



FirstCaribbean International Bank (Bahamas) Limited
Managing Director's Review of the Results
For the quarter ended January 31, 2017

The Bank reported net income of \$18.7 million for the first quarter of the fiscal, \$1.5 million or 8% below the first quarter's net income of \$20.2 million a year ago. Overall, the Bank delivered another quarter of strong core operating results and showed profitable growth despite an uncertain and challenging economic environment.

Total revenue for the period was \$45.2 million, \$2.2 million or 5% above the same period last year as productive loans, a key performance driver, have continued to grow, increasing \$138.8 million or 8%.

Operating expenses of \$22.5 million were up \$0.9 million or 4% compared with the same period in the prior year, primarily as a result of higher system and processing related operating costs and other general expenses.

Loan loss impairment expense was \$4.0 million at the end of the first quarter, up \$2.8 million against the prior year primarily due to a higher loss experience within our Retail portfolio. The Bank continues to closely manage its portfolio of delinquent and non-productive loan accounts to ensure a high standard of credit quality is maintained within the loan portfolio.

At the end of the first quarter, the Bank's Tier 1 and Total Capital ratios were 26.5% and 27.4%, respectively, well in excess of applicable regulatory requirements.

The Bank continues to invest in its franchise through employee expenditures, network expansion, and product and service initiatives. We recently launched our Chip & PIN and Contactless cards across the region where clients will be offered a greater level of security, convenience and reliability when using their Visa credit and debit cards. These smart cards are considered a significant enhancement to the Cards product suite.

Additionally, during December 2016, we participated in the launch of the Caribbean Infrastructure Finance Forum (CARIF) in The Bahamas along with a number of other partners. The forum is meant to bring together regional public sector leaders and major international infrastructure players to map out the region's needs and explore what can be done to attract international capital to address those needs.

We again wish to thank our shareholders, clients and employees for their loyalty and continuing support during the first 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 Jan 31, 2017	Unaudited Jan 31, 2016	Audited Oct 31, 2016
Assets			
Cash, balances with The Central Bank and due from banks	514,344	572,723	407,943
Other assets	43,436	29,577	33,433
Investment securities	766,120	742,978	678,072
Loans and advances to customers	1,987,277	1,900,879	2,008,325
Property and equipment	28,486	26,931	28,414
Goodwill	72,747	72,747	72,747
Total assets	3,412,410	3,345,835	3,228,934
Liabilities			
Customer deposits	2,657,939	2,655,992	2,491,947
Other liabilities	99,925	81,552	81,971
Total liabilities	2,757,864	2,737,544	2,573,918
Equity			
Issued capital	477,230	477,230	477,230
Reserves	(15,470)	(32,356)	(14,326)
Retained earnings	192,786	163,417	192,112
Total equity	654,546	608,291	655,016
Total liabilities and equity	3,412,410	3,345,835	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	-	-	20,248	20,248
Other comprehensive loss for the period	-	(1,754)	-	(1,754)
Total comprehensive income	-	(1,754)	20,248	18,494
Dividends	-	-	(18,032)	(18,032)
Balance at January 31, 2016	477,230	(32,356)	163,417	608,291
Balance at October 31, 2016	477,230	(14,326)	192,112	655,016
Profit for the period	-	-	18,706	18,706
Other comprehensive loss for the period	-	(1,144)	-	(1,144)
Total comprehensive income	-	(1,144)	18,706	17,562
Dividends	-	-	(18,032)	(18,032)
Balance at January 31, 2017	477,230	(15,470)	192,786	654,546

Condensed Consolidated Statement of Income
B\$'000

	Unaudited Three Months Ended Jan 31, 2017	Unaudited Three Months Ended Jan 31, 2016	Audited Year Ended Oct 31, 2016
Total interest income	36,661	35,531	146,708
Total interest expense	3,080	2,870	11,633
Net interest income	33,581	32,661	135,075
Other operating income	11,585	10,357	38,157
Total revenue	45,166	43,018	173,232
Operating expenses	22,465	21,528	91,213
Loan loss impairment	3,995	1,242	11,446
	26,460	22,770	102,659
Net income for the period	18,706	20,248	70,573

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)

15.6 16.8 58.7

Condensed Consolidated Statement of Comprehensive Income
B\$'000

	Unaudited Three Months Ended Jan 31, 2017	Unaudited Three Months Ended Jan 31, 2016	Audited Year Ended Oct 31, 2016
Net income for the period	18,706	20,248	70,573
Other comprehensive income/(loss)			
Net (loss)/gain on available-for-sale investment securities	(1,144)	(1,754)	1,678
Re-measurement gain of retirement benefit obligations	-	-	11,000
Other comprehensive (loss)/income for the period	(1,144)	(1,754)	12,678
Total comprehensive income for the period	17,562	18,494	83,251

Condensed Consolidated Statement of Cash Flows
B\$'000

	Unaudited Three Months Ended Jan 31, 2017	Unaudited Three Months Ended Jan 31, 2016	Audited Year Ended Oct 31, 2016
Net cash from/(used in) operating activities	258,802	33,787	(171,772)
Net cash (used in)/from investing activities	(85,209)	43,278	118,773
Net cash used in financing activities	(18,032)	(18,032)	(36,064)
Net increase/(decrease) in cash and cash equivalents	155,561	59,033	(89,063)
Cash and cash equivalents, beginning of the period	265,713	354,776	354,776
Cash and cash equivalents, end of the period	421,274	413,809	265,713

Notes to the Condensed Consolidated Financial Statements
January 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

During the quarter, the final dividends for fiscal year ended October 31, 2016, as approved by the Board of Directors at a meeting held on December 16, 2016, in the amount of \$18.0 million (\$0.15 per share), were paid.

Condensed Consolidated Segment Information
B\$'000

	Unaudited Three Months Ended January 31, 2017				
	RBB	CIB	WM	Admin	Total
External revenues	23,469	14,954	632	6,122	45,177
Revenues from other segments	(4,355)	1,661	2,100	594	-
Total revenues	19,114	16,615	2,732	6,716	45,177
Segment results	638	7,732	1,219	9,117	18,706
Net income for the period					18,706
Segment assets	1,078,316	931,217	8,979	1,321,151	3,339,663
Unallocated assets					72,747
Total assets					3,412,410
Segment liabilities	1,029,855	951,208	544,004	232,797	2,757,864
Total liabilities					2,757,864

	Unaudited Three Months Ended January 31, 2016				
	RBB	CIB	WM	Admin	Total
External revenues	24,602	12,079	705	5,632	43,018
Revenues from other segments	(4,393)	2,791	2,017	(415)	-
Total revenues	20,209	14,870	2,722	5,217	43,018
Segment results	2,477	7,781	1,237	8,753	20,248
Net income for the period					20,248
Segment assets	1,092,830	839,836	3,106	1,337,316	3,273,088
Unallocated assets					72,747
Total assets					3,345,835
Segment liabilities	1,010,141	965,795	592,551	169,057	2,737,544
Total liabilities					2,737,544

	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 period					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 WM 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.