



**FirstCaribbean International Bank (Bahamas) Limited**  
**Chairman's Review**  
**Of the Results**  
**For the nine months ended July 31, 2012**

Consolidated net income for the nine months ended July 31, 2012 totaled \$46.1 million compared to \$39.4 million for the same period in the prior year.

Total revenues declined by \$1.8 million year on year as a \$3.4 million increase in net interest income was offset by the decline in operating income of \$5.2 million. The increase in net interest income was driven primarily by lower cost of funding, while the decline in operating income was due mainly to lower securities gains.

Operating expenses declined by \$2.7 million, reflecting the Bank's continuing efforts at managing costs. Additionally, loan loss impairment expense decreased by \$5.8 million from the same period in 2011.

The Bank maintains a strong foundation with the Tier 1 and Total Capital ratios at 27% and 28%, respectively, which are well in excess of the regulatory requirements.

I thank the Board, management, staff and our customers for their loyalty and support.

Michael K. Mansoor  
Chairman

**FirstCaribbean International Bank (Bahamas) Limited**  
**Condensed Consolidated Statement of Financial Position**  
BS'000

	Unaudited July 31, 2012	Unaudited July 31, 2011	Audited October 31, 2011
<b>Assets</b>			
Cash, balances with The Central Bank and due from banks	248,219	418,532	290,628
Financial assets at fair value through profit or loss	19,255	37,075	27,319
Other assets	41,173	43,034	44,351
Investment securities	630,900	591,520	646,988
Loans and advances to customers	2,241,646	2,324,513	2,313,360
Property and equipment	26,849	26,634	26,703
Goodwill	187,747	187,747	187,747
<b>Total assets</b>	<b>3,395,789</b>	<b>3,629,055</b>	<b>3,537,096</b>
<b>Liabilities</b>			
Customer deposits	2,562,124	2,797,615	2,712,978
Financial liabilities at fair value through profit or loss	19,255	37,075	27,319
Other liabilities	35,536	48,367	38,574
<b>Total liabilities</b>	<b>2,616,915</b>	<b>2,883,057</b>	<b>2,778,871</b>
<b>Equity</b>			
Share capital and reserves	456,006	455,057	449,410
Retained earnings	322,868	290,941	308,815
<b>Total equity</b>	<b>778,874</b>	<b>745,998</b>	<b>758,225</b>
<b>Total liabilities and equity</b>	<b>3,395,789</b>	<b>3,629,055</b>	<b>3,537,096</b>

Director

Director

**Condensed Consolidated Statement of Changes in Equity**  
BS'000

	Share Capital & Reserves		Total
	Reserves	Retained Earnings	
Balance at October 31, 2010	442,483	288,371	730,854
Total comprehensive income for the period	9,356	39,448	48,804
Dividends	-	(33,660)	(33,660)
Transfer to Statutory Reserve Fund - Turks & Caicos Islands	3,130	(3,130)	-
Transfer to Statutory Loan Reserve	88	(88)	-
<b>Balance at July 31, 2011</b>	<b>455,057</b>	<b>290,941</b>	<b>745,998</b>
Balance at October 31, 2011	449,410	308,815	758,225
Total comprehensive income for the period	5,779	46,126	51,905
Dividends	-	(31,256)	(31,256)
Transfer to Statutory Reserve Fund - Turks & Caicos Islands	2,195	(2,195)	-
Transfer from Statutory Loan Reserve	(1,378)	1,378	-
<b>Balance at July 31, 2012</b>	<b>456,006</b>	<b>322,868</b>	<b>778,874</b>

**Condensed Consolidated Statement of Income**  
BS'000

	Unaudited Three Months Ended		Unaudited Nine Months Ended		Audited Year Ended
	July 31, 2012	July 31, 2011	July 31, 2012	July 31, 2011	October 31, 2011
Total interest income	40,838	44,084	127,007	139,040	183,493
Total interest expense	(6,532)	(10,412)	(21,297)	(36,748)	(45,663)
Net interest income	34,306	33,672	105,710	102,292	137,830
Operating income	7,763	10,670	22,840	28,068	35,488
	42,069	44,342	128,550	130,360	173,318
Operating expenses	20,148	21,864	59,874	62,525	83,208
Loan loss impairment	6,206	9,610	22,580	28,387	32,223
	26,354	31,474	82,454	90,912	115,431
<b>Net income for the period</b>	<b>15,715</b>	<b>12,868</b>	<b>46,126</b>	<b>39,448</b>	<b>57,887</b>

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
Earnings per share (in cents)	13.1	10.7	38.4	32.8	48.2

**Condensed Consolidated Statement of Comprehensive Income**  
BS'000

	Unaudited Three Months Ended		Unaudited Nine Months Ended		Audited Year Ended
	July 31, 2012	July 31, 2011	July 31, 2012	July 31, 2011	October 31, 2011
Net income for the period	15,715	12,868	46,126	39,448	57,887
<b>Other comprehensive income</b>					
Net gains on available-for-sale investment securities	181	1,425	5,779	9,356	3,145
<b>Total comprehensive income for the period</b>	<b>15,896</b>	<b>14,293</b>	<b>51,905</b>	<b>48,804</b>	<b>61,032</b>

**Condensed Consolidated Statement of Cash Flows**  
BS'000

	Unaudited Nine Months Ended	Unaudited Nine Months Ended	Audited Year Ended
	July 31, 2012	July 31, 2011	October 31, 2011
Net cash from operating activities	16,974	81,057	61,838
Net cash from/(used in) investing activities	38,172	(2,617)	64,132
Net cash (used in)/from financing activities	(31,256)	6,393	(33,661)
Net increase in cash and cash equivalents	23,890	84,833	92,309
Cash and cash equivalents, beginning of period	161,164	68,855	68,855
<b>Cash and cash equivalents, end of period</b>	<b>185,054</b>	<b>153,688</b>	<b>161,164</b>

**Notes to the Condensed Consolidated Financial Statements**  
July 31, 2012

**Summary of significant accounting policies**

The accompanying 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, 2011, included in the Bank's Annual Report 2011. For a description of the Bank'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, have 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 condensed consolidated financial statements reflect, in the opinion of management, all adjustments that are necessary for a fair presentation of the 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 condensed consolidated financial statements, management is required to make estimates and assumptions that 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 (formerly FirstCaribbean International Finance Corporation (Bahamas) Limited)
- FirstCaribbean International (Bahamas) Nominees Company Limited
- FirstCaribbean International Land Holdings (TCL) Limited

**Dividends**

An interim dividend of thirteen cents per share (\$0.13) was approved by the Board of Directors and paid during the third quarter.

**Condensed Consolidated Segment Information**  
BS'000

	Unaudited Nine months ended July 31, 2012					Unaudited Nine months ended July 31, 2011				
	RB	CLIB	WM	Admin	Total	RB	CLIB	WM	Admin	Total
External revenues	67,162	38,518	4,771	18,099	128,550	64,135	40,342	4,034	21,840	130,360
Revenues from other segments	(10,990)	14,838	13,791	(17,639)	-	(9,710)	16,881	12,057	(19,228)	-
<b>Total revenues</b>	<b>56,172</b>	<b>53,356</b>	<b>18,562</b>	<b>460</b>	<b>128,550</b>	<b>54,425</b>	<b>57,223</b>	<b>16,091</b>	<b>2,612</b>	<b>130,360</b>
<b>Net income for the period</b>	<b>9,884</b>	<b>13,373</b>	<b>10,952</b>	<b>11,917</b>	<b>46,126</b>	<b>13,141</b>	<b>1,475</b>	<b>8,949</b>	<b>15,883</b>	<b>39,448</b>
Segment assets	1,149,927	1,037,861	111,096	909,158	3,208,042	1,162,147	1,099,422	116,773	1,062,966	3,441,308
Unallocated assets	-	-	-	-	187,747	-	-	-	-	187,747
<b>Total assets</b>					<b>3,395,789</b>					<b>3,629,055</b>
Segment liabilities	763,696	759,545	964,817	128,857	2,616,915	820,444	871,637	959,079	231,897	2,883,057
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>					<b>2,616,915</b>					<b>2,883,057</b>

	Audited Year ended October 31, 2011				
	RB	CLIB	WM	Admin	Total
External revenues	86,730	52,949	5,030	28,609	173,318
Revenues from other segments	(14,362)	23,716	16,408	(25,762)	-
<b>Total revenues</b>	<b>72,368</b>	<b>76,665</b>	<b>21,438</b>	<b>2,847</b>	<b>173,318</b>
<b>Net income for the year</b>	<b>15,105</b>	<b>10,376</b>	<b>10,573</b>	<b>21,833</b>	<b>57,887</b>
Segment assets	1,165,425	1,085,692	117,011	981,221	3,349,349
Unallocated assets	-	-	-	-	187,747
<b>Total assets</b>					<b>3,537,096</b>
Segment liabilities	753,623	846,511	929,446	249,291	2,778,871
Unallocated liabilities	-	-	-	-	-
<b>Total liabilities</b>					<b>2,778,871</b>

**Notes:**

The Bank implemented a new organisational structure with effect from January 1, 2012, which introduced a new business segment, Wealth Management ("WM"). The Bank's operations are now organised into three business segments, Retail Banking ("RB"), Corporate Lending and Investment Banking ("CLIB") 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). The Administration segment results include the earnings on economic capital and capital charges for Treasury and the offset of the same for RB, CLIB and WM. Please refer to Note 26 of the Bank's Annual Report 2011 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.