

# FirstCaribbean International Bank Limited

## Condensed Consolidated Financial Statements

For the quarter ended January 31, 2017 (expressed in thousands of United States dollars)



FirstCaribbean  
International Bank

### CHIEF EXECUTIVE OFFICER'S REVIEW

The Bank reported net income of \$33.8 million for the first quarter of the fiscal, \$4.9 million or 13% below the first quarter's net income of \$38.7 million a year ago. Revenue in the prior year was helped by several non-recurring items. 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 \$133.3 million, \$4.9 million or 4% below the same period last year where the Bank benefited from several non-recurring revenue items. Productive loans, a key performance driver, have continued to grow, increasing \$193.5 million or 3%. Both the Corporate and Investment Banking and Retail segments continue to achieve their origination targets while enhancing the client experience and delivering best-in-class service.

Operating expenses of \$92.0 million were up \$1.6 million or 2% compared with the same period in the prior year, primarily as a result of higher business taxes and other system and processing related operating costs.

Loan loss impairment expense was \$6.1 million at the end of the first quarter, up \$2.0 million against the prior year primarily due to a higher loss experience within our Retail portfolio. Non-productive loan balances are currently \$403 million, down from \$574 million a year ago. 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 18.3% and 20.0% 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 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 infrastructure needs to the international market and explore what can be done to attract international capital to address those needs.

Lastly, we again wish to thank our shareholders, clients and employees for their loyalty and continuing support during the first quarter of 2017.

  
Gary Brown  
Chief Executive Officer  
March 9, 2017

### 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 Limited, please read FirstCaribbean International Bank Limited's financial and other reports that are available on the company's website at [www.cibcfib.com](http://www.cibcfib.com).

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited Jan 31, 2017 \$	Unaudited Jan 31, 2016 \$	Audited Oct 31, 2016 \$
<b>Assets</b>			
Cash, balances with Central Banks and due from banks	2,231,640	2,031,473	1,998,582
Loans and advances to customers	6,137,268	6,011,943	6,212,267
Investment securities	2,265,143	2,305,780	2,202,593
Property and equipment	155,864	140,404	153,922
Other assets	226,087	202,904	179,340
Intangible assets	218,961	218,961	218,961
	11,234,963	10,911,465	10,965,665
Assets of disposal group classified as discontinued operations	-	135,226	-
<b>Total assets</b>	<b>11,234,963</b>	<b>11,046,691</b>	<b>10,965,665</b>
<b>Liabilities</b>			
Customer deposits and other borrowed funds	9,460,625	9,216,921	9,155,510
Other liabilities	197,433	221,449	236,465
Debt securities in issue	212,372	207,207	198,297
	9,870,430	9,645,577	9,590,272
Liabilities of disposal group classified as discontinued operations	-	120,323	-
<b>Total liabilities</b>	<b>9,870,430</b>	<b>9,765,900</b>	<b>9,590,272</b>
<b>Equity attributable to equity holders of the parent</b>			
Issued capital and reserves	948,530	915,186	950,087
Retained earnings	388,162	339,647	397,159
	1,336,692	1,254,833	1,347,246
<b>Non-controlling interests</b>	<b>27,841</b>	<b>25,958</b>	<b>28,147</b>
<b>Total equity</b>	<b>1,364,533</b>	<b>1,280,791</b>	<b>1,375,393</b>
<b>Total liabilities and equity</b>	<b>11,234,963</b>	<b>11,046,691</b>	<b>10,965,665</b>

Note: Results have been converted to US\$ at an exchange rate of US\$1 = BBD\$2

  
Gary Brown  
Chief Executive Officer

  
Sir Allan Fields,  
Director

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Parent				Total Equity
	Issued Capital	Reserves	Retained Earnings	Non- controlling Interests	
	\$	\$	\$	\$	\$
<b>Balance at October 31, 2015</b>	1,193,149	(273,471)	434,925	25,998	1,380,601
Comprehensive income for the period	-	(8,360)	37,777	823	30,240
Transfer to reserves	-	3,868	(3,868)	-	-
Equity dividends	-	-	(129,187)	-	(129,187)
Dividends of subsidiaries	-	-	-	(863)	(863)
<b>Balance at January 31, 2016</b>	<b>1,193,149</b>	<b>(277,963)</b>	<b>339,647</b>	<b>25,958</b>	<b>1,280,791</b>
<b>Balance at October 31, 2016</b>	1,193,149	(243,062)	397,159	28,147	1,375,393
Comprehensive income for the period	-	(4,582)	32,876	557	28,851
Transfer to reserves	-	2,956	(2,956)	-	-
Acquisition of additional interest in subsidiary	-	69	-	-	69
Equity dividends	-	-	(38,917)	-	(38,917)
Dividends of subsidiaries	-	-	-	(863)	(863)
<b>Balance at January 31, 2017</b>	<b>1,193,149</b>	<b>(244,619)</b>	<b>388,162</b>	<b>27,841</b>	<b>1,364,533</b>

Note: Results have been converted to US\$ at an exchange rate of US\$1 = BBD\$2

### CONDENSED CONSOLIDATED STATEMENT OF INCOME

	Unaudited 3 months ended Jan 31, 2017 \$	Unaudited 3 months ended Jan 31, 2016 \$	Audited Year ended Oct 31, 2016 \$
Interest and similar income	107,136	108,242	431,574
Interest and similar expense	16,211	15,283	61,721
<b>Net interest income</b>	<b>90,925</b>	<b>92,959</b>	<b>369,853</b>
Operating income	42,357	45,220	163,927
	133,282	138,179	533,780
<b>Operating expenses</b>	<b>91,999</b>	<b>90,422</b>	<b>357,440</b>
Loan loss impairment	6,112	4,141	17,305
	98,111	94,563	374,745
<b>Income before taxation</b>	<b>35,171</b>	<b>43,616</b>	<b>159,035</b>
Income tax expense	1,399	4,927	15,699
<b>Net income for the period</b>	<b>33,772</b>	<b>38,689</b>	<b>143,336</b>
<b>Attributable to:</b>			
Equity holders of the parent	32,876	37,777	140,005
Non-controlling interests	896	912	3,331
	33,772	38,689	143,336
<b>Basic and diluted earnings per share attributable to the equity holders of the parent for the period:</b> (expressed in cents per share)	2.1	2.4	8.9

Note: Results have been converted to US\$ at an exchange rate of US\$1 = BBD\$2

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 3 months ended Jan 31, 2017 \$	Unaudited 3 months ended Jan 31, 2016 \$	Audited Year ended Oct 31, 2016 \$
Net income for the period	33,772	38,689	143,336
<b>Other comprehensive loss (net of tax) to be reclassified to net income in subsequent periods:</b>			
Net (losses)/gains on available-for-sale investment securities	(4,723)	(6,281)	5,619
Exchange losses on translation of foreign operations	(198)	(2,168)	(13,334)
	(4,921)	(8,449)	(7,715)
<b>Other comprehensive income (net of tax) not to be reclassified to net income in subsequent periods:</b>			
Re-measurement gains of retirement benefit obligations	-	-	21,149
Other comprehensive (loss)/income for the period, net of tax	(4,921)	(8,449)	13,434
<b>Comprehensive income for the period, net of tax</b>	<b>28,851</b>	<b>30,240</b>	<b>156,770</b>
<b>Comprehensive income for the period attributable to:</b>			
Equity holders of the parent	28,294	29,417	152,895
Non-controlling interests	557	823	3,875
	28,851	30,240	156,770

Note: Results have been converted to US\$ at an exchange rate of US\$1 = BBD\$2

# FirstCaribbean International Bank Limited

## Condensed Consolidated Financial Statements

For the quarter ended January 31, 2017 (expressed in thousands of United States dollars)



FirstCaribbean  
International Bank

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 3 months ended Jan 31, 2017 \$	Audited Year Ended Oct 31, 2016 \$
Net cash from operating activities	312,091	160,298
Net cash (used in)/from investing activities	(60,245)	172,666
Net cash used in financing activities	(27,723)	(180,159)
Net increase in cash and cash equivalents for the period	224,123	152,805
Effect of exchange rate changes on cash and cash equivalents	(198)	(13,334)
Cash and cash equivalents, beginning of the period	1,525,868	1,386,397
Cash and cash equivalents, end of the period	1,749,793	1,525,868

Note : Results have been converted to US\$ at an exchange rate of US\$1 = BBD\$2

### CONDENSED CONSOLIDATED SEGMENT INFORMATION

	Unaudited January 31, 2017				
	RB	WB	WM	Admin	Total
External revenues	52,444	52,205	9,869	18,764	133,282
Revenues from other segments	2,684	(20)	9,012	(11,676)	-
<b>Total Revenues</b>	55,128	52,185	18,881	7,088	133,282
<b>Segment Results</b>	(3,705)	17,069	7,116	14,691	35,171
Income tax expense					1,399
<b>Net income for the period</b>					33,772
Segment assets	2,437,694	3,275,026	64,466	5,203,180	10,980,366
Unallocated assets					254,597
<b>Total assets</b>					11,234,963
Segment liabilities	3,491,371	3,365,891	2,693,753	304,709	9,855,724
Unallocated liabilities					14,706
<b>Total liabilities</b>					9,870,430

	Unaudited January 31, 2016				
	RB	WB	WM	Admin	Total
External revenues	54,074	52,570	10,420	21,115	138,179
Revenues from other segments	3,173	1,359	7,682	(12,214)	-
<b>Total Revenues</b>	57,247	53,929	18,102	8,901	138,179
<b>Segment Results</b>	(1,291)	20,646	7,514	16,747	43,616
Income tax expense					4,927
<b>Net income for the period</b>					38,689
Segment assets	2,505,690	3,106,148	42,649	5,000,542	10,655,029
Unallocated assets					256,436
Assets of a disposal group classified as discontinued operations	(74,560)	104,402	-	105,384	135,226
<b>Total assets</b>					11,046,691
Segment liabilities	3,469,590	3,049,489	2,711,668	403,320	9,634,067
Unallocated liabilities					11,510
Liabilities of a disposal group classified as discontinued operations	34,579	85,744	-	-	120,323
<b>Total liabilities</b>					9,765,900

	Audited October 31, 2016				
	RB	WB	WM	Admin	Total
External revenues	206,743	206,250	40,311	80,476	533,780
Revenues from other segments	12,434	4,444	32,732	(49,610)	-
<b>Total Revenues</b>	219,177	210,694	73,043	30,866	533,780
<b>Segment Results</b>	(476)	72,607	24,916	61,988	159,035
Income tax expense					15,699
<b>Net loss for the year</b>					143,336
Segment assets	2,428,642	3,336,040	43,772	4,903,535	10,711,989
Unallocated assets					253,676
<b>Total assets</b>					10,965,665
Segment liabilities	3,403,483	3,082,200	2,745,119	342,939	9,573,741
Unallocated liabilities					16,531
<b>Total liabilities</b>					9,590,272

#### Notes:

1. The Group's operations are organised into four segments, Retail & Business 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 Administration 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 1st 2016, Wholesale Banking was changed to Corporate & Investment Banking to reflect the totality of offerings and better align with corporate mission and strategy. Prior period disclosures are unaffected by this change.

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

#### 1. Summary of significant accounting policies

The accompanying unaudited condensed consolidated financial statements of FirstCaribbean International Bank Limited (the Group) should be read in conjunction with the IFRS consolidated financial statements and notes thereto for the year ended October 31, 2016, included in the Group's Annual Report 2016. For a description of the Group'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.

#### Dividends

During the quarter, the final regular dividend for the fiscal year ended October 31, 2016, as approved by the Board of Directors in December 2016, in the amount of two point five United States cents per share (US\$0.025 per share) was paid.