

FirstCaribbean International Bank Limited

CONSOLIDATED FINANCIAL STATEMENTS



FirstCaribbean
International Bank

For the nine month period ended July 31, 2015 (expressed in thousands of United States dollars)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Nine months ended July 31, 2015	Unaudited Year ended October 31, 2014 Restated*
Net cash from/(used in) operating activities	131,150	(493,996)
Net cash used in investing activities	(18,443)	(24,044)
Net cash from/(used in) financing activities	50,668	(31,018)
Net increase/(decrease) in cash and cash equivalents for the period	163,375	(652,058)
Effect of exchange rate changes on cash and cash equivalents	(5,029)	(8,942)
Cash and cash equivalents, beginning of the period	1,376,184	1,937,184
Cash and cash equivalents, end of the period	1,534,530	1,276,184

* Certain amounts shown here do not correspond to the 2014 consolidated financial statements and reflect adjustments made. Refer to Note 2.

Note: Results have been converted to US\$ at an exchange rate of US\$1 = BBD22

CONDENSED CONSOLIDATED SEGMENT INFORMATION

	Unaudited nine months ended July 31, 2015				
	RB	WB	WM	Admin	Total
External revenues	136,448	155,090	40,052	59,081	390,671
Revenues from other segments	7,920	7,852	20,434	(36,266)	-
Total Revenues	144,368	162,942	60,546	22,815	390,671
Segment Results	(8,702)	38,071	19,024	48,809	97,202
Impairment of Intangible assets					10,185
Taxation expense					(87,017)
Net income for the period					10,185
Segment Assets	2,158,849	1,199,740	231,229	4,957,470	10,617,288
Unallocated assets					256,213
Total assets					10,873,501
Segment liabilities	2,962,243	2,882,540	3,299,149	353,306	9,497,238
Unallocated liabilities					11,254
Total liabilities					9,508,492

	Audited year ended Oct 31, 2014 (Restated*)				
	RB	WB	WM	Admin	Total
External revenues	180,816	214,930	50,348	62,221	528,315
Revenues from other segments	15,553	10,578	41,325	(67,456)	-
Total Revenues	196,369	225,508	91,673	14,765	528,315
Segment Results	(115,641)	1,321	28,612	58,461	(27,227)
Impairment of Intangible assets					(115,946)
Taxation expense					5,505
Net loss for the year					(149,672)
Segment assets	2,714,834	3,257,336	237,959	4,810,152	10,520,281
Unallocated assets					758,437
Total assets					10,778,718
Segment liabilities	2,866,305	2,430,695	3,530,902	587,295	9,435,397
Unallocated liabilities					5,634
Total liabilities					9,441,031

	Unaudited nine months ended July 31, 2014 (Restated*)				
	RB	WB	WM	Admin	Total
External revenues	136,110	161,504	36,999	63,554	398,567
Revenues from other segments	12,167	8,761	31,123	(52,051)	-
Total Revenues	148,277	170,265	68,122	11,503	398,567
Segment Results	(104,088)	(17,615)	19,289	46,276	(56,068)
Impairment of Intangible assets					(115,946)
Taxation expense					3,102
Net loss for the period					(179,796)
Segment assets	2,208,539	3,277,200	249,226	5,760,125	11,495,190
Unallocated assets					256,213
Total assets					11,751,403
Segment liabilities	2,914,729	2,466,690	4,460,020	560,455	10,441,894
Unallocated liabilities					2,541
Total liabilities					10,444,435

* Certain amounts shown here do not correspond to the 2014 consolidated financial statements and reflect adjustments made. Refer to Note 2.

Note: Results have been converted to US\$ at an exchange rate of US\$1 = BBD22

Notes:

1. The Group's operations are now organized into four segments: Retail Banking ("RB"), Wholesale Banking ("WB"), 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).

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, 2014, included in the Group's Annual Report 2014. 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, the interim dividends as approved by the Board of Directors in June 2015 in the amount of one point five United States cents per share (15.50 US cents per share) were paid.

2. Changes in Accounting Policies

IFRIC 21 clarifies the timing of the recognition of the liability for a levy imposed by a government. The interpretation covers the accounting for outflows of economic benefits imposed on entities by governments (including government agencies and similar bodies) in accordance with laws and/or regulations. However, it does not include income taxes (see IAS 12 Income Taxes), fines and other penalties, liabilities arising from emissions, trading schemes and outflows within the scope of other standards.

IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognized before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in interim financial statements.

IFRIC 21 is effective for annual periods beginning on or after 1 January 2014 and is applied retrospectively. The Group has applied IFRIC 21 for the first time in these interim consolidated financial statements.

The Group's subsidiary, FirstCaribbean International Bank (Jamaica) Limited, is required by legislation to pay an asset tax on March 15th of each year based on the assets held as at the end of the previous financial year. Accordingly, a levy liability was recognized progressively over time during the previous financial year. Upon adoption of IFRIC 21, asset tax is no longer eligible to be accounted for on a periodic accrual basis, but must be recorded in full when triggered. The full liability of this expense for this current financial year should be recorded on November 1, 2014, based on the assets recorded as at October 31, 2014. Accordingly, the Group has determined that the levy liability that was recognized at October 31, 2014 should be reversed and, instead be recognized in full on November 1, 2014. The prior period financial statements have been restated to reflect this change.

Impact on the affected line items in the consolidated financial statement of financial position, statement of income or loss and statement of comprehensive income (increase/(decrease)):

	Nine months ended July 31, 2015	Quarter ended July 31, 2014	Nine months ended July 31, 2014	Year ended October 31, 2014
Other liabilities	-	(296)	(266)	(1,153)
Retained earnings	(1,153)	296	266	1,153
Operating expenses	1,153	(296)	(266)	(1,153)
Profit for the period and total comprehensive income	(1,153)	296	266	1,153

There was no material impact on the group's basic or diluted EPS or the total operating, investing and financing cash flows.

3. Subsequent Event - Decision to sell net assets and discontinue operations in Belize

On August 3, 2015 the Bank entered into an agreement to sell its net assets in Belize to a local banking institution, Heritage Bank Limited. At July 31, 2015, assets for the Belize operation totaled \$169 million, while total liabilities were \$140 million. Upon the completion of the sale and related wind-up activity the Bank will discontinue its operations in Belize. The transaction is subject to approvals from the Central Banks of Belize and Barbados, along with other related governmental authorities.

The transaction is not expected to have a material impact on the Bank's capital ratios.

FirstCaribbean International Bank Limited

CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended July 31, 2015 (expressed in thousands of United States dollars)



FirstCaribbean
International Bank

CHIEF EXECUTIVE OFFICER'S REVIEW

The Bank continued to deliver solid results against its strategic objectives of accelerating profitable revenue growth and improving operational efficiency by recording net income of \$24.8 million in the third quarter, up \$11.4 million or 49% over the prior year's third quarter net income of \$13.4 million. Our results this quarter represent the highest net income since the second quarter of fiscal 2010.

For the nine month period ended July 31, 2015, net income was \$67.0 million, up \$31.9 million or 50% over prior year's adjusted net income of \$35.1 million for the same period.

Total revenue during the third quarter of fiscal 2015 increased by \$7.1 million compared to the second quarter of fiscal 2015. Total revenue over the nine month period was down \$7.9 million year over year primarily due to lower interest earnings from loans and securities. Some countries continue to experience low credit demand, additionally interest margins on loans and securities yields were lower. While productive losses balances are down 1% over the prior year, an improved performance over the second quarter of 2015 was recorded with 1% of \$30.6 million in loan growth as a larger proportion of the sales pipeline was converted into productive loans during the latter half of this quarter. Operating expenses over the nine month period were down by \$3.0 million compared with the same period last year as we continue to benefit from expense control initiatives and savings from our restructuring program.

Loan loss impairment expense was significantly lower by \$42.1 million compared with the prior period's adjusted expense of \$77.9 million due to an improvement in the loss experience and recovery activity. Additionally, non-productive loan balances were down 18% to \$651 million compared with the same period last year as efforts continue to further strengthen the quality of our loan portfolio.

The Bank continues to make a number of investments across the region pursuing its growth objectives while also demonstrating its continuing commitment to the Caribbean.

We have just recently announced that the Rendezvous Branch in Barbados will be converted into a first-class sales centre catering to Platinum Banking, Business Banking, Corporate and International Banking customers. We have opened new branches across the region, most notably the Santo Cruz mini-branch in Jamaica. Another branch at Fairview in the Montego Bay area is under construction. Additionally, we recently opened a Representative Office in Aruba and have plans to open a full service branch in 2016, as part of our expansion plan for the Dutch Caribbean.

The Bank's Tier 1 and Total Capital ratios remain strong at 21.5% and 22.8%, well in excess of applicable regulatory requirements.

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

Rik Parkhill
Chief Executive Officer
August 27, 2015

Three period net income has been adjusted for non-cash items of \$115.0 million of investment data losses and a non-cash goodwill impairment charge of \$115.0 million.

FORWARD-LOOKING STATEMENT DISCLOSURE

This report may contain forward-looking statements. Including statements about our financial condition, results of operations, earnings outlook, asset liability 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 credit, 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) discontinuation of significant business combinations or dispositions; (7) operational or risk management failures due to technological or other factors; (8) heightened regulatory pressure, requirements or expectations; (9) new legal obligations or restrictions or involuntary resolution of significant (10) adverse capital market 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 visit FirstCaribbean International Bank Limited's financial and other reports that are available on the company's website at www.cibcib.com.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited July 31, 2015	Unaudited July 31, 2014 Restated*	Unaudited Oct 31, 2014 Restated*
Assets			
Cash, balances with Central banks and due from banks	1,944,162	2,653,636	1,813,702
Loans and advances to customers	6,016,988	6,147,175	6,140,273
Investment securities	2,360,626	2,467,864	2,305,215
Property and equipment	129,561	129,763	131,578
Other assets	203,203	135,012	169,029
Intangible assets	218,961	218,959	218,961
Total assets	10,873,501	11,751,409	10,778,718
Liabilities			
Customer deposits and other borrowed funds	9,156,284	10,213,013	9,200,379
Other liabilities	219,047	200,150	209,678
Derivatives in issue	133,161	31,262	30,974
Total liabilities	9,508,492	10,444,425	9,441,031
Equity attributable to equity holders of the parent			
Issued capital and reserves	921,632	922,500	926,324
Retained earnings	419,032	361,955	387,966
	1,340,664	1,284,455	1,314,290
Non-controlling interests	24,345	22,493	23,367
Total equity	1,365,009	1,366,984	1,337,697
Total liabilities and equity	10,873,501	11,751,409	10,778,718

* Certain amounts shown here do not correspond to the 2014 consolidated financial statements and reflect adjustments made. Refer to Note 2.
Note: Results have been converted to US\$ at an exchange rate of US\$1 = BBD\$2

Rik Parkhill
Chief Executive Officer

Sir Fred Goller
Chairman

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, 2013	1,193,149	(262,281)	574,409	26,416	1,531,693
Comprehensive loss for the period (Restated*)	-	(662)	(172,429)	(2,427)	(176,518)
Transfer to reserves	-	(7,706)	7,706	-	-
Equity dividends	-	-	(46,695)	-	(46,695)
Dividends of subsidiaries	-	-	-	(1,496)	(1,496)
Balance at July 31, 2014 (Restated*)	1,193,149	(270,649)	361,991	22,493	1,306,984
Balance at October 31, 2014 (Restated*)	1,193,149	(266,825)	387,956	23,397	1,337,687
Comprehensive income for the period	-	(11,555)	84,633	2,994	75,622
Transfer to reserves	-	6,863	(6,863)	-	-
Equity dividends	-	-	(46,704)	-	(46,704)
Dividends of subsidiaries	-	-	-	(1,496)	(1,496)
Balance at July 31, 2015	1,193,149	(271,517)	419,032	24,345	1,365,009

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CONDENSED CONSOLIDATED STATEMENT OF INCOME/(LOSS)

	Unaudited Quarter ended		Unaudited Nine months ended		Unaudited Year ended Oct 31, 2014 Restated*
	July 31, 2015	July 31, 2014 Restated*	July 31, 2015	July 31, 2014 Restated*	
Interest and similar income	109,857	112,885	327,135	342,927	455,175
Interest and similar expense	17,469	21,741	58,537	65,149	66,386
Net interest income	92,388	92,144	268,598	277,778	368,789
Operating income	41,601	42,003	122,073	120,789	159,526
	133,989	134,147	390,671	398,567	528,315
Operating expenses	86,389	87,306	258,699	261,674	349,259
Loan loss impairment	7,366	23,477	34,770	192,941	206,283
Impairment of intangible assets	-	-	-	115,946	115,946
	93,755	110,783	293,469	570,561	671,488
Income/(loss) before taxation	40,234	23,364	97,202	(171,994)	(143,173)
Income tax expense/(credit)	5,412	(4)	10,185	3,802	6,505
Net income/(loss) for the period	34,822	23,368	87,017	(175,796)	(149,678)
Attributable to:					
Equity holders of the parent	34,005	22,865	84,633	(173,429)	(147,958)
Non-controlling interests	817	503	2,384	(2,367)	(1,720)
	34,822	23,368	87,017	(175,796)	(149,678)
Basic and diluted earnings/(loss) per share attributable to the equity holders of the parent for the year (expressed in cents per share)	2.2	1.4	5.4	(11.0)	(9.4)

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS)

	Unaudited Quarter ended		Unaudited Nine months ended		Unaudited Year ended Oct 31, 2014 Restated*
	July 31, 2015	July 31, 2014 Restated*	July 31, 2015	July 31, 2014 Restated*	
Net income/(loss) for the period	34,822	23,366	87,017	(175,796)	(149,678)
Other comprehensive (loss)/income (net of tax) to be reclassified to net income or loss in subsequent periods:					
Net (losses)/gains on available-for-sale investment securities	(1,117)	3,530	(6,466)	7,391	6,763
Exchange losses on translation of foreign operations	(2,121)	(3,014)	(5,029)	(8,911)	(8,942)
	(3,238)	520	(11,495)	(1,520)	(1,791)
Other comprehensive (loss)/income (net of tax) not to be reclassified to net income or loss in subsequent periods:					
Re-measurement gains of retirement benefit obligations	-	257	-	798	4,053
Other comprehensive (loss)/income for the period, net of tax	(3,238)	777	(11,495)	(722)	3,874
Comprehensive income/(loss) for the period, net of tax	31,584	24,145	75,522	(176,518)	(145,804)
Comprehensive Income/(loss) for the period attributable to:					
Equity holders of the parent	30,716	23,637	73,078	(174,091)	(144,281)
Non-controlling interests	868	(503)	2,444	(2,427)	(1,523)
	31,584	24,145	75,522	(176,518)	(145,804)

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