

FirstCaribbean International Bank Limited

Consolidated Financial Statements

For the Year ended October 31, 2006 (expressed in thousands of United States dollars)



FIRSTCARIBBEAN
INTERNATIONAL BANK

CHAIRMAN'S REVIEW

For the year ended October 31, 2006

(All figures in \$US)

I am pleased to announce another very strong year of performance for your Group with net income to equity shareholders of \$170.6 million. This represents growth in core earnings of 24%, excluding the gain on sale of the Republic Bank shares of \$117 million reported last year.

Total revenue increased by \$78 million (18%), excluding the gain on sale of Republic Bank shares, with net interest income being the main driver. Net interest income has risen by \$65 million or 21% over the prior year, driven principally from increases in loan balances as well as the acquisition of our Curaçao operations.

Loan balances have grown by \$1 billion (22%) over the prior year and now stand at \$5.7 billion.

Operating expenses were 12% above the prior year, due in the main to our acquisition in Curaçao, one-off transaction related costs and increased depreciation charges associated with our continuing efforts to improve the efficiency and our product offering to customers. Our efficiency ratio (ratio of costs to revenues) was 58.5%, a marked improvement over the prior year of 61.6%, reflecting our continued efforts to improve productivity and manage growth in an effective and efficient manner.

Annualised return on tangible equity for the period was 21.3%.

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 effects were 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 \$29.7 million and a reduction in the prior year's net income to equity shareholders of \$2.8 million.

The Directors have approved the payment of a final dividend of US 3.00 cents which will be payable to shareholders of record on December 30, 2006 on January 10, 2007. An interim dividend of US 2.25 cents was paid, so that the total dividend is US 5.25 cents for 2006, which is an increase of 24% over the 2005 dividend.

On June 28, 2006, Barclays and CIBC executed a purchase and sale agreement with respect to the sale by Barclays of its 43.7% interest in FirstCaribbean. We expect that before December 31, 2006 this transaction will proceed and that shortly thereafter shareholders will receive an Offer Circular from CIBC to purchase their shares. The offer will be made solely to satisfy legal requirements as CIBC has publicly stated that it is strategically important that FirstCaribbean maintains a strong minority. Shareholders should expect to receive a Directors' Circular relating to the offer by CIBC in relation to the acceptance or rejection of the offer.

We believe we have made significant progress and achieved commendable results in 2006 and are particularly gratified that we have expanded our footprint by entering the Curaçao market. We thank our customers and our people throughout the region for their loyalty and support.

Michael K. Mansoor
Executive Chairman

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.

CONDENSED CONSOLIDATED BALANCE SHEET (USD'000)

Assets	Audited October 31, 2006	Restated Audited October 31, 2005
Cash, balances with central banks and other banks	2,425,859	2,900,039
Financial assets at fair value through profit or loss	1,731,727	668,899
Loans and advances to customers	5,670,824	4,630,998
Investment securities	1,572,103	646,594
Property, plant and equipment	139,680	148,956
Other assets	522,049	271,620
Intangible assets	349,418	305,535
Total assets	12,411,660	9,572,641
Liabilities		
Customer deposits and other borrowed funds	9,870,552	7,771,743
Other liabilities	1,134,258	500,882
Debt securities in issue	200,290	199,532
	11,205,100	8,472,157
Equity		
Capital and reserves attributable to equity holders of the Company		
Share capital & reserves	780,121	736,601
Retained earnings	403,610	343,578
	1,183,731	1,080,179
Minority interest	22,829	20,305
	1,206,560	1,100,484
Total liabilities and equity	12,411,660	9,572,641

Michael K. Mansoor
Executive Chairman

Charles Pink
Chief Executive Officer

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (USD'000)

	Attributable to equity holders of the Company				
	Share Capital	Reserves	Retained Earnings	Minority Interest	Total Equity
Balance at October 31, 2004					
as previously reported	1,297,349	(285,625)	195,379	18,433	1,225,536
Prior period adjustment	-	-	(29,730)	(949)	(30,679)
As restated	1,297,349	(285,625)	165,649	17,484	1,194,857
Net income for the year					
as previously reported	-	-	257,935	5,180	263,115
Prior period adjustment	-	-	(2,758)	(80)	(2,838)
As restated	-	-	255,177	5,100	260,277
Dividends	-	-	(56,003)	(2,279)	(58,282)
Redemption of preference shares	(180,000)	-	-	-	(180,000)
Transfer to reserves	-	21,245	(21,245)	-	-
Foreign currency translation differences	-	(2,066)	-	-	(2,066)
Net change in available-for-sale investments securities	-	(113,654)	-	-	(113,654)
Net change in cash flow hedges	-	(648)	-	-	(648)
Balance at October 31, 2005 as restated	1,117,349	(380,748)	343,578	20,305	1,100,484
Balance at October 31, 2005					
as previously reported	1,117,349	(380,748)	376,066	21,334	1,134,001
Prior period adjustment	-	-	(32,488)	(1,029)	(33,517)
As restated	1,117,349	(380,748)	343,578	20,305	1,100,484
Net income for the year	-	-	170,632	5,688	176,320
Dividends	-	-	(68,632)	(3,164)	(71,796)
Purchase of treasury shares	(426)	-	-	-	(426)
Share based payment reserves	-	985	-	-	985
Transfer to reserves	-	39,522	(39,522)	-	-
Foreign currency translation differences	-	205	(2,446)	-	(2,241)
Net change in available-for-sale investments securities	-	(1,116)	-	-	(1,116)
Net change in cash flow hedges	-	4,350	-	-	4,350
Balance at October 31, 2006	1,116,923	(336,802)	403,610	22,829	1,206,560

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INTERNATIONAL BANK

CONDENSED CONSOLIDATED STATEMENT OF INCOME (USD'000)

	Audited October 31, 2006	Restated Audited October 31, 2005
Interest income	637,685	479,415
Interest expense	(261,913)	(168,664)
Net interest income	375,772	310,751
Operating income	128,390	232,489
	<u>504,162</u>	<u>543,240</u>
Operating expenses	294,864	262,172
Loan loss expenses	10,369	7,308
Amortisation of intangible assets	2,219	-
	<u>307,452</u>	<u>269,480</u>
Income before taxation and minority interest	196,710	273,760
Taxation	20,390	13,483
Net income for the year	<u><u>176,320</u></u>	<u><u>260,277</u></u>
Attributable to:		
Equity holders of the Company	170,632	255,177
Minority interest	5,688	5,100
Net income for the year	<u><u>176,320</u></u>	<u><u>260,277</u></u>
Weighted average number of common shares outstanding (000's)	1,526,155	1,525,176
Net income per common share in cents attributable to the equity holders of the Company		
- basic	11.2	16.7
- diluted	11.2	16.7

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (USD'000)

	Audited October 31, 2006	Restated Audited October 31, 2005
Net cash (used in)/from operating activities	(16,062)	240,326
Net cash from investing activities	69,259	283,453
Net cash used in financing activities	(102,149)	(59,740)
Net (decrease)/increase in cash and cash equivalents for the year	(48,952)	464,039
Effect of exchange rate changes on cash and cash equivalents	(2,241)	(2,066)
Cash and cash equivalents, beginning of year	<u>2,002,667</u>	<u>1,540,694</u>
Cash and cash equivalents, end of year	<u><u>1,951,474</u></u>	<u><u>2,002,667</u></u>

Note : Results have been converted to US\$ at an exchange rate of US\$1 = BBD\$2
The information on these pages is also available on our website: www.firstcaribbeanbank.com