

# FirstCaribbean International Bank Limited

## Consolidated Financial Statements

For the Year ended October 31, 2008 (expressed in thousands of United States dollars)



**FIRSTCARIBBEAN**  
INTERNATIONAL BANK

### CHAIRMAN'S REVIEW

Net income for the year attributable to equity holders was \$175.3 million versus \$255.7 million in 2007. Earnings per share was 11.5 cents versus 16.8 cents in the prior year.

Included in 2007 earnings were a \$52.4 million gain on the restructuring of the Bank's Visa membership and a one time curtailment gain in health benefits of \$18 million. In 2008, however, we recorded a loss on the sale of the Visa shares of \$3.5 million (net gain over the two years of \$48.9 million).

Net loans and advances to customers have grown by \$0.7 billion (12%) compared to the prior year.

The Directors have approved the payment of a final dividend of three cents per share (US\$0.03 per share), which when added to the interim dividend makes the full year dividend six cents per share (US\$0.06).

The 2008 results have been affected by the tightening conditions in the global and regional economies and are in line with management's expectations.

We thank the Board, management, staff and most importantly our customers for their support throughout 2008.

**Michael K. Mansoor**  
Chairman  
December 12, 2008

#### FORWARD-LOOKING STATEMENT DISCLOSURE

This report contains 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.firstcaribbeanbank.com](http://www.firstcaribbeanbank.com).

### CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited Year ended October 31, 2008	Audited Year ended October 31, 2007
<b>Assets</b>		
Cash, balances with Central Banks and other banks	984,886	1,518,650
Financial assets at fair value through the profit or loss	536,217	1,123,589
Loans and advances to customers	6,814,278	6,079,959
Investment securities	2,004,269	2,471,004
Property, plant and equipment	127,156	136,002
Other assets	128,835	178,995
Intangible assets	344,513	347,476
<b>Total assets</b>	<b>10,940,154</b>	<b>11,855,675</b>
<b>Liabilities</b>		
Customer deposits and other borrowings	9,219,784	10,033,841
Other liabilities	146,043	186,853
Debt securities in issue	238,532	274,161
	9,604,359	10,494,855
<b>Equity</b>		
<b>Capital and reserves attributable to equity holders of the Company</b>		
Share capital & reserves	744,852	815,683
Retained earnings	565,889	520,310
	1,310,741	1,335,993
<b>Minority interest</b>	25,054	24,827
	1,335,795	1,360,820
<b>Total liabilities and equity</b>	<b>10,940,154</b>	<b>11,855,675</b>

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

Sir Allan Fielke  
Director

Richard Venn  
Director

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders					Total Equity
	Share Capital	Treasury Shares	Reserves	Retained Earnings	Minority Interest	
<b>Balance at October 31, 2006</b>	1,117,349	(426)	(336,159)	396,166	22,369	1,199,299
Foreign currency translation differences	—	—	1,053	(6,829)	(233)	(6,009)
Net change in available-for-sale investment securities	—	—	(4,023)	—	(279)	(4,302)
Total expense for the year recognised directly in equity	—	—	(2,970)	(6,829)	(512)	(10,311)
Net income for the year	—	—	—	255,667	5,674	261,341
Total income and expense for the year	—	—	(2,970)	248,838	5,162	251,030
Transfer to reserves	—	—	34,860	(34,860)	—	—
Net purchase of treasury shares	—	(992)	—	—	—	(992)
Share based payment reserves	—	—	902	—	—	902
Contributed surplus	—	—	3,119	—	—	3,119
Equity dividends	—	—	—	(89,834)	—	(89,834)
Dividends of subsidiaries	—	—	—	—	(2,704)	(2,704)
<b>Balance at October 31, 2007</b>	<b>1,117,349</b>	<b>(1,418)</b>	<b>(300,248)</b>	<b>520,310</b>	<b>24,827</b>	<b>1,360,820</b>
<b>Balance at October 31, 2007</b>	<b>1,117,349</b>	<b>(1,418)</b>	<b>(300,248)</b>	<b>520,310</b>	<b>24,827</b>	<b>1,360,820</b>
Foreign currency translation differences	—	—	483	(6,533)	(206)	(6,256)
Net change in available-for-sale investment securities	—	—	(100,543)	—	(1,455)	(101,998)
Total expense for the year recognised directly in equity	—	—	(100,060)	(6,533)	(1,661)	(108,254)
Net income for the year	—	—	—	175,276	4,477	179,753
Total income and expense for the year	—	—	(100,060)	168,743	2,816	71,499
Transfer to reserves	—	—	29,573	(29,573)	—	—
Redemption of treasury shares	—	918	—	—	—	918
Share based payment reserves	—	—	(1,262)	—	—	(1,262)
Contributed surplus	—	—	—	—	—	—
Equity Dividends	—	—	—	(93,591)	—	(93,591)
Dividends of subsidiaries	—	—	—	—	(2,589)	(2,589)
<b>Balance at October 31, 2008</b>	<b>1,117,349</b>	<b>(500)</b>	<b>(371,997)</b>	<b>565,889</b>	<b>25,054</b>	<b>1,335,795</b>

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

### CONDENSED CONSOLIDATED STATEMENT OF INCOME

	Unaudited Year ended October 31, 2008	Audited October 31, 2007
Interest income	722,971	784,857
Interest expense	264,684	359,876
Net interest income	458,287	424,981
Operating income	92,256	181,048
	550,543	606,029
Operating expenses	313,592	301,607
Loan loss expenses	32,015	17,029
Amortisation of intangible assets	2,963	2,960
	348,570	321,596
Income before taxation	201,973	284,433
Taxation	22,220	23,092
Net income for the year	<b>179,753</b>	<b>261,341</b>
Attributable to:		
Equity holders of the Company	175,276	255,667
Minority interest	4,477	5,674
Net income for the year	<b>179,753</b>	<b>261,341</b>
Weighted average number of common shares outstanding (000's)	1,525,639	1,525,155
Net income per common share in cents attributable to the equity holders of the Company		
- basic	11.5	16.8
- diluted	11.5	16.8

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

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### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Year ended October 31, 2008	Audited Year ended October 31, 2007
Net cash from/(used in) operating activities	100,944	(166,919)
Net cash from/(used in) investing activities	441,244	(827,415)
Net cash used in financing activities	(883,379)	(64,243)
Net decrease in cash and cash equivalents for the year	(341,191)	(1,058,577)
Effect of exchange rate changes on cash and cash equivalents	(6,256)	(6,009)
Cash and cash equivalents, beginning of year	1,012,377	2,076,963
Cash and cash equivalents, end of year	664,930	1,012,377

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, 2007, included in the Group's Annual Report 2007. 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. These condensed consolidated financial statements reflect, in the opinion of management, all adjustments that are necessary for a fair presentation of the condensed consolidated financial statements for the years presented.

In preparing these 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

##### Visa membership

The Bank recognised a realised gain of \$52.4 million on the non-monetary exchange of its membership interest in Visa for a share interest in 2007 and recognised a realised loss of \$3.5 million in 2008 on the disposal of its membership interest.

##### Change in post retirement medical benefits

Effective January 1, 2007 certain changes to the Group's health benefit scheme were made which resulted in the recognition of a curtailment gain of \$18.1 million in the prior year.

##### Dividends

During the third quarter, the interim dividend approved by the Board of Directors of three United States cents per share (US\$ 0.03 per share) was paid.

A final dividend in the amount of three United States cents per share (US\$0.03 per share) was approved by the Board of Directors on December 12, 2008, payable on January 30, 2009 to the shareholders on record as at December 19, 2008.