

FirstCaribbean International Bank Limited

Summary Consolidated Financial Statements

For the year ended October 31, 2017 (expressed in thousands of United States dollars)



FirstCaribbean
International Bank

CHIEF EXECUTIVE OFFICER'S REVIEW

2017 proved to be another rapidly changing and challenging year. However, against the backdrop of a subdued economic outlook across the Caribbean, low interest rates and the passage of two severe weather systems, CIBC FirstCaribbean was able to build on its momentum and end the year in a strong position.

This was not only reflected in our financial performance, but also in the progress we made delivering against our key strategic priorities which emphasize, focus on clients, innovation to meet client needs, and simplifying the way we do business. We reported net income of \$141.5 million for fiscal 2017, down \$1.8 million or 1% compared to the prior year. However, excluding \$9.8 million in a non-recurring provision for potential credit losses and other costs related to the impact of hurricanes Irma and Maria, adjusted net income was \$151.3 million, up \$8.0 million or 6% compared to last year. Our earnings were driven by solid performing loan growth across all three of our business segments resulting in a 3% increase over the prior year. In addition, reported and adjusted return on equity were 10% and 11%, respectively, and we maintained strong capital levels with Tier 1 and Total Capital ratios of 18.0% and 19.7%, well in excess of applicable regulatory requirements. Our 2017 financial performance demonstrates the success of a well-executed, client focused strategy and a diversified business model where all three of our strategic business segments delivered solid performances this year.

Total revenue rose to \$547.4 million from \$533.8 million, with net interest income up \$9.4 million or 3% higher than the prior year largely due to interest earnings from our loan portfolio. Additionally, operating income was up \$4.2 million or 3% higher than last year which contributed to the revenue performance in 2017.

Operating expenses of \$372.1 million were up \$14.6 million or 4% compared with prior year's expenses primarily as a result of salary adjustments, higher business taxes along with increased depreciation expenses from technology investments. We continue to adapt to operating conditions with increased investment in technology to simplify the client experience and improve our competitive positioning; while at the same time managing our controllable expenses to gain efficiencies in high cost markets.

Loan loss impairment of \$24.5 million was up \$7.2 million or 41% compared with the same period in the prior year. However, after adjusting for \$8.6 million in hurricane related credit provisions, adjusted loan loss impairment expense was \$15.9 million, down \$1.4 million or 8% from the prior year largely due to an improved credit loss experience. Nonperforming loans declined \$85.5 million or 20% from the prior year. The Bank continues to place significant emphasis on maintaining the credit quality of its loan portfolio.

The Directors have approved a final dividend for the year of \$0.025 per share, bringing the total dividend to \$0.050 per share for the year, an increase of \$0.005 per share or 11% over 2016. The Bank is focused on delivering sustained earnings to create long-term value for its shareholders. The dividend will be paid on 26 January, 2018 to the shareholders of record on 21 December, 2017.

Client Relationships

We are dedicated to growing our share of wallet with our existing clients, attracting new clients by further improving our sales and service capability by making it personalised, responsive and easy. In April we opened a new banking and financial centre in Chaguanas, Trinidad – a market we have targeted for accelerated growth – to cater to the strong demand in that market for our services. And, we completed refurbishments to both the Leeward Highway branch in the Turks and Caicos Islands and Emmaplein Branch in Sint Maarten to enhance client experience. Our recently launched investment advisor platform provides our wealth management clients with a dedicated investment advisor and access to world class tools to provide personalized portfolio management. The platform provides advisors with access to global research, new issues, market data and international equities, fixed income and mutual funds. This platform is a key tool that helps our wealth management business continue to differentiate itself in terms of client focus and service offering.

Digital Innovation

We are building digital capabilities across our sales and delivery channels to provide our clients with a modern client experience. Following the launch of our award winning mobile banking app for smartphones last year, this year we added additional conveniences to the app including fingerprint authentication. In our cards portfolio, we began issuing chip, PIN and contactless credit and debit cards. These enhancements not only improve security and protection for our clients, but they also significantly improve convenience and enhance overall experience.

Simplification

We seek to optimize our processes and cost structure by simplifying the way we do business. Accordingly, our client focused processes are continually being enhanced. We aim to remove paper from our processes and are investing in next generation compliance and frictionless customer experiences. We stopped delivering paper account statements for accounts with no activity during the review period.

Corporate Social Responsibility

This year we contributed \$1.4 million for corporate social responsibility across the region. The hurricane season was especially difficult this year with Irma which ravaged Antigua and Barbuda, Anguilla, British Virgin Islands, Sint Maarten and Turks and Caicos Islands and Maria which devastated Dominica. I am extremely proud of our teams in the affected countries who did an amazing job getting our operations back up and running as quickly as possible. The leadership shown in-country when communications were down and basic necessities were out of reach was nothing short of remarkable. Joined by CIBC Canada, the FirstCaribbean ComTrust Foundation donated a total of \$550,000 to assist the hurricane affected communities. And, our staff all across the region continue donation drives for relief supplies.

Despite the disruption of fundraising and the cancellation of walks in territories hardest hit by hurricanes Irma and Maria, our flagship event Walk for the Cure still had phenomenal success again this year and raised just over \$400,000 for public awareness and the care and support of those living with the disease.

We are into the fourth year of our Memorandum of Understanding (MOU) with the Hospital for Sick Children in Toronto, whose Caribbean Initiative established by its SickKids Foundation aims to improve the care and diagnosis of children in the Caribbean affected by cancer and blood diseases. Our commitment to the SickKids Caribbean Initiative is to provide \$1 million commitment over a seven-year period.

We signed two new MOUs: a three-year agreement to support the work of Healthy Caribbean Coalition, a regional medical initiative aimed at combatting the scourge of chronic non-communicable diseases, and a three-year agreement with Ten Habitat, a Barbados-based regional enterprise focused on jump-starting entrepreneurship in the region.

Our longstanding relationship with the University of the West Indies, which was first established in 2003, continues. We are still the largest sponsor of undergraduate scholarships with fifteen awards to students across a range of disciplines and faculties at the University of the West Indies. We also offered support for graduate research in topics related to Banking and Finance and a number of business forums were held in conjunction with the university, where topics affecting the Caribbean business community were ventilated.

This year also saw scores of our staff members coming together and seeking out and supporting causes that are dear to them in their communities as part of our Adopt-A-Cause Programme.

I would like to thank our shareholders, clients and employees for their continued support in building this great franchise here in the Caribbean.

Gary Brown
Chief Executive Officer
7 December, 2017



Ernst & Young
P.O. Box 261
Bridgetown, BB11000
Barbados, W.I.

Tel: 246 430 3900
Fax: 246 426 9551
246 430 3879
246 430 1352
www.ey.com

Street Address
One Welches
Welches
St. Thomas, BB22025
Barbados, W.I.

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF FIRSTCARIBBEAN INTERNATIONAL BANK LIMITED

Opinion

The summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at October 31, 2017, the summary consolidated statement of income, summary consolidated statement of comprehensive income, summary consolidated statement of changes in equity and summary consolidated statement of cash flows for the year then ended and related notes, are derived from the complete audited consolidated financial statements of FirstCaribbean International Bank Limited and its subsidiaries (the "Group") for the year ended October 31, 2017.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, on the basis described in Note 1.

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards ("IFRSs"). Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated December 7, 2017. That report also includes the communication of Key Audit Matters. Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period.

The audited consolidated financial statements and the summary consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

Responsibilities of Management for the Summary Consolidated Financial Statements

Management is responsible for the preparation of the summary consolidated financial statements in accordance with Note 1.

Auditor's Responsibilities for the Audit of the Summary Consolidated Financial Statements

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

Bridgetown, Barbados
December 7, 2017

Summary Consolidated Statement of Financial Position (USD'000)

	Audited Oct 31, 2017	Audited Oct 31, 2016
Assets		
Cash, balances with Central Banks and due from banks	2,933,477	1,998,582
Loans and advances to customers	6,358,000	6,212,267
Investment securities	2,375,641	2,202,593
Property and equipment	158,661	153,922
Other assets	206,429	179,340
Intangible assets	218,961	218,961
Total assets	12,251,169	10,965,665
Liabilities		
Customer deposits and other borrowed funds	10,371,531	9,155,510
Other liabilities	224,427	236,465
Debt securities in issue	213,001	198,297
Total liabilities	10,808,959	9,590,272
Equity attributable to equity holders of the parent		
Issued capital and reserves	967,014	950,087
Retained earnings	445,507	397,159
	1,412,521	1,347,246
Non-controlling interests	29,689	28,147
Total equity	1,442,210	1,375,393
Total liabilities and equity	12,251,169	10,965,665

Note: Results have been converted to USD at an exchange rate of USD1 = BBD2

Gary Brown
Director

Sir Allan Fields
Director

FirstCaribbean International Bank Limited

Summary Consolidated Financial Statements

For the year ended October 31, 2017 (expressed in thousands of United States dollars)



FirstCaribbean
International Bank

Summary Consolidated Statement of Changes in Equity (USD'000)

	Attributable to equity holders of the Parent				Total Equity
	Issued Capital	Reserves	Retained Earnings	Non-controlling Interests	
Balance at October 31, 2015	1,193,149	(273,471)	434,925	25,998	1,380,601
Comprehensive income for the year	-	12,890	140,005	3,912	156,807
Transfer to reserves	-	17,506	(17,506)	-	-
Acquisition of additional interest in subsidiary	-	13	-	(37)	(24)
Equity dividends	-	-	(160,265)	-	(160,265)
Dividends of subsidiaries	-	-	-	(1,726)	(1,726)
Balance at October 31, 2016	1,193,149	(243,062)	397,159	28,147	1,375,393
Comprehensive income for the year	-	5,190	137,851	3,550	146,591
Transfer to reserves	-	11,668	(11,668)	-	-
Acquisition of additional interest in subsidiary	-	69	-	(282)	(213)
Equity dividends	-	-	(77,835)	-	(77,835)
Dividends of subsidiaries	-	-	-	(1,726)	(1,726)
Balance at October 31, 2017	1,193,149	(226,135)	445,507	29,689	1,442,210

Note: Results have been converted to USD at an exchange rate of USD1 = BBD2

Summary Consolidated Statement of Income (USD'000)

	Audited Year ended Oct 31, 2017	Audited Year ended Oct 31, 2016
Interest and similar income	443,673	431,574
Interest and similar expense	64,394	61,721
Net interest income	379,279	369,853
Operating income	168,094	163,927
	547,373	533,780
Operating expenses	372,079	357,440
Loan loss impairment	24,459	17,305
	396,538	374,745
Income before taxation	150,835	159,035
Income tax expense	9,311	15,699
Net income for the year	141,524	143,336
Attributable to:		
Equity holders of the parent	137,851	140,005
Non-controlling interests	3,673	3,331
	141,524	143,336

Basic and diluted earnings per share attributable to the equity holders of the parent for the period:

(expressed in cents per share) 8.7 8.9

Note: Results have been converted to USD at an exchange rate of USD1 = BBD2

Summary Consolidated Statement of Comprehensive Income (USD'000)

	Audited Year ended Oct 31, 2017	Audited Year ended Oct 31, 2016
Net income for the year	141,524	143,336
Other comprehensive losses (net of tax) to be reclassified to net income in subsequent periods		
Net (losses)/gains on available-for-sale investment securities	(1,384)	5,619
Exchange gains/(losses) on translation of foreign operations	1,165	(13,297)
	(219)	(7,678)
Other comprehensive income (net of tax) not to be reclassified to net income in subsequent periods:		
Re-measurement gains of retirement benefit obligations	5,286	21,149
Other comprehensive income for the year, net of tax	5,067	13,471
Comprehensive income for the year, net of tax	146,591	156,807
Comprehensive income for the year attributable to:		
Equity holders of the parent	143,041	152,895
Non-controlling interests	3,550	3,912
	146,591	156,807

Note: Results have been converted to USD at an exchange rate of USD1 = BBD2

Summary Consolidated Statement of Cash Flows (USD'000)

	Audited Year ended Oct 31, 2017	Audited Year Ended Oct 31, 2016
Net cash from operating activities	1,206,080	160,298
Net cash (used in)/from investing activities	(147,259)	172,629
Net cash used in financing activities	(73,259)	(180,159)
Net increase in cash and cash equivalents for the year	985,562	152,768
Effect of exchange rate changes on cash and cash equivalents	1,165	(13,297)
Cash and cash equivalents, beginning of the year	1,525,868	1,386,397
Cash and cash equivalents, end of the year	2,512,595	1,525,868

Note: Results have been converted to USD at an exchange rate of USD1 = BBD2

Notes to the Summary Consolidated Financial Statements

1. Summary of significant accounting policies

The accompanying audited summary consolidated financial statements of FirstCaribbean International Bank Limited (the Group) should be read in conjunction with the consolidated financial statements and notes thereto for the year ended October 31, 2017, included in the Group Annual Report 2017 which will be posted on our website (www.cibcfcib.com) on December 8, 2017.

Addendum: Summary Consolidated Statement of Income (Unaudited)

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017
Interest and similar income	107,136	108,721	112,628	115,188	443,673
Interest and similar expense	16,211	16,171	15,848	16,164	64,394
Net interest income	90,925	92,550	96,780	99,024	379,279
Operating income	42,357	38,782	40,549	46,406	168,094
	133,282	131,332	137,329	145,430	547,373
Operating expenses	91,999	90,399	93,713	95,968	372,079
Loan loss impairment	6,112	805	6,165	11,377	24,459
	98,111	91,204	99,878	107,345	396,538
Income before taxation	35,171	40,128	37,451	38,085	150,835
Income tax expense	1,399	2,966	4,094	852	9,311
Net income for the year	33,772	37,162	33,357	37,233	141,524
Attributable to:					
Equity holders of the parent	32,876	36,238	32,417	36,320	137,851
Non-controlling interests	896	924	940	913	3,673
	33,772	37,162	33,357	37,233	141,524

Basic and diluted earnings per share attributable to the equity holders of the parent for the year:

(expressed in cents per share) 8.7

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