

FirstCaribbean International Bank (Bahamas) Limited

Consolidated Financial Statements

For the year ended October 31, 2006



FIRSTCARIBBEAN
INTERNATIONAL BANK

CHAIRMAN'S REVIEW

The consolidated net income of FirstCaribbean International Bank (Bahamas) Limited for the fiscal year ended October 31, 2006 was \$110.7 million after the IAS required loan fee adjustment described below. Earnings per share for the year amounted to 92.1 cents, an increase of 10.5 cents over last year.

The Bank's net interest income for the year rose by \$22 million or 17% over last year's net interest income to \$148 million. Interest income increased by \$52 million with \$39 million attributed to loans as loan balances increased 24% driven by the strong growth in business loans and residential mortgages. Additionally, higher interest of \$11 million was earned on the securities portfolios as additional funds were invested and the US FED rate rose by 1.5% since last year end. The net interest margin for the year remained at 3.8%.

Operating expenses for this year were \$66 million, \$4 million higher than last year; however, the ratio of expenses to revenue improved by 2% to 36%.

The total assets of the Bank at October 31, 2006 grew by 34% or \$1.181 billion to \$4.691 billion as total loans grew by \$473 million to \$2,445 billion at year end. The average return on tangible equity remained at 28% for this fiscal year and the return on assets for this year was 2.8%.

In accordance with IAS 18 Revenue, fees, such as loan origination and commitment fees that

are considered to be an integral part of the effective rate of a financial instrument, are required to be deferred, along with the related direct costs. In previous years, this accounting treatment was not followed as the effect was considered immaterial in any one year. In 2006, this accounting treatment was introduced and resulted in a restatement of the prior year's opening retained earnings of \$17 million and a reduction in the prior year's net income of \$1.4 million.

The Directors have declared a final dividend of 25 cents per share for a total dividend of 50 cents for the year, which reflects the good performance of the Bank. This dividend will be paid on January 5, 2007 to shareholders of record at the close of business on December 29, 2006.

We are pleased with the financial performance of the Bank for the year, which reflects the competence and commitment of our employees. We thank our customers and shareholders for their continuing loyalty and patronage during this past year and look forward to another successful year.

Michael K. Mansoor
Chairman

FIRSTCARIBBEAN INTERNATIONAL BANK (BAHAMAS) LIMITED CONDENSED CONSOLIDATED BALANCE SHEET B\$'000

	Audited October 31, 2006	(Restated) Audited October 31, 2005
Assets		
Cash and balances with banks	367,400	791,661
Securities	1,524,879	468,811
Loans	2,444,830	1,972,392
Goodwill	187,747	187,747
Fixed Assets	29,209	31,764
Other Assets	137,409	57,767
Total Assets	4,691,474	3,510,142
Liabilities		
Deposits	3,503,903	2,856,737
Other Liabilities	582,165	92,166
Total Liabilities	4,086,068	2,948,903
Shareholders' Equity		
Share Capital & Reserves	435,556	417,281
Retained Earnings	169,850	143,958
	605,406	561,239
Total Liabilities and Shareholders' Equity	4,691,474	3,510,142

Sharon Brown
Director

Jan Arne Farstad
Director

FIRSTCARIBBEAN INTERNATIONAL BANK (BAHAMAS) LIMITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY B\$'000

	Share Capital & Reserves	Retained Earnings	Total
Balance at October 31, 2004, as previously reported	414,364	110,728	525,092
Prior period adjustment	-	(17,034)	(17,034)
Balance at October 31, 2004, as restated	414,364	93,694	508,058
Net income for the period	-	98,046	98,046
Dividends	-	(45,682)	(45,682)
Revaluation gains/(losses)	817	-	817
Transfer to Statutory Reserve Fund - Turks & Caicos Islands	2,100	(2,100)	-
Balance at October 31, 2005	417,281	143,958	561,239
Balance at October 31, 2005	417,281	143,958	561,239
Net income for the period	-	110,672	110,672
Dividends	-	(66,119)	(66,119)
Revaluation gains/(losses)	(386)	-	(386)
Transfer to Statutory Reserve Fund - Turks & Caicos Islands	4,000	(4,000)	-
Transfer to Statutory Loan Reserve	14,661	(14,661)	-
Balance at October 31, 2006	435,556	169,850	605,406

FIRSTCARIBBEAN INTERNATIONAL BANK (BAHAMAS) LIMITED CONDENSED CONSOLIDATED STATEMENT OF INCOME B\$'000

	Unaudited Quarter Ended October 31, 2006	Unaudited Quarter Ended October 31, 2005	Audited Year Ended October 31, 2006	(Restated) Audited Year Ended October 31, 2005
Total interest income	69,311	50,675	239,740	188,119
Total interest expenses	(29,027)	(15,982)	(91,407)	(61,650)
Net interest income	40,284	34,693	148,333	126,469
Non-interest income	6,184	7,014	33,536	37,653
	46,468	41,707	181,869	164,122
Non-interest expenses	15,514	15,596	65,873	62,158
Provision for credit losses	3,909	(281)	5,324	3,918
	19,423	15,315	71,197	66,076
Net income	27,045	26,392	110,672	98,046

Weighted average number of common shares outstanding for the period

120,216,204

120,216,204

Earnings per share (in cents)

92.1

81.6

FIRSTCARIBBEAN INTERNATIONAL BANK (BAHAMAS) LIMITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS B\$'000

	Unaudited Year Ended October 31, 2006	(Restated) Audited Year Ended October 31, 2005
Net cash provided by operating activities	(253,390)	(63,906)
Net cash (used in) financing activities	214,573	(45,682)
Net cash from (used in) investing activities	(523,210)	31,901
Net decrease in cash and cash equivalents	(562,027)	(77,687)
Cash and cash equivalents, beginning of period	742,111	819,798
Cash and cash equivalents, end of period	180,084	742,111

FIRSTCARIBBEAN INTERNATIONAL BANK (BAHAMAS) LIMITED NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS Year Ended October 31, 2006

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, 2005.

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 (TCL) Limited

2. Comparatives

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

3. Prior Period Adjustment

In accordance with IAS 18 Revenue, loan origination fees, which have a high probability of being drawn down, are to be deferred (together with related direct costs) and recognised as an adjustment to the effective interest yield on the loan.

The recording of this impact has been applied retrospectively, and the comparative statements for 2005 have been restated. The effect is that non-interest income for 2005 has been reduced by \$1,447 and opening retained earnings for 2004 has been reduced by \$17,034, which is the amount of the adjustment relating to periods prior to 2004.