

FirstCaribbean International Bank Limited

Condensed Consolidated Financial Statements

For the three months ended 31 January, 2019 (expressed in thousands of United States dollars)



FirstCaribbean
International Bank

CHIEF EXECUTIVE OFFICER'S REVIEW

The Bank reported net income of \$22.5 million in the first quarter, down \$15.7 million or 41% from the first quarter's net income of \$38.2 million in the prior year.

On an adjusted basis, net income was \$44.4 million after adjusting for \$21.9 million in items of note. These items include \$21.9 million in deferred tax asset write off as a result of the change in the corporation tax rate in Barbados, \$4.4 million incremental provision for credit losses relating to the impending restructuring of Government of Barbados US dollar denominated debt, and a partial release of credit loss allowances of \$4.4 million related to hurricanes in 2017. Excluding these items of note, the Bank showed an improvement from prior year net income of \$6.2 million or 16%.

Total revenue was \$153.7 million compared with \$143.4 million, up \$10.3 million or 7% from the first quarter a year ago primarily due to higher interest earnings from performing loans, cash placements and income from foreign exchange earnings. We continue to see growth in our performing loans with 4% increase year over year after adjusting for the early repayment of a loan previously made to our major shareholder.

Operating expenses were \$99.4 million, up \$5.2 million or 6% from the first quarter a year ago due to higher salary and benefits and investments in our technology and systems.

Credit loss expense on financial assets of \$7.3 million was up \$1.9 million against prior year due to growth in performing loan balances and model enhancements.

Income tax expense of \$24.6 million for the year versus \$5.6 million in the prior year was impacted by the deferred tax asset write off of \$21.9 million. Adjusting for the item of note, income tax expense was \$2.7 million, down \$2.9 million or 53% from prior year.

At the end of the first quarter, the Bank's Tier 1 and Total Capital ratios were 14.1% and 15.5% respectively, in excess of applicable regulatory requirements. The Directors have approved a quarterly dividend of \$0.0125 per share which will be paid on 26 April 2019 to shareholders of record on 29 March 2019.

We continue to invest in providing our clients with a simplified and modern everyday banking experience through ongoing focus on the Bank's regionally-leading digital capabilities. CIBC FirstCaribbean's efforts to strengthen and build the business through deepening client relationships are evidenced by the growth in our core business during the first quarter.

We again wish to thank our clients, employees, shareholders and our board of directors for their ongoing support.

Colette Delaney
Chief Executive Officer
March 14, 2019

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited Jan 31, 2019	Unaudited Jan 31, 2018	Audited Oct 31, 2018
Assets			
Cash, balances with Central Banks and due from banks	2,519,362	2,941,962	2,085,622
Loans and advances to customers	5,917,513	6,325,969	5,904,651
Securities	2,417,848	2,351,198	2,384,473
Property and equipment	161,796	158,454	165,806
Other assets	200,331	197,911	236,487
Intangible assets	218,961	218,961	218,961
Total assets	11,435,811	12,194,455	10,996,000
Liabilities			
Customer deposits and other borrowed funds	10,049,364	10,505,105	9,536,530
Other liabilities	137,678	174,489	215,758
Debt securities in issue	89,806	117,466	90,918
Total liabilities	10,276,848	10,797,060	9,843,206
Equity attributable to equity holders of the parent			
Issued capital and reserves	962,895	1,002,648	951,834
Retained earnings	168,317	365,772	173,117
	1,131,212	1,368,420	1,124,951
Non-controlling interests	27,751	28,975	27,843
Total equity	1,158,963	1,397,395	1,152,794
Total liabilities and equity	11,435,811	12,194,455	10,996,000

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

Director

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	
Balance at October 31, 2017	1,193,149	(189,383)	373,449	29,039	1,406,254
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	(190,501)	365,772	28,975	1,397,395
Balance at October 31, 2018	1,193,149	(241,315)	173,117	27,843	1,152,794
Comprehensive income for the period	-	4,153	21,568	943	26,664
Transfer to reserves	-	6,908	(6,908)	-	-
Equity dividends	-	-	(19,460)	-	(19,460)
Dividends of subsidiaries	-	-	-	(1,035)	(1,035)
Balance at January 31, 2019	1,193,149	(230,254)	168,317	27,751	1,158,963

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

CONDENSED CONSOLIDATED STATEMENT OF INCOME

	Unaudited 3 months ended Jan 31, 2019	Unaudited 3 months ended Jan 31, 2018	Audited Year ended Oct 31, 2018
Interest and similar income	120,700	116,712	474,084
Interest and similar expense	16,625	16,208	64,141
Net interest income	104,075	100,504	409,943
Operating income	49,671	42,929	171,476
	153,746	143,433	581,419
Operating expenses	99,408	94,207	386,660
Credit loss expense on financial assets	7,269	5,388	101,770
	106,677	99,595	488,430
Income before taxation	47,069	43,838	92,989
Income tax expense/(credit)	24,555	5,601	(7,823)
Net income for the period	22,514	38,237	100,812
Attributable to:			
Equity holders of the parent	21,568	37,147	96,741
Non-controlling interests	946	1,090	4,071
	22,514	38,237	100,812

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

	1.4	2.4	6.1

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

FirstCaribbean International Bank Limited

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International Bank

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 3 months ended Jan 31, 2019	Unaudited 3 months ended Jan 31, 2018	Audited Year ended Oct 31, 2018
Net income for the period	22,514	38,237	100,812
Other comprehensive income/(loss) (net of tax) to be reclassified to net income in subsequent periods			
Net income/(loss) on debt instruments at fair value through OCI	9,562	(7,526)	(39,108)
Net exchange (loss)/income on translation of foreign operations	(3,106)	1,686	146
	6,456	(5,840)	(38,962)
Other comprehensive income/(loss) (net of tax) not to be reclassified to net income in subsequent periods:			
Re-measurement loss of retirement benefit obligations	(2,306)	(1,361)	(15,363)
Other comprehensive income/(loss) for the period, net of tax	4,150	(7,201)	(54,325)
Comprehensive income for the period, net of tax	26,664	31,036	46,487
Comprehensive income for the period attributable to:			
Equity holders of the parent	25,721	30,122	42,621
Non-controlling interests	943	914	3,866
	26,664	31,036	46,487

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 3 months ended Jan 31, 2019	Audited Year ended Oct 31, 2018
Net cash from/(used in) operating activities	484,838	(401,122)
Net cash (used in)/from investing activities	(8,455)	1,158
Net cash used in financing activities	(22,705)	(428,700)
Net increase/(decrease) in cash and cash equivalents for the period	453,678	(828,664)
Effect of exchange rate changes on cash and cash equivalents	(3,106)	146
Cash and cash equivalents, beginning of the period	1,684,077	2,512,595
Cash and cash equivalents, end of the period	2,134,649	1,684,077

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

CONDENSED CONSOLIDATED SEGMENT INFORMATION

	Unaudited January 31, 2019				
	RBB	CIB	WM	Admin	Total
External revenue	38,415	46,095	(2,206)	21,771	104,075
Internal revenue	5,471	1,358	14,716	(21,545)	-
Net interest income	43,886	47,453	12,510	226	104,075
Operating income	19,574	16,228	11,808	2,061	49,671
	63,460	63,681	24,318	2,287	153,746
Depreciation	2,066	776	130	3,804	6,776
Operating expenses	25,716	8,244	8,032	50,640	92,632
Indirect expenses	23,507	21,346	10,046	(54,899)	-
Credit loss expense on financial assets	(2,637)	6,715	(90)	3,281	7,269
Income before taxation	14,808	26,600	6,200	(539)	47,069
Income tax expense	(850)	3,716	(116)	21,805	24,555
Net income for the period	15,658	22,884	6,316	(22,344)	22,514
Total assets and liabilities by segment are as follows:					
Segment assets	2,583,193	3,402,751	114,832	5,335,035	11,435,811
Segment liabilities	3,745,317	3,639,738	2,757,836	133,957	10,276,848

CONDENSED CONSOLIDATED SEGMENT INFORMATION *Continued*

	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	15,984	15,628	11,072	245	42,929
	58,096	59,632	22,242	3,463	143,433
Depreciation	1,683	714	199	2,798	5,394
Operating expenses	23,837	7,766	7,925	49,285	88,813
Indirect expenses	24,292	22,130	7,652	(54,074)	-
Credit loss expense on financial assets	4,936	553	-	(101)	5,388
Income before taxation	3,348	28,469	6,466	5,555	43,838
Income tax expense	(1,353)	3,233	(191)	3,912	5,601
Net income for the period	4,701	25,236	6,657	1,643	38,237
Total assets and liabilities by segment are as follows:					
Segment assets	2,519,615	3,391,300	75,763	6,207,777	12,194,455
Segment liabilities	3,709,179	3,384,086	3,545,609	158,186	10,797,060

	Audited October 31, 2018				
	RBB	CIB	WM	Admin	Total
External revenue	151,985	179,488	(10,360)	88,830	409,943
Internal revenue	19,360	855	53,673	(73,888)	-
Net interest income	171,345	180,343	43,313	14,942	409,943
Operating income	77,619	45,459	48,871	(473)	171,476
	248,964	225,802	92,184	14,469	581,419
Depreciation	9,098	1,054	749	14,030	24,931
Operating expenses	95,486	25,408	33,837	206,998	361,729
Indirect expenses	109,651	76,912	30,615	(217,178)	-
Credit loss expense on financial assets	16,295	29,123	433	55,919	101,770
Income before taxation	18,434	93,305	26,550	(45,300)	92,989
Income tax expense	(5,668)	8,267	(681)	(9,741)	(7,823)
Net income for the year	24,102	85,038	27,231	(35,559)	100,812
Total assets and liabilities by segment are as follows:					
Segment assets	2,580,702	3,395,765	90,376	4,929,157	10,996,000
Segment liabilities	3,673,849	3,406,377	2,526,599	236,381	9,843,206

Notes:

1. The Group'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). Treasury activities within the Administration segment includes the impact of charges or credits with a market-based cost of funds on the SBU assets and liabilities respectively. Capital is attributed to the SBUs in a manner that is intended to measure and align economic value with the underlying benefits and risks associated with SBU activities. Earnings on unattributed capital remain in Administration. Management reviews the transfer pricing methodologies on an ongoing basis to ensure they reflect changing market environments and industry practices.

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, 2018, included in the Group's Annual Report 2018. 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, a final 2018 quarterly dividend of one point two five United States cents (\$0.0125) per share was paid on January 25, 2019. The Directors have approved a regular quarterly dividend of one point two five United States cents (\$0.0125) per share to be paid on April 26, 2019 to shareholders of record as of March 29, 2019.