



**INDEPENDENT AUDITOR'S REPORT**

TO THE SHAREHOLDERS OF  
 EASTERN CARIBBEAN AMALGAMATED BANK LIMITED

The accompanying summary financial statements, which comprise the summary statement of financial position as at September 30, 2011, and the summary statements of comprehensive income, changes in equity and cash flows for the period from October 18, 2010 to September 30, 2011 and related notes, are derived from the audited financial statements of **Eastern Caribbean Amalgamated Bank Limited** for the period from October 18, 2010 to September 30, 2011. We expressed an unmodified audit opinion on those financial statements in our report dated June 13, 2012. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

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

*Management's Responsibility for the Summary of Financial Statements*

Management is responsible for the preparation of a summary of the audited financial statements.

*Auditors' Responsibility*

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

*Opinion*

In our opinion, the summary financial statements derived from the audited financial statements of **Eastern Caribbean Amalgamated Bank Limited** for the period from October 18, 2010 to September 30, 2011 are consistent, in all material respects, with those financial statements.

*PricewaterhouseCoopers*

**CHARTERED ACCOUNTANTS**

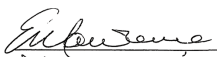

July 26, 2012  
 St. John's, Antigua

**SUMMARY STATEMENT OF FINANCIAL POSITION**

as at September 30, 2011  
 (expressed in Eastern Caribbean dollars)

	September 30, 2011 \$	October 18, 2010 \$
<b>ASSETS</b>		
Cash and balances with the Central Bank	30,791,133	8,202,756
Due from banks and other financial institutions	15,381,370	4,693,221
Investment securities	47,015,994	4,489,217
Loans and advances to customers	313,134,293	340,058,881
Other assets	1,085,388	18,136,317
Property, plant and equipment	6,129,277	5,576,356
Intangible assets	4,342,876	4,601,486
<b>TOTAL ASSETS</b>	<b>417,880,331</b>	<b>385,758,234</b>
<b>LIABILITIES</b>		
Customers' deposits	344,325,956	289,915,553
Other liabilities and accrued expenses	2,937,749	4,373,342
Short term borrowings	-	16,600,000
Provisions	-	3,000,000
Subscription for preference shares	-	47,869,339
<b>TOTAL LIABILITIES</b>	<b>347,263,705</b>	<b>361,758,234</b>
<b>EQUITY</b>		
Preference shares	47,869,339	-
Common shares	24,000,000	24,000,000
Other reserves	2,643,705	-
Deficit	(3,896,418)	-
<b>TOTAL EQUITY</b>	<b>70,616,626</b>	<b>24,000,000</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>417,880,331</b>	<b>385,758,234</b>

Approved for issue by the Board of Directors on July 26, 2012

Chairman  Director 

**SUMMARY STATEMENT OF COMPREHENSIVE INCOME**

For the period from October 18, 2010 to September 30, 2011  
 (expressed in Eastern Caribbean dollars)

	2011 \$
<b>OPERATING INCOME</b>	
Interest income	29,417,045
Interest expense	(11,488,308)
Net interest income	17,928,737
Loan impairment charges	(3,651,408)
Net interest income after loan impairment charges	14,277,329
Fee and commission income	5,193,730
Fee and commission expense	(2,533,731)
Net fee income	2,659,999
Other income	524,406
<b>NET INTEREST, FEE, COMMISSION AND OTHER INCOME</b>	<b>17,461,734</b>
<b>EXPENSES</b>	
Personnel expenses	7,512,111
General and administrative expenses	7,466,465
Impairment of investment securities (note 2)	2,262,742
Amortization of intangible assets	778,352
Depreciation of property and equipment	694,777
<b>TOTAL OPERATING EXPENSES</b>	<b>18,714,447</b>
<b>OPERATING LOSS FOR THE PERIOD</b>	<b>(1,252,713)</b>
Other comprehensive income	-
<b>COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(1,252,713)</b>

# SUMMARY STATEMENT OF CASH FLOWS

For the period from October 18, 2010 to September 30, 2011

(expressed in Eastern Caribbean dollars)

	September 30 2011 \$	At commencement date of October 18 2010 \$
<b>Cash flows from operating activities</b>		
Operating loss for the period	(1,252,713)	-
Adjustments for items not affecting cash:		
Interest income	(29,417,045)	-
Interest expense	11,488,308	-
Depreciation	694,777	-
Amortization of intangible assets	778,352	-
Provision for loan impairment charges	3,651,408	-
Provision for impairment of investments	2,262,742	-
Other non-cash items	(37,450)	-
<b>Cash flows used in operating activities</b>	<b>(11,831,621)</b>	<b>-</b>
<b>Net (increase)/decrease in operating assets</b>		
Loans and advances to customers	25,218,870	-
Mandatory deposits with the Central Bank	(9,418,784)	-
Other assets	17,050,929	-
Restricted deposits	1,160,438	-
<b>Net increase/(decrease) in operating liabilities</b>		
Deposits from customers	53,863,747	-
Other liabilities and accrued expenses	(1,435,593)	-
Provisions	(3,000,000)	-
<b>Cash generated from operations</b>	<b>71,607,986</b>	<b>-</b>
Interest received	27,225,360	-
Interest paid	(10,941,652)	-
<b>Net cash from operating activities</b>	<b>87,891,694</b>	<b>-</b>
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(1,247,698)	-
Purchase of investment securities	(14,408,078)	-
Purchase of intangible assets	(519,742)	-
Acquisition of net assets in business combination net of cash acquired		4,615,228
<b>Net cash (used in) from investing activities</b>	<b>(16,175,518)</b>	<b>4,615,228</b>
<b>Cash flows from financing activities</b>		
Short term borrowings	(16,600,000)	-
Cash received from shareholders for purchase consideration	-	1
<b>Net cash used in financing activities</b>	<b>(16,600,000)</b>	<b>1</b>
<b>Net increase in cash and cash equivalents</b>	<b>55,116,176</b>	<b>4,615,229</b>
<b>Exchange gains on cash and cash equivalents</b>	<b>37,450</b>	<b>-</b>
<b>Cash and equivalents at beginning of period</b>	<b>4,615,229</b>	<b>-</b>
<b>Cash and cash equivalents at end of period</b>	<b>59,768,855</b>	<b>4,615,229</b>

# SUMMARY STATEMENT OF CHANGES IN EQUITY

For the period from October 18, 2010 to September 30, 2011

(expressed in Eastern Caribbean dollars)

	Preference shares \$	Common shares \$	Other reserves \$	Retained earnings \$	Total \$
<b>At commencement date of October 18, 2010</b>	-	24,000,000	-	-	24,000,000
Issuance of preference shares	47,869,339	-	-	-	47,869,339
Comprehensive loss for the period	-	-	-	(1,252,713)	(1,252,713)
Reserve for loan loss provision	-	-	1,386,784	(1,386,784)	-
Reserve for interest recognised on impaired loans	-	-	1,256,921	(1,256,921)	-
<b>At September 30, 2011</b>	<b>47,869,339</b>	<b>24,000,000</b>	<b>2,643,705</b>	<b>(3,896,418)</b>	<b>70,616,626</b>

# NOTES TO SUMMARY FINANCIAL STATEMENTS

September 30, 2011

## 1. BASIS OF PREPARATION

These summary financial statements are derived from the audited financial statements of Eastern Caribbean Amalgamated Bank Limited for the period from October 18, 2010 to September 30, 2011.

## 2. IMPAIRMENT OF INVESTMENT SECURITIES

Subsequent to the Bank's financial year end, the Government of St. Kitts and Nevis restructured its debt instruments and investors were requested to take a 50% cut on the value of their investments. This resulted in the Bank making a provision of \$2.3 million for the diminution in value of its \$4.0 million investment in the Government of St. Kitts and Nevis bond and was ultimately the cause of the reported loss of \$1.3 million for the Bank's first year of operation.