

FirstCaribbean International Limited

CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended April 30, 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 \$25.6 million in the second quarter, up \$9.2 million or 56% over the prior year quarter's adjusted¹ net income.

For the six month period ended April 30, 2015, net income was \$52.2 million, up \$20.4 million or 64% over prior year's adjusted¹ net income of \$31.8 million for the same period. Total revenue over the six month period was down \$7.7 million year over year (but flat in the second quarter compared with the prior year's quarter) primarily due to lower loan and security earnings, as several countries continue to experience low credit demand. Operating expenses were down by \$2.0 million compared with the same period last year as we continue to benefit from expense control initiatives and savings from our ongoing restructuring program.

Loan loss impairment expense was down significantly by \$27.1 million compared with the prior year's adjusted¹ expense due to an improvement in the loss experience. This also represents the fourth consecutive quarter of reduced loan loss levels year over year. Loan quality is strong and continues to improve with non-productive loan balances down 5% quarter over quarter. Productive loans are up slightly over the first quarter.

The Bank's Tier 1 and Total Capital ratios remain strong at 21.0% and 22.2%, well in excess of applicable regulatory requirements. In addition, the Directors have approved an interim dividend of one point five United States cents (US\$0.015) per share to be paid on June 26, 2015 to shareholders of record as at June 11, 2015. This, along with our continued investment in our franchise, reflects our commitment to the region and a promising outlook.

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

Rik Parkhill
Chief Executive Officer
May 28, 2015

¹ Prior period net income has been adjusted for two (2) items of note, \$115.0 million of incremental loan losses and a non-cash goodwill impairment charge of \$116.0 million

FORWARD-LOOKING STATEMENT DISCLOSURE

This report may contain forward-looking statements, including statements about our financial condition, results of operations, earnings outlook, asset 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.cibcfoib.com.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (USD'000)

| | Unaudited April 30, 2015 | Unaudited April 30, 2014 Restated* | Unaudited October 31, 2014 Restated* |
|--|-----------------------------|--|--|
| Assets | | | |
| Cash, balances with Central Banks and due from banks | 2,333,592 | 2,666,624 | 1,813,702 |
| Loans and advances to customers | 5,965,131 | 6,182,254 | 6,140,273 |
| Investment securities | 2,315,149 | 2,427,937 | 2,305,215 |
| Property and equipment | 128,773 | 127,459 | 131,538 |
| Other assets | 203,028 | 169,502 | 169,029 |
| Intangible assets | 218,961 | 218,959 | 218,961 |
| Total assets | 11,164,634 | 11,792,735 | 10,778,718 |
| Liabilities | | | |
| Customer deposits and other borrowed funds | 9,462,420 | 10,256,289 | 9,200,379 |
| Other liabilities | 210,194 | 198,715 | 209,678 |
| Debt securities in issue | 134,495 | 30,747 | 30,974 |
| Total liabilities | 9,807,109 | 10,485,751 | 9,441,031 |
| Equity attributable to equity holders of the parent | | | |
| Issued capital and reserves | 921,105 | 921,600 | 926,324 |
| Retained earnings | 412,195 | 362,651 | 387,966 |
| | 1,333,300 | 1,284,251 | 1,314,290 |
| Non-controlling interests | 24,225 | 22,733 | 23,397 |
| Total equity | 1,357,525 | 1,306,984 | 1,337,687 |
| Total liabilities and equity | 11,164,634 | 11,792,735 | 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 Gollop
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (USD'000)

| | 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 income for the period (Restated*) | - | (1,434) | (196,234) | (2,935) | (200,603) |
| Transfer to reserves | - | (7,834) | 7,834 | - | - |
| Equity dividends | - | - | (23,358) | - | (23,358) |
| Dividends of subsidiaries | - | - | - | (748) | (748) |
| Balance at April 30, 2014 (Restated*) | 1,193,149 | (271,549) | 362,651 | 22,733 | 1,306,984 |
| Balance at October 31, 2014 (Restated*) | 1,193,149 | (266,825) | 387,966 | 23,397 | 1,337,687 |
| 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 | 1,193,149 | (272,044) | 412,195 | 24,225 | 1,357,525 |

* 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

CONDENSED CONSOLIDATED STATEMENT OF INCOME/(LOSS) (USD'000)

| | Unaudited Quarter ended | | Unaudited Six months ended | | Unaudited Year ended Oct 31, 2014 Restated* |
|---|----------------------------|-----------------------------|-------------------------------|-----------------------------|--|
| | April 30, 2015 | April 30, 2014 Restated* | April 30, 2015 | April 30, 2014 Restated* | |
| Interest and similar income | 108,561 | 112,442 | 217,278 | 229,042 | 455,175 |
| Interest and similar expense | 20,394 | 21,490 | 41,068 | 43,408 | 86,386 |
| Net interest income | 88,167 | 90,952 | 176,210 | 185,634 | 368,789 |
| Operating income | 38,630 | 36,254 | 80,472 | 78,786 | 159,526 |
| | 126,797 | 127,206 | 256,682 | 264,420 | 528,315 |
| Operating expenses | 87,148 | 85,146 | 172,310 | 174,308 | 349,259 |
| Loan loss impairment | 11,664 | 138,875 | 27,404 | 169,464 | 206,283 |
| Impairment of intangible assets | - | 115,946 | - | 115,946 | 115,946 |
| | 98,812 | 339,967 | 199,714 | 459,718 | 671,488 |
| Income/(loss) before taxation | 27,985 | (212,761) | 56,968 | (195,298) | (143,173) |
| Income tax expense | 2,409 | 1,742 | 4,773 | 3,806 | 6,505 |
| Net income/(loss) for the period | 25,576 | (214,503) | 52,195 | (199,104) | (149,678) |
| Attributable to: | | | | | |
| Equity holders of the parent | 24,655 | (211,272) | 50,628 | (196,234) | (147,958) |
| Non-controlling interests | 921 | (3,231) | 1,567 | (2,870) | (1,720) |
| | 25,576 | (214,503) | 52,195 | (199,104) | (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) | 1.6 | (13.4) | 3.2 | (12.4) | (9.4) |

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS) (USD'000)

| | Unaudited Quarter ended | | Unaudited Six months ended | | Unaudited Year ended Oct 31, 2014 Restated* |
|---|----------------------------|-----------------------------|-------------------------------|-----------------------------|--|
| | April 30, 2015 | April 30, 2014 Restated* | April 30, 2015 | April 30, 2014 Restated* | |
| Net income/(loss) for the period | 25,576 | (214,503) | 52,195 | (199,104) | (149,678) |
| 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 | 6,978 | 9,638 | (5,349) | 3,857 | 8,763 |
| Exchange gains/(losses) on translation of foreign operations | 545 | (3,984) | (2,908) | (5,897) | (8,942) |
| | 7,523 | 5,654 | (8,257) | (2,040) | (1,179) |
| 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 | - | 281 | - | 541 | 4,053 |
| Other comprehensive income/(loss) for the period, net of tax | 7,523 | 5,935 | (8,257) | (1,499) | 3,874 |
| Comprehensive income/(loss) for the period, net of tax | 33,099 | (208,568) | 43,938 | (200,603) | (145,804) |
| Comprehensive income/(loss) for the period attributable to: | | | | | |
| Equity holders of the parent | 32,046 | (205,461) | 42,362 | (197,668) | (144,281) |
| Non-controlling interests | 1,053 | (3,107) | 1,576 | (2,935) | (1,523) |
| | 33,099 | (208,568) | 43,938 | (200,603) | (145,804) |

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

FirstCaribbean International Limited

CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended April 30, 2015 (expressed in thousands of United States dollars)



FirstCaribbean
International Bank

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (USD'000)

| | Unaudited Six months ended April 30, 2015 | Unaudited Year ended October 31, 2014 Restated* |
|--|---|--|
| Net cash from/(used in) operating activities | 459,510 | (493,996) |
| Net cash from/(used in) investing activities | 17,516 | (24,044) |
| Net cash from/(used in) financing activities | 77,499 | (34,018) |
| Net increase/(decrease) in cash and cash equivalents for the period | 554,525 | (552,058) |
| Effect of exchange rate changes on cash and cash equivalents | (2,921) | (8,942) |
| Cash and cash equivalents, beginning of the period | 1,376,184 | 1,937,184 |
| Cash and cash equivalents, end of the period | 1,927,788 | 1,376,184 |

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

CONDENSED CONSOLIDATED SEGMENT INFORMATION (USD'000)

| | Unaudited April 30, 2015 | | | | |
|----------------------------------|--------------------------|----------------|---------------|---------------|-------------------|
| | RB | WB | WM | Admin | Total |
| External revenues | 88,241 | 102,914 | 26,271 | 39,256 | 256,682 |
| Revenues from other segments | 4,297 | 5,683 | 13,495 | (23,475) | - |
| Total Revenues | 92,538 | 108,597 | 39,766 | 15,781 | 256,682 |
| Segment Results | (8,325) | 19,321 | 12,977 | 32,995 | 56,968 |
| Taxation expense | | | | | 4,773 |
| Net income for the period | | | | | 52,195 |
| Segment Assets | 2,202,684 | 3,135,016 | 233,773 | 5,335,098 | 10,906,571 |
| Unallocated assets | | | | | 258,063 |
| Total assets | | | | | 11,164,634 |
| Segment liabilities | 2,981,202 | 2,992,100 | 3,482,637 | 343,268 | 9,799,207 |
| Unallocated liabilities | | | | | 7,902 |
| Total liabilities | | | | | 9,807,109 |

| | Audited Oct 31, 2014 (Restated*) | | | | |
|---------------------------------|----------------------------------|----------------|---------------|---------------|-------------------|
| | RB | WB | WM | Admin | Total |
| External revenues | 180,816 | 214,930 | 50,348 | 82,221 | 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 | 58,481 | (27,227) |
| Impairment of intangible assets | | | | | (115,946) |
| Taxation expense | | | | | 6,505 |
| Net loss for the year | | | | | (149,678) |
| Segment assets | 2,214,834 | 3,257,336 | 237,959 | 4,810,152 | 10,520,281 |
| Unallocated assets | | | | | 258,437 |
| Total assets | | | | | 10,778,718 |
| Segment liabilities | 2,886,305 | 2,430,895 | 3,530,902 | 587,295 | 9,435,397 |
| Unallocated liabilities | | | | | 5,634 |
| Total liabilities | | | | | 9,441,031 |

| | Unaudited April 30, 2014 (Restated*) | | | | |
|---------------------------------|--------------------------------------|----------------|---------------|--------------|-------------------|
| | RB | WB | WM | Admin | Total |
| External revenues | 91,343 | 106,379 | 24,560 | 42,138 | 264,420 |
| Revenues from other segments | 8,610 | 5,924 | 21,098 | (35,632) | - |
| Total Revenues | 99,953 | 112,303 | 45,658 | 6,506 | 264,420 |
| Segment Results | (94,398) | (26,844) | 9,196 | 32,694 | (79,352) |
| Impairment of intangible assets | | | | | (115,946) |
| Taxation expense | | | | | 3,806 |
| Net loss for the period | | | | | (199,104) |
| Segment assets | 2,228,468 | 3,276,385 | 261,861 | 5,771,387 | 11,538,101 |
| Unallocated assets | | | | | 254,634 |
| Total assets | | | | | 11,792,735 |
| Segment liabilities | 2,893,300 | 2,513,775 | 4,459,726 | 617,729 | 10,484,530 |
| Unallocated liabilities | | | | | 1,221 |
| Total liabilities | | | | | 10,485,751 |

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

Notes:

1. The Group's operations are now 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).

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

The Directors have approved an interim dividend of one point five United States cents (US\$0.015) per share to be paid on June 26, 2015 to Shareholders of record as at June 11, 2015.

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 recognises 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 condensed 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 condensed consolidated financial statement of financial position, statement of income or loss and statement of comprehensive income (increase/(decrease)):

| | Six months ended April 30, 2015 | Quarter ended April 30, 2014 | Six months ended April 30, 2014 | Year ended October 31, 2014 |
|--|------------------------------------|---------------------------------|------------------------------------|--------------------------------|
| Other Liabilities | - | 296 | (30) | (1,153) |
| Retained earnings | (1,153) | (296) | 30 | 1,153 |
| Operating expenses | 1,153 | (296) | 30 | (1,153) |
| Profit for the period and total comprehensive income | (1,153) | 296 | (30) | 1,153 |

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