



FirstCaribbean International Bank (Bahamas) Limited
Managing Director's Review Of the Results
For the nine months ended July 31, 2019

Net income for the nine months ended July 31, 2019 was \$70.8 million, up \$8.3 million or 13% compared to \$62.5 million for the same period last year.

The Bank's continued improved performance was driven by increased revenue due to higher volumes and interest margins as well as lower credit losses. This was partially offset by increased expenses.

Total revenue was \$153.0 million compared with \$138.8 million, up \$14.2 million or 10% from the same period a year ago, primarily due to higher interest earnings from performing loans, cash placements and securities, lower net securities losses, and fee income from deposits, cards services and foreign exchange earnings. Operating expenses were \$82.2 million, up \$15.2 million due primarily to higher group service costs.

For the first nine months, there was a small net release of credit loss expense on financial assets, which was down \$9.3 million against prior year's expense of \$9.3 million, primarily a result of model changes.

At the end of the quarter, the Bank's Tier 1 and Total Capital ratios were at 26.7% and 26.6%, respectively. At its meeting on September 17, 2019, the Directors approved an interim dividend of nine cents (\$0.09) per share, subject to regulatory approval.

CIBC FirstCaribbean's operations in Abaco and Grand Bahama islands were damaged by Hurricane Dorian. Our branch in Freeport, Grand Bahama has reopened for business. However, our branch at Marsh Harbour, Abaco will remain closed for the time being. We are not yet in a position to quantify the extent of the damages or the extent of any insurance recoveries.

Given the information currently available, we anticipate that incremental expected credit loss allowances will be recognised in our Q4/19 results set to be published in January 2020.

We continue to maintain strong capital levels in excess of applicable regulatory requirements.

We are pleased to report that all of our staff are safe, and we are committed to helping our clients, team members and communities recover and rebuild. In that spirit, the FirstCaribbean International ComTrust Foundation, joined by CIBC, has donated US\$150,000 to support the Red Cross' relief efforts and the Bank has extended special banking assistance and accommodations to affected clients.

Marie Rodland-Allen
Managing Director

Condensed Consolidated Statement of Financial Position
B\$'000

	Unaudited Jul 31, 2019	Unaudited Jul 31, 2018	Audited Oct 31, 2018
Assets			
Cash, balances with The Central Bank and due from banks	597,642	561,450	576,110
Other assets	34,915	44,024	37,083
Securities	956,491	764,529	782,708
Loans and advances to customers	2,036,461	1,986,154	2,001,401
Property and equipment	30,095	29,040	29,578
Goodwill	72,747	72,747	72,747
Total assets	3,728,351	3,457,944	3,499,627
Liabilities			
Customer deposits	2,967,286	2,696,805	2,762,770
Other liabilities	60,810	128,660	84,289
Total liabilities	3,028,096	2,825,465	2,847,059
Equity			
Issued capital	477,230	477,230	477,230
Reserves	9,213	(4,145)	(6,627)
Retained earnings	213,812	159,394	181,965
Total equity	700,255	632,479	652,568
Total liabilities and equity	3,728,351	3,457,944	3,499,627

Director

Director

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

	Issued Capital	Reserves	Retained Earnings	Total
Balance at October 31, 2017	477,230	(13,194)	229,108	693,144
Impact of adopting IFRS 9 at November 1, 2017	-	10,108	(23,746)	(13,638)
Restated balance at November 1, 2017 after adopting IFRS 9	477,230	(3,086)	205,362	679,506
Comprehensive income for the period	-	(3,725)	62,489	58,764
Dividends	-	-	(105,791)	(105,791)
Transfer to Statutory Reserve Fund - TCI	-	2,666	(2,666)	-
Balance at July 31, 2018	477,230	(4,145)	159,394	632,479
Balance at October 31, 2018	477,230	(6,627)	181,965	652,568
Comprehensive income for the period	-	9,311	70,836	80,147
Dividends	-	-	(32,460)	(32,460)
Transfer to Statutory Reserve Fund - TCI	-	6,529	(6,529)	-
Balance at July 31, 2019	477,230	9,213	213,812	700,255

Condensed Consolidated Statement of Income
B\$'000

	Unaudited Three Months Ended		Unaudited Nine Months Ended		Audited Year Ended
	Jul 31, 2019	Jul 31, 2018	Jul 31, 2019	Jul 31, 2018	Oct 31, 2018
Total interest income	42,684	40,314	127,093	116,895	158,067
Total interest expense	3,204	2,423	10,197	6,944	10,031
Net interest income	39,480	37,891	116,896	109,951	148,036
Operating income	12,001	7,471	36,110	28,822	40,086
	51,481	45,362	153,006	138,773	188,122
Operating expenses	27,169	23,404	82,189	67,000	90,977
Credit loss expense/(reversal) on financial assets	334	4,870	(19)	9,284	12,085
	27,503	28,274	82,170	76,284	103,062
Net income for the period	23,978	17,088	70,836	62,489	85,060
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)	19.9	14.2	58.9	52.0	70.8

Condensed Consolidated Statement of Comprehensive Income
B\$'000

	Unaudited Three Months Ended		Unaudited Nine Months Ended		Audited Year Ended
	Jul 31, 2019	Jul 31, 2018	Jul 31, 2019	Jul 31, 2018	Oct 31, 2018
Net income for the period	23,978	17,088	70,836	62,489	85,060
Other comprehensive income/(loss) to be reclassified to net income in subsequent periods:					
<i>Net gains/(losses) on debt instruments at fair value through OCI</i>	2,699	(294)	9,311	(3,725)	(4,164)
	2,699	(294)	9,311	(3,725)	(4,164)

Other comprehensive loss not to be reclassified to net income in subsequent periods:

<i>Re-measurement losses on retirement benefit plans</i>	-	-	-	-	(2,043)
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Other comprehensive income/(loss) for the period

	2,699	(294)	9,311	(3,725)	(6,207)
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Comprehensive income for the period	26,677	16,794	80,147	58,764	78,853
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Condensed Consolidated Statement of Cash Flows
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	Unaudited Nine Months Ended		Audited Year Ended
	Jul 31, 2019	Jul 31, 2018	Oct 31, 2018
Net cash from operating activities	162,994	82,006	194,956
Net cash (used in)/from investing activities	(151,907)	124,238	26,190
Net cash used in financing activities	(32,460)	(105,791)	(105,791)
Net (decrease)/increase in cash and cash equivalents	(21,373)	100,453	115,355
Cash and cash equivalents, beginning of the period	494,192	378,837	378,837
Cash and cash equivalents, end of the period	472,819	479,290	494,192

Notes to the Condensed Consolidated Financial Statements
July 31, 2019

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, 2018, included in the Bank's Annual Report 2018. 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

Dividends

At the Board of Directors' meeting held on June 14, 2019, an interim dividend of nine cents (\$0.09) per share, amounting to \$10.8 million, was declared. Payment to shareholders was made on August 26, 2019. Additionally, at the Board of Directors' meeting held on September 17, 2019, a regular interim dividend of nine cents (\$0.09) per share, amounting to \$10.8 million, was declared pending regulatory approval. The consolidated unaudited financial statements as of July 31, 2019 do not reflect these resolutions.

Condensed Consolidated Segment Information
B\$'000

	Unaudited Nine Months Ended July 31, 2019				
	RBB	CIB	WM	Admin	Total
External revenue	52,891	41,024	(1,043)	24,024	116,896
Internal revenue	(7,470)	4,727	11,377	(8,634)	-
Net interest income	45,421	45,751	10,334	15,390	116,896
Operating income	20,242	13,255	3,138	(525)	36,110
	65,663	59,006	13,472	14,865	153,006
Depreciation	1,211	9	52	2,212	3,484
Operating expenses	18,189	3,360	2,212	54,944	78,705
Indirect expenses	20,407	24,312	13,830	(58,549)	-
Credit loss (reversal)/expense on financial assets	(3,852)	682	49	3,102	(19)
Net income/(loss) for the period	29,708	30,643	(2,671)	13,156	70,836

Total assets and liabilities by segment are as follows:

Segment assets	273,506	1,580,220	606,830	1,267,795	3,728,351
Segment liabilities	1,167,717	1,194,452	608,964	56,963	3,028,096

	Unaudited Nine Months Ended July 31, 2018				
	RBB	CIB	WM	Admin	Total
External revenue	52,218	37,781	(864)	20,816	109,951
Internal revenue	(7,915)	4,761	8,660	(5,506)	-
Net interest income	44,303	42,542	7,796	15,310	109,951
Operating income	17,203	12,809	2,703	(3,893)	28,822
	61,506	55,351	10,499	11,417	138,773
Depreciation	1,154	5	52	2,060	3,271
Operating expenses	18,823	2,891	1,829	40,186	63,729
Indirect expenses	20,140	19,332	10,083	(49,555)	-
Credit loss expense on financial assets	2,683	4,278	94	2,229	9,284
Net income/(loss) for the period	18,706	28,845	(1,559)	16,497	62,489

Total assets and liabilities by segment are as follows:

Segment assets	543,711	1,311,623	572,317	1,030,293	3,457,944
Segment liabilities	1,122,899	997,369	574,005	131,192	2,825,465

	Audited Year Ended October 31, 2018				
	RBB	CIB	WM	Admin	Total
External revenue	69,490	51,701	(1,204)	28,049	148,036
Internal revenue	(10,575)	5,483	11,992	(6,900)	-
Net interest income	58,915	57,184	10,788	21,149	148,036
Operating income	30,027	10,324	3,674	(3,939)	40,086
	88,942	67,508	14,462	17,210	188,122
Depreciation	1,574	2	70	2,916	4,562
Operating expenses	23,561	3,105	2,174	57,575	86,415
Indirect expenses	23,804	24,457	11,710	(59,971)	-
Credit loss expense on financial assets	8,120	1,202	110	2,653	12,085
Net income for the year	31,883	38,742	398	14,037	85,060

Total assets and liabilities by segment are as follows:

Segment assets	1,098,521	920,592	17,052	1,463,462	3,499,627
Segment liabilities	1,102,747	995,582	591,436	157,294	2,847,059

Notes:

"The Bank's operations are organised into four segments: Retail, Business & International 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, Human Resources, Technology & Operations, Risk and Other). Treasury activities within the Administration segment includes the impact of charges or credits with a market-based cost of funds on the SBU assets and liabilities respectively. Capital is attributed to the SBUs in a manner that is intended to measure and align economic value with the underlying benefits and risks associated with SBU activities. Earnings on unattributed capital remain in Administration. Management reviews the transfer pricing methodologies on an ongoing basis to ensure they reflect changing market environments and industry practices.