



**FirstCaribbean**  
International Bank

**FirstCaribbean International Bank (Bahamas) Limited**  
**Managing Director's Review**  
**Of the Results**  
**For the six month period ended April 30, 2014**

For the six months ended April 30, 2014, the Bank recorded a net loss of \$174 million. The second quarter results were affected by items of note, including \$75 million of incremental loan losses and a non-cash goodwill impairment charge of \$115 million. The incremental loan losses reflect our revised expectations on the extent and timing of the anticipated economic recovery. In light of persistently challenging economic conditions and our revised expectations for conditions going forward, we have reduced the carrying value of the goodwill.

Excluding these items, the Bank generated \$16 million of net income for the period. Operating profit (Total Operating Income less Operating Expenses) was \$42 million for the six months ended April 30, 2014, compared with \$39 million for the same period in the prior year.

The goodwill impairment charge is a non-cash item and does not affect ongoing operations or capital ratios. After giving effect to the items noted above, our Tier 1 and Total Capital ratios remain strong at 26.7% and 26.9%, well in excess of applicable regulatory requirements.

We continue to invest in optimizing our branch network and the installation of new ABMs, including dual currency machines. Investment also continues in the development of strong product offerings for our customers, as we continue to provide financial solutions to help them achieve what matters to them. Additionally, we have maintained the level of our community outreach, particularly through sponsorship of youth programs, including the SickKids-Caribbean Initiative, The Bahamas National Swim Team, a team in The Freedom Farm Baseball League of Nassau, and a scholarship for the Bahamas Primary School Student of the Year Awards. This reinforces our continued confidence in the strength of our franchise and our commitment to the region.

At its meeting on June 17, 2014, the Board of Directors declared an interim dividend of thirteen cents (\$0.13) per share payable on July 24, 2014 to shareholders of record at the close of business on July 17, 2014.

We wish to thank all of our stakeholders including our customers, shareholders, the Board, management and our employees for their ongoing support.

A handwritten signature in black ink, which appears to read 'Marie Rodland-Allen', is written over a horizontal line.

Marie Rodland-Allen  
Managing Director

**FirstCaribbean International Bank (Bahamas) Limited**  
**Condensed Consolidated Statement of Financial Position**  
**BS'000**

	Unaudited <u>April 30, 2014</u>	Unaudited <u>April 30, 2013</u> Restated*	Unaudited <u>October 31, 2013</u> Restated*
<b>Assets</b>			
Cash, balances with The Central Bank and due from banks	426,511	284,656	265,249
Financial assets at fair value through profit or loss	-	12,771	-
Other assets	11,482	11,195	7,704
Investment securities	850,484	606,450	690,454
Loans and advances to customers	1,992,579	2,229,753	2,122,045
Property and equipment	24,319	26,026	24,294
Goodwill	72,747	187,747	187,747
<b>Total assets</b>	<b>3,378,122</b>	<b>3,358,598</b>	<b>3,297,493</b>
<b>Liabilities</b>			
Customer deposits	2,764,113	2,521,354	2,499,328
Financial liabilities at fair value through profit or loss	-	12,771	-
Other liabilities	75,766	55,851	69,475
<b>Total liabilities</b>	<b>2,839,879</b>	<b>2,589,976</b>	<b>2,568,803</b>
<b>Equity</b>			
Issued capital	477,230	477,230	477,230
Reserves	(42,901)	(33,600)	(34,152)
Retained earnings	103,914	324,992	285,612
<b>Total equity</b>	<b>538,243</b>	<b>768,622</b>	<b>728,690</b>
<b>Total liabilities and equity</b>	<b>3,378,122</b>	<b>3,358,598</b>	<b>3,297,493</b>

\* Certain amounts shown here do not correspond to the 2013 consolidated financial statements and reflect adjustments made for the change in International Accounting Standards 19 - "Employee Benefits". Refer to Note 2.

  
 Director

  
 Director

**FirstCaribbean International Bank (Bahamas) Limited**  
**Condensed Consolidated Statement of Changes in Equity**  
**B\$'000**

	<b>Issued Capital</b>	<b>Reserves</b>	<b>Retained Earnings</b>	<b>Total</b>
<b>Balance at October 31, 2012 (Restated)*</b>	477,230	(38,548)	332,765	771,447
Total comprehensive income for the period (Restated)*	-	2,104	10,699	12,803
Dividends	-	-	(15,628)	(15,628)
Transfer to Statutory Reserve Fund - Turks & Caicos Islands	-	2,654	(2,654)	-
Transfer to Statutory Loan Reserve	-	190	(190)	-
<b>Balance at April 30, 2013 (Restated)*</b>	<b>477,230</b>	<b>(33,600)</b>	<b>324,992</b>	<b>768,622</b>
<b>Balance at October 31, 2013 (Restated)*</b>	<b>477,230</b>	<b>(34,152)</b>	<b>285,612</b>	<b>728,690</b>
Total comprehensive loss for the period	-	(805)	(174,014)	(174,819)
Dividends	-	-	(15,628)	(15,628)
Transfer to Statutory Reserve Fund - Turks & Caicos Islands	-	1,133	(1,133)	-
Transfer from Statutory Loan Reserve	-	(9,077)	9,077	-
<b>Balance at April 30, 2014</b>	<b>477,230</b>	<b>(42,901)</b>	<b>103,914</b>	<b>538,243</b>

\* Certain amounts shown here do not correspond to the 2013 consolidated financial statements and reflect adjustments made for the change in International Accounting Standards 19 - "Employee Benefits". Refer to Note 2.

**FirstCaribbean International Bank (Bahamas) Limited**  
**Condensed Consolidated Statement of (Loss)/Income**  
**B\$'000**

	Unaudited Three Months Ended		Unaudited Six Months Ended		Unaudited
	<u>April 30, 2014</u>	<u>April 30, 2013</u> Restated*	<u>April 30, 2014</u>	<u>April 30, 2013</u> Restated*	<u>October 31, 2013</u> Restated*
Total interest income	37,976	39,463	77,587	78,746	156,417
Total interest expense	3,941	5,358	8,203	11,232	20,914
Net interest income	34,035	34,105	69,384	67,514	135,503
Other operating income	7,821	10,039	19,625	17,205	32,741
Total operating income	41,856	44,144	89,009	84,719	168,244
Operating expenses	23,472	25,641	47,020	46,158	104,988
Goodwill impairment	115,000	-	115,000	-	-
Loan loss impairment	85,503	10,632	101,003	27,862	77,502
	223,975	36,273	263,023	74,020	182,490
Net (loss)/income for the period	(182,119)	7,871	(174,014)	10,699	(14,246)
<hr/>					
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
Net (loss)/earnings per share (in cents)	(151.5)	6.5	(144.8)	8.9	(11.9)

\* Certain amounts shown here do not correspond to the 2013 consolidated financial statements and reflect adjustments made for the change in International Accounting Standards 19 - "Employee Benefits". Refer to Note 2.

**FirstCaribbean International Bank (Bahamas) Limited**  
**Condensed Consolidated Statement of Comprehensive (Loss)/Income**  
**BS'000**

	Unaudited Three Months Ended		Unaudited Six Months Ended		Unaudited
	<u>April 30, 2014</u>	<u>April 30, 2013</u> Restated*	<u>April 30, 2014</u>	<u>April 30, 2013</u> Restated*	<u>Year Ended</u> <u>October 31, 2013</u> Restated*
Net (loss)/income for the period	(182,119)	7,871	(174,014)	10,699	(14,246)
<b>Other comprehensive income</b>					
Net gain/(loss) on available-for-sale investment securities	2,865	(3,886)	(925)	2,104	3,239
Re-measurement gain/(loss) of Retirement benefit obligations	60	-	120	-	(492)
<b>Total comprehensive (loss)/income for the period</b>	<b>(179,194)</b>	<b>3,985</b>	<b>(174,819)</b>	<b>12,803</b>	<b>(11,499)</b>

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**FirstCaribbean International Bank (Bahamas) Limited**  
**Condensed Consolidated Statement of Cash Flows**  
**B\$'000**

	Unaudited Six months ended		Unaudited Year Ended
	<u>April 30, 2014</u>	<u>April 30, 2013</u> Restated*	<u>October 31, 2013</u> Restated*
Net cash from operating activities	328,931	67,952	157,337
Net cash (used in)/from investing activities	(149,860)	15,765	(58,281)
Net cash used in financing activities	(15,628)	(15,628)	(31,256)
Net increase in cash and cash equivalents	163,443	68,089	67,800
Cash and cash equivalents, beginning of the period	205,092	137,292	137,292
Cash and cash equivalents, end of the period	<u>368,535</u>	<u>205,381</u>	<u>205,092</u>

\* Certain amounts shown here do not correspond to the 2013 consolidated financial statements and reflect adjustments made for the change in International Accounting Standards 19 - "Employee Benefits". Refer to Note 2.

**FirstCaribbean International Bank (Bahamas) Limited**  
**Notes to the Condensed Consolidated Financial Statements**  
**April 30, 2014**

**1. Basis of presentation**

The accompanying unaudited 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 2013. For a description of the Bank'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. Certain reclassifications have been 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.

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**

The Directors have declared an interim dividend of 13 cents per share payable on July 24, 2014 to shareholders of record as at the close of business on July 17, 2014.

**2. Changes to Accounting Policies**

IAS 19 "Employee Benefits" - In June 2011, the International Accounting Standards Board (IASB) published an amended version of International Accounting Standards (IAS) 19 which became effective for the Bank on November 1, 2013. The amendments require the following: (i) recognition of actuarial gains and losses in Other Comprehensive Income (OCI) in the period in which they arise; (ii) recognition of interest income on plan assets in net income using the same rate as that used to discount the retirement benefit obligation; and (iii) recognition of all past service costs/(gains) in net income in the period in which they arise. We adopted the amendments to IAS 19 on a retrospective basis effective November 1, 2012. The increase/(decrease) on the consolidated statement of financial position as a result of the retrospective application of the amendments to IAS 19 was as follows:

B\$'000 as at	April 30, 2013	October 31, 2013	October 31, 2012	November 1, 2012
<b>Other assets</b>				
Retirement benefit assets	(12,675)	(11,236)	(12,175)	(12,917)
<b>Other liabilities</b>				
Retirement benefit obligations	5,387	4,528	6,705	5,310
<b>Retained Earnings</b>	710	3,609	(109)	-
<b>Reserves</b>	(18,722)	(19,264)	(18,771)	(18,227)

The increase/(decrease) in the consolidated statement of income and consolidated statement of comprehensive income as a result of the retrospective application of the amendments to IAS 19 was as follows:

B\$'000	For the	For the	For the year ended	
	three months ended	six months ended	October 31, 2013	October 31, 2012
	April 30, 2013	April 30, 2013		
Net income/(loss)	410	819	3,609	(109)
Total OCI	(18,062)	(18,062)	(492)	(544)

**FirstCaribbean International Bank (Bahamas) Limited**  
**Condensed Consolidated Segment Information**  
**B\$'000**

	Unaudited Six Months Ended April 30, 2014					Unaudited Six Months Ended April 30, 2013 (Restated) *				
	RB	WB	WM	Admin	Total	RB	WB	WM	Admin	Total
External revenues	46,224	26,518	3,116	13,151	89,009	44,221	23,825	3,528	13,145	84,719
Revenues from other segments	(7,335)	10,039	9,821	(12,525)	-	(7,018)	9,129	10,485	(12,596)	-
<b>Total revenues</b>	<b>38,889</b>	<b>36,557</b>	<b>12,937</b>	<b>626</b>	<b>89,009</b>	<b>37,203</b>	<b>32,954</b>	<b>14,013</b>	<b>549</b>	<b>84,719</b>
<b>Segment Results</b>	<b>(54,947)</b>	<b>(15,473)</b>	<b>3,146</b>	<b>8,260</b>	<b>(59,014)</b>	<b>(1,352)</b>	<b>(4,121)</b>	<b>8,326</b>	<b>7,846</b>	<b>10,699</b>
Impairment of goodwill				(115,000)	(115,000)					-
<b>Net (loss)/ income for the period</b>					<b>(174,014)</b>					<b>10,699</b>
Segment assets	1,036,527	886,597	96,522	1,285,729	3,305,375	1,125,970	1,023,180	110,750	910,951	3,170,851
Unallocated assets					72,747					187,747
<b>Total assets</b>					<b>3,378,122</b>					<b>3,358,598</b>
Segment liabilities	765,374	826,701	952,530	295,274	2,839,879	775,702	759,084	1,009,208	45,982	2,589,976
Unallocated liabilities					-					-
<b>Total liabilities</b>					<b>2,839,879</b>					<b>2,589,976</b>

	Unaudited Year ended October 31, 2013 (Restated) *				
	RB	WB	WM	Admin	Total
External revenues	86,231	50,141	7,119	24,753	168,244
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>876</b>	<b>168,244</b>
<b>Net income/(loss) for the year</b>	<b>(35,258)</b>	<b>(13,035)</b>	<b>14,814</b>	<b>19,233</b>	<b>(14,246)</b>
Segment assets	1,101,961	937,165	108,885	961,735	3,109,746
Unallocated assets					187,747
<b>Total assets</b>					<b>3,297,493</b>
Segment liabilities	755,320	753,314	961,334	98,835	2,568,803
Unallocated liabilities					-
<b>Total liabilities</b>					<b>2,568,803</b>

\* Certain amounts shown here do not correspond to the 2013 consolidated financial statements and reflect adjustments made for the change in International Accounting Standards 19 - "Employee Benefits". Refer to Note 2.

**Notes:**

The Bank implemented a new organisational 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 organised 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.