

FIRSTCARIBBEAN INTERNATIONAL BANK LIMITED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended April 30, 2016 (expressed in thousands of United States dollars)



FirstCaribbean
International Bank

CHIEF EXECUTIVE OFFICER'S REVIEW

The Bank continued to deliver strong results and showed growth by reporting net income of \$34.3 million for the second quarter of the fiscal, up \$8.7 million or 34% from the second quarter's net income of \$25.6 million a year ago.

For the six months ended April 30, 2016, the Bank reported net income of \$73.0 million, up \$20.8 million or 40% and is a significant improvement in performance when compared with net income of \$52.2 million for the corresponding period last year.

Total revenue was \$270.2 million, up \$13.5 million or 5% compared with the same period last year primarily due to lower funding costs and higher non-interest income. The Bank's productive loan growth has been encouraging across both Retail and Wholesale Banking segments, however regional economies have been slow to recover as reflected by generally low credit demand and uneven investment activity. Sustained, profitable growth continues to be a key priority for the Bank.

Operating expenses of \$180.1 million were up \$7.8 million or 5% compared with the same period in the prior year primarily as a result of higher business taxes and project related spend. We continue to benefit from discretionary expense control and ongoing savings from the restructuring program initiated in 2014, but also continue to invest in our franchise through project related spend.

Loan loss impairment expense was down significantly by \$19.8 million or 72% compared with the same period in the prior year. An improved loss experience and enhanced loan recovery activity underline the lower loan losses. Additionally, non-productive loan balances continue to decline as significant focus is placed on further strengthening the quality of our loan portfolio and is currently \$493 million vs. \$719 million a year ago.

At the end of the second quarter, the Bank's Tier 1 and Total Capital ratios are 18.9% and 20.2% respectively, well in excess of applicable regulatory requirements. Additionally, the Directors have approved an interim dividend of two cents (\$0.02) per share to be paid on July 8, 2016 to shareholders of record on June 24, 2016.

During the second quarter, the Bank continued to execute initiatives to enhance and integrate the client experience by recently launching a new co-branded insurance offering with a leading regional insurer. The arrangement will provide a differentiated level of service and insurance products to our clients across the region. Additionally, the Bank continued to expand its Automated Banking Machine (ABM) network with new ABM installations in The Bahamas, British Virgin Islands along with other locations. Lastly, the Bank recently announced its newest addition to its online suite of products, the CIBC FirstCaribbean Mobile Banking App. The Mobile App will provide yet another channel to help our clients customize their banking experience to fit their lifestyle.

Investment in our brand and infrastructure is integral to our success and also signifies the Bank's ongoing commitment to grow its franchise and offer clients a best-in-class service and experience. Our focus is on improving client experience.

We again wish to thank the Board, management, staff and most importantly our clients for their loyalty and continuing support.

Gary Brown
Chief Executive Officer
June 10, 2016

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.cibcfcb.com.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited April 30, 2016	Unaudited April 30, 2015 Restated*	Audited October 31, 2015
Assets			
Cash, balances with Central Banks and due from banks	1,935,270	2,333,592	1,691,781
Loans and advances to customers	5,997,397	5,965,131	6,005,021
Investment securities	2,355,671	2,315,149	2,331,012
Property and equipment	142,065	128,773	139,701
Other assets	214,527	203,028	154,160
Intangible assets	218,961	218,961	218,961
	<u>10,863,891</u>	<u>11,164,634</u>	<u>10,540,636</u>
Assets of a disposal group classified as held for sale	-	-	148,717
Total assets	<u>10,863,891</u>	<u>11,164,634</u>	<u>10,689,353</u>
Liabilities			
Customer deposits and other borrowed funds	9,113,659	9,462,420	8,698,750
Other liabilities	229,224	210,230	267,496
Debt securities in issue	204,753	134,495	208,890
	<u>9,547,636</u>	<u>9,807,145</u>	<u>9,175,136</u>
Liabilities of disposal group classified as held for sale	-	-	133,616
Total liabilities	<u>9,547,636</u>	<u>9,807,145</u>	<u>9,308,752</u>
Equity attributable to equity holders of the parent			
Issued capital and reserves	923,804	912,026	919,678
Retained earnings	365,728	421,238	434,925
	<u>1,289,532</u>	<u>1,333,264</u>	<u>1,354,603</u>
Non-controlling interests	<u>26,723</u>	<u>24,225</u>	<u>25,998</u>
Total equity	<u>1,316,255</u>	<u>1,357,489</u>	<u>1,380,601</u>
Total liabilities and equity	<u>10,863,891</u>	<u>11,164,634</u>	<u>10,689,353</u>

*Certain amounts shown here do not correspond to the 2015 published consolidated financial statements and reflect adjustments made.

Note: Results have been converted to US\$ at an exchange rate of US\$1 = BBD\$2

Gary Brown
Chief Executive Officer

Rik Parkhill
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Parent				
	Issued Capital	Reserves	Retained Earnings	Non-controlling Interests	Total Equity
Balance at October 31, 2014 (Restated*)	1,193,149	(275,904)	397,009	23,397	1,337,651
Comprehensive income for the period	-	(8,266)	50,628	1,576	43,938
Transfer to reserves	-	3,047	(3,047)	-	-
Equity dividends	-	-	(23,352)	-	(23,352)
Dividends of subsidiaries	-	-	-	(748)	(748)
Balance at April 30, 2015 (Restated *)	1,193,149	(281,123)	421,238	24,225	1,357,489
Balance at October 31, 2015	1,193,149	(273,471)	434,925	25,998	1,380,601
Comprehensive income for the period	-	(7,251)	71,369	1,588	65,706
Transfer to reserves	-	11,377	(11,377)	-	-
Equity dividends	-	-	(129,189)	-	(129,189)
Dividends of subsidiaries	-	-	-	(863)	(863)
Balance at April 30, 2016	1,193,149	(269,345)	365,728	26,723	1,316,255

*Certain amounts shown here do not correspond to the 2015 published consolidated financial statements and reflect adjustments made.

Note: Results have been converted to US\$ at an exchange rate of US\$1 = BBD\$2

CONDENSED CONSOLIDATED STATEMENT OF INCOME

	Unaudited Quarter ended		Unaudited Six months ended		Audited Year ended October 31, 2015
	April 30, 2016	April 30, 2015	April 30, 2016	April 30, 2015	
Interest and similar income	107,456	108,561	215,698	217,278	435,810
Interest and similar expense	15,547	20,394	30,830	41,068	73,111
Net interest income	<u>91,909</u>	<u>88,167</u>	<u>184,868</u>	<u>176,210</u>	<u>362,699</u>
Operating income	40,122	38,630	85,342	80,472	159,674
	<u>132,031</u>	<u>126,797</u>	<u>270,210</u>	<u>256,682</u>	<u>522,373</u>
Operating expenses	89,708	87,148	180,130	172,310	370,111
Loan loss impairment	3,443	11,664	7,584	27,404	41,507
	<u>93,151</u>	<u>98,812</u>	<u>187,714</u>	<u>199,714</u>	<u>411,618</u>
Income before taxation	<u>38,880</u>	<u>27,985</u>	<u>82,496</u>	<u>56,968</u>	<u>110,755</u>
Income tax expense	4,575	2,409	9,502	4,773	12,823
Net income for the period	<u>34,305</u>	<u>25,576</u>	<u>72,994</u>	<u>52,195</u>	<u>97,932</u>
Attributable to:					
Equity holders of the parent	33,592	24,655	71,369	50,628	94,703
Non-controlling interests	713	921	1,625	1,567	3,229
	<u>34,305</u>	<u>25,576</u>	<u>72,994</u>	<u>52,195</u>	<u>97,932</u>
Basic and diluted earnings per share attributable to the equity holders of the parent for the period (expressed in cents per share)	2.1	1.6	4.5	3.2	6.0

Note: Results have been converted to US\$ at an exchange rate of US\$1 = BBD\$2

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Quarter ended		Unaudited Six months ended		Audited Year ended October 31, 2015
	April 30, 2016	April 30, 2015	April 30, 2016	April 30, 2015	
Net income for the period	34,305	25,576	72,994	52,195	97,932
Other comprehensive income/(loss) (net of tax) to be reclassified to net income or loss in subsequent periods					
Net gains/(losses) on available-for-sale investment securities	3,854	6,978	(2,427)	(5,349)	(9,583)
Exchange (losses)/gains on translation of foreign operations	(2,693)	545	(4,861)	(2,908)	(7,849)
	<u>1,161</u>	<u>7,523</u>	<u>(7,288)</u>	<u>(8,257)</u>	<u>(17,432)</u>
Other comprehensive income (net of tax) not to be reclassified to net income or loss in subsequent periods:					
Re-measurement gains of retirement benefit obligations	-	-	-	-	10,652
Other comprehensive income/(loss) for the period, net of tax	<u>1,161</u>	<u>7,523</u>	<u>(7,288)</u>	<u>(8,257)</u>	<u>(6,780)</u>
Comprehensive income for the period, net of tax	<u>35,466</u>	<u>33,099</u>	<u>65,706</u>	<u>43,938</u>	<u>91,152</u>
Comprehensive income for the year attributable to:					
Equity holders of the parent	34,701	32,046	64,118	42,362	87,055
Non-controlling interests	765	1,053	1,588	1,576	4,097
	<u>35,466</u>	<u>33,099</u>	<u>65,706</u>	<u>43,938</u>	<u>91,152</u>

Note: Results have been converted to US\$ at an exchange rate of US\$1 = BBD\$2

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International Bank

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Quarter ended April 30, 2016	Audited Year ended October 31, 2015
Net cash from/(used in) operating activities	279,380	(70,047)
Net cash used in investing activities	(1,981)	(2,171)
Net cash (used in)/from financing activities	(138,097)	90,280
Net increase in cash and cash equivalents for the period	139,302	18,062
Effect of exchange rate changes on cash and cash equivalents	(4,894)	(7,849)
Cash and cash equivalents, beginning of the period	1,386,397	1,376,184
Cash and cash equivalents, end of the period	1,520,805	1,386,397

Note: Results have been converted to US\$ at an exchange rate of US\$1 = BBD\$2

CONDENSED CONSOLIDATED SEGMENT INFORMATION

	Unaudited April 30, 2016				
	RB	WB	WM	Admin	Total
External revenues	106,141	102,978	20,417	40,674	270,210
Revenues from other segments	6,400	3,670	15,919	(25,989)	-
Total Revenues	112,541	106,648	36,336	14,685	270,210
Segment Results	851	37,765	13,492	30,388	82,496
Income tax expense					9,502
Net income for the period					72,994
Segment Assets	2,413,329	3,179,082	40,527	4,976,204	10,609,142
Unallocated assets	-	-	-	-	254,749
Total assets					10,863,891
Segment liabilities	3,509,037	3,145,622	2,551,389	330,766	9,536,814
Unallocated liabilities	-	-	-	-	10,822
Total liabilities					9,547,636

	Audited October 31, 2015				
	RB	WB	WM	Admin	Total
External revenues	183,758	208,017	54,204	76,394	522,373
Revenues from other segments	10,657	10,762	26,667	(48,086)	-
Total Revenues	194,415	218,779	80,871	28,308	522,373
Segment Results	(22,085)	48,157	22,986	61,697	110,755
Income tax expense					12,823
Net income for the year					97,932
Segment assets	2,292,723	3,099,409	215,456	4,673,096	10,280,684
Unallocated assets	-	-	-	-	259,952
Assets of disposal group classified as held for sale	(70,552)	92,523	-	126,746	148,717
Total assets					10,689,353
Segment liabilities	2,929,474	2,657,542	3,137,299	438,910	9,163,225
Unallocated liabilities	-	-	-	-	11,911
Liabilities of disposal group classified as held for sale	45,436	88,180	-	-	133,616
Total liabilities					9,308,752

	Unaudited April 30, 2015				
	RB	WB	WM	Admin	Total
External revenues	93,528	102,914	20,985	39,255	256,682
Revenues from other segments	4,770	5,683	13,022	(23,475)	-
Total Revenues	98,298	108,597	34,007	15,780	256,682
Segment Results	(7,463)	19,321	12,114	32,996	56,968
Income tax expense					4,773
Net income for the period					52,195
Segment Assets	2,411,239	3,135,016	25,219	5,335,096	10,906,570
Unallocated assets	-	-	-	-	258,064
Total assets					11,164,634
Segment liabilities	3,534,957	2,992,101	2,934,703	337,483	9,799,244
Unallocated liabilities	-	-	-	-	7,901
Total liabilities					9,807,145

Notes:

- The Group's operations are organized into four segments, Retail Banking ("RB"), Wholesale Banking ("WB"), 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 the earnings on economic capital and capital charges for Treasury and the offset of the same for RB, WB, and WM. Effective November 2015, International Wealth previously reported in Wealth Management was transitioned to Retail and Business Banking. Prior period disclosures were amended to conform to this current presentation basis.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. 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, 2015, included in the Group's Annual Report 2015. 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

The Directors have approved an interim dividend of two United States cents (US\$0.02) per share to be paid on July 8th, 2016 to Shareholders of record as at June 24th, 2016.