



FirstCaribbean International Bank (Bahamas) Limited

**Chairman's Review  
Of the Results  
For the year ended October 31, 2008**

FirstCaribbean International Bank (Bahamas) Limited earned a consolidated net income of \$83.9 million for the 2008 fiscal year. Earnings per share was 69.8 cents. This is a commendable performance given the challenges imposed by the weakening global business environment. In producing this result, the Bank has benefited greatly from sustained strength and resilience in its core businesses, as evidenced by the 5% increase in loans and a year-over-year improvement in the net interest margin.

Total revenues for the year amounted to \$171.6 million, a \$7.7 million (4%) decrease over last year. Net interest income rose \$9 million, or 6%, over last year. Interest income was \$263.6 million compared to \$288.6 million last year. Similarly, interest expenses decreased by \$33 million or 24%.

Operating expenses for the year were \$64.3 million, an increase of \$7.2 million (13%) from last year. In Fiscal 2007, a pension plan curtailment gain had the impact of lowering total operating expenses by \$8.2 million. Excluding the impact of this prior year gain, Fiscal 2008 operating expenses would be \$1.0 million (1.5%) lower.

The return on assets for the fiscal year was 1.9%, and the return on tangible equity was 18.2%. Both performance measures continue to reflect the Bank's strength and leadership in its markets. Importantly, they reveal the benefits of sustained proactive measures to position the bank for challenging times.

At its meeting on December 19, 2008, the Board of Directors approved the payment of a final dividend of 20 cents per share which was paid to shareholders on January 9, 2009. Previously, an interim dividend of 20 cents per share was paid, bringing the total dividend to 40 cents per share for 2008.

The commendable financial results achieved in Fiscal 2008 are a testament to the outstanding efforts of the staff and management team to find opportunities in the midst of uncertainty, and to remain focused on increasing value for customers and shareholders. On behalf of the Board, I extend heartfelt thanks to each of them for their continued support.

Michael K. Mansoor  
Chairman

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

	Audited October 31, 2008	Audited October 31, 2007
<b>Assets</b>		
Cash and due from banks	259,951	269,434
Securities	1,081,872	1,722,181
Loans and advances to customers	2,539,072	2,415,975
Goodwill	187,747	187,747
Property and equipment	25,913	26,954
Other assets	43,435	46,164
<b>Total assets</b>	<b>4,137,990</b>	<b>4,668,455</b>
<b>Liabilities</b>		
Customer deposits	3,445,010	3,661,406
Other liabilities	47,168	64,926
Other borrowed funds	-	278,171
Debt securities in issue	-	20,620
<b>Total liabilities</b>	<b>3,492,178</b>	<b>4,025,123</b>
<b>Equity</b>		
Share capital & reserves	477,230	436,297
Retained earnings	168,582	207,035
	<b>645,812</b>	<b>643,332</b>
<b>Total liabilities and equity</b>	<b>4,137,990</b>	<b>4,668,455</b>

Director

Director

**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 year	-	109,860	109,860
Dividends	-	(56,499)	(56,499)
Revaluation reserve- available for sale securities	(6,767)	-	(6,767)
Transfer to Statutory Reserve Fund - Turks & Caicos Islands	5,200	(5,200)	-
Transfer to Statutory Loan Reserve	1,834	(1,834)	-
<b>Balance at October 31, 2007</b>	<b>436,297</b>	<b>207,035</b>	<b>643,332</b>
Net income for the year	-	83,904	83,904
Dividends	-	(54,097)	(54,097)
Revaluation reserve- available for sale securities	(27,327)	-	(27,327)
Transfer to Statutory Reserve Fund - Turks & Caicos Islands	6,085	(6,085)	-
Transfer to Statutory Loan Reserve-Bahamas	(1,208)	1,208	-
<b>Balance at October 31, 2008</b>	<b>(22,450)</b>	<b>24,930</b>	<b>2,480</b>

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

	Unaudited Quarter Ended		Audited Year Ended	Audited Year Ended
	October 31, 2008	October 31, 2007	October 31, 2008	October 31, 2007
Total interest income	65,949	77,108	263,605	288,601
Total interest expense	(20,214)	(36,261)	(108,028)	(141,441)
Net interest income	45,735	40,847	155,577	147,160
Operating income	4,517	5,844	16,017	32,143
	<b>50,252</b>	<b>46,691</b>	<b>171,594</b>	<b>179,303</b>
Operating expenses	15,287	15,657	64,340	57,104
Loan loss impairment	8,324	4,292	23,350	12,339
	<b>23,611</b>	<b>19,949</b>	<b>87,690</b>	<b>69,443</b>
Net income	<b>26,641</b>	<b>26,742</b>	<b>83,904</b>	<b>109,860</b>

Weighted average number of common shares outstanding for the period	120,216,204	120,216,204	120,216,204	120,216,204
Earnings per share (in cents)	22.2	22.2	69.8	91.4

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

	Audited Year Ended October 31, 2008	Audited Year Ended October 31, 2007
Net cash from operating activities	93,782	256,435
Net cash used in financing activities	(347,641)	(43,647)
Net cash from (used in) investing activities	115,918	(156,168)
Net increase (decrease) in cash and cash equivalents	(137,941)	56,620
Cash and cash equivalents, beginning of year	236,704	180,084
Cash and cash equivalents, end of year	<b>98,763</b>	<b>236,704</b>

FirstCaribbean International Bank (Bahamas) Limited  
Notes to Consolidated Financial Statements  
Year Ended  
October 31, 2008

**1. Accounting Policies**

The accounting policies used in the preparation of these consolidated 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 (TCI) Limited

**2. Change in Accounting Policy**

Effective March 1, 2007, the Bank changed the date on which all purchases and sales of financial assets at fair value through the profit and loss are to be recognised from trade date to settlement date. The audited October 31, 2006 balances have been restated to reflect this change. The impact on the audited October 31, 2006 balances was to reduce trading securities by \$157 million, other assets by \$82 million and other liabilities by \$239 million. There was no impact on the year to date October 31, 2006 balances.

**3. Dividends**

At the Board of Directors meeting held on December 19, 2008, a final dividend of \$0.20 per share amounting to \$24,043 in respect of the 2008 net income was proposed and declared. The consolidated financial statements for the year ended October 31, 2008 do not reflect this resolution, which will be accounted for in equity as a distribution of retained earnings in the year ending October 31, 2009.

**4. Debt Securities in Issue**

During the year ended October 31, 2007, the Bank issued \$20 million in redeemable floating rate notes, with interest payable at a rate of Bahamas Prime plus 0.75% per annum. The unsecured notes were scheduled to mature on November 3, 2011, but were subject to early redemption at the option of the Bank. The Bank exercised the early redemption clause and called the notes in September 2008.

**5. Other Borrowed Funds**

The Bank previously sold under repurchase agreements, investment securities with maturities between November 2007 and February 2008. All such investment securities were liquidated during the year. Subsequent to the balance sheet date, the Bank sold under repurchase agreements, investment securities having an aggregate fair value of \$203,648 and maturities between November 2008 and February 2009.