

# FirstCaribbean International Bank Limited

## Consolidated Financial Statements

For the year ended October 31, 2013 (expressed in thousands of United States dollars)



FirstCaribbean  
International Bank

### CHIEF EXECUTIVE OFFICER'S REVIEW

For the fiscal year ending October 31, 2013 the Bank generated \$530 million in revenue and maintained strong capital levels with a Total Capital Ratio of 24%, which is well in excess of regulatory requirements. Our capital levels provide us with the strength to endure challenging times as well as to invest in the future.

Results were affected by several items of note including \$37.6 million (\$35.5 million after-tax) of restructuring related expenses and an increase in the collective allowance for loan losses of \$25.0 million (\$21.6 million after-tax). This resulted in a reported net loss for the year of \$27.5 million. Excluding these items, the Bank generated \$29.6 million of net income for the year compared with \$71.9 million in the prior year.

Many of the economies in which we operate rely heavily on tourism and foreign direct investments. The overhang from the economic crisis continues to impede growth and by extension has negatively affected our results. Loan loss provisions this quarter were higher than normal and include an increase in the collective allowance. The Bank is focused on pursuing risk-controlled growth and has taken considerable steps during the year toward the goal of becoming a lower risk bank.

While never easy in these difficult times, we have also taken the decision to right size the organization, to redefine how we operate and to address our cost structure. The restructuring we are undertaking will position us for future cost savings and give us the ability to serve our customers better.

As we continue to pursue our strategic priorities our Bank has recorded some significant successes this year. We have introduced new and relevant products to better serve our clients and continue to leverage the capabilities of our parent and majority shareholder, CIBC. Our focus on addressing operational and administrative concerns has also led to improvements in the client experience.

Our Wholesale Banking segment has recorded significant strides in client service delivery. During 2013, we have significantly removed operational and administrative activities away from the front-line personnel to ensure Corporate Managers and Client Service Officers allocate more time to work and interact with, and provide solutions to clients. We have also streamlined and strengthened our credit adjudication processes to further enhance efficiency.

In our Retail and Business Banking segment we have invested heavily in developing a series of products and services to enhance our customer experience. These include the International Visa Debit Card, the Biz Line Credit Card for businesses, the Home Equity Line of Credit, the Medical Professional's Edge and a rewards program for our credit card customers. We have also continued our investment in upgrading our branches and network of Instant Teller® machines. Again focusing on customer experience, we have expedited our account opening times through an innovative continuous improvement process.

In the Wealth Management segment we have leveraged the strong Axiom Mutual Funds capability in our parent and majority shareholder, CIBC, to manufacture a Caribbean based version of these funds suitable for international investors who have funds and wealth managed through the Caribbean. We have also strengthened our capability to service our Wealth Management clients with the integration into our bank of the CIBC Bank & Trust business, located in the Cayman Islands and the Bahamas, further widening the scope of clients we can assist and the range of services we can provide.

We continue to maintain our level of giving to our communities through our charitable foundation. In addition to our work with the University of the West Indies (UWI), we continue to support young Caribbean entrepreneurs and myriad community groups across our entire footprint. We have also recently announced a contribution of \$1 million to the Sickkids-Caribbean Initiative to improve the care of Caribbean children affected by cancer and blood diseases such as sickle cell anemia.

We announced a final dividend for the year of \$0.015 per share. Our dividend remains unchanged and reinforces our view that the future continues to be promising for our franchise and our commitment to the Caribbean region is resolute.

For the second consecutive year our parent and majority shareholder, CIBC, has been ranked as the strongest bank in Canada and North America and third-strongest in the world by Bloomberg Markets. We are proud to be part of the CIBC group of companies.

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

December 14, 2013

#### 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.cibcfcib.com.

### 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 31 October 2013, consolidated statement of loss, consolidated statement of comprehensive loss, 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 31 October 2013. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 13 December 2013. 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 31 October 2013 are consistent, in all material respects, with those consolidated financial statements, on the basis of management's criteria as described in Note 1.

CHARTERED ACCOUNTANTS  
Barbados  
December 13, 2013

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited October 31, 2013	Audited October 31, 2012
<b>Assets</b>		
Cash, balances with Central Banks and due from banks	2,311,538	2,381,048
Financial assets at fair value through profit or loss	—	14,855
Loans and advances to customers	6,329,247	6,831,697
Investment securities	2,214,085	1,703,598
Property and equipment	127,040	133,597
Other assets	122,297	100,298
Intangible assets	334,907	334,907
<b>Total assets</b>	<b>11,439,114</b>	<b>11,500,000</b>
<b>Liabilities</b>		
Customer deposits and other borrowed funds	9,622,921	9,641,024
Financial liabilities at fair value through profit or loss	—	14,855
Other liabilities	231,152	162,996
Debt securities in issue	30,461	30,610
<b>Total liabilities</b>	<b>9,884,534</b>	<b>9,849,485</b>
<b>Equity attributable to equity holders of the parent</b>		
Issued capital and reserves	963,543	982,528
Retained earnings	563,871	638,343
	<b>1,527,414</b>	<b>1,620,871</b>
<b>Non-controlling interests</b>	<b>27,166</b>	<b>29,644</b>
<b>Total equity</b>	<b>1,554,580</b>	<b>1,650,515</b>
<b>Total liabilities and equity</b>	<b>11,439,114</b>	<b>11,500,000</b>

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

Sir Fred Gollop  
Director

Rik Parkhill  
Chief Executive Officer

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Parent				Total Equity
	Issued Capital	Reserves	Retained Earnings	Non-controlling Interests	
<b>Balance at October 31, 2011</b>	1,193,149	(231,879)	626,845	30,675	1,618,790
Total comprehensive income for the year	—	8,970	69,161	2,968	81,099
Transfer to reserves	—	11,201	(11,201)	—	—
Acquisition of additional interest in subsidiary	—	1,087	244	(2,503)	(1,172)
Equity dividends	—	—	(46,706)	—	(46,706)
Dividends of subsidiaries	—	—	—	(1,496)	(1,496)
<b>Balance at October 31, 2012</b>	<b>1,193,149</b>	<b>(210,621)</b>	<b>638,343</b>	<b>29,644</b>	<b>1,650,515</b>
<b>Balance at October 31, 2012</b>	<b>1,193,149</b>	<b>(210,621)</b>	<b>638,343</b>	<b>29,644</b>	<b>1,650,515</b>
Total comprehensive loss for the year	—	(20,251)	(26,751)	(697)	(47,699)
Transfer to reserves	—	1,010	(1,010)	—	—
Acquisition of additional interest in subsidiary	—	256	(5)	(285)	(34)
Equity dividends	—	—	(46,706)	—	(46,706)
Dividends of subsidiaries	—	—	—	(1,496)	(1,496)
<b>Balance at October 31, 2013</b>	<b>1,193,149</b>	<b>(229,606)</b>	<b>563,871</b>	<b>27,166</b>	<b>1,554,580</b>

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

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

	Audited Year ended October 31, 2013	Audited Year ended October 31, 2012
Interest and similar income	466,266	499,434
Interest and similar expense	93,078	102,612
<b>Net interest income</b>	<b>373,188</b>	<b>396,822</b>
Operating income	156,664	146,095
	<b>529,852</b>	<b>542,917</b>
Operating expenses	402,953	347,960
Loan loss impairment	151,399	119,967
Amortisation of intangible assets	—	717
	<b>554,352</b>	<b>468,644</b>
<b>(Loss)/Income before taxation</b>	<b>(24,500)</b>	<b>74,273</b>
Income tax expense	2,993	2,404
<b>Net (loss)/income for the year</b>	<b>(27,493)</b>	<b>71,869</b>
<b>Attributable to:</b>		
Equity holders of the parent	(26,751)	69,161
Non-controlling interests	(742)	2,708
	<b>(27,493)</b>	<b>71,869</b>

**(Loss)/Earnings per share attributable to the equity holders of the parent for the year: (expressed in cents per share)**

(1.7)

4.4

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 year ended October 31, 2013 (expressed in thousands of United States dollars)



FirstCaribbean  
International Bank

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

	Audited Year ended October 31, 2013	Audited Year ended October 31, 2012
Net (loss)/ income for the year	(27,493)	71,869
<b>Other comprehensive income:</b>		
Net (losses)/ gains on available-for-sale investment securities, net of tax	(5,939)	14,395
Net exchange losses on translation of foreign operations, net of tax	(14,267)	(5,165)
<b>Other comprehensive (loss)/ income for the year, net of tax</b>	<b>(20,206)</b>	<b>9,230</b>
Total comprehensive (loss)/ income for the year, net of tax	<b>(47,699)</b>	<b>81,099</b>
<b>Attributable to:</b>		
Equity holders of the parent	(47,002)	78,131
Non-controlling interests	(697)	2,968
	<b>(47,699)</b>	<b>81,099</b>

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

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited Year ended October 31, 2013	Audited Year ended October 31, 2012
Net cash from operating activities	563,298	518,613
Net cash (used in)/from investing activities	(456,130)	82,651
Net cash used in financing activities	(51,581)	(52,815)
Net increase in cash and cash equivalents for the year	55,587	548,449
Effect of exchange rate changes on cash and cash equivalents	(14,267)	(5,165)
Cash and cash equivalents, beginning of the year	1,895,864	1,352,580
Cash and cash equivalents, end of the year	<b>1,937,184</b>	<b>1,895,864</b>

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

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

#### 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 IFRS consolidated financial statements and notes thereto for the year ended October 31, 2013, included in the Group Annual Report 2013 as posted on our website ([www.cibcfib.com](http://www.cibcfib.com)). For a description of the Group's significant accounting policies, see Section 4 of the Consolidated Financial Statements 2013 (Note 2).