

# FirstCaribbean International Bank Limited



FirstCaribbean  
International Bank

Consolidated Financial Statements For the quarter ended January 31, 2012 (expressed in thousands of United States dollars)

## CHAIRMAN'S REVIEW

Net income for the three months ended January 31, 2012 totaled \$21.1 million, a reduction of \$6.8 million versus the same period in the prior year. The lagging economic recovery worldwide continues to affect business activity and consumer demand resulting in lackluster growth.

Total revenue year on year has increased by \$11.6 million. Net interest income was up \$6.0 million driven by reductions in funding costs and interest expenses related to hedging derivatives. Other income was also up \$5.7 million due to the acquisitions in September 2011 of CIBC Bank and Trust Company (Cayman) Limited and CIBC Trust Company (Bahamas) Limited.

Operating expenses were marginally up by \$2.4 million driven by our recent acquisitions which contributed \$4.6 million to expenses, partially offset by a strong focus on controllable expenses given the current climate. This has resulted in operating expenses remaining stable versus the prior year, despite contractual increases. Loan loss impairment expenses increased by \$20.1 million due in part to increases in non-performing loans, but also declines in collateral (real estate) values. Taxation expense was down \$4.1 million as a result of lower income in taxable jurisdictions.

The Bank's Tier I and Tier I & II capital ratios remain strong at 21% and 22% respectively which enable the Bank to pursue opportunities as they may arise.

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

Michael K. Mansoor  
Chairman  
March 8, 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 January 31, 2012	Unaudited January 31, 2011	Audited October 31, 2011
<b>Assets</b>			
Cash, balances with Central Banks and due from banks	2,456,539	1,063,009	2,297,559
Financial assets at fair value through profit or loss	24,512	20,059	27,319
Loans and advances to customers	6,605,984	6,498,370	6,591,023
Investment securities	1,657,452	1,620,596	1,716,879
Property and equipment	129,874	123,781	131,256
Other assets	208,597	190,569	128,084
Intangible assets	334,903	337,848	335,624
<b>Total assets</b>	<b>11,417,861</b>	<b>9,854,232</b>	<b>11,227,744</b>
<b>Liabilities</b>			
Customer deposits and other borrowed funds	9,563,984	8,122,740	9,415,217
Financial liabilities at fair value through profit or loss	24,512	20,059	27,319
Other liabilities	182,231	127,114	135,721
Debt securities in issue	31,413	31,374	30,697
<b>Total liabilities</b>	<b>9,802,140</b>	<b>8,301,287</b>	<b>9,608,954</b>
<b>Equity attributable to equity holders of the parent</b>			
Issued capital and reserves	966,110	886,921	961,270
Retained earnings	621,089	636,501	626,845
	1,587,199	1,523,422	1,588,115
<b>Non-controlling interests</b>	<b>28,522</b>	<b>29,523</b>	<b>30,675</b>
<b>Total equity</b>	<b>1,615,721</b>	<b>1,552,945</b>	<b>1,618,790</b>
<b>Total liabilities and equity</b>	<b>11,417,861</b>	<b>9,854,232</b>	<b>11,227,744</b>

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

Sir Allan Fields  
Director

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	—	(2,316)	27,156	678	25,518
Transfer to reserves	—	6,406	(6,406)	—	—
Equity dividends	—	—	(44,929)	—	(44,929)
Dividends of subsidiaries	—	—	—	(863)	(863)
<b>Balance at January 31, 2011</b>	<b>1,117,349</b>	<b>(230,428)</b>	<b>636,501</b>	<b>29,523</b>	<b>1,552,945</b>
<b>Balance at October 31, 2011</b>	<b>1,193,149</b>	<b>(231,879)</b>	<b>626,845</b>	<b>30,675</b>	<b>1,618,790</b>
Total comprehensive income for the period	—	975	20,240	894	22,109
Transfer to reserves	—	2,869	(2,869)	—	—
Acquisition of additional interest in subsidiary	—	996	226	(2,299)	(1,077)
Equity dividends	—	—	(23,353)	—	(23,353)
Dividends of subsidiaries	—	—	—	(748)	(748)
<b>Balance at January 31, 2012</b>	<b>1,193,149</b>	<b>(227,039)</b>	<b>621,089</b>	<b>28,522</b>	<b>1,615,721</b>

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

## CONDENSED CONSOLIDATED STATEMENT OF INCOME

	Unaudited Period ended January 31, 2012	Unaudited Period ended January 31, 2011	Audited Year ended October 31, 2011
Interest and similar income	127,685	127,585	495,566
Interest and similar expense	27,039	32,922	121,427
<b>Net interest income</b>	<b>100,646</b>	<b>94,663</b>	<b>374,139</b>
Operating income	37,446	31,785	133,319
	138,092	126,448	507,458
Operating expenses	81,403	79,046	338,387
Loan loss impairment	34,967	14,855	87,244
Amortisation of intangible assets	721	743	2,963
	117,091	94,644	428,594
<b>Income before taxation</b>	<b>21,001</b>	<b>31,804</b>	<b>78,864</b>
Income tax (credit) / expense	(122)	3,931	5,198
<b>Net income for the period</b>	<b>21,123</b>	<b>27,873</b>	<b>73,666</b>
<b>Attributable to:</b>			
Equity holders of the parent	20,240	27,156	70,827
Non-controlling interests	883	717	2,839
	21,123	27,873	73,666
<b>Earnings per share attributable to the equity holders of the parent for the period:</b> (expressed in cents per share)			
— basic and diluted	1.3	1.8	4.6

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

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Period ended January 31, 2012	Unaudited Period ended January 31, 2011	Audited Year ended October 31, 2011
<b>Net income for the period</b>	<b>21,123</b>	<b>27,873</b>	<b>73,666</b>
<b>Other comprehensive income:</b>			
Net gains / (losses) on available-for-sale investment securities, net of tax	1,379	(1,647)	(3,991)
Exchange differences on translation of foreign operations, net of tax	(393)	(708)	(1,383)
<b>Other comprehensive income / (loss) for the period, net of tax</b>	<b>986</b>	<b>(2,355)</b>	<b>(5,374)</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>22,109</b>	<b>25,518</b>	<b>68,292</b>
<b>Attributable to:</b>			
Equity holders of the parent	21,215	24,840	65,714
Non-controlling interests	894	678	2,578
	22,109	25,518	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 January 31, 2012	Unaudited Period ended January 31, 2011	Audited Year ended October 31, 2011
<b>Net cash from / (used) in operating activities</b>	<b>642,638</b>	<b>146,566</b>	<b>(76,491)</b>
<b>Net cash from investing activities</b>	<b>74,389</b>	<b>72,982</b>	<b>1,019,483</b>
<b>Net cash used in financing activities</b>	<b>(25,088)</b>	<b>(26,113)</b>	<b>(125,386)</b>
<b>Net increase in cash and cash equivalents for the period</b>	<b>691,939</b>	<b>193,435</b>	<b>817,606</b>
Effect of exchange rate changes on cash and cash equivalents	(393)	(708)	(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>2,044,126</b>	<b>729,084</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

#### Basis of presentation

The accompanying unaudited condensed consolidated financial statements of FirstCaribbean International Bank Limited (the Group) should be read in conjunction with the 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.

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

#### Delisting

During the month of December the Jamaica subsidiary acquired 6,697,366 (68%) of its minority interest (MI) shares facilitating the delisting from the Jamaica Stock Exchange. Please refer to Note 36 of the aforementioned consolidated financial statements.

#### 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

During the quarter, the final dividends for the fiscal year ended October 31, 2011, as approved by the Board of Directors in December 2011, in the amount of one point five United States cents per share (US\$0.015 per share) were paid.

## CONDENSED CONSOLIDATED SEGMENT INFORMATION

	Unaudited Jan 31, 2012				
	RB	CLIB	WM	Admin	Total
External revenues	52,857	63,693	6,963	14,579	138,092
Revenues from other segments	5,948	(1,912)	8,833	(12,869)	—
<b>Total Revenues</b>	<b>58,805</b>	<b>61,781</b>	<b>15,796</b>	<b>1,710</b>	<b>138,092</b>
<b>Segment Results</b>	<b>6,586</b>	<b>(5,945)</b>	<b>6,670</b>	<b>13,690</b>	<b>21,001</b>
Taxation (credit) / expense	—	—	—	(122)	(122)
<b>Net income for the period</b>					<b>21,123</b>
Segment Assets	2,491,164	4,234,894	332,724	3,989,789	11,048,571
Unallocated assets	—	—	—	—	369,290
					<b>11,417,861</b>
Segment liabilities	4,035,696	2,289,928	2,895,817	576,016	9,797,457
Unallocated liabilities	—	—	—	—	4,683
<b>Total liabilities</b>					<b>9,802,140</b>
	Unaudited Jan 31, 2011				
	RB	CLIB	WM	Admin	Total
External revenues	47,205	59,534	6,439	13,270	126,448
Revenues from other segments	6,220	(2,633)	8,976	(12,563)	—
<b>Total Revenues</b>	<b>53,425</b>	<b>56,901</b>	<b>15,415</b>	<b>707</b>	<b>126,448</b>
<b>Segment Results</b>	<b>8,309</b>	<b>4,646</b>	<b>9,163</b>	<b>9,686</b>	<b>31,804</b>
Taxation (credit) / expense	—	—	—	3,931	3,931
<b>Net income for the period</b>					<b>27,873</b>
Segment Assets	2,503,053	3,900,188	364,052	2,726,883	9,494,176
Unallocated assets	—	—	—	—	360,056
					<b>9,854,232</b>
Segment liabilities	2,832,911	2,135,456	2,715,294	609,721	8,293,382
Unallocated liabilities	—	—	—	—	7,905
<b>Total liabilities</b>					<b>8,301,287</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:

1) The Group implemented a new organizational structure with effect from January 1, 2012 which introduced a new business segment, Wealth Management ("WM"). The Group's operations are now 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.

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.

2) 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.