

# Focusing on the fundamentals

## INTERVIEW WITH KAREN DARBASIE

GROUP CEO, FIRST CITIZENS



**KAREN DARBASIE** holds a BSc in Electrical Engineering from UWI, a an MSc in Telecommunications & Information Systems from the University of Essex (UK) and an MBA from the University of Warwick (also UK). Prior to her appointment as Group CEO of First Citizens, she held the post of Managing Director of the Merchant Bank, Country Treasurer and Markets Head of the local subsidiary of Citi. She has also been a Board Director of the American Chamber of Commerce in Trinidad and Tobago.

**It is almost nine months since you assumed the position of CEO of First Citizens, after an uncharacteristically turbulent couple of years for the Group. How successful do you feel you have been in 'steadying the ship', and what lessons have you – and the institution – learned from the experience?**

First Citizens is a financial services group whose constituent entities have a history that dates back more than 100 years. With this rich history, and the experience gained in indigenous banking over this period, the organisation has learnt many valuable lessons.

The first of these is to adhere to your core values, as these will always see you through a difficult situation. In our case, we have done exactly that and re-focused on the values which makes us who we are, namely: commitment to our customers, commitment to our people, commitment to integrity and commitment to excellence.

By focusing on our business and operating within the spirit of our values, we will surmount all issues. The result of this is clearly evident in our most recent credit rating ratification, at BBB+ Stable outlook, which was issued by Standard and Poor's in early November.

**Banking in Trinidad and Tobago has traditionally been a rather conservative business. How has the fall in energy prices affected the wider economy, and how are the country's banks adapting to the 'new normal'?**

Firstly, I do not agree with your assessment of the banking sector in Trinidad and Tobago. In fact, the local sector has been growing and diversifying, and is a contributor to economic development both locally and regionally, as well as being a significant contributor to the GDP of the country. The strength of our local banking sector and its role in supporting businesses has been evident in the stability of our economy in the wider context of the global financial turmoil which has been evident since 2009.

The local and CARICOM regional economic climates have, however, shown slow growth over the last year. This has been driven by the significant decline in oil and gas prices, and the slower than expected economic recovery in global markets. This has negatively impacted business activities within Trinidad and Tobago and translated into suppressed demand for borrowing. In addition, local market conditions have continued to reflect relatively high liquidity, which has led to sustained low interest rates. The combination of the above factors has undoubtedly created challenges for growth within the banking sector.

**The new government faces a very different set of circumstances and challenges from its predecessor. What is your analysis of Finance Minister Colm Imbert's recent budget, and how do you see the country's economic prospects?**

I believe the Prime Minister and Minister of Finance have both articulated the country's position very clearly. As a country, the global environment poses a challenge for us. However, as a country, we are fortunate to have options that many of our neighbours in the region do not. Among these, Trinidad and Tobago has an enviable credit rating, which allows the country access to several sources of funds at more competitive rates than our counterparts. In addition, our foreign currency reserves and Heritage and Stabilisation Fund provide us with a buffer which many do not enjoy. Of course, as both the Prime Minister and Minister of Finance have indicated, the outlook globally is not rosy, and therefore while we do have options as a country, we must be very careful in our deployment of our plans to ensure stability locally, and ensure that our decisions are the best in the medium and long term for the country. We do have challenging decisions and changes to make in the way we have operated in the more recent past, changed economic conditions dictate this, but fortunately we do have the room to do this.

**Where do you see the brightest spots in First Citizens' own portfolio?**

In the current tough business environment, First Citizens has focused on its core business. As a result, we have been able to significantly grow our loan and investment portfolio while simultaneously focusing on our asset quality, to ensure improvements in our delinquency ratios and non-performing loans (NPLs). In fact, in its recent rating announcement Standard and Poor's commented favourably on our sound earnings and asset quality metrics, and very strong capitalisation levels.

As spreads remain compressed, we have focused on our non-interest income product set, which has shown good growth within the last year. Our fee-generating businesses, including electronic banking, which provides efficiency savings for our clients, and local capital markets (both debt and equity) have grown. In addition, we are seeing the positive impact of our investments in our businesses in Barbados and Costa Rica within the context of our Group diversification strategy. **F**