

FirstCaribbean International Bank (Bahamas) Limited
Managing Director's Review Of the Results
For the six months ended April 30, 2018

We reported net income of \$22.6 million for the second quarter of fiscal 2018, up \$3.3 million or 17% from the second quarter's net income of \$19.3 million a year ago. During the quarter, we continued to deliver strong core results across all three business segments by building a client-focused bank and, where possible, improving operational efficiencies.

For the six months ended April 30, 2018, we reported net income of \$45.4 million, up \$7.4 million or 19% compared to the same period last year.

Total revenue was \$93.4 million, up \$5.0 million or 6% from the six months ended April 30, 2017 due to performing loan earnings, including the benefit from rising US interest rates.

Operating expenses of \$43.6 million declined \$1.5 million or 3% from the same period a year ago mainly as a result of recovery of hurricane related costs in the Turks & Caicos Islands. We continue efforts to simplify the client experience by providing various technology solutions, while closely managing controllable expenses.

Credit loss expense was \$4.4 million, down \$0.9 million or 17% from the same period last year. The decline was primarily driven by a lower allowance for impaired loans. We early adopted International Financial Reporting Standards (IFRS) 9 on November 1, 2017, which resulted in changes to aspects of our credit loss methodology related to financial instruments. We continue to place significant emphasis on maintaining the credit quality of our loan portfolio.

We continue to maintain strong capital levels in excess of applicable regulatory requirements and at the end of the quarter Tier 1 and Total Capital ratios were each 28%. The Directors have approved a regular interim dividend of seventeen cents (\$0.17) per share to be paid on August 10, 2018 to shareholders of record as of August 2, 2018.

Additionally, FirstCaribbean International Bank (Bahamas) Limited has decided to change the frequency of its dividend payments to quarterly instead of bi-annually. The change is expected to take effect from the third quarter of fiscal 2018.

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



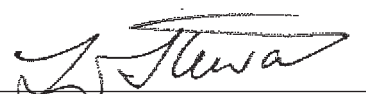
Marie Rodland-Allen
 Managing Director

Condensed Consolidated Statement of Financial Position
B\$'000

	Unaudited Apr 30, 2018	Unaudited Apr 30, 2017	Audited Oct 31, 2017
Assets			
Cash, balances with The Central Bank and due from banks	658,972	407,966	512,736
Other assets	42,562	48,806	36,232
Investment securities	684,000	742,693	799,966
Loans and advances to customers	1,977,579	2,050,898	2,072,500
Property and equipment	27,551	28,282	27,975
Goodwill	72,747	72,747	72,747
Total assets	3,463,411	3,351,392	3,522,156
Liabilities			
Customer deposits	2,686,477	2,610,744	2,750,848
Other liabilities	67,686	69,545	78,164
Total liabilities	2,754,163	2,680,289	2,829,012
Equity			
Issued capital	477,230	477,230	477,230
Reserves	(3,851)	(14,533)	(13,194)
Retained earnings	235,869	208,406	229,108
Total equity	709,248	671,103	693,144
Total liabilities and equity	3,463,411	3,351,392	3,522,156



Director



Director

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

	Issued Capital	Reserves	Retained Earnings	Total
Balance at October 31, 2016	477,230	(14,326)	192,112	655,016
Comprehensive income for the period	-	(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
Balance at October 31, 2017	477,230	(13,194)	229,108	693,144
Impact of adopting IFRS9 at Nov 1, 2017 (Note 1)	-	10,108	(15,538)	(5,430)
Balance at November 1, 2017	477,230	(3,086)	213,570	687,714
Comprehensive income for the period	-	(3,431)	45,402	41,971
Dividends	-	-	(20,437)	(20,437)
Transfer to Statutory Reserve Fund - TCI	-	2,666	(2,666)	-
Balance at April 30, 2018	477,230	(3,851)	235,869	709,248

Condensed Consolidated Statement of Income
B\$'000

	Unaudited Three Months Ended		Unaudited Six Months Ended		Audited Year Ended
	Apr 30, 2018	Apr 30, 2017	Apr 30, 2018	Apr 30, 2017	Oct 31, 2017
Total interest income	37,818	36,160	76,581	72,821	149,254
Total interest expense	2,164	2,576	4,521	5,656	10,440
Net interest income	35,654	33,584	72,060	67,165	138,814
Operating income	10,257	9,687	21,350	21,285	41,472
Total revenue	45,911	43,271	93,410	88,450	180,286
Operating expenses	21,059	22,666	43,594	45,133	91,219
Credit loss expense on financial assets	2,221	1,297	4,414	5,292	12,308
Total expenses	23,280	23,963	48,008	50,425	103,527
Net income for the period	22,631	19,308	45,402	38,025	76,759
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
Net earnings per share (in cents)	18.8	16.1	37.8	31.6	63.9

Condensed Consolidated Statement of Comprehensive Income
B\$'000

	Unaudited Three Months Ended		Unaudited Six Months Ended		Audited Year Ended
	Apr 30, 2018	Apr 30, 2017	Apr 30, 2018	Apr 30, 2017	Oct 31, 2017
Net income for the period	22,631	19,308	45,402	38,025	76,759
Other comprehensive gains/(losses) to be reclassified to net income in subsequent periods					
Net gains/(losses) on available-for-sale investment securities	720	(2,762)	(2,959)	(3,906)	(7)
Expected credit impairment on available-for-sale investment securities	(526)	-	(472)	-	-
	194	(2,762)	(3,431)	(3,906)	(7)
Other comprehensive losses not to be reclassified to net income in subsequent periods					
Re-measurement losses of retirement benefit plans	-	-	-	-	(2,560)
Other comprehensive gains/(losses) for the period	194	(2,762)	(3,431)	(3,906)	(2,567)
Comprehensive income for the period	22,825	16,546	41,971	34,119	74,192

Condensed Consolidated Statement of Cash Flows
B\$'000

	Unaudited Six Months Ended		Audited Year Ended
	Apr 30, 2018	Apr 30, 2017	Oct 31, 2017
Net cash from operating activities	94,855	258,802	253,336
Net cash from/(used in) investing activities	124,238	(85,209)	(104,148)
Net cash used in financing activities	(20,437)	(18,032)	(36,064)
Net increase in cash and cash equivalents	198,656	155,561	113,124
Cash and cash equivalents, beginning of the period	378,837	265,713	265,713
Cash and cash equivalents, end of the period	577,493	421,274	378,837

Notes to the Condensed Consolidated Financial Statements
 April 30, 2018

1. Basis of preparation and 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, 2017, included in the Bank's Annual Report 2017. 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.
- FirstCaribbean International (Bahamas) Nominees Company Limited
- FirstCaribbean International Land Holdings (TCI) Limited

Current period changes in accounting policies

The Bank adopted IFRS 9 "Financial Instruments" (IFRS 9) in place of IAS 39 "Financial Instruments: Recognition and Measurement" (IAS 39) in the first quarter of 2018 in keeping with its ultimate parent CIBC, who early adopted to comply with OSFI's advisory that requires that domestic systemically important banks (D-SIBs) adopt IFRS 9 for their annual periods beginning on November 1, 2017, one year earlier than required by the IASB. IFRS 9 was applied on a retrospective basis. As permitted, the prior period comparative consolidated financial statements, which are reported under IAS 39, were not restated and are therefore not comparable to the information presented for 2018. The adoption of IFRS 9 in the first quarter of 2018 resulted in changes in accounting policy in two principal areas, classification and measurement and impairment. We have elected, as a policy choice permitted under IFRS 9, to continue to apply the hedge accounting requirements of IAS 39.

Dividends

The Directors have declared an interim dividend of seventeen cents per share payable on August 10, 2018 to shareholders of record as at the close of business on August 2, 2018.

Condensed Consolidated Segment Information
B\$'000

	Unaudited Six Months Ended April 30, 2018				
	RBB	CIB	WM	Admin	Total
External revenue	34,619	24,634	(474)	13,281	72,060
Internal revenue	(5,268)	3,223	5,397	(3,352)	-
Net interest income	29,351	27,857	4,923	9,929	72,060
Operating income	14,858	4,944	1,893	(345)	21,350
	44,209	32,801	6,816	9,584	93,410
Depreciation	784	1	35	1,310	2,130
Operating expenses	10,563	1,566	987	28,348	41,464
Indirect expenses	12,372	11,762	5,497	(29,631)	-
Credit loss expense on financial assets	972	3,914	-	(472)	4,414
Net income for the period	19,518	15,558	297	10,029	45,402

Total assets and liabilities by segment are as follows:

Segment assets	1,119,358	897,348	10,863	1,435,842	3,463,411
Segment liabilities	1,110,563	1,061,033	576,120	6,447	2,754,163

**Unaudited
Six Months Ended
April 30, 2017**

	RBB	CIB	WM	Admin	Total
External revenue	33,017	23,019	(459)	11,588	67,165
Internal revenue	(6,969)	3,973	4,374	(1,378)	-
Net interest income	26,048	26,992	3,915	10,210	67,165
Operating income	13,284	6,069	1,654	278	21,285
	39,332	33,061	5,569	10,488	88,450
Depreciation	647	1	35	1,245	1,928
Operating expenses	12,412	1,503	799	28,491	43,205
Indirect expenses	12,659	11,438	5,689	(29,786)	-
Credit loss expense on financial assets	4,821	465	6	-	5,292
Net income for the period	8,793	19,654	(960)	10,538	38,025

Total assets and liabilities by segment are as follows:

Segment assets	1,085,057	984,688	9,834	1,271,813	3,351,392
Segment liabilities	1,061,114	956,288	549,927	112,960	2,680,289

**Audited
Year Ended
October 31, 2017**

	RBB	CIB	WM	Admin	Total
External revenue	67,349	48,519	(1,051)	23,997	138,814
Internal revenue	(12,544)	7,410	9,309	(4,175)	-
Net interest income	54,805	55,929	8,258	19,822	138,814
Operating income	26,797	11,635	3,167	(127)	41,472
	81,602	67,564	11,425	19,695	180,286
Depreciation	1,644	2	70	2,816	4,532
Operating expenses	25,844	2,949	1,708	56,186	86,687
Indirect expenses	20,330	27,955	10,970	(59,255)	-
Credit loss expense on financial assets	9,557	2,712	39	-	12,308
Net income for the year	24,227	33,946	(1,362)	19,948	76,759

Total assets and liabilities by segment are as follows:

Segment assets	1,101,286	991,983	11,262	1,417,625	3,522,156
Segment liabilities	1,064,222	1,025,726	581,447	157,617	2,829,012

Notes:

The Bank's operations are organized into four segments: Retail and Business Banking ("RBB"), Corporate and Investment Banking ("CIB") and Wealth Management ("WM"), which are supported by the functional units within the Administration ("Admin") segment (which includes Treasury, Finance, HR, Technology & Operations, Risk and Other). The Administration segment results include credits or capital charges for Treasury market-based cost of funds on assets, liabilities and capital; the offset of the same for RBB, CIB, and WM earnings unattributed capital remains in Administration.