

# FirstCaribbean International Bank (Bahamas) Limited

Consolidated Financial Statements

For the First Quarter ended January 31, 2007

(All figures expressed in thousands of Bahamas Dollars)



# FIRSTCARIBBEAN

INTERNATIONAL BANK

## CHAIRMAN'S REVIEW

The consolidated net income of FirstCaribbean International Bank (Bahamas) Limited for the first quarter of the 2007 fiscal year was \$35.9 million, an increase of 24% over last year's restated net income of \$29 million. Included in the net income for this quarter was the impact of a change in policy as described in note 4 to these interim statements which resulted in a gain of \$7.2 million. Last year's net income included fees of \$1.7 million which was earned from Barclays Capital, with none being earned this year as the fee agreement expired. Earnings per share for the quarter was 29.9 cents, an increase of 5.8 cents over last year. Excluding the gain from the change in policy, earnings per share was 23.9 cents for this quarter.

The Bank's net interest income continued to improve and for the three months to January 31, 2007 amounted to \$39 million, a 10% increase over the same period last year. This improvement resulted from a 14% growth in total loans as well as an increase in the level of investments from the same period last year.

Operating expenses for the quarter were \$8.2 million lower than the same period last year, mainly because of the favourable adjustment with respect to change in policy, as mentioned above. Excluding the gain from this change in policy, operating expenses were \$15.5 million.

The Bank's total assets at January 31, 2007 stood at \$4.7 billion, representing a growth of \$1.1 billion or 29% from last year. Total loans grew by \$315 million to \$2.5 billion as residential mortgages and business loans together increased by \$214 million from last year. Cash and securities increased by 47% or \$537 million from last year as additional investments were made in our securities portfolios.

The return on assets and the return on tangible equity for the first quarter of this fiscal were 3.1% and 34% respectively.

We thank our customers and shareholders for their continuing loyalty and patronage throughout the quarter and look forward to another successful year.

Michael K. Mansoor  
Chairman

## Consolidated Statement of Changes in Equity

B\$'000

	Share Capital & Reserves	Retained Earnings	Total
<b>Balance at October 31, 2005 as previously reported</b>	417,281	162,439	579,720
Prior period adjustment	-	(18,481)	(18,481)
<b>Balance at October 31, 2005 as restated</b>	<u>417,281</u>	<u>143,958</u>	<u>561,239</u>
Net income for the period as previously reported	-	29,201	29,201
Prior period adjustment	-	(244)	(244)
<b>Net income as restated</b>	<u>-</u>	<u>28,957</u>	<u>28,957</u>
Dividends	-	(36,064)	(36,064)
Revaluation gains/(losses)	(817)	-	(817)
Transfer to Statutory Reserve Fund – Turks & Caicos Islands	4,000	(4,000)	-
<b>Balance at January 31, 2006</b>	<u>420,464</u>	<u>132,851</u>	<u>553,315</u>
<b>Balance at October 31, 2006</b>	435,556	169,850	605,406
Net income for the period	-	35,945	35,945
Dividends	-	(30,054)	(30,054)
Revaluation gains/(losses)	(2,063)	-	(2,063)
Transfer to Statutory Reserve Fund – Turks & Caicos Islands	-	-	-
Net transfers to Head Office	-	534	-
Transfer to Statutory Loan Reserve	(534)	-	-
<b>Balance at January 31, 2007</b>	<u>432,959</u>	<u>176,275</u>	<u>609,234</u>

## Consolidated Balance Sheet

B\$'000

	Unaudited Jan 31, 2007	Unaudited Jan 31, 2006 (Restated)	Audited Oct 31, 2006
<b>Assets</b>			
Cash and advances to banks	510,200	617,871	367,400
Securities	1,168,367	523,368	1,524,879
Loans	2,516,687	2,201,913	2,444,830
Goodwill	187,747	187,747	187,747
Fixed assets	28,346	31,138	29,209
Other assets	244,832	37,561	137,409
<b>Total assets</b>	<u>4,656,179</u>	<u>3,599,598</u>	<u>4,691,474</u>
<b>Liabilities</b>			
Total deposits	3,506,721	2,966,589	3,503,903
Other borrowed funds	377,618	-	-
Other liabilities	142,301	79,694	582,165
Debt securities in issue	20,305	-	-
<b>Total liabilities</b>	<u>4,046,945</u>	<u>3,046,283</u>	<u>4,086,068</u>
<b>Equity</b>			
Share capital & reserves	432,959	420,464	435,556
Retained earnings	176,275	132,851	169,850
	<u>609,234</u>	<u>553,315</u>	<u>605,406</u>
<b>Total liabilities and equity</b>	<u>4,656,179</u>	<u>3,599,598</u>	<u>4,691,474</u>

Sharon Brown  
Director

L. Stewart  
Director

## Consolidated Statement of Income

B\$'000

	Unaudited Three Months Ended		Audited Year Ended
	Jan 31, 2007	Jan 31, 2006 (Restated)	Oct 31, 2006
Total interest income	73,863	53,364	239,740
Total interest expense (91,407)	(35,091)	(18,017)	-
Net interest income	38,772	35,347	148,333
Operating income	6,501	10,908	33,536
	<u>45,273</u>	<u>46,255</u>	<u>181,869</u>
Operating expenses	8,212	16,457	65,873
Loan loss expense	1,116	841	5,324
	<u>9,328</u>	<u>17,298</u>	<u>71,197</u>
Net income	35,945	28,957	110,672
Weighted average number of common shares outstanding for the period	120,216,204	120,216,204	120,216,205
Earnings per share (in cents)	29.9	24.1	92.1

## Consolidated Statement of Income

B\$'000

	Unaudited Three months ended Jan 31, 2007	Unaudited Three months ended Jan 31, 2006 (Restated)
Net cash used in operating activities	(194,469)	(117,510)
Net cash from/(used in) financing activities	367,869	(36,064)
Net cash used in investing activities	(28,441)	(20,216)
Net increase (decrease) in cash and cash equivalents	<u>144,959</u>	<u>(173,789)</u>
Cash and cash equivalents, beginning of period	180,084	742,111
Cash and cash equivalents, end of period	<u>325,043</u>	<u>568,321</u>

## Notes to Consolidated Interim Financial Statements

### 1. Accounting Policies

The accounting policies used in the preparation of these consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended October 31, 2006.

The consolidated interim financial statements include the accounts of the following wholly owned subsidiaries:  
FirstCaribbean International Finance Corporation (Bahamas) Ltd  
FirstCaribbean International (Bahamas) Nominees Company Ltd  
FirstCaribbean International Land Holdings (TCL) Ltd

### 2. Comparatives

Where necessary, comparative figures have been adjusted to comply with changes in presentation in the current year.

In the prior year, in accordance with IAS 18 Revenue, loan fee income, which would have been considered to be an integral part of the effective interest rate of the financial instruments, was deferred and recognised as an adjustment to the effective interest yield on the loan. This adjustment was applied retrospectively, and as such, the comparative statements for 2005 were restated. The 2006 previously published comparatives have also been restated to reflect this adjustment.

### 3. Change in Accounting Estimate

Effective November 1, 2006, the Bank changed its estimate on the useful life of software which resulted in an increase in the

depreciation charge for the first quarter of 2007 in the amount of \$232.

### 4. Change in Policy

Effective January 1, 2007 certain changes to the Bank's policy re: benefit schemes were made which resulted in the recognition of a curtailment gain of \$7.2 million.

### 5. Related Party Transactions

The agreement with Barclays Bank PLC whereby the Bank would receive an annual payment from Barclays Bank PLC of \$10 million as an incentive to retain deposit placements with Barclays Capital expired on December 31, 2005. The comparative period January 31, 2006 would therefore include income for the final two months in the amount of \$1.7 million within operating income.