

FIRSTCARIBBEAN INTERNATIONAL BANK LIMITED

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended July 31, 2017 (expressed in thousands of US Dollars)



FirstCaribbean
International Bank

CHIEF EXECUTIVE OFFICER'S REVIEW

The Bank reported net income of \$33.4 million for the third quarter of the fiscal. \$4.6 million or 12% below the third quarter's net income of \$38.0 million a year ago. Overall, the Bank delivered another quarter of revenue growth despite the challenging economic environment.

For the nine months ended July 31, 2017, the Bank reported net income of \$104.3 million, down by \$6.7 million or 6%. Total revenue was \$401.9 million, largely in line with total revenue for the same period last year. Net interest income was \$2.9 million or 1% higher than the prior year largely due to solid growth in our productive loan book; however, that increase was offset by lower operating income primarily due to non-recurring securities and foreign exchange gains recorded last year. Operating expenses of \$276.1 million were up \$7.3 million or 3% compared with the same period in the prior year primarily as a result of higher business taxes along with systems related expenditure and depreciation.


Loan loss impairment expense of \$13.1 million was up \$2.3 million or 21% compared with the same period in the prior year. The increased loan loss impairment expense results from higher loan loss recoveries during the prior period. The Bank continues to place significant emphasis on closely managing its portfolio of delinquent and non-productive loans to ensure a high standard of credit quality is maintained.

Despite the continuing low credit demand and slow investment activity across the region, the Bank's loan growth to date remains strong across the Retail, Corporate Investment Banking and Wealth Management segments registering a \$206 million or 3% increase in productive loans over the third quarter of the prior year. This has been offset by a decrease of \$40 million in non-productive loans net of loan allowance, to result in loans and advances to customers of \$6,248 million, up 3% over the third quarter of the prior year. At the end of the quarter, gross non-productive loans stood at \$375 million versus \$445 million a year ago.

At the end of the third quarter, the Bank's Tier 1 and Total Capital ratios are 17.9% and 19.5% respectively, well in excess of applicable regulatory requirements.

The Bank continued to invest in the business and enhance the client experience with the opening of its newest banking center in Philipsburg, St. Maarten during August. This significant investment demonstrates, once again, the Bank's commitment to providing clients with convenient, best-in-class facilities to conduct their banking business.

We again wish to thank our shareholders, clients and employees for their loyalty and continuing support during the third quarter of 2017.


Gary Brown
Chief Executive Officer
September 7, 2017

FORWARD-LOOKING STATEMENT DISCLOSURE

This report may contain forward-looking statements, including statements about our financial condition, results of operations, earnings outlook, asset quality trends and profitability. Forward-looking statements provide management's current expectations or forecasts of future events and, by their nature, are subject to assumptions, risks and uncertainties. Although management believes that the expectations and forecasts reflected in these forward-looking statements are reasonable, actual results could differ materially from those contained in or implied by such forward-looking statements due to a variety of factors including: (1) changes in interest rates; (2) changes in trade, monetary or fiscal policy; (3) changes in general economic conditions, or in the condition of the local economies in which we have significant operations or assets, which could, among other things, materially impact credit quality trends and our ability to generate loans; (4) increased competitive pressure among financial services companies; (5) the inability to successfully execute strategic initiatives designed to grow revenues and/or manage expenses; (6) consummation of significant business combinations or divestitures; (7) operational or risk management failures due to technological or other factors; (8) heightened regulatory practices, requirements or expectations; (9) new legal obligations or restrictions or unfavourable resolution of litigation; (10) adverse capital markets conditions; (11) disruption in the economy and general business climate as a result of terrorist activities or military actions; and (12) changes in accounting or tax practices or requirements. Forward-looking statements are not guarantees of future performance and should not be relied upon as representing management's views as of any subsequent date. We do not assume any obligation to update these forward-looking statements. For further information regarding FirstCaribbean International Bank Limited, please read FirstCaribbean International Bank Limited's financial and other reports that are available on the company's website at www.cibcfib.com.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited July 31, 2017	Unaudited July 31, 2016	Audited October 31, 2016
Assets			
Cash, balances with Central Banks and due from banks	2,602,832	2,007,219	1,998,582
Loans and advances to customers	6,247,812	6,082,341	6,212,267
Investment securities	2,272,103	2,313,237	2,202,593
Property and equipment	155,291	142,701	153,922
Other assets	191,393	192,322	179,340
Intangible assets	218,961	218,961	218,961
Total assets	11,688,392	10,956,781	10,965,665
Liabilities			
Customer deposits and other borrowed funds	9,874,651	9,206,382	9,155,510
Other liabilities	202,723	228,236	236,465
Debt securities in issue	212,406	200,417	198,297
Total liabilities	10,289,780	9,634,735	9,590,272
Equity attributable to equity holders of the parent			
Issued capital and reserves	960,788	926,237	950,087
Retained earnings	408,984	368,922	397,159
	1,369,772	1,295,159	1,347,246
Non-controlling interests	28,840	26,887	28,147
Total equity	1,398,612	1,322,046	1,375,393
Total liabilities and equity	11,688,392	10,956,781	10,965,665

Note: Results have been converted to USD at an exchange rate of USD1 = BBD2

Director  Director 

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Parent				Total equity
	Issued capital	Reserves	Retained earnings	Non-controlling interests	
Balance at October 31, 2015	1,193,149	(273,471)	434,925	25,998	1,380,601
Comprehensive income for the period	-	(7,504)	108,369	2,615	103,480
Transfer to reserves	-	14,050	(14,050)	-	-
Acquisition of additional interest in subsidiary	-	13	-	-	13
Equity dividends	-	-	(160,322)	-	(160,322)
Dividends of subsidiaries	-	-	-	(1,726)	(1,726)
Balance at July 31, 2016	1,193,149	(266,912)	368,922	26,887	1,322,046
Balance at October 31, 2016	1,193,149	(243,062)	397,159	28,147	1,375,393
Comprehensive income for the period	-	(1,239)	101,531	2,421	102,713
Transfer to reserves	-	11,871	(11,871)	-	-
Acquisition of additional interest in subsidiary	-	69	-	-	69
Equity dividends	-	-	(77,835)	-	(77,835)
Dividends of subsidiaries	-	-	-	(1,728)	(1,728)
Balance at July 31, 2017	1,193,149	(232,361)	408,984	28,840	1,398,612

Note: Results have been converted to USD at an exchange rate of USD1 = BBD2

CONDENSED CONSOLIDATED STATEMENT OF INCOME

	Unaudited Quarter ended		Unaudited Nine months ended		Audited Year ended
	July 31, 2017	July 31, 2016	July 31, 2017	July 31, 2016	October 31, 2016
Interest and similar income	112,627	107,884	328,484	323,592	431,574
Interest and similar expense	15,848	15,396	48,230	46,226	61,721
Net interest income	96,779	92,488	280,254	277,356	369,853
Operating income	40,549	40,407	121,688	125,749	163,927
	137,328	132,895	401,942	403,105	533,780
Operating expenses	93,712	88,707	276,110	268,837	357,440
Loan loss impairment	6,165	3,238	13,082	10,822	17,305
	99,877	91,945	289,192	279,659	374,745
Income before taxation	37,451	40,950	112,750	123,446	159,035
Income tax expense	4,094	2,921	8,459	12,423	15,699
Net income for the period	33,357	38,029	104,291	111,023	143,336
Attributable to:					
Equity holders of the parent	32,417	37,000	101,531	108,369	140,005
Non-controlling interests	940	1,029	2,760	2,654	3,331
	33,357	38,029	104,291	111,023	143,336
Basic and diluted earnings per share attributable to the equity holders of the parent for the period:					
(expressed in cents per share)	21	23	64	69	89

Note: Results have been converted to USD at an exchange rate of USD1 = BBD2

FIRSTCARIBBEAN INTERNATIONAL BANK LIMITED
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended July 31, 2017 (expressed in thousands of US Dollars)



FirstCaribbean
International Bank

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Quarter ended		Unaudited Nine months ended		Audited Year ended
	July 31, 2017	July 31, 2016	July 31, 2017	July 31, 2016	October 31, 2016
Net income for the period	33,357	38,029	104,291	111,023	143,336
Other comprehensive gains/(losses) (net of tax) to be reclassified to net income in subsequent periods					
Net gains/(losses) on available-for-sale investment securities	5,040	5,040	(1,272)	2,613	5,619
Exchange gains/(losses) on translation of foreign operations	827	(5,295)	(306)	(10,156)	(13,334)
	5,867	(255)	(1,578)	(7,543)	(7,715)
Other comprehensive income (net of tax) not to be reclassified to net income in subsequent periods:					
Re-measurement gains of retirement benefit obligations					21,149
Other comprehensive income/(loss) for the period, net of tax	5,867	(255)	(1,578)	(7,543)	13,434
Comprehensive income for the period, net of tax	39,224	37,774	102,713	103,480	156,770
Comprehensive income for the period attributable to:					
Equity holders of the parent	38,153	36,747	100,292	100,865	152,895
Non-controlling interests	1,071	1,027	2,421	2,615	3,875
	39,224	37,774	102,713	103,480	156,770

Note: Results have been converted to USD at an exchange rate of USD1 = BBD2

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Nine months ended July 31, 2017	Audited Year ended October 31, 2016
Net cash from operating activities	810,643	160,298
Net cash (used in)/from investing activities	(43,491)	172,666
Net cash used in financing activities	(71,703)	(180,159)
Net increase in cash and cash equivalents for the period	695,449	152,805
Effect of exchange rate changes on cash and cash equivalents	(305)	(13,334)
Cash and cash equivalents, beginning of the period	1,525,868	1,386,397
Cash and cash equivalents, end of the period	2,221,012	1,525,868

Note: Results have been converted to USD at an exchange rate of USD1 = BBD2

CONDENSED CONSOLIDATED SEGMENT INFORMATION

	Unaudited nine months ended July 31, 2017				Total
	RB	CIB	WM	ADMIN	
External revenues	157,942	159,063	27,295	57,642	401,942
Revenues from other segments	8,230	(1,089)	27,890	(35,031)	-
Total Revenue	166,172	157,974	55,185	22,611	401,942
Segment Results	2,874	70,902	20,585	18,389	112,750
Income tax expense					8,459
Net income for the period					104,291
Segment Assets	2,478,058	3,333,355	58,431	5,563,788	11,433,632
Unallocated assets					254,760
Total assets					11,688,392
Segment liabilities	3,576,049	3,308,885	3,075,894	315,839	10,276,667
Unallocated liabilities					13,113
Total liabilities					10,289,780

CONDENSED CONSOLIDATED SEGMENT INFORMATION

	Unaudited nine months ended July 31, 2016				Total
	RB	CIB	WM	ADMIN	
External revenues	155,256	156,515	30,608	60,726	403,105
Revenues from other segments	9,754	4,921	24,323	(38,998)	-
Total Revenue	165,010	161,436	54,931	21,728	403,105
Segment Results	9,323	75,825	20,600	17,698	123,446
Income tax expense					12,423
Net income for the period					111,023
Segment Assets	2,412,748	3,239,861	51,635	4,998,420	10,702,664
Unallocated assets					254,117
Total assets					10,956,781
Segment liabilities	3,474,619	3,072,161	2,736,089	338,949	9,621,818
Unallocated liabilities					12,917
Total liabilities					9,634,735

	Audited year ended October 31, 2016				Total
	RB	CIB	WM	ADMIN	
External revenues	206,743	206,250	40,311	80,476	533,780
Revenues from other segments	12,434	4,444	32,732	(49,610)	-
Total Revenue	219,177	210,694	73,043	30,866	533,780
Segment Results	(476)	72,607	24,916	61,988	159,035
Income tax expense					15,699
Net income for the period					143,336
Segment assets	2,428,642	3,336,040	43,772	4,903,535	10,711,989
Unallocated assets					253,676
Total assets					10,965,665
Segment liabilities	3,403,483	3,082,200	2,745,119	342,939	9,573,741
Unallocated liabilities					16,531
Total liabilities					9,590,272

Notes:

1 The Group's operations are organised into four segments, Retail & Business Banking ("RBB"), Corporate & Investment Banking ("CIB"), Wealth Management ("WM"), and Administration ("Admin"). Administration includes the functional groups (Audit, Treasury, Finance, Human Resources, Technology & Operations, Risk and Customer Relationship Management & Strategy). The expenses of the Administration segment are generally allocated to RBB, CIB and WM and also includes the allocation, credits and charges for liquidity, operational risk, credit risk and economic capital.

Effective November 1st, 2016, Wholesale Banking was changed to Corporate & Investment Banking to reflect the totality of offerings and better align with the corporate mission and strategy. Prior period disclosures are unaffected by this change.

FIRSTCARIBBEAN INTERNATIONAL BANK LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of significant accounting policies

The accompanying unaudited condensed consolidated financial statements of FirstCaribbean International Bank Limited (the Group) should be read in conjunction with the IFRS consolidated financial statements and notes thereto for the year ended October 31, 2016, included in the Group's Annual Report 2016. For a description of the Group's significant accounting policies, see Note 2 of the aforementioned consolidated financial statements.

Basis of presentation

Certain financial information, which is normally included in annual financial statements prepared in accordance with IFRS, but not required for interim reporting purposes, has been condensed or omitted. Reclassifications may be made to the prior period's financial statements to conform to the current period's presentation. These unaudited condensed consolidated financial statements reflect, in the opinion of management, all adjustments that are necessary for a fair presentation of the unaudited condensed consolidated financial statements for the interim periods presented.

The results of operations for interim periods are not necessarily indicative of results for the entire year.

In preparing these unaudited condensed consolidated financial statements, management is required to make estimates and assumptions which affect amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Dividends

During the quarter, the interim dividend as approved by the Board of Directors in June 2017, in the amount of two point five United States cents (US\$0.025) per share was paid.