



**FirstCaribbean International Bank (Bahamas) Limited**  
**Managing Director's Review of the Results**  
For the year ended October 31, 2016

For the fiscal year ended October 31, 2016, the Bank reported net income of \$70.6 million, a \$4.4 million or 7% improvement in performance when compared with prior year's net income of \$66.2 million. Lower loan loss impairment expense was the main contributor to this result, as the Bank benefited from increased loan recoveries and an improved loss experience. Growth in our core revenue was also a highlight for the year.

Despite the slow pace of economic recovery and uneven investment activity across the region, productive loans grew 11% over last year, while non-performing loans declined by 27%, together reflecting the Bank's priority to grow its business with a sound risk management focus. Both Retail and Wholesale Banking segments produced strong productive loan growth of 3% and 20%, respectively, as origination activity outpaced the prior year.

Revenue of \$173.2 million was up \$1.1 million against prior year's revenue. Interest margin pressure still persists with the pace of uplift slower than expected. Demand for credit is better than last year, but is generally expected to follow the lagging economic conditions.

Operating expenses of \$91.2 million were in line with prior year's expenses. The Bank is committed to discretionary expense control and strives to maintain a balance between the investment in its network, products and people.

Loan loss impairment expense was lower by \$3.5 million compared with the prior period's expense of \$14.9 million. Non-productive loan balances were substantially reduced from last year. Additionally, significant effort has been placed on strengthening credit quality within our total loan portfolio.

The Bank's Tier 1 and Total Capital ratios remain strong at 26.5% and 27.4%, well in excess of applicable regulatory requirements.

While the economic outlook for the region remains modest, we are positive about the Bank's future and believe we are well positioned for sustainable growth and improved shareholder returns.

At its meeting on December 16, 2016, the Board of Directors declared a final dividend of fifteen cents (\$0.15) per share payable on January 30, 2017, to shareholders of record at the close of business on January 25, 2017. This brings the total dividend to thirty cents (\$0.30) per share for 2016.

I would like to thank our employees, clients and shareholders for their continued support of the Bank.

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 Oct 31, 2016	Audited Oct 31, 2015
<b>Assets</b>		
Cash, balances with The Central Bank and due from banks	407,943	495,589
Other assets	5,279	16,857
Investment securities	678,072	781,848
Loans and advances to customers	2,008,325	1,871,361
Property and equipment	28,414	25,328
Retirement benefit assets	28,154	13,719
Goodwill	72,747	72,747
<b>Total Assets</b>	<b>3,228,934</b>	<b>3,277,449</b>
<b>Liabilities</b>		
Customer deposits	2,491,947	2,585,806
Other liabilities	81,971	83,814
<b>Total Liabilities</b>	<b>2,573,918</b>	<b>2,669,620</b>
<b>Equity</b>		
Issued capital	477,230	477,230
Reserves	(14,326)	(30,602)
Retained earnings	192,112	161,201
<b>Total Equity</b>	<b>655,016</b>	<b>607,829</b>
<b>Total Liabilities And Equity</b>	<b>3,228,934</b>	<b>3,277,449</b>

Director

Director

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

	Issued Capital	Reserves	Retained Earnings	Total
<b>Balance at November 1, 2014</b>	477,230	(51,409)	128,444	554,265
Profit for the year			66,213	66,213
Other comprehensive loss for the year	-	18,607		18,607
Total Comprehensive income for the year	-	18,607	66,213	84,820
Dividends	-	-	(31,256)	(31,256)
Transfer to Statutory Reserve Fund - Turks & Caicos Islands	-	2,200	(2,200)	-
<b>Balance at October 31, 2015</b>	<b>477,230</b>	<b>(30,602)</b>	<b>161,201</b>	<b>607,829</b>
<b>Balance at October 31, 2015</b>	477,230	(30,602)	161,201	607,829
Profit for the year	-	-	70,573	70,573
Other comprehensive loss for the year	-	12,678	-	12,678
Total Comprehensive income for the year	-	12,678	70,573	83,251
Dividends	-	-	(36,064)	(36,064)
Transfer to Statutory Reserve Fund - Turks & Caicos Islands	-	3,598	(3,598)	-
<b>Balance at October 31, 2016</b>	<b>477,230</b>	<b>(14,326)</b>	<b>192,112</b>	<b>655,016</b>

**Condensed Consolidated Statement of Income**  
**B\$'000**

	Unaudited Three Months Ended		Unaudited Year Ended	
	Oct 31, 2016	Oct 31, 2015	Oct 31, 2016	Oct 31, 2015
Total interest income	37,602	37,255	146,708	148,445
Total interest expense	3,002	2,884	11,633	14,036
<b>Net interest income</b>	<b>34,600</b>	<b>34,371</b>	<b>135,075</b>	<b>134,409</b>
Other operating income	9,024	9,386	38,157	37,691
<b>Total operating income</b>	<b>43,624</b>	<b>43,757</b>	<b>173,232</b>	<b>172,100</b>
Operating expenses	24,044	24,243	91,213	90,953
Loan loss impairment	5,514	3,158	11,446	14,934
	29,558	27,401	102,659	105,887
<b>Net income for the period</b>	<b>14,066</b>	<b>16,356</b>	<b>70,573</b>	<b>66,213</b>
Weighted average number of common shares outstanding for the period	120,216,204	120,216,204	120,216,204	120,216,204
Net earnings per share (in cents)	11.7	13.6	58.7	55.1

**Condensed Consolidated Statement of Comprehensive Income**  
**B\$'000**

	Unaudited Three Months Ended		Unaudited Year Ended	
	Oct 31, 2016	Oct 31, 2015	Oct 31, 2016	Oct 31, 2015
Net income for the period	14,066	16,356	70,573	66,213
<b>Other comprehensive income</b>				
Net gain/(loss) on available-for-sale investment securities	1,330	(2,293)	1,678	(736)
Re-measurement gain of retirement benefit obligations	11,003	19,343	11,000	19,343
<b>Total comprehensive income for the period</b>	<b>26,399</b>	<b>33,406</b>	<b>83,251</b>	<b>84,820</b>

**Condensed Consolidated Statement of Cash Flows**  
**B\$'000**

	Unaudited Year Ended Oct 31, 2016	Unaudited Year Ended Oct 31, 2015
Net cash used in operating activities	(171,772)	(45,908)
Net cash from/(used in) investing activities	118,773	(23,805)
Net cash used in financing activities	(36,064)	(31,256)
Net decrease in cash and cash equivalents	(89,063)	(100,969)
Cash and cash equivalents, beginning of the year	354,776	455,745
Cash and cash equivalents, end of the year	265,713	354,776

**Notes to the Condensed Consolidated Financial Statements**  
October 31, 2016

**1. Basis of presentation**

The accompanying unaudited condensed consolidated financial statements of FirstCaribbean International Bank (Bahamas) Limited 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 to be issued on or before 28 February, 2017. For a description of the Bank's significant accounting policies, see Note 2 of the aforementioned consolidated financial statements.

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. Certain reclassifications have been 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**

At the Board of Director's meeting held on December 16, 2016, a final dividend of fifteen cents per share was declared, amounting to \$18.0 million. The consolidated financial statements for the year ended October 31, 2016, do not reflect this resolution, which will be accounted for in equity as a distribution of retained earnings in the year ending October 31, 2017.

**Condensed Consolidated Segment Information**  
**B\$'000**

	Unaudited Year Ended October 31, 2016				
	RBB	WB	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)	-
<b>Total revenues</b>	<b>77,435</b>	<b>62,659</b>	<b>10,604</b>	<b>22,534</b>	<b>173,232</b>
<b>Net income for the year</b>	<b>5,846</b>	<b>26,248</b>	<b>4,178</b>	<b>34,301</b>	<b>70,573</b>
Segment assets	1,081,629	955,802	10,566	1,108,190	3,156,187
Unallocated assets					72,747
<b>Total assets</b>					<b>3,228,934</b>
Segment liabilities	971,109	898,222	543,141	161,446	2,573,918
Unallocated liabilities					-
<b>Total liabilities</b>					<b>2,573,918</b>
	Unaudited Year Ended October 31, 2015				
	RBB	WB	WM	Admin	Total
External revenues	95,271	53,730	2,093	21,006	172,100
Revenues from other segments	(14,860)	12,696	8,358	(6,194)	-
<b>Total revenues</b>	<b>80,411</b>	<b>66,426</b>	<b>10,451</b>	<b>14,812</b>	<b>172,100</b>
<b>Net income for the year</b>	<b>6,973</b>	<b>29,285</b>	<b>6,271</b>	<b>23,684</b>	<b>66,213</b>
Segment assets	1,085,517	811,400	3,148	1,304,637	3,204,702
Unallocated assets					72,747
<b>Total assets</b>					<b>3,277,449</b>
Segment liabilities	1,026,866	895,263	593,411	154,080	2,669,620
Unallocated liabilities					-
<b>Total liabilities</b>					<b>2,669,620</b>

**Notes:**

The Bank's operations are now organised into three business segments, Retail, Business and International Banking ("RBB"), Wholesale Banking ("WB") 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 Governance & Control). The Admin segment results include the earnings on economic capital and capital charges for Treasury and the offset of the same for RBB, WB and WM.

Effective November 2015, International Wealth, which was previously reported in Wealth Management, was transitioned to the Retail, Business and International Banking segment. Prior period disclosures have been amended to conform to this current presentation basis. Concurrently, the assumptions underpinning the segment allocation methodologies were updated, resulting in changes to segment performance.