

FirstCaribbean International Bank Limited

Condensed Consolidated Financial Statements

For the quarter ended 31 January, 2018 (expressed in thousands of United States dollars)



FirstCaribbean
International Bank

CHIEF EXECUTIVE OFFICER'S REVIEW

We reported net income of \$38.2 million in the first quarter, up \$4.4 million or 13% from the first quarter's net income of \$33.8 million a year ago. All three business segments registered solid financial performances during the quarter resulting in 4% growth in the total performing loan book. We continue to be focused on delivering sustained earnings by improving operational efficiencies and building a client focused bank.

Total revenue was \$143.4 million compared with \$133.3 million, up \$10.1 million or 8% from the first quarter a year ago primarily due to higher interest earnings from performing loans and cash placements. Operating income was \$42.9 million, largely in line with the first quarter a year ago.


Operating expenses were \$96.3 million, up \$4.3 million or 5% from the first quarter a year ago primarily as a result of higher salary and benefits, depreciation from technology investment and business taxes. We are continuing efforts to simplify the client experience by providing technology solutions, while closely managing controllable expenses to gain efficiencies in the markets where we operate.

Loan loss impairment expense was \$5.4 million down \$0.7 million from the first quarter a year ago. The quarter's expense reflects the adoption of IFRS 9 on November 1, 2017, which has resulted in changes to some aspects of our loan loss impairment methodology. Non-performing loans declined \$76.0 million or 19% from the prior year. The Bank continues to place significant emphasis on maintaining the credit quality of its loan portfolio.

We maintained strong capital levels with Tier 1 and Total Capital ratios of 17% and 18%, well in excess of applicable regulatory requirements.

The Bank continues to operate in an environment of modest economic conditions. While the outlook suggests moderate growth in the short-term, markets with large fiscal imbalances could see lower economic activity and higher unemployment.

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


Gary Brown
Chief Executive Officer
March 23, 2018

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.cibcficb.com

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (USD'000)

	Unaudited Jan 31, 2018	Unaudited Jan 31, 2017	Audited Oct 31, 2017
Assets			
Cash, balances with Central Banks and due from banks	2,941,962	2,231,640	2,933,477
Loans and advances to customers	6,338,137	6,137,268	6,358,000
Investment securities	2,351,198	2,265,143	2,375,641
Property and equipment	158,454	155,864	158,661
Other assets	184,230	226,087	206,429
Intangible assets	218,961	218,961	218,961
Total assets	12,192,942	11,234,963	12,251,169
Liabilities			
Customer deposits and other borrowed funds	10,505,105	9,460,625	10,371,531
Other liabilities	174,517	197,433	224,427
Debt securities in issue	117,466	212,372	213,001
Total liabilities	10,797,088	9,870,430	10,808,959
Equity attributable to equity holders of the parent			
Issued capital and reserves	1,003,670	948,530	967,014
Retained earnings	362,817	388,162	445,507
	1,366,487	1,336,692	1,412,521
Non-controlling interests	29,367	27,841	29,689
Total equity	1,395,854	1,364,533	1,442,210
Total liabilities and equity	12,192,942	11,234,963	12,251,169

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


Director


Director

CONDENSED 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, 2016	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)	-	-
Aquisition of additional interest in subsidiary	-	69	-	-	69
Equity dividends	-	-	(38,917)	-	(38,917)
Dividends of subsidiaries	-	-	-	(863)	(863)
Balance at January 31, 2017	1,193,149	(244,619)	388,162	27,841	1,364,533
Balance at October 31, 2017	1,193,149	(226,135)	445,507	29,689	1,442,210
Impact of adopting IFRS 9 at Nov 1, 2017 (Note 1)	-	37,774	(75,013)	(258)	(37,497)
Balance at November 1, 2017	1,193,149	(188,361)	370,494	29,431	1,404,713
Comprehensive income for the period	-	(7,025)	37,147	914	31,036
Transfer to reserves	-	5,907	(5,907)	-	-
Equity dividends	-	-	(38,917)	-	(38,917)
Dividends of subsidiaries	-	-	-	(978)	(978)
Balance at January 31, 2018	1,193,149	(189,479)	362,817	29,367	1,395,854

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

CONDENSED CONSOLIDATED STATEMENT OF INCOME (USD'000)

	Unaudited 3 months ended Jan 31, 2018	Unaudited 3 months ended Jan 31, 2017	Audited Year ended Oct 31, 2017
Interest and similar income	116,712	107,136	443,673
Interest and similar expense	16,208	16,211	64,394
Net interest income	100,504	90,925	379,279
Operating income	42,929	42,357	168,094
	143,433	133,282	547,373
Operating expenses	96,258	91,999	372,079
Loan loss impairment	5,388	6,112	24,459
	101,646	98,111	396,538
Income before taxation	41,787	35,171	150,835
Income tax expense	3,550	1,399	9,311
Net income for the period	38,237	33,772	141,524
Attributable to:			
Equity holders of the parent	37,147	32,876	137,851
Non-controlling interests	1,090	896	3,673
	38,237	33,772	141,524
Basic and diluted earnings per share attributable to the equity holders of the parent for the period: (expressed in cents per share)	2.4	2.1	8.7

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

FirstCaribbean International Bank Limited

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For the quarter ended 31 January, 2018 (expressed in thousands of United States dollars)



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International Bank

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (USD'000)

	Unaudited 3 months ended Jan 31, 2018	Unaudited 3 months ended Jan 31, 2017	Audited Year ended Oct 31, 2017
Net income for the period	38,237	33,772	141,524
Other comprehensive losses (net of tax) to be reclassified to net income in subsequent periods			
Net losses on available-for-sale investment securities	(7,425)	(4,723)	(1,384)
Expected credit impairment on available-for-sale investment securities	(101)	-	-
Net exchange gains/(losses) on translation of foreign operations	1,686	(198)	1,165
	(5,840)	(4,921)	(219)
Other comprehensive (losses)/income (net of tax) not to be reclassified to net income in subsequent periods:			
Re-measurement (losses)/gains of retirement benefit obligations	(1,361)	-	5,286
Other comprehensive (losses)/income for the period, net of tax	(7,201)	(4,921)	5,067
Comprehensive income for the period, net of tax	31,036	28,851	146,591
Comprehensive income for the period attributable to:			
Equity holders of the parent	30,122	28,294	143,041
Non-controlling interests	914	557	3,550
	31,036	28,851	146,591

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (USD'000)

	Unaudited 3 months ended Jan 31, 2018	Audited Year ended Oct 31, 2017
Net cash (used in)/from operating activities	(47,496)	1,206,080
Net cash from/(used in) investing activities	28,113	(147,259)
Net cash used in financing activities	(137,437)	(73,259)
Net (decrease)/increase in cash and cash equivalents for the period	(156,820)	985,562
Effect of exchange rate changes on cash and cash equivalents	1,686	1,165
Cash and cash equivalents, beginning of the period	2,512,595	1,525,868
Cash and cash equivalents, end of the period	2,357,461	2,512,595

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

CONDENSED CONSOLIDATED SEGMENT INFORMATION (USD'000)

	Unaudited January 31, 2018				
	RBB	CIB	WM	Admin	Total
External revenue	37,829	42,836	(2,706)	22,545	100,504
Internal revenue	4,283	1,168	13,876	(19,327)	-
Net interest income	42,112	44,004	11,170	3,218	100,504
Operating income	19,789	11,822	11,072	246	42,929
	61,901	55,826	22,242	3,464	143,433
Depreciation	2,122	273	199	2,800	5,394
Operating expenses	23,421	6,208	7,925	53,310	90,864
Indirect expenses	28,521	19,663	7,652	(55,836)	-
Loan loss impairment	4,936	553	-	(101)	5,388
Income before taxation	2,901	29,129	6,466	3,291	41,787
Income tax expense	(1,633)	3,513	(191)	1,861	3,550
Net income for the quarter	4,534	25,616	6,657	1,430	38,237
Total assets and liabilities by segment are as follows:					
Segment assets	2,525,854	3,384,964	75,763	6,206,361	12,192,942
Segment liabilities	3,708,568	3,382,724	3,528,105	177,691	10,797,088

CONDENSED CONSOLIDATED SEGMENT INFORMATION *Continued* (USD'000)

	Unaudited January 31, 2017				
	RBB	CIB	WM	Admin	Total
External revenue	34,971	40,117	(1,718)	17,555	90,925
Internal revenue	4,037	2,199	9,434	(15,670)	-
Net interest income	39,008	42,316	7,716	1,885	90,925
Operating income	17,474	12,089	11,588	1,206	42,357
	56,482	54,405	19,304	3,091	133,282
Depreciation	1,711	155	246	2,571	4,683
Operating expenses	23,164	6,594	7,415	50,143	87,316
Indirect expenses	22,508	22,561	7,644	(52,713)	-
Loan loss impairment	4,710	1,414	(12)	-	6,112
Income before taxation	4,389	23,681	4,011	3,090	35,171
Income tax expense	66	1,367	(67)	33	1,399
Net income for the quarter	4,323	22,314	4,078	3,057	33,772
Total assets and liabilities by segment are as follows:					
Segment assets	2,455,817	3,277,646	64,466	5,437,034	11,234,963
Segment liabilities	3,491,100	3,366,408	2,693,842	319,080	9,870,430

	Audited October 31, 2017				
	RBB	CIB	WM	Admin	Total
External revenue	145,541	166,565	(8,640)	75,813	379,279
Internal revenue	16,043	6,694	42,206	(64,943)	-
Net interest income	161,584	173,259	33,566	10,870	379,279
Operating income	66,360	46,037	46,699	8,998	168,094
	227,944	219,296	80,265	19,868	547,373
Depreciation	8,882	790	830	12,475	22,977
Operating expenses	90,266	26,684	30,848	201,304	349,102
Indirect expenses	92,280	88,169	29,832	(210,281)	-
Loan loss impairment	18,772	5,556	131	-	24,459
Income before taxation	17,744	98,097	18,624	16,370	150,835
Income tax expense	433	9,304	(469)	43	9,311
Net income for the quarter	17,311	88,793	19,093	16,327	141,524
Total assets and liabilities by segment are as follows:					
Segment assets	2,522,237	3,391,375	59,122	6,278,435	12,251,169
Segment liabilities	3,554,978	3,254,272	3,649,710	349,999	10,808,959

Notes:

1. The Group's operations are organised 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and 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, 2017, included in the Group's Annual Report 2017. 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.

Current period changes in accounting policies

The Group 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 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

During the quarter, the final regular dividend for the fiscal year ended October 31, 2017, as approved by the Board of Directors in December 2017, in the amount of two point five United States cents per share (US\$0.025 per share) was paid.