

# FirstCaribbean International Bank Limited

## Consolidated Financial Statements

For the year ended October 31, 2015 (expressed in thousands of United States dollars)



FirstCaribbean  
International Bank

### CHIEF EXECUTIVE OFFICER'S REVIEW

2015 was a year of recovery for CIBC FirstCaribbean. The Bank delivered solid results against its strategic objectives of accelerating profitable revenue growth and improving operational efficiency recording reported net income of \$10.9 million in the fourth quarter. Normalized<sup>1</sup> net income was \$36.4 million, up \$10.9 million or 43% over the prior year's fourth quarter net income of \$25.5 million. The strong close to the fiscal year also included higher revenue and lower loan loss impairment expense compared with the same period in the prior year.

For the fiscal year ending October 31, 2015, the Bank recorded reported net income of \$97.9 million. Excluding restructuring costs, which include the sale of our Belize operations and other non-core items the Bank generated normalized<sup>1</sup> net income of \$123.4 million. This represents a significant improvement in performance versus the normalized<sup>1</sup> net income of \$82.5 million (reported net loss \$148.4 million) in the prior year.

We announced a final regular dividend for the year of \$0.020 per share, bringing the total dividend to \$0.035 per share for the year, an increase of \$0.005 over 2014. We also announced a special dividend of \$100 million (\$0.063 per share), which not only signifies the Bank's commitment to enhancing shareholder returns through capital deployment but reflects the strength in our capital position. The Bank's Tier 1 and Total Capital ratios at year end are 21.6% and 22.8%, well in excess of applicable regulatory requirements. The dividends will be paid on January 29, 2016 to shareholders of record as at December 29, 2015.

In 2014 we outlined the significant effort the Bank made in confronting and remedying a number of legacy issues including our credit framework, underwriting processes and infrastructure upgrades. During 2015, our results reflect the benefit of these efforts with loan loss impairment and non-performing loans at significantly lower levels. Additionally, expenses continue to be well managed against a backdrop of increasing costs in the region.

Normalized<sup>1</sup> revenue of \$576.4 million remained relatively flat against the prior year as net interest margin pressures still persist and a sustained demand for credits has not fully returned to the region. However, revenue for the second half of the fiscal year was up \$5.8 million or 2% over the same period last year. Additionally, our Retail Lenders recorded productive loan growth of 1% for the second half of the year as sales activity showed positive momentum after 3 previous years of net decline. Normalized<sup>1</sup> operating expenses of \$348.2 million were also flat against the prior year as a result of discretionary expense control and the benefit from previous restructuring activities.

Loan loss impairment expense was significantly lower by \$49.8 million compared with the prior period's normalized<sup>1</sup> expense of \$91.3 million due to an improvement in the loss experience and recovery activity. Additionally, non-productive loan balances were down 22% to \$583.7 million compared with the same period last year and well down from our historical peak level of \$981.7 million in May 2012. Significant focus has been placed on further strengthening the quality of our loan portfolio.

Loan growth during the second half of the fiscal has been another encouraging aspect of our 2015 performance. The \$125.6 million or 2% productive loan growth recorded since the second quarter of the fiscal remains generally in line with our perspective of a slowly recovering regional economy. While the economic outlook and forecasts for the Caribbean remain modest we are positive about the Bank's future and believe we are well positioned for sustainable growth and improved shareholder returns.

During 2015, the Bank continued to make a number of investments across the region pursuing its growth objectives while also demonstrating its continuing commitment to the Caribbean.

With an intensified focus on clients to whom we can add substantive value, we opened a new branch at Fairview, Montego Bay and piloted a mini branch at Santa Cruz, both in Jamaica. Additionally, we recently opened a Representative Office in Anaba and have plans to open a full service branch in Barbados, as part of our expansion plan for the Dutch Caribbean. And, we are in the process of converting the Rendezvous Branch in Barbados into a first-class SME center catering to Platinum Banking, Business Banking, Corporate and International Banking customers. We also made the decision to exit the Belize market.

Along with the optimization of the physical branch network, the Bank's renewed emphasis on improving response and turnaround times to the customer through the first phase of a recently launched organizational initiative should also position us to benefit from improved customer experiences throughout 2016 and beyond.

We continue to believe that infrastructure development and renewal in the Caribbean will play a pivotal role in its economic recovery. During 2015, the Bank again hosted its annual infrastructure conference bringing together clients and subject matter experts to discuss key issues and financing options.

Our people play a pivotal role in successfully delivering on the Bank's growth aspirations and achieving customer service excellence. In support of this we continue to invest in the learning and development of our people around our product suite, customer service and management skillset. The Bank also remains highly committed to soliciting the feedback of its employees as part of its overall mandate of employee engagement.

CIBC FirstCaribbean takes great pride in delivering on its corporate social responsibility. In 2015, we contributed approximately \$1 million to community causes and programs. Additionally, the Bank's annual fundraising effort, Walk for the Cure, raised a record \$380,000 across the region and attracted 20,000 walkers. Once again the funds raised will go towards the care and support of those in the region living with cancer. We wish to thank all who participated in this worthy event.

We continue to believe that the future remains promising for our franchise and wish to thank the Board, management, staff and most importantly, our clients for their loyalty and continuing support.

Rik Parkhill  
Chief Executive Officer  
December 11, 2015

<sup>1</sup> 2015 Current year net income has been normalized for restructuring costs which include the sale of the Belize operation and other non-core items totaling \$25.5 million.  
<sup>2</sup> 2014 prior year net income has been normalized for two (2) for the items of note \$115.0 million of interrelated loan losses and a non-core gain with impairment charge of \$115.9 million.



Ernst & Young  
Chartered Accountants  
Barbados, December 10, 2015

### REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

To the Shareholders of FirstCaribbean International Bank Limited

The accompanying summarized consolidated financial statements, which comprise the consolidated statement of financial position as at October 31, 2015, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and related notes, are derived from the audited consolidated financial statements of FirstCaribbean International Bank Limited for the year ended October 31, 2015. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated December 10, 2015. Those consolidated financial statements, and the summarized consolidated financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those consolidated financial statements.

The summarized consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summarized consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of FirstCaribbean International Bank Limited.

### Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of a summary of the audited consolidated financial statements on the basis of their established criteria as described in Note 1.

### Auditors' Responsibility

Our responsibility is to express an opinion on the summarized consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810, "Engagements to Report on Summary Financial Statements."

### Opinion

In our opinion, the summarized consolidated financial statements derived from the audited consolidated financial statements of FirstCaribbean International Bank Limited for the year ended October 31, 2015 are consistent, in all material respects, with those consolidated financial statements, on the basis of management's criteria as described in Note 1.

Ernst & Young  
Chartered Accountants  
Barbados, December 10, 2015

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

|  | Audited<br>October 31, 2015 | Audited<br>October 31, 2014<br>Restated* | Audited<br>November 1, 2013<br>Restated* |
|--|-----------------------------|--|--|
| <b>Assets</b>  |                             |  |  |
| Cash, balances with Central Banks and due from banks       | 1,691,781                   | 1,813,702                                | 2,311,538                                |
| Loans and advances to customers                            | 6,005,021                   | 6,140,273                                | 6,329,247                                |
| Investment securities                                      | 2,331,012                   | 2,305,215                                | 2,214,085                                |
| Property and equipment                                     | 139,701                     | 131,538                                  | 127,040                                  |
| Other assets   | 154,160                     | 169,029                                  | 112,761                                  |
| Intangible assets  | 218,961                     | 218,961                                  | 334,907                                  |
|  | 10,540,636                  | 10,778,718                               | 11,429,578                               |
| Assets of a disposal group classified as held for sale     | 148,717                     | -  | -  |
| <b>Total assets</b>  | <b>10,689,353</b>           | <b>10,778,718</b>                        | <b>11,429,578</b>                        |
| <b>Liabilities</b>   |                             |  |  |
| Customer deposits and other borrowed funds                 | 8,698,750                   | 9,200,379                                | 9,622,921                                |
| Other liabilities  | 267,498                     | 709,714                                  | 234,503                                  |
| Debt securities in issue                                   | 208,890                     | 30,974                                   | 30,461                                   |
|  | 9,175,138                   | 9,941,067                                | 9,897,885                                |
| Liabilities of disposal group classified as held for sale  | 133,616                     | -  | -  |
| <b>Total liabilities</b>                                   | <b>9,308,752</b>            | <b>9,941,067</b>                         | <b>9,897,885</b>                         |
| <b>Equity attributable to equity holders of the parent</b> |                             |  |  |
| Issued capital and reserves                                | 919,678                     | 917,245                                  | 923,059                                  |
| Retained earnings  | 434,925                     | 397,009                                  | 582,218                                  |
|  | 1,354,603                   | 1,314,254                                | 1,505,277                                |
| Non-controlling interests                                  | 25,998                      | 23,397                                   | 26,416                                   |
| <b>Total equity</b>  | <b>1,380,601</b>            | <b>1,337,651</b>                         | <b>1,531,693</b>                         |
| <b>Total liabilities and equity</b>                        | <b>10,689,353</b>           | <b>10,778,718</b>                        | <b>11,429,578</b>                        |

\* Certain amounts shown here do not correspond to the 2014 consolidated financial statements and reflect adjustments made.  
Note: Results have been converted to US\$ at an exchange rate of US\$1 = BBD12.

Rik Parkhill  
Chief Executive Officer

Sir Fred Gollop  
Director

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

|   | Attributable to equity holders of the Parent |           |                      |                              | Total<br>Equity |
|---|--|-----------|----------------------|------------------------------|-----------------|
|   | Issued<br>Capital                            | Reserves  | Retained<br>Earnings | Non-controlling<br>Interests |                 |
| <b>Balance at November 1, 2013 (Restated *)</b> | 1,193,149                                    | (270,090) | 582,218              | 26,416                       | 1,531,693       |
| Comprehensive loss for the year (Restated *)    | -  | 2,407     | (146,724)            | (1,523)                      | (145,840)       |
| Transfer from reserves                          | -  | (8,221)   | 8,221                | -                            | -               |
| Equity dividends                                | -  | -         | (46,706)             | -                            | (46,706)        |
| Dividends of subsidiaries                       | -  | -         | -                    | (1,496)                      | (1,496)         |
| <b>Balance at October 31, 2014 (Restated *)</b> | 1,193,149                                    | (275,904) | 397,009              | 23,397                       | 1,337,651       |
| Comprehensive income for the year               | -  | (7,648)   | 94,703               | 4,097                        | 91,152          |
| Transfer to reserves                            | -  | 10,081    | (10,081)             | -                            | -               |
| Equity dividends                                | -  | -         | (46,706)             | -                            | (46,706)        |
| Dividends of subsidiaries                       | -  | -         | -                    | (1,496)                      | (1,496)         |
| <b>Balance at October 31, 2015</b>              | 1,193,149                                    | (273,471) | 434,925              | 25,998                       | 1,380,601       |

\* Certain amounts shown here do not correspond to the 2014 consolidated financial statements and reflect adjustments made.  
Note: Results have been converted to US\$ at an exchange rate of US\$1 = BBD12.

### CONDENSED CONSOLIDATED STATEMENT OF INCOME/(LOSS)

|  | Audited<br>Year ended<br>October 31, 2015 | Audited<br>Year ended<br>October 31, 2014<br>Restated* |
|--|---|--|
| Interest and similar income  | 435,810                                   | 455,175  |
| Interest and similar expense   | 73,111                                    | 86,286   |
| <b>Net interest income</b>   | <b>362,699</b>                            | <b>368,889</b>   |
| Operating income   | 159,674                                   | 160,604  |
| <b>Total operating income</b>  | <b>522,373</b>                            | <b>529,393</b>   |
| Operating expenses   | 370,111                                   | 349,295  |
| Loan loss impairment   | 41,507                                    | 206,283  |
| Impairment of intangible assets  | -   | 115,946  |
| <b>Total expenses</b>  | <b>411,618</b>                            | <b>671,524</b>   |
| <b>Income/(loss) before taxation</b>   | <b>110,755</b>                            | <b>(142,131)</b>                                       |
| Income tax expense   | 12,823                                    | 6,282  |
| <b>Net income/(loss) for the year</b>  | <b>97,932</b>                             | <b>(148,413)</b>                                       |
| <b>Attributable to:</b>  |   |  |
| Equity holders of the parent   | 94,703                                    | (146,724)  |
| Non-controlling interests  | 3,229                                     | (1,689)  |
| <b>Total</b>   | <b>97,932</b>                             | <b>(148,413)</b>                                       |
| <b>Basic and diluted earnings/(loss) per share attributable to the equity holders of the parent for the year: (expressed in cents per share)</b> | <b>6.0</b>                                | <b>(9.3)</b>   |

\* Certain amounts shown here do not correspond to the 2014 consolidated financial statements and reflect adjustments made.  
Note: Results have been converted to US\$ at an exchange rate of US\$1 = BBD12.

# FirstCaribbean International Bank Limited

## Consolidated Financial Statements

For the year ended October 31, 2015 (expressed in thousands of United States dollars)



FirstCaribbean  
International Bank

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS)

|   | Audited<br>Year ended<br>October 31, 2015 | Audited<br>Year ended<br>October 31, 2014<br>Restated* |
|---|---|--|
| Net income/(loss) for the year  | 97,932                                    | (148,413)  |
| Other comprehensive loss (net of tax) to be reclassified to net income or loss in subsequent periods:       |   |  |
| Net (losses)/gains on available-for-sale investment securities  | (9,583)                                   | 7,462  |
| Exchange losses on translation of foreign operations  | (7,849)                                   | (8,947)  |
|   | (17,432)                                  | (1,485)  |
| 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                                    | 4,053  |
| Other comprehensive (loss)/income for the year, net of tax  | (6,780)                                   | 2,573  |
| Comprehensive income/(loss) for the year, net of tax  | 91,152                                    | (145,840)  |
| Comprehensive income/(loss) for the year attributable to:   |   |  |
| Equity holders of the parent  | 87,055                                    | (148,317)  |
| Non-controlling interests   | 4,097                                     | (1,523)  |
|   | 91,152                                    | (145,840)  |

\* Certain amounts shown here do not correspond to the 2014 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 CASH FLOWS

|   | Audited<br>Year ended<br>October 31, 2015 | Audited<br>Year ended<br>October 31, 2014<br>Restated* |
|---|---|--|
| Net cash used in operating activities                             | (70,047)                                  | (493,996)  |
| Net cash used in investing activities                             | (2,171)                                   | (24,044)   |
| Net cash from/(used in) financing activities                      | 90,280                                    | (34,018)   |
| Net increase/(decrease) in cash and cash equivalents for the year | 18,062                                    | (552,058)  |
| Effect of exchange rate changes on cash and cash equivalents      | (7,849)                                   | (8,942)  |
| Cash and cash equivalents, beginning of the year                  | 1,376,184                                 | 1,937,184  |
| Cash and cash equivalents, end of the year                        | 1,386,397                                 | 1,376,184  |

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

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

#### 1. Summary of significant accounting policies - Basis of presentation.

The accompanying audited condensed consolidated financial statements of FirstCaribbean International Bank Limited (the Group) should be read in conjunction with the consolidated financial statements and notes thereto for the year ended October 31, 2015, included in the Group Annual Report 2015 which will be posted on our website ([www.cibcfcib.com](http://www.cibcfcib.com)) on December 11, 2015.

### ADDENDUM: CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

|                              | Q 1<br>2015 | Q 2<br>2015 | Q 3<br>2015 | Q 4<br>2015 | FY<br>2015 |
|------------------------------|-------------|-------------|-------------|-------------|------------|
| Interest and similar income  | 108,717     | 108,560     | 109,857     | 108,676     | 435,810    |
| Interest and similar expense | 20,674      | 23,393      | 17,469      | 14,575      | 76,111     |
| Net interest income          | 88,043      | 85,167      | 92,388      | 94,101      | 362,699    |
| Operating income             | 41,842      | 38,620      | 41,601      | 37,601      | 159,674    |
|                              | 129,885     | 126,797     | 133,989     | 131,702     | 522,373    |
| Operating expenses           | 85,162      | 87,148      | 86,389      | 111,412     | 370,111    |
| Loan loss impairment         | 15,740      | 11,665      | 7,366       | 6,736       | 41,507     |
|                              | 100,902     | 98,813      | 93,755      | 118,148     | 411,618    |
| Income before taxation       | 28,983      | 27,984      | 40,234      | 13,554      | 110,755    |
| Income tax expense           | 2,364       | 2,409       | 5,412       | 2,628       | 12,823     |
| Net income for the year      | 26,619      | 25,575      | 34,822      | 10,916      | 97,932     |
| Attributable to:             |             |             |             |             |            |
| Equity holders of the parent | 25,973      | 24,654      | 34,005      | 10,071      | 94,703     |
| Non-controlling interests    | 646         | 921         | 817         | 845         | 3,229      |
|                              | 26,619      | 25,575      | 34,822      | 10,916      | 97,932     |

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

6.0

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

**FirstCaribbean International Bank  
Top Ten Shareholders as at October 31, 2015**

| Shareholder   | BCSD        | TTCD       | JCSD | Main Register | Total Shareholding   | Rank | % of Total o/s shares |
|---|-------------|------------|------|---------------|----------------------|------|-----------------------|
| CIBC Investments (Cayman) Limited                             | 779,545,626 |            | -    | 666,179,631   | 1,445,725,257        | 1    | 91.6702%              |
| National Insurance Board (Barbados)                           | 7,500,000   |            | -    | 5,319,355     | 12,819,355           | 2    | 0.8128%               |
| Sagicor Equity Fund   | 4,740,390   |            | -    | 6,191,818     | 10,932,208           | 3    | 0.6932%               |
| Guardian Life of The Caribbean Limited                        |             | 10,285,143 | -    | 3,000         | 10,288,143           | 4    | 0.6523%               |
| National Insurance Board (Trinidad & Tobago)                  |             | 7,000,000  | -    |               | 7,000,000            | 5    | 0.4439%               |
| Trinidad & Tobago Unit Trust Corporation - FUS                | 83,022      | 5,967,796  |      |               | 6,050,818            | 6    | 0.3837%               |
| ESPP Main Plan (First Caribbean)                              | 4,091,840   |            |      | 685,203       | 4,777,043            | 7    | 0.3029%               |
| RBTT Trust Ltd. - T964  |             | 3,160,002  |      |               | 3,160,002            | 8    | 0.2004%               |
| Sagicor Life (Life of Barbados)                               | 1,984       |            |      | 3,103,887     | 3,105,871            | 9    | 0.1969%               |
| TrinTrust Limited A/C 1088                                    |             | 3,025,000  |      |               | 3,025,000            | 10   | 0.1918%               |
| <b>Top Ten Share Total</b>                                    |             |            |      |               | <b>1,506,883,697</b> |      |                       |
| <b>Total Outstanding Common Shares as at October 31, 2015</b> |             |            |      |               | <b>1,577,094,570</b> |      |                       |
| <b>Additional holdings</b>                                    |             |            |      |               |                      |      |                       |
| Norman Finance - Development Ltd.                             |             | 28,776     |      | 1,122,980     | 1,151,756            |      |                       |
| British American Insurance (B'dos) Ltd                        |             | 198,000    |      | 30,000        | 228,000              |      |                       |

**FirstCaribbean Int'l Bank Ltd.**  
**Senior Management Shareholding**  
**As at October 31, 2015**

|                          | BCSD | TTCO  | JCSD | Main Register | Total Shareholding |
|--------------------------|------|-------|------|---------------|--------------------|
| <b>Directors</b>         |      |       |      |               |                    |
| Douglas F. Parkhill      |      |       |      |               | -                  |
| David Ritch              |      |       |      |               | -                  |
| Sir Fred Collop          |      |       |      | 1,416         | 1,416              |
| Sir Allan Fields         |      | 1,000 |      |               | 1,000              |
| G. Diane Stewart         |      |       |      |               | -                  |
| Paula Rajkumarsigh       |      |       |      |               | -                  |
| Christina Kramer         |      |       |      |               | -                  |
| Brian McDonough          |      |       |      |               | -                  |
| David Arnold             |      |       |      |               | -                  |
| Brian Clarke             |      |       |      |               | -                  |
| <b>Senior Management</b> |      |       |      |               |                    |
| Brian Lee                |      |       |      |               | -                  |
| Jude Pinto               |      |       |      |               | -                  |
| Mark McIntyre            |      |       |      |               | -                  |
| Irene Markus             |      |       |      |               | -                  |
| Ben Douangprachanh       |      |       |      |               | -                  |
| Neil Brennan             |      |       |      |               | -                  |
| Marie Rodland-Allen      |      |       |      |               | -                  |
| Nigel Holness            |      |       |      |               | -                  |
| Willem M van der Burg    |      |       |      | 12,465        | 12,465             |
| Donna Graham             |      |       |      |               | -                  |
| Debbie Keillett          |      |       |      |               | -                  |
| Mark St Hill             |      |       |      |               | -                  |
| Trevor Torzas            |      |       |      | 2,830         | 2,830              |
| Brian Clarke             |      |       |      |               | -                  |
| Donna Wellington         |      |       |      |               | -                  |
| Dan Wright               |      |       |      |               | -                  |
| Colette Delaney          |      |       |      |               | -                  |