

FirstCaribbean International Bank (Bahamas) Limited Chairman's Review Of the Results For the six months ended April 30, 2013

Net income for the six months ended April 30, 2013 totaled \$9.9 million as the Bank continues to be challenged by the struggling economic conditions of the region, and in particular the significant negative impact on its loan loss impairment expense.

Total operating income declined by \$1.8 million year on year, as a \$3.9 million decline in net interest income was partially offset by a \$2.1 million increase in operating income. The decline in net interest income was due primarily to lower income from lending activities. Conversely, operating income increased due to higher securities gains. Operating expenses increased by \$7.3 million primarily due to higher management costs and non-credit losses. Loan loss impairment expense was up \$11.5 million due to higher specific provisions.

The Bank's Tier I and Total Capital ratios remain strong at 28% and 29%, respectively, well in excess of regulatory requirements.

The Directors have declared an interim dividend of 13 cents per share payable on July 16, 2013 to shareholders of record at the close of business on July 9, 2013.

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 April 30, 2013	Unaudited April 30, 2012	Audited October 31, 2012
Assets			
Cash, balances with The Central Bank and due from banks	284,656	278,304	246,625
Financial assets at fair value through profit or loss	12,771	22,475	14,855
Other assets	16,081	23,190	14,919
Investment securities	606,450	660,811	606,911
Loans and advances to customers	2,229,830	2,329,795	2,259,537
Property and equipment	26,026	26,794	26,517
Goodwill	187,747	187,747	187,747
Total assets	3,363,561	3,529,116	3,357,111
Liabilities			
Customer deposits	2,521,354	2,683,346	2,503,239
Financial liabilities at fair value through profit or loss	12,771	22,475	14,855
Other liabilities	42,752	44,689	48,688
Total liabilities	2,576,877	2,750,510	2,566,782
Equity			
Share capital and reserves	462,402	456,499	457,454
Retained earnings	324,282	322,107	332,875
Total equity	786,684	778,606	790,329
Total liabilities and equity	3,363,561	3,529,116	3,357,111



Director



Director

Condensed Consolidated Statement of Changes in Equity B\$'000

	Share Capital & Reserves		Retained Earnings	Total
	Reserves	Retained Earnings		
Balance at October 31, 2011	449,410	308,815	758,225	
Total comprehensive income for the period	5,598	30,411	36,009	
Dividends	-	(15,628)	(15,628)	
Transfer to Statutory Reserve Fund - Turks & Caicos Islands	2,195	(2,195)	-	
Transfer to Statutory Loan Reserve	(704)	704	-	
Balance at April 30, 2012	456,499	322,107	778,606	
Balance at October 31, 2012	457,454	332,875	790,329	
Total comprehensive income for the period	2,104	9,879	11,983	
Dividends	-	(15,628)	(15,628)	
Transfer to Statutory Reserve Fund - Turks & Caicos Islands	2,654	(2,654)	-	
Transfer to Statutory Loan Reserve	190	(190)	-	
Balance at April 30, 2013	462,402	324,282	786,684	

Condensed Consolidated Statement of Income B\$'000

	Unaudited Three Months Ended		Unaudited Six Months Ended		Audited Year Ended
	April 30, 2013	April 30, 2012	April 30, 2013	April 30, 2012	October 31, 2012
Total interest income	39,463	40,582	78,746	86,169	167,910
Total interest expense	(5,358)	(6,913)	(11,232)	(14,765)	(27,476)
Net interest income	34,105	33,669	67,514	71,404	140,434
Other operating income	10,039	6,605	17,205	15,077	31,541
Total operating income	44,144	40,274	84,719	86,481	171,975
Operating expenses	26,051	20,278	46,978	39,726	82,321
Loan loss impairment	10,632	8,004	27,862	16,344	33,217
	36,683	28,282	74,840	56,070	115,538
Net income for the period	7,461	11,992	9,879	30,411	56,437

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)	6.2	10.0	8.2	25.3	46.9

Condensed Consolidated Statement of Comprehensive Income B\$'000

	Unaudited Three Months Ended		Unaudited Six Months Ended		Audited Year Ended
	April 30, 2013	April 30, 2012	April 30, 2013	April 30, 2012	October 31, 2012
Net income for the period	7,461	11,992	9,879	30,411	56,437
Other comprehensive income					
Net gains (losses) on available-for-sale investment securities	(3,886)	4,911	2,104	5,598	6,923
Total comprehensive income for the period	3,575	16,903	11,983	36,009	63,360

Condensed Consolidated Statement of Cash Flows B\$'000

	Unaudited Six Months Ended		Audited Year Ended
	April 30, 2013	April 30, 2012	October 31, 2012
Net cash from/(used in) operating activities	67,950	27,639	(63,140)
Net cash from investing activities	15,765	1,826	70,524
Net cash used in financing activities	(15,628)	(15,628)	(31,256)
Net increase/(decrease) in cash and cash equivalents	68,087	13,837	(23,872)
Cash and cash equivalents, beginning of period	137,292	161,164	161,164
Cash and cash equivalents, end of period	205,379	175,001	137,292

Notes to the Condensed Consolidated Financial Statements April 30, 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 (TCL) Limited

Dividends

The Directors have declared an interim dividend of 13 cents per share payable on July 16, 2013 to shareholders of record as at the close of business on July 9, 2013.

Condensed Consolidated Segment Information B\$'000

	Unaudited Six months ended April 30, 2013					Unaudited Six months ended April 30, 2012				
	RB	CLIB	WM	Admin	Total	RB	CLIB	WM	Admin	Total
External revenues	44,221	23,825	3,528	13,145	84,719	44,337	26,877	3,298	11,969	86,481
Revenues from other segments	(7,018)	9,129	10,485	(12,596)	-	(7,147)	9,954	8,890	(11,697)	-
Total revenues	37,203	32,954	14,013	549	84,719	37,190	36,831	12,188	272	86,481
Net income for the period	(1,352)	(5,363)	8,326	8,268	9,879	8,969	7,559	6,100	7,783	30,411
Segment assets	1,125,969	1,023,180	110,751	915,914	3,175,814	1,157,479	1,087,109	111,353	985,428	3,341,369
Unallocated assets					187,747					187,747
Total assets					3,363,561					3,529,116
Segment liabilities	775,692	759,084	1,009,218	32,883	2,576,877	769,957	867,650	953,168	159,735	2,750,510
Unallocated liabilities					-					-
Total liabilities					2,576,877					2,750,510
					-					-

	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 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. 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"). Accordingly, 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.