CIBC FirstCaribbean International Bank

FirstCaribbean International Bank (Bahamas) Limited
Managing Director's Review
Of the Results
For the for nine month period ended July 31, 2014

Net income for the third quarter of $11 million showed significant improvement when compared to $2 million for the same quarter last year. Operating profit (Total Revenue less Operating Expenses) was $19 million for the third quarter compared with $15 million for the same period in the prior year.

For the nine months ended July 31, 2014, the Bank recorded a net loss of $163 million. These results have been affected by items of note, including $75 million of incremental loan losses and a non-cash goodwill impairment charge of $115 million, both incurred during the second quarter of 2014.

Excluding these items, the Bank generated $27 million of net income for the period, compared to $13 million in the prior year.

Operating profit was $61 million for the nine months ended July 31, 2014, compared with $54 million for the same period in the prior year. Revenues were up 7% or $8 million over the prior year, primarily due to lower interest expense, and higher securities gains, credit service fees and fee based cards volumes. Operating expenses were down slightly, by 1%, 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 26.9% and 27.0%, 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.

Marie Rodland-Allen
Managing Director

FirstCaribbean International Bank (Bahamas) Limited
Condensed Consolidated Statement of Financial Position
B$'000

	Unaudited July 31, 2014	Unaudited July 31, 2013 Restated*	Unaudited October 31, 2013 Restated*
Assets			
Cash, balances with The Central Bank and due from banks	513,499	240,530	265,249
Financial assets at fair value through profit or loss	-	11,278	-
Other assets	15,812	6,532	7,704
Investment securities	885,393	671,804	690,454
Loans and advances to customers	2,005,132	2,177,739	2,122,045
Property and equipment	24,913	25,788	24,294
Goodwill	72,747	187,747	187,747
Total assets	3,517,496	3,321,418	3,297,493
Liabilities			
Customer deposits	2,874,480	2,510,020	2,499,328
Financial liabilities at fair value through profit or loss	-	11,278	-
Other liabilities	109,077	47,247	69,475
Total liabilities	2,983,557	2,568,545	2,568,803
Equity			
Issued capital	477,230	477,230	477,230
Reserves	(42,461)	(36,260)	(34,152)
Retained earnings	99,170	311,903	285,612
Total equity	533,939	752,873	728,690
Total liabilities and equity	3,517,496	3,321,418	3,297,493

* Certain amounts shown here do not correspond to the 2013 consolidated financial statements and reflect adjustments made for the change in International Accounting Standards 19 - "Employee Benefits". Refer to Note 2.

Director — Director

Condensed Consolidated Statement of Changes in Equity
B$'000

	Issued Capital	Reserves	Retained Earnings	Total
Balance at October 31, 2012 (Restated)*	477,230	(38,548)	332,765	771,447
Total comprehensive income for the period (Restated)*	-	(302)	12,984	12,682
Dividends	-	-	(31,256)	(31,256)
Transfer to Statutory Reserve Fund - Turks & Caicos Islands	-	2,654	(2,654)	-
Transfer to Statutory Loan Reserve	-	(64)	64	-
Balance at July 31, 2013 (Restated)*	477,230	(36,260)	311,903	752,873
Balance at October 31, 2013 (Restated)*	477,230	(34,152)	285,612	728,690
Total comprehensive loss for the period	-	(444)	(163,051)	(163,495)
Dividends	-	-	(31,256)	(31,256)
Transfer to Statutory Reserve Fund - Turks & Caicos Islands	-	1,133	(1,133)	-
Transfer from Statutory Loan Reserve	-	(8,998)	8,998	-
Balance at July 31, 2014	477,230	(42,461)	99,170	533,939

* Certain amounts shown here do not correspond to the 2013 consolidated financial statements and reflect adjustments made for the change in International Accounting Standards 19 - "Employee Benefits". Refer to Note 2.

Condensed Consolidated Statement of Income/(Loss)
B$'000

	Unaudited Three Months Ended July 31, 2014	Unaudited Three Months Ended July 31, 2013 Restated*	Unaudited Nine Months Ended July 31, 2014	Unaudited Nine Months Ended July 31, 2013 Restated*	Unaudited Year Ended October 31, 2013 Restated*
Total interest income	37,473	36,646	115,060	115,392	156,417
Total interest expense	4,139	5,092	12,342	16,324	20,914
Net interest income	33,334	31,554	102,718	99,068	135,503
Other operating income	9,897	7,588	29,522	24,793	32,741
Total operating income	43,231	39,142	132,240	123,861	168,244
Operating expenses	23,743	24,149	70,763	70,307	104,988
Goodwill impairment	-	-	115,000	-	-
Loan loss impairment	8,525	12,708	109,528	40,570	77,502
	32,268	36,857	295,291	110,877	182,490
Net income.(loss) for the period	10,963	2,285	(163,051)	12,984	(14,246)
Weighted average number of common shares outstanding for the period	120,216,204	120,216,204	120,216,204	120,216,204	120,216,204
Net earnings/(loss) per share (in cents)	9.1	1.9	(135.6)	10.8	(11.9)

* Certain amounts shown here do not correspond to the 2013 consolidated financial statements and reflect adjustments made for the change in International Accounting Standards 19 - "Employee Benefits". Refer to Note 2.

Condensed Consolidated Statement of Comprehensive Income/(Loss)
B$'000

	Unaudited Three Months Ended July 31, 2014	Unaudited Three Months Ended July 31, 2013 Restated*	Unaudited Nine Months Ended July 31, 2014	Unaudited Nine Months Ended July 31, 2013 Restated*	Unaudited Year Ended October 31, 2013 Restated*
Net income/(loss) for the period	10,963	2,285	(163,051)	12,984	(14,246)
Other comprehensive income					
Net gain/(loss) on available-for-sale investment securities	300	(3,886)	(624)	(302)	3,239
Re-measurement gain/(loss) of Retirement benefit obligations	60	-	180	-	(492)
Total comprehensive income/(loss) for the period	11,323	(1,601)	(163,495)	12,682	(11,499)

* Certain amounts shown here do not correspond to the 2013 consolidated financial statements and reflect adjustments made for the change in International Accounting Standards 19 - "Employee Benefits". Refer to Note 2.

Condensed Consolidated Statement of Cash Flows
B$'000

	Unaudited Nine months ended July 31, 2014	Unaudited Nine months ended July 31, 2013 Restated*	Unaudited Year Ended October 31, 2013 Restated*
Net cash from operating activities	457,493	104,905	157,337
Net cash used in investing activities	(180,284)	(46,819)	(58,281)
Net cash used in financing activities	(31,256)	(31,256)	(31,256)
Net increase in cash and cash equivalents	245,953	26,830	67,800
Cash and cash equivalents, beginning of the period	205,092	137,292	137,292
Cash and cash equivalents, end of the period	451,045	164,122	205,092

* Certain amounts shown here do not correspond to the 2013 consolidated financial statements and reflect adjustments made for the change in International Accounting Standards 19 - "Employee Benefits". Refer to Note 2.

Notes to the Condensed Consolidated Financial Statements
July 31, 2014

1. Basis of presentation

The accompanying unaudited condensed consolidated financial statements of FirstCaribbean International Bank (Bahamas) Limited should be read in conjunction with the International Financial Reporting Standards (IFRS) consolidated financial statements and notes thereto for the year ended October 31, 2013, included in the Bank's Annual Report 2013. For a description of the Bank's significant accounting policies, see Note 2 of the aforementioned consolidated financial statements.

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. Certain reclassifications have been 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.

The consolidated interim financial statements include the accounts of the following wholly owned subsidiaries:

- FirstCaribbean Insurance Agency (Bahamas) Limited
- FirstCaribbean International (Bahamas) Nominees Company Limited
- FirstCaribbean International Land Holdings (TCI) Limited

Dividends

An interim dividend of thirteen cents per share was approved by the Board of Directors and paid during the third quarter.

2. Changes to Accounting Policies

IAS 19 "Employee Benefits" - In June 2011, the International Accounting Standards Board (IASB) published an amended version of International Accounting Standards (IAS) 19 which became effective for the Bank on November 1, 2013. The amendments require the following: (i) recognition of actuarial gains and losses in Other Comprehensive Income (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:

B$'000 as at	July 31, 2013	October 31, 2013	October 31, 2012	November 1, 2012
Other assets				
Retirement benefit assets	(12,925)	(11,236)	(12,175)	(12,917)
Other liabilities				
Retirement benefit obligations	4,728	4,528	6,705	5,310
Retained Earnings	1,011	3,609	(109)	-
Reserves	(18,772)	(19,264)	(18,771)	(18,227)

The increase/(decrease) in the consolidated statement of income and consolidated statement of comprehensive income as a result of the retrospective application of the amendments to IAS 19 was as follows:

B$'000	For the three months ended July 31, 2013	For the nine months ended July 31, 2013	For the year ended October 31, 2013	For the year ended October 31, 2012
Net income/(loss)	410	1,230	3,609	(109)
Total OCI	(17,652)	(17,652)	(492)	(544)

Condensed Consolidated Segment Information
B$'000

	RB	WB	WM	Admin	Total
Unaudited Nine Months Ended July 31, 2014					
External revenues	69,488	39,258	5,163	18,331	132,240
Revenues from other segments	(11,712)	14,856	14,253	(17,397)	-
Total revenues	57,776	54,114	19,416	934	132,240
Segment Results	(57,657)	(8,488)	6,966	11,128	(48,051)
Impairment of goodwill				(115,000)	(115,000)
Net (loss)/ income for the period					(163,051)
Segment assets	1,027,798	915,129	92,487	1,409,335	3,444,749
Unallocated assets					72,747
Total assets					3,517,496
Segment liabilities	758,367	811,967	1,028,056	385,167	2,983,557
Unallocated liabilities					-
Total liabilities					2,983,557

	RB	WB	WM	Admin	Total
Unaudited Nine Months Ended July 31, 2013 (Restated) *					
External revenues	62,467	37,593	5,121	18,680	123,861
Revenues from other segments	(11,096)	13,719	15,427	(18,050)	-
Total revenues	51,371	51,312	20,548	630	123,861
Segment Results	(7,438)	2,127	13,520	4,775	12,984
Impairment of goodwill					-
Net (loss)/ income for the period					12,984
Segment assets	1,115,834	976,861	112,885	928,091	3,133,671
Unallocated assets					187,747
Total assets					3,321,418
Segment liabilities	764,934	756,296	966,958	80,357	2,568,545
Unallocated liabilities					-
Total liabilities					2,568,545

	RB	WB	WM	Admin	Total
Unaudited Year ended October 31, 2013 (Restated) *					
External revenues	86,231	50,141	7,119	24,753	168,244
Revenues from other segments	(15,028)	18,755	20,150	(23,877)	-
Total revenues	71,203	68,896	27,269	876	168,244
Net income/(loss) for the year	(35,258)	(13,035)	14,814	19,233	(14,246)
Segment assets	1,101,961	937,165	108,885	961,735	3,109,746
Unallocated assets					187,747
Total assets					3,297,493
Segment liabilities	755,320	753,314	961,334	98,835	2,568,803
Unallocated liabilities					-
Total liabilities					2,568,803

* Certain amounts shown here do not correspond to the 2013 consolidated financial statements and reflect adjustments made for the change in International Accounting Standards 19 - "Employee Benefits". Refer to Note 2.

Notes:

The Bank implemented a new organisational structure with effect from January 1, 2012 which introduced a new business segment, Wealth Management ("WM"); and in August 2013, renamed Corporate Lending Investment Banking ("CLIB") to Wholesale Banking ("WB"). The Bank's operations are now organised 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 Governance & Control). The Admin segment results include the earnings on economic capital and capital charges for Treasury and the offset of the same for RB, WB and WM. Please refer to Note 26 of the Bank's Annual Report 2013 for further details.

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.