



FirstCaribbean International Bank (Bahamas) Limited
Managing Director's Review Of the Results
For the six months ended April 30, 2017

The Bank reported net income of \$19.3 million for the second quarter of the fiscal, \$4.5 million or 30% above the second quarter's net income of \$14.8 million a year ago. Overall, the Bank delivered another quarter of strong operating results and showed profitable growth despite an uncertain economic environment.

For the six month period ended April 30, 2017, the Bank reported net income of \$38.0 million, up \$2.9 million or 8% compared with the same period last year. Total revenue was \$88.5 million, up \$2.6 million or 3% compared with the same period last year, primarily due to higher interest margins, foreign exchange gains and service fee income. Operating expenses of \$45.1 million were up \$0.6 million or 1% compared with the same period in the prior year primarily as a result of higher technology systems related expenditure. Loan loss impairment expense of \$5.3 million was down \$1.0 million or 15%. An improved credit metric and solid loan recovery activity continue to drive lower loan losses.

Despite the continuing low credit demand and uneven investment activity across both territories, the Bank's loan growth has been encouraging across both the Retail and Corporate & Investment Banking segments registering a \$173 million or 9% increase in productive loans over the second quarter of the prior year. The Bank continues to place significant emphasis on closely managing its portfolio of delinquent and non-productive loan accounts to ensure a high standard of credit quality is maintained.

During the second quarter, the Bank continued to make progress against its stated objectives of growing the business and enhancing the client experience. Our challenge continues to be the efficient allocation of capital in support of client initiatives in these subdued economic conditions. We also continue to enhance and expand our Automated Banking Machine (ABM) network with recent installations. This initiative will provide more convenience and functionality for an increasingly demanding client base.

At the end of the second quarter, the Bank's Tier 1 and Total Capital ratios are 26.4% and 27.2% respectively, well in excess of applicable regulatory requirements. Additionally, at its meeting on June 13, 2017, the Board of Directors approved an interim dividend of fifteen cents (\$0.15) per share to be paid on August 31, 2017, to shareholders of record at the close of business on August 25, 2017.

We again wish to thank our shareholders, clients and employees for their loyalty and continuing support during the second 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.cibcfcb.com.

Condensed Consolidated Statement of Financial Position
B\$'000

	Unaudited Apr 30, 2017	Unaudited Apr 30, 2016	Audited Oct 31, 2016
Assets			
Cash, balances with The Central Bank and due from banks	407,966	498,312	407,943
Other assets	48,806	36,880	33,433
Investment securities	742,693	758,275	678,072
Loans and advances to customers	2,050,898	1,911,744	2,008,325
Property and equipment	28,282	25,688	28,414
Goodwill	72,747	72,747	72,747
Total assets	3,351,392	3,303,646	3,228,934
Liabilities			
Customer deposits	2,610,744	2,598,369	2,491,947
Other liabilities	69,545	80,968	81,971
Total liabilities	2,680,289	2,679,337	2,573,918
Equity			
Issued capital	477,230	477,230	477,230
Reserves	(14,533)	(27,587)	(14,326)
Retained earnings	208,406	174,666	192,112
Total equity	671,103	624,309	655,016
Total liabilities and equity	3,351,392	3,303,646	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	-	-	35,095	35,095
Other comprehensive loss for the period	-	(583)	-	(583)
Total comprehensive income	-	(583)	35,095	34,512
Dividends	-	-	(18,032)	(18,032)
Transfer to Statutory Reserve Fund - TCI	-	3,598	(3,598)	-
Balance at April 30, 2016	477,230	(27,587)	174,666	624,309
Balance at October 31, 2016	477,230	(14,326)	192,112	655,016
Profit for the period	-	-	38,025	38,025
Other comprehensive loss for the period	-	(3,906)	-	(3,906)
Total comprehensive income	-	(3,906)	38,025	34,119
Dividends	-	-	(18,032)	(18,032)
Transfer to Statutory Reserve Fund - TCI	-	3,699	(3,699)	-
Balance at April 30, 2017	477,230	(14,533)	208,406	671,103

Condensed Consolidated Statement of Income
B\$'000

	Unaudited Three Months Ended		Unaudited Six Months Ended		Audited Year Ended
	Apr 30, 2017	Apr 30, 2016	Apr 30, 2017	Apr 30, 2016	Oct 31, 2016
Total interest income	36,160	36,549	72,821	72,080	146,708
Total interest expense	2,576	2,902	5,656	5,772	11,633
Net interest income	33,584	33,647	67,165	66,308	135,075
Other operating income	9,687	9,206	21,285	19,563	38,157
Total revenue	43,271	42,853	88,450	85,871	173,232
Operating expenses	22,666	22,988	45,133	44,516	91,213
Loan loss impairment	1,297	5,018	5,292	6,260	11,446
	23,963	28,006	50,425	50,776	102,659
Net income for the period	19,308	14,847	38,025	35,095	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
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Net earnings per share (in cents)

16.1	12.4	31.6	29.2	58.7
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Condensed Consolidated Statement of Comprehensive Income
B\$'000

	Unaudited Three Months Ended		Unaudited Six Months Ended		Audited Year Ended
	Apr 30, 2017	Apr 30, 2016	Apr 30, 2017	Apr 30, 2016	Oct 31, 2016
Net income for the period	19,308	14,847	38,025	35,095	70,573
Other comprehensive income/(loss)					
Net (loss)/income on available-for-sale investment securities	(3,906)	(583)	(5,050)	(2,331)	1,678
Re-measurement gain of retirement benefit obligations	-	-	-	-	11,000
Other comprehensive (loss)/income for the period	(3,906)	(583)	(5,050)	(2,331)	12,678
Total comprehensive income for the period	15,402	14,264	32,975	32,764	83,251

Condensed Consolidated Statement of Cash Flows
B\$'000

	Unaudited Six Months Ended		Audited Year Ended
	Apr 30, 2017	Apr 30, 2016	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

April 30, 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 have 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 Six Months Ended April 30, 2017				
	RBB	CIB	WM	Admin	Total
External revenues	46,302	29,089	1,195	11,864	88,450
Revenues from other segments	(7,929)	2,883	4,219	827	-
Total revenues	38,373	31,972	5,414	12,691	88,450
Segment results	3,092	15,130	2,465	17,338	38,025
Net income for the period					38,025
Segment assets	1,085,057	984,688	9,834	1,199,066	3,278,645
Unallocated assets					72,747
Total assets					3,351,392
Segment liabilities	1,061,114	956,288	549,927	112,960	2,680,289
Total liabilities					2,680,289

	Unaudited Six Months Ended April 30, 2016				
	RBB	CIB	WM	Admin	Total
External revenues	48,201	24,969	1,272	11,429	85,871
Revenues from other segments	(8,781)	5,509	4,184	(912)	-
Total revenues	39,420	30,478	5,456	10,517	85,871
Segment results	4,387	12,019	2,542	16,147	35,095
Net income for the period					35,095
Segment assets	1,074,819	858,012	6,829	1,291,239	3,230,899
Unallocated assets					72,747
Total assets					3,303,646
Segment liabilities	1,017,513	895,580	584,958	181,286	2,679,337
Total liabilities					2,679,337

	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 organized 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.