CIBC FirstCaribbean International Bank

FirstCaribbean International Bank (Bahamas) Limited
Chairman's Review
Of the Results
For the Quarter ended January 31, 2013

Business activities of the Bank continue to be significantly affected by the lagging economic recovery both regionally and worldwide.

Net income for the three months ended January 31, 2013 was $2.4 million versus $18.4 million for the same period in the prior year. Total operating income declined by $5.6 million year on year, as a result of declines in both net interest income and other operating income. The reduction in net interest income was due primarily to lower income from lending activities, while other operating income declined due to higher securities losses. Loan loss impairment was $8.9 million higher than the prior year due to specific provisions for potential losses in certain key sectors which continue to be affected by the sluggish economy.

The Bank's Tier I and Total Capital ratios remain strong at 28% and 29%, respectively, well in excess of regulatory requirements. This is a testament to the continued strength of the Bank.

I wish to thank all our customers, employees, shareholders and our Directors for their loyalty and contribution to our business.

Michael K. Mansoor
Chairman

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

	Unaudited January 31, 2013	Unaudited January 31, 2012	Audited October 31, 2012
Assets			
Cash, balances with The Central Bank and due from banks	287,443	237,088	246,625
Financial assets at fair value through profit or loss	13,250	24,512	14,855
Other assets	5,860	13,581	14,919
Investment securities	612,572	663,695	606,911
Loans and advances to customers	2,267,827	2,374,377	2,259,537
Property and equipment	26,126	26,712	26,517
Goodwill	187,747	187,747	187,747
Total assets	3,400,825	3,527,712	3,357,111
Liabilities			
Customer deposits	2,553,723	2,704,378	2,503,239
Financial liabilities at fair value through profit or loss	13,250	24,512	14,855
Other liabilities	50,743	37,118	48,688
Total liabilities	2,617,716	2,766,008	2,566,782
Equity			
Share capital and reserves	466,413	450,217	457,454
Retained earnings	316,696	311,487	332,875
Total equity	783,109	761,704	790,329
Total liabilities and equity	3,400,825	3,527,712	3,357,111

Director

Director

Condensed Consolidated Statement of Changes in Equity
B$'000

	Share Capital & Reserves	Retained Earnings	Total
Balance at October 31, 2011	449,410	308,815	758,225
Total comprehensive income for the period	687	18,420	19,107
Dividends	-	(15,628)	(15,628)
Transfer to Statutory Loan Reserve	120	(120)	-
Balance at January 31, 2012	450,217	311,487	761,704
Balance at October 31, 2012	457,454	332,875	790,329
Total comprehensive income for the period	5,990	2,418	8,408
Dividends	-	(15,628)	(15,628)
Transfer to Statutory Reserve Fund - Turks & Caicos Islands	2,654	(2,654)	-
Transfer to Statutory Loan Reserve	315	(315)	-
Balance at January 31, 2013	466,413	316,696	783,109

Condensed Consolidated Statement of Income
B$'000

	Unaudited Three Months Ended January 31, 2013	Unaudited Three Months Ended January 31, 2012	Audited Year Ended October 31, 2012
Total interest income	39,283	45,587	167,910
Total interest expense	(5,874)	(7,852)	(27,476)
Net interest income	33,409	37,735	140,434
Other operating income	7,166	8,472	31,541
Total operating income	40,575	46,207	171,975
Operating expenses	20,927	19,447	82,321
Loan loss impairment	17,230	8,340	33,217
	38,157	27,787	115,538
Net income for the period	2,418	18,420	56,437
Weighted average number of common shares outstanding for the period	120,216,204	120,216,204	120,216,204
Earnings per share (in cents)	2.0	15.3	46.9

Condensed Consolidated Statement of Comprehensive Income
B$'000

	Unaudited Three Months Ended January 31, 2013	Unaudited Three Months Ended January 31, 2012	Audited Year Ended October 31, 2012
Net income for the period	2,418	18,420	56,437
Other comprehensive income			
Net gains on available-for-sale investment securities	5,990	687	6,923
Total comprehensive income for the period	8,408	19,107	63,360

Condensed Consolidated Statement of Cash Flows
B$'000

	Unaudited Three Months Ended January 31, 2013	Unaudited Three Months Ended January 31, 2012	Audited Year Ended October 31, 2012
Net cash from/(used in) operating activities	89,374	18,634	(63,140)
Net cash from/(used in) investing activities	2,957	(11,273)	70,524
Net cash used in financing activities	(15,628)	(15,628)	(31,256)
Net increase/(decrease) in cash and cash equivalents	76,703	(8,267)	(23,872)
Cash and cash equivalents, beginning of period	137,292	161,164	161,164
Cash and cash equivalents, end of period	213,995	152,897	137,292

Notes to the Condensed Consolidated Financial Statements
January 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, 2012, included in the Bank's Annual Report 2012. 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 condensed 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
During the quarter, a final dividend of $0.13 per share for the fiscal year ended October 31, 2012 was paid, as approved by the Board of Directors on December 20, 2012.

Condensed Consolidated Segment Information
B$'000

	Unaudited Three months ended January 31, 2013					Unaudited Three months ended January 31, 2012				
	RB	CLIB	WM	Admin	Total	RB	CLIB	WM	Admin	Total
External revenues	22,069	11,824	1,787	4,895	40,575	21,981	15,661	1,771	6,794	46,207
Revenues from other segments	(4,016)	4,178	4,874	(5,036)	-	(3,301)	5,480	4,291	(6,470)	-
Total revenues	18,053	16,002	6,661	(141)	40,575	18,680	21,141	6,062	324	46,207
Net income for the period	1,139	(6,644)	4,185	3,738	2,418	5,964	5,350	2,911	4,195	18,420
Segment assets	1,133,457	1,046,080	113,665	919,876	3,213,078	1,165,567	1,120,207	115,204	938,987	3,339,965
Unallocated assets					187,747					187,747
Total assets					3,400,825					3,527,712
Segment liabilities	769,310	782,199	1,004,733	61,474	2,617,716	749,184	835,606	934,125	247,093	2,766,008
Unallocated liabilities					-					-
Total liabilities					2,617,716					2,766,008

	Audited 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 year	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

Notes:

The Bank's operations are 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. The Admin segment comprises of Treasury, Finance, HR, Technology, Operations, Risk and Other and its 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 2012 for further details.

The Bank implemented a new organizational structure with effect from January 1, 2012 which introduced a new business segment, Wealth Management ("WM"). Concurrently, the assumptions underpinning the segment allocation methodologies were updated resulting in changes to segment performance and prior period disclosures were amended to conform to this current presentation basis.