

FirstCaribbean International Bank Limited

CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended July 31, 2014 (expressed in United States dollars)



CHIEF EXECUTIVE OFFICER'S REVIEW

Net income for the third quarter of \$23 million showed significant improvement when compared with \$10 million for the same quarter last year. Operating profit (Total Revenue less Operating Expenses) was \$47 million for the third quarter compared with \$39 million for the same period in the prior year.

For the nine months ended July 31, 2014, the Bank recorded a net loss of \$176 million. These results have been affected by items of note, including \$115 million (\$115 million after-tax) of incremental loan losses and a non-cash goodwill impairment charge of \$116 million (\$116 million after-tax), both incurred during the second quarter of 2014.

Excluding these items and non-controlling interest, the Bank generated \$57 million of net income for the period, compared to \$45 million in the prior year.

Operating profit was \$137 million for the nine months ended July 31, 2014, compared with \$126 million for the same period in the prior year. Revenues were up slightly by 1% or \$6 million over the prior year primarily due to higher fee based volumes and foreign exchange activity. Operating expenses were down 2% or \$5 million as a result of expense controls and savings from the ongoing restructuring program.

The Bank's Tier 1 and Total Capital ratios remain strong at 19.9% and 21.2%, well in excess of applicable regulatory requirements.

We wish to thank all of our stakeholders including our customers, shareholders, the Board, management and our employees for their ongoing support.

Rik Parkhill
Chief Executive Officer
September 13, 2014

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| Assets | Unaudited July 31, 2014 | Unaudited July 31, 2013 Restated* | Unaudited October 31, 2013 Restated* |
|--|----------------------------|---|--|
| Cash, balances with Central Banks and due from banks | 2,653,636 | 2,510,061 | 2,311,538 |
| Financial assets at fair value through profit or loss | - | 11,278 | - |
| Loans and advances to customers | 6,147,175 | 6,378,779 | 6,329,247 |
| Investment securities | 2,467,864 | 2,163,982 | 2,214,085 |
| Property and equipment | 128,763 | 127,685 | 127,040 |
| Other assets | 135,012 | 173,625 | 113,095 |
| Intangible assets | 216,959 | 334,907 | 334,907 |
| Total assets | 11,751,409 | 11,701,327 | 11,429,912 |
| Liabilities | | | |
| Customer deposits and other borrowed funds | 10,213,013 | 9,906,962 | 9,622,921 |
| Financial liabilities at fair value through profit or loss | - | 11,278 | - |
| Other liabilities | 200,418 | 155,438 | 244,839 |
| Debt securities in issue | 31,262 | 30,868 | 30,461 |
| Total liabilities | 10,444,693 | 10,104,546 | 9,898,221 |
| Equity attributable to equity holders of the parent | | | |
| Issued capital and reserves | 921,584 | 934,061 | 929,952 |
| Retained earnings | 361,889 | 634,241 | 574,573 |
| | 1,283,473 | 1,568,302 | 1,504,525 |
| Non-controlling Interests | 23,243 | 28,479 | 27,166 |
| Total equity | 1,306,716 | 1,596,781 | 1,531,691 |
| Total liabilities and equity | 11,751,409 | 11,701,327 | 11,429,912 |

* Certain amounts shown here do not correspond to the 2013 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

Sir Allan Fields
Director

Sir Fred Gollop
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, 2012 (Restated)* | 1,193,149 | (241,254) | 643,377 | 29,644 | 1,624,916 |
| Total comprehensive income for the period (Restated)* | - | (25,572) | 45,271 | 378 | 20,077 |
| Transfer to reserves | - | 7,715 | (7,715) | - | - |
| Acquisition of additional interest in subsidiary | - | 23 | - | (47) | (24) |
| Equity dividends | - | - | (46,692) | - | (46,692) |
| Dividends of subsidiaries | - | - | - | (1,496) | (1,496) |
| Balance at July 31, 2013 (Restated)* | 1,193,149 | (259,088) | 634,241 | 28,479 | 1,596,781 |
| Balance at October 31, 2013 (Restated)* | 1,193,149 | (263,197) | 574,573 | 27,166 | 1,531,691 |
| Total comprehensive loss for the period | - | (662) | (173,695) | (4,427) | (176,784) |
| 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 | 1,193,149 | (271,565) | 361,889 | 23,243 | 1,306,716 |

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

CONDENSED CONSOLIDATED STATEMENT OF (LOSS)/INCOME

| | Unaudited Quarter ended | | Unaudited Nine months ended | | Unaudited Year ended |
|--|----------------------------|----------------------------|--------------------------------|----------------------------|-------------------------------|
| | July 31, 2014 | July 31, 2013 Restated* | July 31, 2014 | July 31, 2013 Restated* | October 31, 2013 Restated* |
| Interest and similar income | 113,885 | 113,575 | 342,927 | 346,893 | 466,266 |
| Interest and similar expense | 21,741 | 23,283 | 65,149 | 70,678 | 93,078 |
| Net interest income | 92,144 | 90,292 | 277,778 | 276,215 | 373,188 |
| Operating income | 42,003 | 39,276 | 120,789 | 116,694 | 156,664 |
| | 134,147 | 129,568 | 398,567 | 392,909 | 529,852 |
| Operating expenses | 87,602 | 91,046 | 261,940 | 267,285 | 397,149 |
| Loan loss expense | 23,477 | 27,008 | 192,941 | 75,609 | 151,399 |
| Impairment of Intangible assets | - | - | 115,846 | - | - |
| | 111,079 | 118,054 | 570,827 | 342,894 | 548,548 |
| (Loss)/Income before taxation | 23,068 | 11,514 | (172,260) | 50,015 | (18,696) |
| Income tax expense | (4) | 1,541 | 3,802 | 4,203 | 3,147 |
| Net (loss)/income for the period | 23,072 | 9,973 | (176,062) | 45,812 | (21,843) |
| Attributable to: | | | | | |
| Equity holders of the parent | 22,569 | 9,898 | (173,695) | 45,271 | (21,253) |
| Non-controlling interests | 503 | 75 | (2,367) | 541 | (590) |
| | 23,072 | 9,973 | (176,062) | 45,812 | (21,843) |
| Earnings per share attributable to the equity holders of the parent for the period: (expressed in cents per share) | 1.4 | 0.6 | (11.0) | 2.9 | (1.3) |

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE (LOSS)/INCOME

| | Unaudited Quarter ended | | Unaudited Nine months ended | | Unaudited Year ended |
|--|----------------------------|----------------------------|--------------------------------|----------------------------|-------------------------------|
| | July 31, 2014 | July 31, 2013 Restated* | July 31, 2014 | July 31, 2013 Restated* | October 31, 2013 Restated* |
| Net (loss)/income for the period | 23,072 | 9,973 | (176,062) | 45,812 | (21,843) |
| Other comprehensive Income: | | | | | |
| Net gains/(losses) on available-for-sale investment securities, net of tax | 3,534 | (17,130) | 7,391 | (15,157) | (5,939) |
| Exchange differences on translation of foreign operations, net of tax | (3,014) | (2,210) | (8,911) | (10,299) | (14,267) |
| Re-measurement gains/(losses) of Retirement benefit obligations | 257 | (39) | 798 | (729) | (33,591) |
| Other comprehensive (loss) for the period, net of tax | 777 | (19,379) | (722) | (25,735) | (53,797) |
| Total comprehensive (loss)/income for the period, net of tax | 23,849 | (9,406) | (176,784) | 20,077 | (75,640) |
| Attributable to: | | | | | |
| Equity holders of the parent | 23,341 | (9,290) | (174,357) | 19,699 | (74,943) |
| Non-controlling interests | 508 | (116) | (2,427) | 378 | (697) |
| | 23,849 | (9,406) | (176,784) | 20,077 | (75,640) |

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

FirstCaribbean International Bank Limited

CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended July 31, 2014 (expressed in United States dollars)



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Unaudited Quarter ended July 31, 2014 | Unaudited Nine months ended July 31, 2014 Restated* | Unaudited Year ended October 31, 2013 Restated* |
|--|---|--|--|
| Net cash from operating activities | 676,158 | 1,172,185 | 563,298 |
| Net cash used in investing activities | (202,689) | (145,799) | (456,130) |
| Net cash used in financing activities | (48,398) | (24,706) | (51,581) |
| Net increase in cash and cash equivalents for the period | 425,071 | 1,001,680 | 55,587 |
| Effect of exchange rate changes on cash and cash equivalents | (9,182) | (8,089) | (14,267) |
| Cash and cash equivalents, beginning of the period | 1,937,184 | 1,445,442 | 1,895,864 |
| Cash and cash equivalents, end of the period | 2,353,073 | 2,439,033 | 1,937,184 |

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CONDENSED CONSOLIDATED SEGMENT INFORMATION

| | Unaudited nine months ended July 31, 2014 | | | | |
|------------------------------|---|-----------|-----------|-----------|------------|
| | RB | WB | WM | Admin | Total |
| External revenues | 136,510 | 161,504 | 36,999 | 63,554 | 398,567 |
| Revenues from other segments | 12,167 | 8,761 | 31,123 | (52,851) | - |
| Total revenues | 148,677 | 170,265 | 68,122 | 11,503 | 398,567 |
| Segment results | (104,098) | (17,615) | 19,289 | 46,110 | (56,314) |
| Intangibles | - | - | - | - | (115,946) |
| Taxation expense | - | - | - | - | 3,802 |
| Net Loss for the period | - | - | - | - | (176,062) |
| Segment assets | 2,208,539 | 3,277,200 | 249,031 | 5,760,420 | 11,495,190 |
| Unallocated assets | - | - | - | - | 256,219 |
| Total assets | - | - | - | - | 11,751,409 |
| Segment liabilities | 2,914,729 | 2,466,680 | 4,445,616 | 615,126 | 10,442,151 |
| Unallocated liabilities | - | - | - | - | 2,542 |
| Total liabilities | - | - | - | - | 10,444,693 |

| | Unaudited year ended October 31, 2013 (Restated)* | | | | |
|------------------------------|---|-----------|-----------|-----------|------------|
| | RB | WB | WM | Admin | Total |
| External revenues | 175,649 | 213,684 | 50,287 | 90,232 | 529,852 |
| Revenues from other segments | 19,827 | 11,513 | 47,839 | (79,179) | - |
| Total Revenues | 195,476 | 225,197 | 98,126 | 11,053 | 529,852 |
| Segment Results | (80,362) | (30,317) | 32,367 | 59,616 | (18,696) |
| Taxation expense | - | - | - | - | 3,142 |
| Net Loss for the period | - | - | - | - | (21,843) |
| Segment assets | 2,357,462 | 3,269,123 | 291,433 | 5,135,876 | 11,053,894 |
| Unallocated assets | - | - | - | - | 376,018 |
| Total assets | - | - | - | - | 11,429,912 |
| Segment liabilities | 2,864,359 | 2,187,420 | 4,227,035 | 615,677 | 9,894,491 |
| Unallocated liabilities | - | - | - | - | 3,730 |
| Total liabilities | - | - | - | - | 9,898,221 |

| | Unaudited nine months ended July 31, 2013 (Restated)* | | | | |
|------------------------------|---|-----------|-----------|-----------|------------|
| | RB | WB | WM | Admin | Total |
| External revenues | 129,085 | 160,314 | 39,310 | 66,200 | 329,909 |
| Revenues from other segments | 14,654 | 7,158 | 36,288 | (58,100) | - |
| Total revenues | 143,739 | 167,472 | 73,598 | 8,100 | 392,909 |
| Segment Results | (40,358) | 18,220 | 32,284 | 39,869 | 50,015 |
| Taxation expense | - | - | - | - | 4,203 |
| Net Income for the period | - | - | - | - | 45,812 |
| Segment assets | 2,360,425 | 3,312,994 | 302,757 | 5,352,489 | 11,328,665 |
| Unallocated assets | - | - | - | - | 372,662 |
| Total assets | - | - | - | - | 11,701,327 |
| Segment liabilities | 2,857,660 | 2,287,839 | 4,445,123 | 511,669 | 10,102,291 |
| Unallocated liabilities | - | - | - | - | 2,255 |
| Total liabilities | - | - | - | - | 10,104,546 |

* Certain amounts shown here do not correspond to the 2013 consolidated financial statements and reflect adjustments made. Refer to Note 2.

Notes:

- On November 1, 2013 Corporate Lending & Investment Banking ("CLIB") Managing Directors Office was moved from Wholesale Banking and is now a sub-segment of the Chief Administrative Officer (reflected in Administration in segment note). The roles and functions remain unchanged. The Group's operations are now organized into three business 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, Human Resources, Technology & Operations, Risk and Other).
- Segmental Note disclosure has been restated due to Implementation of IAS 19 "Employee Benefits", refer to Note 2. Concurrently, the assumptions underpinning the segment allocation methodologies were updated resulting in changes to segment performance. 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, 2013, included in the Group's Annual Report 2013. 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 2014, in the amount of one point five United States cents per share (US\$0.015 cents per share) were paid.

2. Changes to Accounting policies

IAS 19 "Employee Benefits" — In June 2011, the IASB published an amended version of IAS 19 which became effective for the Company on November 1, 2013. The amendments require the following: (i) recognition of actuarial gains and losses in OCI in the period in which they arise; (ii) recognition of interest income on plan assets in net income using the same rate as that used to discount the retirement benefit obligation; and (iii) recognition of all past service costs (gains) in net income in the period in which they arise. We adopted the amendments to IAS 19 on a retrospective basis effective November 1, 2012. The increase (decrease) on the consolidated statement of financial position as a result of the retrospective application of the amendments to IAS 19 was as follows:

| As at | 2013 July 31 | 2013 Oct. 31 | 2012 Oct. 31 | 2011 Nov 31 |
|--------------------------------|-----------------|-----------------|-----------------|----------------|
| Other assets: | | | | |
| Retirement benefit assets | (12,636) | (9,202) | (12,986) | (13,570) |
| Other liabilities: | | | | |
| Retirement benefit obligations | 10,473 | 13,687 | 12,623 | 11,478 |
| Retained earnings | 7,803 | 10,702 | 5,024 | - |
| Reserves | (30,912) | (33,591) | (30,633) | (25,048) |

| \$'000 | For the quarter ended | For the nine months ended | For the year ended | |
|-------------------------|--------------------------|------------------------------|--------------------|-----------------|
| | 2013 July 31 | 2013 July 31 | 2013 Oct. 31 | 2012 Oct. 31 |
| Net Income before taxes | 960 | 2,870 | 5,804 | 5,010 |
| Income taxes | 39 | 114 | 154 | (14) |
| Net Income | 921 | 2,756 | 5,650 | 5,024 |
| Total OCI, net of taxes | (23,109) | (23,109) | (22,889) | (25,609) |