

**FirstCaribbean International Bank (Bahamas) Limited**  
**Chairman's Report**  
**Of the Results**  
For the first quarter ended January 31, 2008

The consolidated net income of FirstCaribbean International Bank (Bahamas) Limited for the first quarter of the 2008 fiscal year was \$4.3 million. Earnings from the Bank's core businesses remained strong relative to the previous year. Both the current and prior year period's results are impacted by significant one-off transactions that are discussed below.

Net interest income (NII) declined by \$8.2M, or 21.2% from the same period last year and reflected a 3.7M (PY \$0.2M) decline due to US rate movements as described below. Expenses were well controlled, reflecting a reduction of \$0.9 m when compared to normalized expenses for last year. In the PY expenses were reduced by a curtailment gain of \$8.7M. Earnings per share for the quarter was 3.6 cents, a decrease of 26.3 cents over last year.

Earnings for the period were impacted by the declining US interest rates in addition to the following two significant factors:

- Global credit spreads  
Earnings on our US dollar portfolios continued to be adversely impacted by widening spreads that started during the third quarter of last fiscal year. This resulted in weak financial performance of an outsourced securities portfolio and produced an earnings decline of \$14.6 m, compared to \$0.8m for the same period last year.
- Hedge accounting  
As disclosed in the accompanying notes, in the prior year the group was unable to claim hedge accounting for certain interest rate hedges. The impact on the current quarter was an accounting loss of \$5.3 greater than the prior year comparative of \$0.4M. From an accounting perspective, the Bank has since reinstated these hedges.

The Bank's total assets at January 31, 2008 stood at \$4.6 billion and remained fairly consistent with the position last year. Total loans, cash and securities continued to hold steady.

These results reflect the effects of the widening of credit spreads and changes in the international interest rates. They also reflect the resilience of our bank's core business in Corporate, Retail and Wealth Management segments. We are using our best efforts to improve the bank's results for the year and to ensure that we preserve the underlying core value of our franchise. We thank our customers and shareholders for their continued loyalty and patronage.

  
Michael K. Mansoor  
Chairman

**FirstCaribbean International Bank (Bahamas) Limited**  
**Consolidated Balance Sheet**  
BS'000

	Unaudited January 31, 2008	Unaudited January 31, 2007 (Restated)	Audited October 31, 2007
<b>Assets</b>			
Cash and due from banks	421,178	510,200	269,434
Securities	1,329,953	1,168,367	1,722,181
Loans and advances to customers	2,510,392	2,516,687	2,415,975
Goodwill	187,747	187,747	187,747
Property and equipment	26,681	28,346	26,954
Other assets	59,639	244,832	46,164
<b>Total assets</b>	<b>4,535,590</b>	<b>4,656,179</b>	<b>4,668,455</b>
<b>Liabilities</b>			
Total deposits	3,837,746	3,506,721	3,661,406
Other borrowed funds	0	377,618	278,171
Other liabilities	48,146	142,301	64,926
Debt securities in issue	20,315	20,305	20,620
<b>Total liabilities</b>	<b>3,906,207</b>	<b>4,046,945</b>	<b>4,025,123</b>
<b>Equity</b>			
Share capital & reserves	446,579	432,959	436,297
Retained earnings	182,804	176,275	207,035
	<b>629,383</b>	<b>609,234</b>	<b>643,332</b>
<b>Total liabilities and equity</b>	<b>4,535,590</b>	<b>4,656,179</b>	<b>4,668,455</b>

**FirstCaribbean International Bank (Bahamas) Limited**  
**Consolidated Statement of Changes In Equity**  
BS'000

	Share Capital & Reserves	Retained Earnings	Total
<b>Balance at October 31, 2006 (as restated)</b>	436,030	160,708	596,738
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	(534)	534	-
<b>Balance at January 31, 2007</b>	<b>433,433</b>	<b>167,133</b>	<b>600,566</b>
<b>Balance at October 31, 2007</b>	436,297	207,035	643,332
Net income for the period	-	4,346	4,346
Dividends	-	(30,054)	(30,054)
Revaluation gains/(losses)	8,683	-	8,683
Transfer to Statutory Reserve Fund - Turks & Caicos Islands	-	-	-
Transfer to Statutory Loan Reserve	1,599	1,477	3,076
<b>Balance at January 31, 2008</b>	<b>446,579</b>	<b>182,804</b>	<b>629,383</b>

**FirstCaribbean International Bank (Bahamas) Limited**  
**Consolidated Statement of Income**  
BS'000

	Unaudited Three Months Ended January 31, 2008	Unaudited Three Months Ended January 31, 2007 (Restated)	Audited Year Ended October 31, 2007
Total interest income	65,359	73,863	288,601
Total interest expense	(34,791)	(35,091)	(141,441)
Net interest income	30,568	38,772	147,160
Operating income	(5,502)	6,501	32,143
	<b>25,066</b>	<b>45,273</b>	<b>179,303</b>
Operating expenses	16,034	8,212	57,104
Loan loss expense	4,686	1,116	12,339
	<b>20,720</b>	<b>9,328</b>	<b>69,443</b>
<b>Net income</b>	<b>4,346</b>	<b>35,945</b>	<b>109,860</b>

Weighted average number of common shares outstanding for the period	120,216,204	120,216,204	120,216,205
Earnings per share (in cents)	3.6	29.9	91.4

**FirstCaribbean International Bank (Bahamas) Limited**  
**Consolidated Statement of Cash Flows**  
BS'000

	Unaudited Three Months Ended January 31, 2008	Unaudited Three Months Ended January 31, 2007 (Restated)
Net from operating activities	89,318	61,969
Net cash from (used in) financing activities	248,117	(30,054)
Net cash used in investing activities	(391,955)	(19,979)
Net increase (decrease) in cash and cash equivalents	(54,520)	11,936
Cash and cash equivalents, beginning of period	206,145	180,084
Cash and cash equivalents, end of period	<b>151,625</b>	<b>192,020</b>

**FirstCaribbean International Bank (Bahamas) Limited**  
**Notes to Consolidated Interim Financial Statements**  
Three Months Ended  
January 31, 2008

**1. Accounting Policies**

These consolidated interim financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. 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, 2007.

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

**2. Comparatives**

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

For the year ended October 31, 2007, a review of the Bank's hedge accounting revealed that existing hedge documentation was not adequate. Consequently, all hedges existing as of that date were disqualified from having met the criteria for hedge accounting. The effect of this was that upon disqualification, the hedges are treated as if the disqualification existed from inception of the hedges. The impact on the financial statements as of October 31, 2006 was to reduce net income attributable to equity holders of the Bank by \$9,972. Reserves were increased by \$474, and opening retained earnings increased by \$830.

Effective January 1, 2008, the Bank had enhanced its documentation and again met the criteria for hedge accounting.

  
Director

  
Director