



FirstCaribbean International Bank (Bahamas) Limited
Managing Director's Review Of the Results
For the six months ended April 30, 2019

The Bank reported net income of \$47.0 million for the six months ended April 30, 2019, up \$1.6 million or 4% compared to net income of \$45.4 million for the same period in the prior year.

The improved performance was driven by increased revenue due to higher volumes and interest margins as well as lower credit losses, offset by higher operating expenses.

Total revenue was \$101.5 million compared with \$93.4 million, up \$8.1 million or 9% from the same period a year ago, primarily due to higher interest earnings from performing loans, cash placements and securities, and fee income from deposit, cards services and foreign exchange earnings. Operating expenses were \$54.9 million, up \$11.3 million due primarily to higher group service costs.

For the first six months, there was a net reversal of credit loss expense on financial assets of \$0.4 million, down \$4.8 million against prior year's expense of \$4.4 million, primarily a result of model changes.

The Bank continues to maintain strong capital levels in excess of applicable regulatory requirements, and at the end of the quarter, its Tier 1 and Total Capital ratios were at 26.4% and 26.3%, respectively. At its meeting on June 20, 2019, the Directors approved an interim dividend of nine cents (\$0.09) per share, subject to regulatory approval, to shareholders of record as of the close of business on July 8, 2019.

I would like to thank our clients, employees, shareholders and our board of directors for their ongoing support and continued contributions to the Bank's performance.

Marie Rodland-Allen
Managing Director

Condensed Consolidated Statement of Financial Position
B\$'000

	Unaudited Apr 30, 2019	Unaudited Apr 30, 2018	Audited Oct 31, 2018
Assets			
Cash, balances with The Central Bank and due from banks	642,154	658,972	576,110
Other assets	41,163	42,562	37,083
Securities	849,768	684,000	782,708
Loans and advances to customers	2,018,519	1,977,579	2,001,401
Property and equipment	29,295	27,551	29,578
Goodwill	72,747	72,747	72,747
Total assets	3,653,646	3,463,411	3,499,627
Liabilities			
Customer deposits	2,898,101	2,686,477	2,762,770
Other liabilities	71,031	67,686	84,289
Total liabilities	2,969,132	2,754,163	2,847,059
Equity			
Issued capital	477,230	477,230	477,230
Reserves	6,515	(3,851)	(6,627)
Retained earnings	200,769	235,869	181,965
Total equity	684,514	709,248	652,568
Total liabilities and equity	3,653,646	3,463,411	3,499,627

Director

Director

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

	Issued Capital	Reserves	Retained Earnings	Total
Balance at October 31, 2017	477,230	(13,194)	229,108	693,144
Impact of adopting IFRS 9 at November 1, 2017	-	10,108	(15,538)	(5,430)
Restated balance at November 1, 2017 after adopting IFRS 9	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 - Turks & Caicos Islands	-	2,666	(2,666)	-
Balance at April 30, 2018	477,230	(3,851)	235,869	709,248
Balance at October 31, 2018	477,230	(6,627)	181,965	652,568
Comprehensive income for the period	-	6,613	46,972	53,585
Dividends	-	-	(21,639)	(21,639)
Transfer to Statutory Reserve Fund - Turks & Caicos Islands	-	6,529	(6,529)	-
Balance at April 30, 2019	477,230	6,515	200,769	684,514

Condensed Consolidated Statement of Income
B\$'000

	Unaudited Three Months Ended		Unaudited Six Months Ended		Audited Year Ended
	Apr 30, 2019	Apr 30, 2018	Apr 30, 2019	Apr 30, 2018	Oct 31, 2018
Total interest income	42,880	37,818	84,409	76,581	158,067
Total interest expense	3,503	2,164	6,992	4,521	10,031
Net interest income	39,377	35,654	77,417	72,060	148,036
Operating income	11,815	10,257	24,109	21,350	40,086
	51,192	45,911	101,526	93,410	188,122
Operating expenses	27,968	21,059	54,907	43,594	90,977
Credit loss (reversal)/expense on financial assets	(4,186)	2,221	(353)	4,414	12,085
	23,782	23,280	54,554	48,008	103,062
Net income for the period	27,410	22,631	46,972	45,402	85,060
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)	22.8	18.8	39.1	37.8	70.8

Condensed Consolidated Statement of Comprehensive Income
B\$'000

	Unaudited Three Months Ended		Unaudited Six Months Ended		Audited Year Ended
	Apr 30, 2019	Apr 30, 2018	Apr 30, 2019	Apr 30, 2018	Oct 31, 2018
Net income for the period	27,410	22,631	46,972	45,402	85,060
Other comprehensive income/(loss) to be reclassified to net income in subsequent periods:					
Net gains/(losses) on debt instruments at fair value through OCI	2,700	194	6,613	(3,431)	(4,164)
	2,700	194	6,613	(3,431)	(4,164)
Other comprehensive loss not to be reclassified to net income in subsequent periods:					
Re-measurement losses on retirement benefit plans	-	-	-	-	(2,043)
Other comprehensive income/(loss) for the period	2,700	194	6,613	(3,431)	(6,207)
Comprehensive income for the period	30,110	22,825	53,585	41,971	78,853

Condensed Consolidated Statement of Cash Flows
B\$'000

	Unaudited Six Months Ended		Audited Year Ended
	Apr 30, 2019	Apr 30, 2018	Oct 31, 2018
Net cash from operating activities	128,404	94,855	194,956
Net cash (used in)/from investing activities	(52,861)	124,238	26,190
Net cash used in financing activities	(21,639)	(20,437)	(105,791)
Net increase in cash and cash equivalents	53,904	198,656	115,355
Cash and cash equivalents, beginning of the period	494,192	378,837	378,837
Cash and cash equivalents, end of the period	548,096	577,493	494,192

Notes to the Condensed Consolidated Financial Statements
April 30, 2019

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, 2018, included in the Bank's Annual Report 2018. 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 (TCl) Limited

Dividends

At the Board of Directors' meeting held on March 26, 2019, an interim dividend of nine cents (\$0.09) per share, amounting to \$10.8 million, was declared. Payment to shareholders was made on June 14, 2019. Additionally, at the Board of Directors' meeting held on June 20, 2019, a regular interim dividend of nine cents (\$0.09) per share, amounting to \$10.8 million, was declared pending regulatory approval. The consolidated unaudited financial statements as of April 30, 2019 do not reflect these resolutions.

Condensed Consolidated Segment Information
B\$'000

	Unaudited Six Months Ended Apr 30, 2019				
	RBB	CIB	WM	Admin	Total
External revenue	34,960	27,650	(662)	15,469	77,417
Internal revenue	(5,093)	2,330	7,534	(4,771)	-
Net interest income	29,867	29,980	6,872	10,698	77,417
Operating income	13,727	8,631	2,143	(392)	24,109
	43,594	38,611	9,015	10,306	101,526
Depreciation	801	6	35	1,473	2,315
Operating expenses	12,883	1,959	1,183	36,567	52,592
Indirect expenses	12,558	16,723	9,103	(38,384)	-
Credit loss (reversal)/expense on financial assets	(3,396)	182	42	2,819	(353)
Net income/(loss) for the period	20,748	19,741	(1,348)	7,831	46,972

Total assets and liabilities by segment are as follows:
Segment assets 393,288 1,521,274 574,512 1,164,572 3,653,646
Segment liabilities 1,176,080 1,151,882 576,988 64,182 2,969,132

	Unaudited Six Months Ended Apr 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	11,345	8,457	1,893	(345)	21,350
	40,696	36,314	6,816	9,584	93,410
Depreciation	783	3	35	1,309	2,130
Operating expenses	11,308	1,888	987	27,281	41,464
Indirect expenses	14,762	13,181	6,828	(34,771)	-
Credit loss expense/(reversal) on financial assets	972	3,914	-	(472)	4,414
Net income/(loss) for the period	12,871	17,328	(1,034)	16,237	45,402

Total assets and liabilities by segment are as follows:
Segment assets 612,665 1,358,593 574,900 917,253 3,463,411
Segment liabilities 1,110,582 1,060,979 576,120 6,482 2,754,163

	Audited Year Ended Oct 31, 2018				
	RBB	CIB	WM	Admin	Total
External revenue	69,490	51,701	(1,204)	28,049	148,036
Internal revenue	(10,575)	5,483	11,992	(6,900)	-
Net interest income	58,915	57,184	10,788	21,149	148,036
Operating income	30,027	10,324	3,674	(3,939)	40,086
	88,942	67,508	14,462	17,210	188,122
Depreciation	1,574	2	70	2,916	4,562
Operating expenses	23,561	3,105	2,174	57,575	86,415
Indirect expenses	23,804	24,457	11,710	(59,971)	-
Credit loss expense on financial assets	8,120	1,202	110	2,653	12,085
Net income for the year	31,883	38,742	398	14,037	85,060

Total assets and liabilities by segment are as follows:
Segment assets 1,098,521 920,520 17,052 1,463,462 3,499,627
Segment liabilities 1,102,747 995,582 591,436 157,294 2,847,059

Notes:

The Bank's operations are organized into four segments: Retail, Business & International 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, Human Resources, 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.