



FirstCaribbean International Bank (Bahamas) Limited
Managing Director's Review Of the Results
For the nine months ended July 31, 2017

The Bank reported net income of \$19.6 million for the third quarter of the fiscal, \$1.8 million or 8% below the third quarter's net income of \$21.4 million in the prior year. 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 \$57.7 million, up by \$1.2 million or 2%. Total revenue was \$135.0 million, \$5.4 million above total revenue for the same period last year. Net interest income was \$2.4 million or 2.4% higher than the prior year largely due to solid growth in our productive loan book and higher operating income primarily due to fee income and foreign exchange gains. Operating expenses of \$68.3 million were up \$1.1 million or 2% compared with the same period in the prior year primarily as a result of higher system related expenditure and depreciation.

Loan loss impairment expense of \$9.1 million was up \$3.1 million or 53% compared with the same period in the prior year. The increased loan loss impairment expense reflects the Bank's continued emphasis to prudently manage its portfolio of delinquent and non-productive loans.

Despite the continuing challenges of low credit demand and slow investment activity across both territories, the Bank's loan growth to date remains strong across the Retail and Corporate Investment Banking segments registering a \$93 million or 5% increase in productive loans over the third quarter of the prior year. This has been offset by a decrease of \$20 million in non-productive loans net of loan allowance, to result in loans and advances to customers of \$2,044 million, up 4% over the third quarter of the prior year.

At the end of the third quarter, the Bank's Tier 1 and Total Capital ratios are 27.1% and 27.9%, respectively, well in excess of applicable regulatory requirements.

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

Marie Rodland-Allen
Managing Director

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 (Bahamas) Limited, please read FirstCaribbean International Bank (Bahamas) Limited's financial and other reports that are available on the company's website at www.cibcfib.com.

Condensed Consolidated Statement of Financial Position
B\$'000

	Unaudited July 31, 2017	Unaudited July 31, 2016	Audited Oct 31, 2016
Assets			
Cash, balances with The Central Bank and due from banks	431,616	444,912	407,943
Other assets	45,827	39,519	33,433
Investment securities	787,575	758,712	678,072
Loans and advances to customers	2,043,694	1,971,122	2,008,325
Property and equipment	28,096	27,048	28,414
Goodwill	72,747	72,747	72,747
Total assets	3,409,555	3,314,060	3,228,934
Liabilities			
Customer deposits	2,643,147	2,578,508	2,491,947
Other liabilities	90,966	106,935	81,971
Total liabilities	2,734,113	2,685,443	2,573,918
Equity			
Issued capital	477,230	477,230	477,230
Reserves	(11,800)	(26,659)	(14,326)
Retained earnings	210,012	178,046	192,112
Total equity	675,442	628,617	655,016
Total liabilities and equity	3,409,555	3,314,060	3,228,934

Director

Director

Condensed Consolidated Statement of Changes in Equity
B\$'000

	Issued Capital	Reserves	Retained Earnings	Total
Balance at October 31, 2015	477,230	(30,602)	161,201	607,829
Profit for the period	-	-	56,507	56,507
Other comprehensive income for the period	-	345	-	345
Total comprehensive income	-	345	56,507	56,852
Dividends	-	-	(36,064)	(36,064)
Transfer to Statutory Reserve Fund - TCI	-	3,598	(3,598)	-
Balance at July 31, 2016	477,230	(26,659)	178,046	628,617
Balance at October 31, 2016	477,230	(14,326)	192,112	655,016
Profit for the period	-	-	57,663	57,663
Other comprehensive loss for the period	-	(1,173)	-	(1,173)
Total comprehensive income	-	(1,173)	57,663	56,490
Dividends	-	-	(36,064)	(36,064)
Transfer to Statutory Reserve Fund - TCI	-	3,699	(3,699)	-
Balance at July 31, 2017	477,230	(11,800)	210,012	675,442

Condensed Consolidated Statement of Income
B\$'000

	Unaudited Three Months Ended		Unaudited Nine Months Ended		Audited Year Ended
	July 31, 2017	July 31, 2016	July 31, 2017	July 31, 2016	Oct 31, 2016
Total interest income	38,277	37,026	111,097	109,105	146,708
Total interest expense	2,540	2,859	8,197	8,631	11,633
Net interest income	35,737	34,167	102,900	100,474	135,075
Other operating income	10,784	9,572	32,068	29,133	38,157
Total revenue	46,521	43,739	134,968	129,607	173,232
Operating expenses	23,124	22,654	68,255	67,168	91,213
Loan loss impairment	3,758	(328)	9,050	5,932	11,446
	26,882	22,326	77,305	73,100	102,659
Net income for the period	19,639	21,413	57,663	56,507	70,573
Weighted average number of common shares outstanding for the period	120,216,204	120,216,204	120,216,204	120,216,204	120,216,204
Net earnings per share (in cents)	16.3	17.8	48.0	47.0	58.7

Condensed Consolidated Statement of Comprehensive Income
B\$'000

	Unaudited Three Months Ended		Unaudited Nine Months Ended		Audited Year Ended
	July 31, 2017	July 31, 2016	July 31, 2017	July 31, 2016	Oct 31, 2016
Net income for the period	19,639	21,413	57,663	56,507	70,573
Other comprehensive income/(loss)					
Net (loss)/income on available-for-sale investment securities	(1,173)	345	(6,223)	(1,983)	1,678
Re-measurement gain of retirement benefit obligations	-	-	-	-	11,000
Other comprehensive (loss)/income for the period	(1,173)	345	(6,223)	(1,983)	12,678
Total comprehensive income for the period	18,466	21,758	51,440	54,524	83,251

Condensed Consolidated Statement of Cash Flows
B\$'000

	Unaudited Nine Months Ended		Audited Year Ended
	July 31, 2017	July 31, 2016	Oct 31, 2016
Net cash from/(used in) operating activities	205,005	(50,654)	(171,772)
Net cash (used in)/from investing activities	(95,159)	36,109	118,773
Net cash used in financing activities	(36,064)	(36,064)	(36,064)
Net increase/(decrease) in cash and cash equivalents	73,782	(50,609)	(89,063)
Cash and cash equivalents, beginning of the period	265,713	354,776	354,776
Cash and cash equivalents, end of the period	339,495	304,167	265,713

Notes to the Condensed Consolidated Financial Statements
July 31, 2017

1. Summary of significant accounting policies

The accompanying unaudited condensed consolidated financial statements of FirstCaribbean International Bank (Bahamas) Limited (the Bank) should be read in conjunction with the International Financial Reporting Standards (IFRS) consolidated financial statements and notes thereto for the year ended October 31, 2016, included in the Bank's Annual Report 2016. For a description of the Bank'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.

The consolidated interim financial statements include the accounts of the following wholly owned subsidiaries:

- Sentry Insurance Brokers Ltd. (formerly FirstCaribbean Insurance Agency (Bahamas) Limited)
- FirstCaribbean International (Bahamas) Nominees Company Limited
- FirstCaribbean International Land Holdings (TCI) Limited

Dividends

The Directors declared an interim dividend of fifteen cents per share payable on August 31, 2017, to shareholders of record as at the close of business on August 25, 2017.

Condensed Consolidated Segment Information
B\$'000

	Unaudited Nine Months Ended July 31, 2017				
	RBB	CIB	WM	Admin	Total
External revenues	70,523	44,836	1,719	17,890	134,968
Revenues from other segments	(11,142)	4,051	6,561	530	-
Total revenues	59,381	48,887	8,280	18,420	134,968
Segment results	8,559	26,580	4,051	18,473	57,663
Net income for the period					57,663
Segment assets	1,092,193	972,385	10,477	1,261,753	3,336,808
Unallocated assets					72,747
Total assets					3,409,555
Segment liabilities	1,090,996	980,697	573,016	89,404	2,734,113
Total liabilities					2,734,113

	Unaudited Nine Months Ended July 31, 2016				
	RBB	CIB	WM	Admin	Total
External revenues	71,530	38,996	1,842	17,239	129,607
Revenues from other segments	(13,183)	7,977	6,375	(1,169)	-
Total revenues	58,347	46,973	8,217	16,070	129,607
Segment results	10,478	24,951	4,038	17,040	56,507
Net income for the period					56,507
Segment assets	1,078,329	912,820	7,901	1,242,263	3,241,313
Unallocated assets					72,747
Total assets					3,314,060
Segment liabilities	990,132	891,771	570,993	232,547	2,685,443
Total liabilities					2,685,443

	Audited Year Ended October 31, 2016				
	RBB	CIB	WM	Admin	Total
External revenues	95,176	52,833	2,237	22,986	173,232
Revenues from other segments	(17,741)	9,826	8,367	(452)	-
Total revenues	77,435	62,659	10,604	22,534	173,232
Segment results	5,846	26,248	4,178	34,301	70,573
Net income for the year					70,573
Segment assets	1,081,629	955,802	10,566	1,108,190	3,156,187
Unallocated assets					72,747
Total assets					3,228,934
Segment liabilities	971,109	898,222	543,141	161,446	2,573,918
Total liabilities					2,573,918

Notes:

The Bank's operations are organised into four segments: Retail, Business and International 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 Admin segment are generally allocated to RBB, CIB and WB and also includes the allocation, credits and charges for liquidity, operational risk, credit risk and economic capital. Effective November 1, 2016, Wholesale Banking was changed to Corporate & Investment Banking to reflect the totality of offerings and better align with our corporate mission and strategy. Prior period disclosures are unaffected by this change.