

FirstCaribbean International Bank Limited

Summary Consolidated Financial Statements

For the year ended 31 October, 2018 (expressed in thousands of United States dollars)



FirstCaribbean
International Bank

CHIEF EXECUTIVE OFFICER'S REVIEW

For the fiscal year ending October 31, 2018, the Bank reported net income of \$97 million and net income of \$159 million excluding items of note.

This year's reported results were affected by items of note, including \$88 million (\$66 million after-tax) of incremental provision for credit losses as a result of the Government of Barbados Debt restructuring and \$4 million due to insurance recoveries from the impact of Hurricane Irma and Maria.

The comprehensive debt restructuring agreement excluded US dollar denominated loans and securities with a notional value of \$51 million, of which \$33 million was classified as impaired with a related expected credit loss allowance of \$8 million. We believe our expected credit loss allowances on the US dollar denominated portfolio to be reasonable at this time.

Excluding these items of note and non-controlling interest, the Bank generated net income of \$159 million; an improvement from prior year reported net income of \$142 million and adjusted net income of \$151 million.

Total Revenues rose by \$34 million from \$547 million in 2017 due primarily to increased net interest income which was 6% higher than the prior year. This was largely due to rising US interest rates and our continued growth in performing loans, after adjusting for the early repayment of a loan previously made to our major shareholder. Operating income was up \$3 million or 2% higher than prior year due to higher fee income, investing and funding activity.

Operating expenses of \$387 million were up \$19 million or 5% from prior year largely due to higher salaries and benefits and systems infrastructure costs. Adjusted Operating expenses were \$391 million compared to \$366 million in the prior year.

Credit Loss expense on financial assets of \$102 million was up \$77 million or 316% compared with the same period in the prior year. However, after adjusting for \$88 million in incremental provision for credit losses resulting from the Barbados debt restructuring, adjusted credit loss expense was \$13 million, down \$3 million or 16% from the prior year due to parameter changes and model enhancements.

Income tax credit of \$8 million for the year versus an income tax expense of \$13 million in the prior year was due to lower taxable income as a result of increased provisions related to the Barbados government debt restructuring. Adjusting for the items of note, income tax expense was \$14 million, unchanged from prior year.

The Directors have approved a final dividend for quarter ended October 31, 2018 of \$0.0125 per share bringing a total regular dividend for the year to \$0.050 per share which illustrates our company's strong financial position, our commitment to shareholder returns, our confidence in the region and our positive outlook for future earnings. The dividend will be paid on January 25th, 2019 to the shareholders of record on December 11th, 2018. In addition, we maintained strong capital levels in excess of applicable regulatory requirements.

Notwithstanding the challenges experienced during the 2018 fiscal year as a result of the Government of Barbados debt restructuring, I am encouraged by the strength of our franchise and the commitment of our employees across the region to serving our clients.

Our focus as we move forward will continue to be on our relationships with our clients and on providing them with a simplified and modern everyday banking experience.

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

Colette Delaney
Chief Executive Officer
November 28, 2018

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 31 October 2018, 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 31 October 2018.

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 28 November 2018. 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
28 November 2018

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited Year ended Oct 31, 2018	Audited Year ended Oct 31, 2017
Assets		
Cash, balances with Central Banks and due from banks	2,085,622	2,933,477
Loans and advances to customers	5,904,651	6,358,000
Securities	2,384,473	2,375,641
Property and equipment	165,806	158,661
Other assets	236,487	206,429
Intangible assets	218,961	218,961
Total assets	10,996,000	12,251,169
Liabilities		
Customer deposits and other borrowed funds	9,536,530	10,371,531
Other liabilities	215,758	224,427
Debt securities in issue	90,918	213,001
Total liabilities	9,843,206	10,808,959
Equity attributable to equity holders of the parent		
Issued capital and reserves	951,834	967,014
Retained earnings	173,117	445,507
	1,124,951	1,412,521
Non-controlling interests	27,843	29,689
Total equity	1,152,794	1,442,210
Total liabilities and equity	10,996,000	12,251,169

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

Colette Delaney
Chief Executive Officer

Chris de Caires
Director

FirstCaribbean International Bank Limited

Summary Consolidated Financial Statements

For the year ended 31 October, 2018 (expressed in thousands of United States dollars)



FirstCaribbean
International Bank

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	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	-	5,190	137,851	3,550	146,591
Transfer to reserves	-	11,668	(11,668)	-	-
Aquisition 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
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	-	36,752	(72,058)	(650)	(35,956)
Restated balance at November 1, 2017 after adopting IFRS 9	1,193,149	(189,383)	373,449	29,039	1,406,254
Comprehensive income for the year	-	(54,120)	96,741	3,866	46,487
Transfer to reserves	-	2,188	(2,188)	-	-
Equity dividends	-	-	(294,885)	-	(294,885)
Dividends of subsidiaries	-	-	-	(5,062)	(5,062)
Balance at October 31, 2018	1,193,149	(241,315)	173,117	27,843	1,152,794

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

SUMMARY CONSOLIDATED STATEMENT OF INCOME

	Audited Year ended Oct 31, 2018	Audited Year ended Oct 31, 2017
Interest and similar income	474,084	443,673
Interest and similar expense	64,141	64,394
Net interest income	409,943	379,279
Operating income	171,476	168,094
	581,419	547,373
Operating expenses	386,660	367,903
Credit loss expense on financial assets	101,770	24,459
	488,430	392,362
Income before taxation	92,989	155,011
Income tax (credit)/expense	(7,823)	13,487
Net income for the year	100,812	141,524
Attributable to:		
Equity holders of the parent	96,741	137,851
Non-controlling interests	4,071	3,673
	100,812	141,524

Basic and diluted earnings per share attributed to the equity holders of the parent for the year: (expressed in cents per share)

	2018	2017
	6.1	8.7

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

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Audited Year ended Oct 31, 2018	Audited Year ended Oct 31, 2017
Net income for the year	100,812	141,524
Other comprehensive losses (net of tax) to be reclassified to net income in subsequent periods		
Net loss on available-for-sale investment securities	-	(1,384)
Net loss on debt securities at fair value through OCI	(39,108)	-
Net exchange (loss)/income on translation of foreign operations	146	1,165
	(38,962)	(219)
Other comprehensive (loss)/income (net of tax) not to be reclassified to net income in subsequent periods:		
Re-measurement (loss)/gains of retirement benefit obligations	(15,363)	5,286
Other comprehensive (loss)/income for the year, net of tax	(54,325)	5,067
Comprehensive income for the year, net of tax	46,487	146,591
Comprehensive income for the year attributable to:		
Equity holders of the parent	42,621	143,041
Non-controlling interests	3,866	3,550
	46,487	146,591

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

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited Year ended Oct 31, 2018	Audited Year ended Oct 31, 2017
Net cash (used in)/from operating activities	(401,122)	1,206,080
Net cash from/(used in) investing activities	1,158	(147,259)
Net cash used in financing activities	(428,700)	(73,259)
Net (decrease)/increase in cash and cash equivalents for the year	(828,664)	985,562
Effect of exchange rate changes on cash and cash equivalents	146	1,165
Cash and cash equivalents, beginning of the year	2,512,595	1,525,868
Cash and cash equivalents, end of the year	1,684,077	2,512,595

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 summary consolidated financial statements are prepared in accordance with criteria developed by management. Under management's established criteria, management discloses the summary consolidated statement of financial position, 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. These summary consolidated financial statements are derived from the audited consolidated financial statements of FirstCaribbean International Bank Limited and its subsidiaries for the year ended 31 October 2018, which are prepared in accordance with International Financial Reporting Standards. The Group's Annual Report will be posted on our website (www.cibcfcib.com) on December 15, 2018.