



FirstCaribbean International Bank (Bahamas) Limited
Managing Director's Review Of the Results
For the three months ended January 31, 2018

We reported net income of \$22.8 million in the first quarter, up \$4.1 million or 22% from the first quarter's net income of \$18.7 million a year ago. All three business segments registered solid financial performances during the quarter resulting in 4% growth in the total performing loan book. We continue to be focused on delivering sustained earnings by improving operational efficiencies and building a client focused bank.

Total revenue was \$47.5 million compared with \$45.2 million, up \$2.3 million or 5% from the first quarter a year ago primarily due to higher interest earnings from performing loans and cash placements. Operating income was \$11.1 million, largely in line with the first quarter a year ago.

Operating expenses were \$22.5 million, in line with the first quarter of prior year. We are continuing efforts to simplify the client experience by providing technology solutions, while closely managing controllable expenses to gain efficiencies in the markets in which we operate.

Additionally, loan loss impairment expense was \$2.2 million down \$1.8 million from the first quarter of a year ago. This quarter's expense reflects the adoption of IFRS 9 on November 1, 2017, which has resulted in changes to some aspects of our loan loss impairment methodology. The Bank continues to place significant emphasis on maintaining the credit quality of its loan portfolio.

We continue to maintain strong capital levels well in excess of the applicable regulatory requirements, and at the end of the first quarter the Tier 1 and Total Capital ratios were 27% and 28%, respectively.

I would like to thank our shareholders, clients and employees for their continued support in building our franchise.

Marie Rodland-Allen
Managing Director

Condensed Consolidated Statement of Financial Position
B\$'000

	Unaudited Jan 31, 2018	Unaudited Jan 31, 2017	Audited Oct 31, 2017
Assets			
Cash, balances with The Central Bank and due from banks	523,706	514,344	512,736
Other assets	45,620	43,436	36,232
Investment securities	768,778	766,120	799,966
Loans and advances to customers	2,036,379	1,987,277	2,072,500
Property and equipment	28,013	28,486	27,975
Goodwill	72,747	72,747	72,747
Total assets	3,475,243	3,412,410	3,522,156
Liabilities			
Customer deposits	2,688,702	2,657,939	2,750,848
Other liabilities	100,116	99,925	78,164
Total liabilities	2,788,818	2,757,864	2,829,012
Equity			
Issued capital	477,230	477,230	477,230
Reserves	(4,045)	(15,470)	(13,194)
Retained earnings	213,240	192,786	229,108
Total equity	686,425	654,546	693,144
Total liabilities and equity	3,475,243	3,412,410	3,522,156

Director

Director

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

	Issued Capital	Reserves	Retained Earnings	Total
Balance at October 31, 2016	477,230	(14,326)	192,112	655,016
Comprehensive income for the period	-	(1,144)	18,706	17,562
Dividends	-	-	(18,032)	(18,032)
Balance at January 31, 2017	477,230	(15,470)	192,786	654,546
Balance at October 31, 2017	477,230	(13,194)	229,108	693,144
Impact of adopting IFRS9 at Nov 1, 2017 (Note 1)	-	10,108	(15,538)	(5,430)
Balance at November 1, 2017	477,230	(3,086)	213,570	687,714
Comprehensive income for the period	-	(3,625)	(22,773)	19,148
Dividends	-	-	(20,437)	(20,437)
Transfer to Statutory Reserve Fund - TCI	-	2,666	(2,666)	-
Balance at January 31, 2018	477,230	(4,045)	213,240	686,425

Condensed Consolidated Statement of Income
B\$'000

	Unaudited Three Months Ended Jan 31, 2018	Unaudited Three Months Ended Jan 31, 2017	Audited Year Ended Oct 31, 2017
Total interest income	38,763	36,661	149,254
Total interest expense	2,357	3,080	10,440
Net interest income	36,406	33,581	138,814
Other operating income	11,093	11,585	41,472
Total revenue	47,499	45,166	180,286
Operating expenses	22,533	22,465	91,219
Loan loss impairment	2,193	3,995	12,308
	24,726	26,460	103,527
Net income for the period	22,773	18,706	76,759
Weighted average number of common shares outstanding for the period	120,216,204	120,216,204	120,216,204
Net earnings per share (in cents)	18.9	15.6	63.9

Condensed Consolidated Statement of Comprehensive Income
B\$'000

	Unaudited Three Months Ended Jan 31, 2018	Unaudited Three Months Ended Jan 31, 2017	Audited Year Ended Oct 31, 2017
Net income for the period	22,773	18,706	76,759
Other comprehensive losses to be reclassified to net income in subsequent periods			
Net losses on available-for-sale investment securities	(3,679)	(1,144)	(7)
Expected credit impairment on available-for-sale investment securities	54	-	-
	(3,625)	(1,144)	(7)
Other comprehensive losses not to be reclassified to net income in subsequent periods			
Re-measurement losses of retirement benefit plans	-	-	(2,560)
Other comprehensive losses for the period	(3,625)	(1,144)	(2,567)
Comprehensive income for the period	19,148	17,562	74,192

Condensed Consolidated Statement of Cash Flows
B\$'000

	Unaudited Three Months Ended Jan 31, 2018	Unaudited Three Months Ended Jan 31, 2017	Audited Year Ended Oct 31, 2017
Net cash from operating activities	49,054	258,802	253,336
Net cash from/(used in) investing activities	34,975	(85,209)	(104,148)
Net cash used in financing activities	(20,436)	(18,032)	(36,064)
Net increase in cash and cash equivalents	63,593	155,561	113,124
Cash and cash equivalents, beginning of the period	378,837	265,713	265,713
Cash and cash equivalents, end of the period	442,430	421,274	378,837

Notes to the Condensed Consolidated Financial Statements
January 31, 2018

1. Basis of preparation and 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, 2017, included in the Bank's Annual Report 2017. 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.
- FirstCaribbean International (Bahamas) Nominees Company Limited
- FirstCaribbean International Land Holdings (TCI) Limited

Current period changes in accounting policies

The Bank adopted IFRS 9 "Financial Instruments" (IFRS 9) in place of IAS 39 "Financial Instruments: Recognition and Measurement" (IAS 39) in the first quarter of 2018 in keeping with its ultimate parent CIBC, who early adopted to comply with OSFI's advisory that requires that domestic systemically important banks (D-SIBs) adopt IFRS 9 for their annual periods beginning on November 1, 2017, one year earlier than required by the IASB. IFRS 9 was applied on a retrospective basis. As permitted, the prior period comparative consolidated financial statements, which are reported under IAS 39, were not restated and are therefore not comparable to the information presented for 2018. The adoption of IFRS 9 in the first quarter of 2018 resulted in changes in accounting policy in two principal areas, classification and measurement and impairment. We have elected, as a policy choice permitted under IFRS 9, to continue to apply the hedge accounting requirements of IAS 39.

Dividends

At the Board of Director's meeting held on December 14, 2017, a final dividend of seventeen cents per share was declared, amounting to \$20.4 million. The dividend will be paid during the second quarter, and therefore these condensed consolidated interim financial statements reflect an amount payable as of January 31, 2018, with an offsetting equity distribution of retained earnings.

Condensed Consolidated Segment Information
B\$'000

	Unaudited Three Months Ended January 31, 2018				
	RBB	CIB	WM	Admin	Total
External revenue	17,390	12,721	(195)	6,490	36,406
Internal revenue	(2,717)	1,673	2,623	(1,579)	-
Net interest income	14,673	14,394	2,428	4,911	36,406
Operating income	7,509	2,618	924	42	11,093
	22,182	17,012	3,352	4,953	47,499
Depreciation	369	1	17	663	1,050
Operating expenses	5,964	811	470	14,238	21,483
Indirect expenses	6,594	5,740	2,716	(15,050)	-
Loan loss impairment	1,573	565	-	55	2,193
Net income for the quarter	7,682	9,895	149	5,047	22,773

Total assets and liabilities by segment are as follows:

Segment assets	1,106,609	952,827	11,060	1,404,747	3,475,243
Segment liabilities	1,113,190	1,069,555	586,369	19,704	2,788,818

	Unaudited Three Months Ended January 31, 2017				
	RBB	CIB	WM	Admin	Total
External revenue	16,598	11,472	(222)	5,733	33,581
Internal revenue	(3,886)	2,191	2,177	(482)	-
Net interest income	12,712	13,663	1,955	5,251	33,581
Operating income	6,871	3,482	855	377	11,585
	19,583	17,145	2,810	5,628	45,166
Depreciation	299	1	18	635	953
Operating expenses	5,979	766	422	14,345	21,512
Indirect expenses	6,399	5,782	2,876	(15,057)	-
Loan loss impairment	3,382	603	10	-	3,995
Net income for the quarter	3,524	9,993	(516)	5,705	18,706

Total assets and liabilities by segment are as follows:

Segment assets	1,078,316	931,217	8,979	1,393,898	3,412,410
Segment liabilities	1,029,855	951,208	544,004	232,797	2,757,864

	Audited Year Ended October 31, 2017				
	RBB	CIB	WM	Admin	Total
External revenue	67,349	48,519	(1,051)	23,997	138,814
Internal revenue	(12,544)	7,410	9,309	(4,175)	-
Net interest income	54,805	55,929	8,258	19,822	138,814
Operating income	26,797	11,635	3,167	(127)	41,472
	81,602	67,564	11,425	19,695	180,286
Depreciation	1,644	2	70	2,816	4,532
Operating expenses	25,844	2,949	1,708	56,186	86,687
Indirect expenses	20,330	27,955	10,970	(59,255)	-
Loan loss impairment	9,557	2,712	39	-	12,308
Net income for the year	24,227	33,946	(1,362)	19,948	76,759

Total assets and liabilities by segment are as follows:

Segment assets	1,101,286	991,983	11,262	1,417,625	3,522,156
Segment liabilities	1,064,222	1,025,726	581,447	157,617	2,829,012

Notes:

The Bank's operations are organised into four segments: Retail and Business Banking ("RBB"), Corporate and Investment Banking ("CIB") 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 credits or capital charges for Treasury market-based cost of funds on assets, liabilities and capital; the offset of the same for RBB, CIB, and WM earnings unattributed capital remains in Administration.