. Although FCI's share price declined over the period, it did not fall below our fair value range.

Despite recording a PAT over the last 6 months, COVID-19 continues to have an adverse impact on organizations locally, regionally and internationally. Restrictions imposed by governments to limit the spread of the virus, such as travel restrictions, social distancing and the closure of businesses, continue to impact economic activity and limit the scope and pace of economic recovery across FCI's operating territories. Given the current macroeconomic conditions in FCI's operating territories, we expect NPL's to spike, especially in Barbados and Bahamas given their high dependence on tourism. As such, this expectation can further impact FCI's revenue generating ability in the near future.

We maintain our rating on FCI at **UNDERPERFORM** and revise our target price to \$5.33 from \$5.30, (representing an 18% downside from current price). FCI's EPS of US\$0.033 for the period significantly improved compared to the prior period of US\$-0.037. JMMB forecasts EPS for year ending October 2021 at US\$0.066.