



FirstCaribbean
International Bank

FirstCaribbean International Bank (Bahamas) Limited
Chairman's Review
Of the Results
For the year ended October 31, 2012

Consolidated net income for the year ended October 31, 2012 totalled \$56.4 million, which was marginally lower than the \$57.9 million recorded for 2011. This year's performance continued to be affected by slow economic recovery, marginal growth and low interest rates.

Total operating income of \$171.9 million declined by \$1.3 million year on year primarily from reductions in cost of funds, in an effort to address excess liquidity, being offset by the greater decline in other operating income due to lower securities gains. While cost containment strategies contributed to the decline in operating expenses of \$0.9 million, loan loss expenses were marginally higher than the previous year as the Bank ensures that there is adequate coverage for potential losses mainly due to exposures in the real estate/construction and tourism sectors. Non-performing loans were also reduced as part of Management's strong focus in this area.

The capital base of the Bank remains strong with capital ratios well in excess of regulatory requirements.

At its meeting on December 20, 2012, the Board of Directors declared a final dividend of thirteen cents (\$0.13) per share payable on January 21, 2013 to shareholders of record at the close of business on January 16, 2013. Previously, an interim dividend of thirteen cents (\$0.13) per share was paid, bringing the total dividend to twenty-six cents (\$0.26) per share for 2012.

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

A handwritten signature in black ink, appearing to read "Michael K. Mansoor", written in a cursive style.


Michael K. Mansoor
Chairman

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

	<u>Unaudited</u> <u>October 31, 2012</u>	<u>Audited</u> <u>October 31, 2011</u>
Assets		
Cash, balances with The Central Bank and due from banks	246,625	290,628
Financial assets at fair value through profit or loss	14,855	27,319
Other assets	14,919	15,112
Investment securities	606,911	646,988
Loans and advances to customers	2,259,537	2,342,228
Property and equipment	26,517	26,703
Goodwill	187,747	187,747
Total assets	<u>3,357,111</u>	<u>3,536,725</u>
Liabilities		
Customer deposits	2,503,239	2,712,978
Financial liabilities at fair value through profit or loss	14,855	27,319
Other liabilities	48,688	38,203
Total liabilities	<u>2,566,782</u>	<u>2,778,500</u>
Equity		
Share capital and reserves	457,454	449,410
Retained earnings	332,875	308,815
Total equity	<u>790,329</u>	<u>758,225</u>
Total liabilities and equity	<u>3,357,111</u>	<u>3,536,725</u>



 Director



 Director

Condensed Consolidated Statement of Changes in Equity
BS'000

	Share Capital & Reserves	Retained Earnings	Total
Balance at October 31, 2010	442,483	288,371	730,854
Total comprehensive income for the year	3,145	57,887	61,032
Dividends	-	(33,661)	(33,661)
Transfer to Statutory Reserve Fund - Turks & Caicos Islands	3,128	(3,128)	-
Transfer to Statutory Loan Reserve	654	(654)	-
Balance at October 31, 2011	449,410	308,815	758,225
Balance at October 31, 2011	449,410	308,815	758,225
Total comprehensive income for the year	6,923	56,437	63,360
Dividends	-	(31,256)	(31,256)
Transfer to Statutory Reserve Fund - Turks & Caicos Islands	2,196	(2,196)	-
Transfer from Statutory Loan Reserve	(1,075)	1,075	-
Balance at October 31, 2012	457,454	332,875	790,329

Condensed Consolidated Statement of Income
B\$'000

	Unaudited Three Months Ended		Unaudited Year Ended	Audited Year Ended
	<u>October 31, 2012</u>	<u>October 31, 2011</u>	<u>October 31, 2012</u>	<u>October 31, 2011</u>
Total interest income	40,921	44,453	167,910	183,493
Total interest expense	(6,179)	(8,915)	(27,476)	(45,663)
Net interest income	34,742	35,538	140,434	137,830
Other operating income	8,683	7,420	31,541	35,488
Total operating income	43,425	42,958	171,975	173,318
Operating expenses	22,447	20,683	82,321	83,208
Loan loss impairment	10,667	3,836	33,217	32,223
	33,114	24,519	115,538	115,431
Net income for the period	10,311	18,439	56,437	57,887
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Weighted average number of common shares outstanding for the period	120,216,204	120,216,204	120,216,204	120,216,204
Earnings per share (in cents)	8.6	15.3	46.9	48.2

Condensed Consolidated Statement of Comprehensive Income
B\$'000

	Unaudited Three Months Ended		Unaudited Year Ended	Audited Year Ended
	<u>October 31, 2012</u>	<u>October 31, 2011</u>	<u>October 31, 2012</u>	<u>October 31, 2011</u>
Net income for the period	10,311	18,439	56,437	57,887
Other comprehensive income				
Net gains (losses) on available-for-sale investment securities	1,145	(6,212)	6,923	3,145
Total comprehensive income for the period	<u>11,456</u>	<u>12,227</u>	<u>63,360</u>	<u>61,032</u>

Condensed Consolidated Statement of Cash Flows
BS'000

	Unaudited Year Ended <u>October 31, 2012</u>	Audited Year Ended <u>October 31, 2011</u>
Net cash (used in)/from operating activities	(63,140)	61,838
Net cash from investing activities	70,524	64,132
Net cash used in financing activities	(31,256)	(33,661)
Net (decrease) increase in cash and cash equivalents	(23,872)	92,309
Cash and cash equivalents, beginning of year	161,164	68,855
Cash and cash equivalents, end of year	<u>137,292</u>	<u>161,164</u>

Notes to the Condensed Consolidated Financial Statements
October 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, 2012, included in the Bank's Annual Report to be issued on or before 28 February 2013. 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 (TCI) Limited

Dividends

At the Board of Directors meeting held on December 20, 2011, a final dividend of \$0.13 per share was declared, amounting to \$15.6 million, in respect of the 2012 net income. The consolidated financial statements for the year ended October 31, 2012 do not reflect this resolution, which will be accounted for in equity as a distribution of retained earnings in the year ending October 31, 2013.

Condensed Consolidated Segment Information

BS'000

	Unaudited Year ended October 31, 2012				
	RB	CLIB	WM	Admin	Total
External revenues	89,092	51,602	6,166	25,115	171,975
Revenues from other segments	(14,325)	19,773	18,795	(24,243)	-
Total revenues	74,767	71,375	24,961	872	171,975
Net income for the period	11,280	14,039	15,418	15,700	56,437
Segment assets	1,154,820	1,025,984	114,802	873,758	3,169,364
Unallocated assets					187,747
Total assets					3,357,111
Segment liabilities	772,005	750,883	929,892	114,002	2,566,782
Unallocated liabilities					-
Total liabilities					2,566,782

	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)	-
Total revenues	72,368	76,665	21,438	2,847	173,318
Net income for the year	15,105	10,376	10,573	21,833	57,887
Segment assets	1,164,828	1,085,692	117,011	981,447	3,348,978
Unallocated assets					187,747
Total assets					3,536,725
Segment liabilities	753,252	846,511	929,446	249,291	2,778,500
Unallocated liabilities					-
Total liabilities					2,778,500

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.