



**FirstCaribbean**  
International Bank

**FirstCaribbean International Bank (Bahamas) Limited**  
**Managing Director's Review**  
**Of the Results**  
**For the year ended October 31, 2013**

For the fiscal year ending October 31, 2013, the Bank generated \$168 million in revenue and maintained strong capital levels with a Total Capital Ratio of 29%, 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 \$12.2 million of restructuring related expenses and increases in the specific and collective loan losses of \$40.2 million and \$4.1 million, respectively. These contributed to a reported net loss for the year of \$17.9 million. Excluding these items, the Bank generated \$38.6 million of net income for the year compared with \$56.4 million in the prior year.

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 ultimate parent, CIBC. Our focus on addressing operational and administrative concerns has also led to improvements in the client experience.

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 bizline™ Visa Business Credit Card, 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 ultimate parent, 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, by supporting various community groups throughout the islands.

At its meeting on December 18, 2013, the Board of Directors declared a final dividend of thirteen cents (\$0.13) per share payable on January 27, 2014 to shareholders of record at the close of business on January 20, 2014. 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 2013.

The Bank has received The Banker's Award for Bank of the Year in 2012 and 2013. For a second consecutive year 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 a part of the CIBC group of companies.

We wish to thank all of 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**  
 BS'000

	Unaudited <u>October 31, 2013</u>	Audited <u>October 31, 2012</u>
<b>Assets</b>		
Cash, balances with The Central Bank and due from banks	265,249	246,625
Financial assets at fair value through profit or loss	-	14,855
Other assets	14,287	14,919
Investment securities	690,454	606,911
Loans and advances to customers	2,122,045	2,259,537
Property and equipment	24,294	26,517
Goodwill	187,747	187,747
<b>Total assets</b>	<u>3,304,076</u>	<u>3,357,111</u>
<b>Liabilities</b>		
Customer deposits	2,499,328	2,503,239
Financial liabilities at fair value through profit or loss	-	14,855
Other liabilities	60,293	48,688
<b>Total liabilities</b>	<u>2,559,621</u>	<u>2,566,782</u>
<b>Equity</b>		
Share capital and reserves	462,342	457,454
Retained earnings	282,113	332,875
<b>Total equity</b>	<u>744,455</u>	<u>790,329</u>
<b>Total liabilities and equity</b>	<u>3,304,076</u>	<u>3,357,111</u>

  
 Director

  
 Director

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

	Share Capital & Reserves	Retained Earnings	Total
<b>Balance at October 31, 2011</b>	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 to Statutory Loan Reserve	(1,075)	1,075	-
<b>Balance at October 31, 2012</b>	<b>457,454</b>	<b>332,875</b>	<b>790,329</b>
<b>Balance at October 31, 2012</b>	<b>457,454</b>	<b>332,875</b>	<b>790,329</b>
Total comprehensive loss for the year	3,237	(17,855)	(14,618)
Dividends	-	(31,256)	(31,256)
Transfer to Statutory Reserve Fund - Turks & Caicos Islands	2,655	(2,655)	-
Transfer from Statutory Loan Reserve	(1,004)	1,004	-
<b>Balance at October 31, 2013</b>	<b>462,342</b>	<b>282,113</b>	<b>744,455</b>

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

	Unaudited Three Months Ended		Unaudited Year Ended	Audited Year Ended
	<u>October 31, 2013</u>	<u>October 31, 2012</u>	<u>October 31, 2013</u>	<u>October 31, 2012</u>
Total interest income	41,012	40,921	156,405	167,910
Total interest expense	(4,590)	(6,179)	(20,914)	(27,476)
Net interest income	36,422	34,742	135,491	140,434
Other operating income	7,959	8,683	32,752	31,541
Total operating income	44,381	43,425	168,243	171,975
Operating expenses	37,060	22,447	108,596	82,321
Loan loss impairment	36,932	10,667	77,502	33,217
	73,992	33,114	186,098	115,538
Net (loss)/income for the period	(29,611)	10,311	(17,855)	56,437
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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
Net (loss)/earnings per share (in cents)	(24.6)	8.6	(14.9)	46.9

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

	<b>Unaudited</b>		<b>Unaudited</b>	<b>Audited</b>
	<b>Three Months Ended</b>		<b>Year Ended</b>	<b>Year Ended</b>
	<b><u>October 31, 2013</u></b>	<b><u>October 31, 2012</u></b>	<b><u>October 31, 2013</u></b>	<b><u>October 31, 2012</u></b>
Net (loss)/income for the period	(29,611)	10,311	(17,855)	56,437
<b>Other comprehensive income</b>				
Net gains on available-for-sale investment securities	3,539	1,145	3,237	6,923
<b>Total comprehensive income for the period</b>	<b><u>(26,072)</u></b>	<b><u>11,456</u></b>	<b><u>(14,618)</u></b>	<b><u>63,360</u></b>

**Condensed Consolidated Statement of Cash Flows**  
B\$'000

	<b>Unaudited</b> <b>Year Ended</b> <b><u>October 31, 2013</u></b>	<b>Audited</b> <b>Year Ended</b> <b><u>October 31, 2012</u></b>
Net cash from / (used in) operating activities	157,337	(63,140)
Net cash (used in)/from investing activities	(58,281)	70,524
Net cash used in financing activities	<u>(31,256)</u>	<u>(31,256)</u>
Net (decrease) increase in cash and cash equivalents	67,800	(23,872)
Cash and cash equivalents, beginning of year	137,292	161,164
Cash and cash equivalents, end of year	<u><u>205,092</u></u>	<u><u>137,292</u></u>

**Notes to the Condensed Consolidated Financial Statements**  
**October 31, 2013**

**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, 2013, 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
- FirstCaribbean International (Bahamas) Nominees Company Limited
- FirstCaribbean International Land Holdings (TCI) Limited

**Dividends**

At the Board of Directors meeting held on December 18, 2013, a final dividend of \$0.13 per share was declared, amounting to \$15.6 million. The consolidated financial statements for the year ended October 31, 2013 do not reflect this resolution, which will be accounted for in equity as a distribution of retained earnings in the year ending October 31, 2014.



**Condensed Consolidated Segment Information**

BS'000

	Unaudited Year ended October 31, 2013				
	RB	WB	WM	Admin	Total
External revenues	86,231	50,141	7,119	24,752	168,243
Revenues from other segments	(15,028)	18,755	20,150	(23,877)	-
<b>Total revenues</b>	<b>71,203</b>	<b>68,896</b>	<b>27,269</b>	<b>875</b>	<b>168,243</b>
<b>Net income for the period</b>	<b>(35,258)</b>	<b>(13,035)</b>	<b>14,814</b>	<b>15,624</b>	<b>(17,855)</b>
Segment assets	1,101,961	937,165	108,885	968,318	3,116,329
Unallocated assets					187,747
<b>Total assets</b>					<b>3,304,076</b>
Segment liabilities	755,320	753,314	961,334	89,653	2,559,621
Unallocated liabilities					-
<b>Total liabilities</b>					<b>2,559,621</b>

	Audited Year ended October 31, 2012				
	RB	WB	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)	-
<b>Total revenues</b>	<b>74,767</b>	<b>71,375</b>	<b>24,961</b>	<b>872</b>	<b>171,975</b>
<b>Net income for the year</b>	<b>13,980</b>	<b>14,039</b>	<b>15,418</b>	<b>13,000</b>	<b>56,437</b>
Segment assets	1,144,641	1,025,984	114,802	883,937	3,169,364
Unallocated assets					187,747
<b>Total assets</b>					<b>3,357,111</b>
Segment liabilities	761,842	750,883	929,882	124,175	2,566,782
Unallocated liabilities					-
<b>Total liabilities</b>					<b>2,566,782</b>

**Notes:**

The Bank implemented a new organizational 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 organized 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.