

# FirstCaribbean International Bank Limited



FirstCaribbean  
International Bank

## Consolidated Financial Statements

For the six month period ended April 30, 2012 (expressed in thousands of United States dollars)

### CHAIRMAN'S REVIEW

Net income for the six months ended April 30, 2012 totaled \$29.4 million versus the same period in the prior year of \$53.2 million, a reduction of \$23.8 million.

The key driver of this decline was the increase in loan loss expenses of \$40.9 million reflecting the continued strained economic climate in the region and reducing collateral values. The Bank continues to work closely with clients to restructure facilities where appropriate to match available cash flows and meet their needs.

Revenues were up year on year by \$13.2 million due to increases in net interest income and operating income of \$8.1 million and \$5.1 million respectively. The increase in net interest income was driven mainly by reductions in funding costs and interest expenses related to hedging instruments, while the increase in operating income was primarily due to the acquisitions in September 2011 of CIBC Bank and Trust Company (Cayman) Limited and CIBC Trust Company (Bahamas) Limited; partially offset by lower securities gains.

Operating expenses were up \$4.4 million mainly driven by the above noted acquisition; partially offset by continued expense control. Taxation expenses were however down \$7.5 million due to lower earnings in taxable jurisdictions.

The Bank continues to maintain a strong foundation with Tier I and Tier I & II capital ratios at 22% and 23% respectively which are well in excess of regulatory requirements.

The Directors have approved an interim dividend of one point five cents (\$0.015) per share to be paid on June 29, 2012 to the shareholders of record as at June 13, 2012.

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

Michael K. Mansoor  
Chairman  
May 31, 2012

### FORWARD-LOOKING STATEMENT DISCLOSURE

This report may contain forward-looking statements, including statements about our financial condition, results of operations, earnings outlook, asset quality trends and profitability. Forward looking statements provide management's current expectations or forecasts of future events and, by their nature, are subject to assumptions, risks and uncertainties. Although management believes that the expectations and forecasts reflected in these forward-looking statements are reasonable, actual results could differ materially from those contained in or implied by such forward-looking statements due to a variety of factors including: (1) changes in interest rates; (2) changes in trade, monetary or fiscal policy; (3) changes in general economic conditions, or in the condition of the local economies in which we have significant operations or assets, which could, among other things, materially impact credit quality trends and our ability to generate loans; (4) increased competitive pressure among financial services companies; (5) the inability to successfully execute strategic initiatives designed to grow revenues and/or manage expenses; (6) consummation of significant business combinations or divestitures; (7) operational or risk management failures due to technological or other factors; (8) heightened regulatory practices, requirements or expectations; (9) new legal obligations or restrictions or unfavourable resolution of litigation; (10) adverse capital markets conditions; (11) disruption in the economy and general business climate as a result of terrorist activities or military actions; and (12) changes in accounting or tax practices or requirements. Forward-looking statements are not guarantees of future performance and should not be relied upon as representing management's views as of any subsequent date. We do not assume any obligation to update these forward-looking statements. For further information regarding FirstCaribbean International Bank Limited, please read FirstCaribbean International Bank Limited's financial and other reports that are available on the company's website at www.cibcfcib.com.

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited April 30, 2012	Unaudited April 30, 2011	Audited October 31, 2011
<b>Assets</b>			
Cash, balances with Central Banks and due from banks	2,189,214	1,092,021	2,297,559
Financial assets at fair value through profit or loss	22,475	34,842	27,319
Loans and advances to customers	6,969,491	6,624,077	6,591,023
Investment securities	1,653,268	1,683,597	1,716,879
Property and equipment	129,726	124,903	131,256
Other assets	214,830	145,320	128,084
Intangible assets	334,905	337,105	335,624
<b>Total assets</b>	<b>11,513,909</b>	<b>10,041,865</b>	<b>11,227,744</b>
<b>Liabilities</b>			
Customer deposits and other borrowed funds	9,688,747	8,319,654	9,415,217
Financial liabilities at fair value through profit or loss	22,475	34,842	27,319
Other liabilities	141,456	79,322	135,721
Debt securities in issue	30,727	30,713	30,697
<b>Total liabilities</b>	<b>9,883,405</b>	<b>8,464,531</b>	<b>9,608,954</b>
<b>Equity attributable to equity holders of the parent</b>			
Issued capital and reserves	972,607	888,403	961,270
Retained earnings	628,736	658,755	626,845
	1,601,343	1,547,158	1,588,115
<b>Non-controlling interests</b>	<b>29,161</b>	<b>30,176</b>	<b>30,675</b>
<b>Total equity</b>	<b>1,630,504</b>	<b>1,577,334</b>	<b>1,618,790</b>
<b>Total liabilities and equity</b>	<b>11,513,909</b>	<b>10,041,865</b>	<b>11,227,744</b>

Note : Results have been converted to US\$ at an exchange rate of US\$1 = BBD\$2

Michael Mansoor  
Chairman

Sir Fred Gollop  
Director

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Parent				Total Equity
	Issued Capital	Reserves	Retained Earnings	Non-controlling Interests	
<b>Balance at October 31, 2010</b>	1,117,349	(234,518)	660,680	29,708	1,573,219
Total comprehensive (loss) / income for the period	—	(3,235)	51,811	1,331	49,907
Transfer to reserves	—	8,807	(8,807)	—	—
Equity dividends	—	—	(44,929)	—	(44,929)
Dividends of subsidiaries	—	—	—	(863)	(863)
<b>Balance at April 30, 2011</b>	1,117,349	(228,946)	658,755	30,176	1,577,334
<b>Balance at October 31, 2011</b>	1,193,149	(231,879)	626,845	30,675	1,618,790
Total comprehensive income for the period	—	7,281	27,993	1,695	36,969
Transfer to reserves	—	2,990	(2,990)	—	—
Acquisition of additional interest in subsidiaries	—	1,066	241	(2,461)	(1,154)
Equity dividends	—	—	(23,353)	—	(23,353)
Dividends of subsidiaries	—	—	—	(748)	(748)
<b>Balance at April 30, 2012</b>	1,193,149	(220,542)	628,736	29,161	1,630,504

Note : Results have been converted to US\$ at an exchange rate of US\$1 = BBD\$2

### CONDENSED CONSOLIDATED STATEMENT OF INCOME

	Unaudited Quarter ended April 30, 2012	Unaudited Quarter ended April 30, 2011	Unaudited Six months ended April 30, 2012	Unaudited Six months ended April 30, 2011	Audited Year ended October 31, 2011
Interest and similar income	122,362	124,988	250,047	252,573	495,566
Interest and similar expense	25,226	29,964	52,265	62,886	121,427
<b>Net interest income</b>	<b>97,136</b>	<b>95,024</b>	<b>197,782</b>	<b>189,687</b>	<b>374,139</b>
Operating income	33,991	34,503	71,437	66,288	133,319
	131,127	129,527	269,219	255,975	507,458
Operating expenses	86,797	84,758	168,200	163,804	338,387
Loan loss impairment	36,008	15,263	70,975	30,118	87,244
Amortisation of intangible assets	—	739	721	1,482	2,963
	122,805	100,760	239,896	195,404	428,594
Income before taxation	8,322	28,767	29,323	60,571	78,864
Income tax (credit) / expense	(3)	3,477	(125)	7,408	5,198
<b>Net income for the period</b>	<b>8,325</b>	<b>25,290</b>	<b>29,448</b>	<b>53,163</b>	<b>73,666</b>
<b>Attributable to:</b>					
Equity holders of the parent	7,753	24,655	27,993	51,811	70,827
Non-controlling interests	572	635	1,455	1,352	2,839
	8,325	25,290	29,448	53,163	73,666

**Earnings per share attributable to the equity holders of the parent for the period:**  
(expressed in cents per share)

- basic and diluted	0.5	1.6	1.8	3.4	4.6
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Note : Results have been converted to US\$ at an exchange rate of US\$1 = BBD\$2

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Quarter ended April 30, 2012	Unaudited Quarter ended April 30, 2011	Unaudited Six months ended April 30, 2012	Unaudited Six months ended April 30, 2011	Audited Year ended October 31, 2011
<b>Net income for the period</b>	<b>8,325</b>	<b>25,290</b>	<b>29,448</b>	<b>53,163</b>	<b>73,666</b>
<b>Other comprehensive income/(loss):</b>					
Net income / (loss) on available-for-sale investment securities, net of tax	7,251	(810)	8,630	(2,457)	(3,991)
Exchange differences on translation of foreign operations, net of tax	(716)	(91)	(1,109)	(799)	(1,383)
<b>Other comprehensive income / (loss) for the period, net of tax</b>	<b>6,535</b>	<b>(901)</b>	<b>7,521</b>	<b>(3,256)</b>	<b>(5,374)</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>14,860</b>	<b>24,389</b>	<b>36,969</b>	<b>49,907</b>	<b>68,292</b>
<b>Attributable to:</b>					
Equity holders of the parent	14,059	23,736	35,274	48,576	65,714
Non-controlling interests	801	653	1,695	1,331	2,578
	14,860	24,389	36,969	49,907	68,292

Note : Results have been converted to US\$ at an exchange rate of US\$1 = BBD\$2

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Period ended April 30, 2012	Unaudited Period ended April 30, 2011	Audited Year ended October 31, 2011
<b>Net cash from / (used in) operating activities</b>	<b>452,870</b>	<b>37,190</b>	<b>(76,491)</b>
<b>Net cash from investing activities</b>	<b>98,545</b>	<b>23,824</b>	<b>1,019,483</b>
<b>Net cash used in financing activities</b>	<b>(26,465)</b>	<b>(47,452)</b>	<b>(125,386)</b>
<b>Net increase in cash and cash equivalents for the period</b>	<b>524,950</b>	<b>13,562</b>	<b>817,606</b>
Effect of exchange rate changes on cash and cash equivalents	(1,109)	(799)	(1,383)
<b>Cash and cash equivalents, beginning of the period</b>	<b>1,352,580</b>	<b>536,357</b>	<b>536,357</b>
<b>Cash and cash equivalents, end of the period</b>	<b>1,876,421</b>	<b>549,120</b>	<b>1,352,580</b>

Note : Results have been converted to US\$ at an exchange rate of US\$1 = BBD\$2

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

#### Summary of significant accounting policies

The accompanying unaudited condensed consolidated financial statements of FirstCaribbean International Bank Limited (the Group) 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 Group's Annual Report 2011. For a description of the Group'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, has been condensed or omitted. Reclassifications may be 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.

#### Transactions affecting year on year comparisons

##### Acquisitions

On September 30, 2011, the group acquired two entities and this contributed to the increase in cash, balances with Central Banks and due from banks and customer deposits and other borrowed funds. Please refer to Note 35 of the aforementioned consolidated financial statements.

##### Dividends

The Directors have approved an interim dividend in the amount of one point five United States cents per share (US\$0.015) to be paid on June 29, 2012 to the shareholders of record as at June 13, 2012.

### CONDENSED CONSOLIDATED SEGMENT INFORMATION

	Unaudited April 30, 2012				
	RB	CLIB	WM	Admin	Total
External revenues	90,427	123,420	24,505	30,867	269,219
Revenues from other segments	9,367	(4,468)	21,982	(26,881)	—
<b>Total Revenues</b>	<b>99,794</b>	<b>118,952</b>	<b>46,487</b>	<b>3,986</b>	<b>269,219</b>
<b>Segment Results</b>	<b>(1,502)</b>	<b>(16,062)</b>	<b>18,400</b>	<b>28,487</b>	<b>29,323</b>
Taxation credit	—	—	—	(125)	(125)
<b>Net income for the period</b>					<b>29,448</b>
Segment assets	2,466,230	4,125,488	331,498	4,221,166	11,144,382
Unallocated assets	—	—	—	—	369,527
					<b>11,513,909</b>
Segment liabilities	2,832,559	2,378,816	4,079,901	589,695	9,880,971
Unallocated liabilities	—	—	—	—	2,434
<b>Total liabilities</b>					<b>9,883,405</b>
	Unaudited April 30, 2011				
	RB	CLIB	WM	Admin	Total
External revenues	91,160	120,008	12,767	32,040	255,975
Revenues from other segments	12,075	(2,568)	19,259	(28,766)	—
<b>Total Revenues</b>	<b>103,235</b>	<b>117,440</b>	<b>32,026</b>	<b>3,274</b>	<b>255,975</b>
<b>Segment Results</b>	<b>7,535</b>	<b>14,593</b>	<b>15,848</b>	<b>22,595</b>	<b>60,571</b>
Taxation expense	—	—	—	7,408	7,408
<b>Net income for the period</b>					<b>53,163</b>
Segment assets	2,484,388	3,927,920	352,346	2,916,092	9,680,746
Unallocated assets	—	—	—	—	361,119
					<b>10,041,865</b>
Segment liabilities	2,874,262	2,318,691	2,684,647	579,777	8,457,377
Unallocated liabilities	—	—	—	—	7,154
<b>Total liabilities</b>					<b>8,464,531</b>
	Audited Oct 31, 2011				
	RB	CLIB	WM	Admin	Total
External revenues	186,276	230,031	26,321	64,830	507,458
Revenues from other segments	22,627	(4,574)	41,782	(59,835)	—
<b>Total Revenues</b>	<b>208,903</b>	<b>225,457</b>	<b>68,103</b>	<b>4,995</b>	<b>507,458</b>
<b>Segment Results</b>	<b>3,321</b>	<b>(2,726)</b>	<b>31,168</b>	<b>47,101</b>	<b>78,864</b>
Taxation expense	—	—	—	5,198	5,198
<b>Net income for the year</b>					<b>73,666</b>
Segment assets	2,497,721	3,847,209	352,721	4,161,543	10,859,194
Unallocated assets	—	—	—	—	368,550
<b>Total assets</b>					<b>11,227,744</b>
Segment liabilities	3,772,448	2,319,695	2,909,631	599,939	9,601,713
Unallocated liabilities	—	—	—	—	7,241
<b>Total liabilities</b>					<b>9,608,954</b>

#### Notes:

- The Group's operations are organized 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 33 of the Group's Annual Report 2011 for further details.
- The material change year on year in segment assets under Admin and segment liabilities under RB is due to the acquisition on September 30, 2011.