

# FIRSTCARIBBEAN INTERNATIONAL BANK LIMITED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended July 31, 2016 (expressed in thousands of United States dollars)



FirstCaribbean  
International Bank

## CHIEF EXECUTIVE OFFICER'S REVIEW

The Bank reported net income of \$38.0 million for the third quarter of the fiscal, up \$3.2 million or 9% from the third quarter's net income of \$34.8 million a year ago. The Bank continues to deliver strong results and show profitable growth.

For the nine months ended July 31, 2016, the Bank reported net income of \$111.0 million, up \$24.0 million or 28%, a significant improvement in performance when compared with net income of \$87.0 million for the corresponding period last year. Although revenues continue to grow, the impact of higher taxes being imposed by various jurisdictions as well as other operating costs continue to hurt results. Better loan loss performance contributed significantly to the improvement in net income. Given the strength in quality of our loan portfolio and continued reduction in the non-productive loan balances, the opportunities for loan recoveries will reduce over time.

Total revenue for the period was \$403.1 million, up \$12.4 million or 3% compared with the same period last year primarily due to lower funding costs and higher non-interest income. Productive loans, a key performance driver, have continued along a growth path registering 3% year over year growth. Regional economies are still recovering slowly and yet economic outlooks generally reflect marginal growth along with uneven investment activity.

Despite prevailing conditions, our Wholesale Banking and Retail segments posted solid third quarter revenue and loan growth as efforts continue to enhance the client experience and deliver best-in-class service.

Operating expenses of \$268.8 million were up \$10.1 million or 4% compared with the same period in the prior year primarily as a result of higher business taxes, project related spend and other operating costs. The Bank continues to invest in its franchise through employee expenditures, network expansion and product and service initiatives.

Loan loss impairment expense was \$10.8 million as of the end of the third quarter, down 69% against the prior year. An improved loss experience and ongoing loan recovery activity underscore the lower loan losses. Additionally, non-productive loan balances continue to decline as significant focus is placed on further strengthening the quality of our loan portfolio. Non-productive loan balances are currently \$445 million, down from \$651 million a year ago.

At the end of the third quarter, the Bank's Tier 1 and Total Capital ratios were 19.0% and 20.3% respectively, well in excess of applicable regulatory requirements.

During the third quarter, the Bank continued to make progress against its stated objectives of growing our business and enhancing the client experience. Our challenge is putting our capital to work in these tepid economic conditions.

In June, the CIBC FirstCaribbean Mobile Banking App was launched positioning the bank as the first regional financial services provider to launch an app with extensive functionality, continuing our strategy of delivering innovative banking solutions for our customers. To date there have been more than 20,000 downloads.

In August, the Bank opened its newest Finance Centre in St. Maarten. The opening is part of the Bank's efforts to reposition its products and aspects of its network to better meet the client needs and to afford them several banking options. Investment in our brand and infrastructure is integral to our success.

Additionally, the product suite for the Business Banking sub-segment was expanded with the launch of a new Visa Business Debit Card in the region. This new payment solution will provide clients with another option to manage their operations and growth within their businesses.

Also during the third quarter, the Bank acknowledged its appreciation for its clients' unwavering support by hosting a series of Client Appreciation Days across the network that were all hugely successful.

We again wish to thank the Board, management, staff and most importantly our clients for their loyalty and continuing support.

Gary Brown  
Chief Executive Officer  
September 9, 2016

### 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.cibcfcib.com.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited July 31, 2016	Unaudited July 31, 2015	Audited October 31, 2015
<b>Assets</b>			
Cash, balances with Central Banks and due from banks	2,007,219	1,944,162	1,691,781
Loans and advances to customers	6,082,341	6,016,988	6,005,021
Investment securities	2,313,237	2,360,626	2,331,012
Property and equipment	142,701	129,561	139,701
Other assets	192,322	203,203	154,160
Intangible assets	218,961	218,961	218,961
	<u>10,956,781</u>	<u>10,873,501</u>	<u>10,540,636</u>
Assets of a disposal group classified as held for sale	-	-	148,717
<b>Total assets</b>	<u>10,956,781</u>	<u>10,873,501</u>	<u>10,689,353</u>
<b>Liabilities</b>			
Customer deposits and other borrowed funds	9,206,382	9,156,284	8,698,750
Other liabilities	228,236	219,047	267,496
Debt securities in issue	200,117	133,161	208,890
	<u>9,634,735</u>	<u>9,508,492</u>	<u>9,175,136</u>
Liabilities of a disposal group classified as held for sale	-	-	133,616
<b>Total liabilities</b>	<u>9,634,735</u>	<u>9,508,492</u>	<u>9,308,752</u>
<b>Equity attributable to equity holders of the parent</b>			
Issued capital and reserves	926,237	921,632	919,678
Retained earnings	368,922	419,032	434,925
	<u>1,295,159</u>	<u>1,340,664</u>	<u>1,354,603</u>
<b>Non-controlling interests</b>	26,887	24,345	25,998
<b>Total equity</b>	<u>1,322,046</u>	<u>1,365,009</u>	<u>1,380,601</u>
<b>Total liabilities and equity</b>	<u>10,956,781</u>	<u>10,873,501</u>	<u>10,689,353</u>

Note: Results have been converted to US\$ at an exchange rate of US\$1 = BBD\$2

Gary Brown  
Chief Executive Officer

Rik Parkhill  
Director

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Parent				
	Issued Capital	Reserves	Retained Earnings	Non-controlling Interests	Total Equity
<b>Balance at October 31, 2014</b>	1,193,149	(266,025)	307,966	23,397	1,337,687
Comprehensive income for the period	-	(11,555)	84,633	2,444	75,522
Transfer to reserves	-	6,863	(6,863)	-	-
Equity dividends	-	-	(46,704)	-	(46,704)
Dividends of subsidiaries	-	-	-	(1,496)	(1,496)
<b>Balance at July 31, 2015</b>	1,193,149	(271,517)	419,032	24,345	1,365,009
<b>Balance at October 31, 2015</b>	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)
<b>Balance at July 31, 2016</b>	1,193,149	(266,912)	368,922	26,887	1,322,046

Note: Results have been converted to US\$ at an exchange rate of US\$1 = BBD\$2

## CONDENSED CONSOLIDATED STATEMENT OF INCOME

	Unaudited Quarter Ended		Unaudited Nine months ended		Audited Year ended
	July 31 2016	July 31 2015	July 31 2016	July 31 2015	October 31, 2015
Interest and similar income	107,884	109,857	322,582	327,135	435,810
Interest and similar expense	15,396	17,469	46,226	58,537	73,111
<b>Net interest income</b>	<u>92,488</u>	<u>92,388</u>	<u>277,356</u>	<u>268,598</u>	<u>362,699</u>
Operating income	40,407	41,601	125,749	122,073	159,674
<b>Total revenue</b>	<u>132,895</u>	<u>133,989</u>	<u>403,105</u>	<u>390,671</u>	<u>522,373</u>
Operating expenses	88,707	86,389	268,837	258,699	370,111
Loan loss impairment	3,238	7,366	10,822	34,770	41,507
	<u>91,945</u>	<u>93,755</u>	<u>279,659</u>	<u>293,469</u>	<u>411,618</u>
<b>Income before taxation</b>	<u>40,950</u>	<u>40,234</u>	<u>123,446</u>	<u>97,202</u>	<u>110,755</u>
Income tax expense	2,921	5,412	12,423	10,185	12,823
<b>Net income for the period</b>	<u>38,029</u>	<u>34,822</u>	<u>111,023</u>	<u>87,017</u>	<u>97,932</u>
<b>Attributable to:</b>					
Equity holders of the parent	37,000	34,005	108,369	84,633	94,703
Non-controlling interests	1,029	817	2,654	2,384	3,229
	<u>38,029</u>	<u>34,822</u>	<u>111,023</u>	<u>87,017</u>	<u>97,932</u>
<b>Basic and diluted earnings per share attributable to the equity holders of the parent for the period (expressed in cents per share)</b>	<u>2.3</u>	<u>2.2</u>	<u>6.9</u>	<u>5.4</u>	<u>6.0</u>

Note: Results have been converted to US\$ at an exchange rate of US\$1 = BBD\$2

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Quarter Ended		Unaudited Nine months ended		Audited Year ended
	July 31 2016	July 31 2015	July 31 2016	July 31 2015	October 31 2015
<b>Net income for the period</b>	38,029	34,822	111,023	87,017	97,932
Other comprehensive loss (net of tax) to be reclassified to net income or loss in subsequent periods					
Net gains/(losses) on available-for-sale investment securities	5,040	(1,117)	2,613	(6,466)	(9,583)
Exchange losses on translation of foreign operations	(5,295)	(2,121)	(10,156)	(5,029)	(7,849)
	<u>(255)</u>	<u>(3,238)</u>	<u>(7,543)</u>	<u>(11,495)</u>	<u>(17,432)</u>
<b>Other comprehensive loss (net of tax) not to be reclassified to net income or loss in subsequent periods:</b>					
Re-measurement gains of retirement benefit obligations	-	-	-	-	10,652
<b>Other comprehensive loss for the period, net of tax</b>	<u>(255)</u>	<u>(3,238)</u>	<u>(7,543)</u>	<u>(11,495)</u>	<u>(6,780)</u>
<b>Comprehensive income for the period, net of tax</b>	<u>37,774</u>	<u>31,584</u>	<u>103,480</u>	<u>75,522</u>	<u>91,152</u>
<b>Comprehensive income for the period attributable to:</b>					
Equity holders of the parent	36,747	30,716	100,865	73,078	87,055
Non-controlling interests	1,027	868	2,615	2,444	4,097
	<u>37,774</u>	<u>31,584</u>	<u>103,480</u>	<u>75,522</u>	<u>91,152</u>

Note: Results have been converted to US\$ at an exchange rate of US\$1 = BBD\$2

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For the nine months ended July 31, 2016 (expressed in thousands of United States dollars)



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## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Quarter ended July 31, 2016	Audited Year ended October 31, 2015
Net cash from/(used in) operating activities	305,849	(70,047)
Net cash from/(used in) investing activities	59,690	(2,171)
Net cash (used in)/from financing activities	(176,561)	90,280
Net increase in cash and cash equivalents for the period	188,978	18,062
Effect of exchange rate changes on cash and cash equivalents	(10,156)	(7,849)
Cash and cash equivalents, beginning of the period	1,386,397	1,376,184
Cash and cash equivalents, end of the period	1,565,219	1,386,397

Note: Results have been converted to US\$ at an exchange rate of US\$1 = BRD\$2

## CONDENSED CONSOLIDATED SEGMENT INFORMATION

### Unaudited Nine Months Ended July 31, 2016

	RB	WB	WM	Admin	Total
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 Revenues	165,010	161,436	54,931	21,728	403,105
Segment Results	1,825	57,271	19,873	44,477	123,446
Income tax expense	-	-	-	-	12,423
Net income for the period	-	-	-	-	111,023
Segment Assets	2,412,740	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	2,745,029	330,009	9,621,818
Unallocated liabilities	-	-	-	-	12,917
Total liabilities	-	-	-	-	9,634,735

### Audited Year Ended October 31, 2015

	RB	WB	WM	Admin	Total
External revenues	183,758	208,017	54,204	76,394	522,373
Revenues from other segments	10,657	10,762	26,667	(48,086)	-
Total Revenues	194,415	218,779	80,871	28,308	522,373
Segment Results	(22,085)	48,157	22,986	61,697	110,755
Income tax expense	-	-	-	-	12,823
Net income for the year	-	-	-	-	97,932
Segment assets	2,292,723	3,099,409	215,456	4,673,096	10,280,684
Unallocated assets	-	-	-	-	259,952
Assets of disposal group classified as held for sale	(70,552)	92,523	-	126,746	148,717
Total assets	-	-	-	-	10,689,353
Segment liabilities	2,929,474	2,657,542	3,137,799	478,910	9,163,725
Unallocated liabilities	-	-	-	-	11,911
Liabilities of disposal group classified as held for sale	45,436	88,180	-	-	133,616
Total liabilities	-	-	-	-	9,308,752

### Unaudited Nine Months Ended July 31, 2015

	RB	WB	WM	Admin	Total
External revenues	144,398	155,090	32,101	59,082	390,671
Revenues from other segments	9,430	7,852	18,984	(56,266)	-
Total Revenues	153,828	162,942	51,085	22,816	390,671
Segment Results	(7,392)	38,071	17,713	48,810	97,202
Income tax expense	-	-	-	-	10,185
Net income for the period	-	-	-	-	87,017
Segment Assets	2,403,067	3,199,775	27,010	4,987,436	10,617,288
Unallocated assets	-	-	-	-	256,213
Total assets	-	-	-	-	10,873,501
Segment liabilities	3,490,651	2,882,575	2,770,747	353,266	9,497,239
Unallocated liabilities	-	-	-	-	11,253
Total liabilities	-	-	-	-	9,508,492

### Notes:

1. The Group's operations are organized into four segments, Retail Banking ("RB"), Wholesale Banking ("WB"), and Wealth Management ("WM"), which are supported by the functional units within the Administration ("Admin") segment (which includes Treasury, Finance, HR, Technology & Operations, Risk and Other). The Administration segment results include the earnings on economic capital and capital charges for Treasury and the offset of the same for RB, WB, and WM. Effective November 2015, International Wealth previously reported in Wealth Management was transitioned to Retail and Business Banking. Prior period disclosures were amended to conform to this current presentation basis.

## 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, 2015, included in the Group's Annual Report 2015. 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.

### Dividend

During the quarter, the interim dividend as approved by the Board of Directors in June 2016, in the amount of two United States cents (US\$0.02) per share was paid.