

FirstCaribbean International Bank Limited

Consolidated Financial Statements

For the Third Quarter ended July 31, 2008 (expressed in thousands of United States dollars)



FIRSTCARIBBEAN
INTERNATIONAL BANK

CHAIRMAN'S REVIEW

Year to date net income attributable to equity shareholders of the Company was \$139.2 million. Earnings for the nine months ended July 31 were impacted by two significant one-off factors. Adjusting for these and considering that there was a gain in the prior year comparatives relating to a change in policy on health benefits, core earnings for the year to date would be \$154.6M or \$14.7 million (11%) ahead of the prior year core earnings.

Details of the two one-off factors are as follows:

- **VISA Initial Public Offering**

On March 19, 2008 the VISA IPO took place at a significantly lower pricing than was earlier contemplated. As a result, the mandatory redemption of a portion of our shares resulted in a loss of \$7.8 million. In Q3 the Bank sold its remaining shares in VISA for a gain of \$4.3 million. Overall in 2008 the bank has a loss of \$3.5 million on the sale of these shares. As in 2007, the Board views this as a one-off item with no impact on core earnings.

- **Hedge Accounting**

As previously disclosed, in the prior year the Group was unable to claim hedge accounting for certain interest rate hedges. The Group has since reinstated these hedges from an accounting perspective. The impact on the current year from being unable to claim hedge accounting is a loss of \$11.9 million greater than the prior year comparative.

Operating expenses of \$229.9 million are 1% below the prior year, excluding the one-off gain related to the change in policy on health benefits, with the efficiency ratio amounting to 55% versus the prior year comparative period of 57%, excluding the impact of the aforementioned matters.

Credit provisions have increased \$9.6 million year on year and this reflects less buoyant economic conditions in several jurisdictions in the region.

We will continue to monitor the economic conditions and take the necessary steps to ensure that the interests of all our stakeholders are promoted in these circumstances. The performance, as reflected in the solid core results of the Group, is considered most satisfactory in the current challenging economic environment in some of our markets.

I thank the Board, management, staff and most importantly our customers for their support.

Michael K. Mansoor
Chairman
August 27, 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.

CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited Period ended July 31, 2008	Restated Unaudited Period ended July 31, 2007	Audited October 31, 2007
Assets			
Cash, balances with Central Banks and other banks	1,712,929	2,534,991	1,518,650
Financial assets at fair value through the profit or loss	551,056	1,465,697	1,123,589
Loans and advances to customers	6,519,045	6,021,421	6,079,959
Investment securities	2,154,883	1,709,012	2,471,004
Property, plant and equipment	126,754	132,321	136,002
Other assets	126,571	102,000	178,995
Intangible assets	345,258	348,216	347,476
Total assets	11,536,496	12,313,658	11,855,675
Liabilities			
Customer deposits	9,731,267	9,785,475	9,315,333
Other borrowings	—	867,590	718,508
Other liabilities	129,798	122,545	186,853
Debt securities in issue	274,424	275,963	274,161
	10,135,489	11,051,573	10,494,855
Equity			
Capital and reserves attributable to equity holders of the Company			
Share capital & reserves	835,091	804,323	815,683
Retained earnings	539,857	434,254	520,310
	1,374,949	1,238,577	1,335,993
Minority interest	26,058	23,508	24,827
	1,401,007	1,262,085	1,360,820
Total liabilities and equity	11,536,496	12,313,658	11,855,675

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

Sir Allan Fields
Director

Charles Pink
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Attributable to equity holders					Total Equity
	Share Capital	Treasury Shares	Reserves	Retained Earnings	Minority Interest	
Balance at October 31, 2006 as previously reported	1,117,349	(426)	(336,802)	403,610	22,829	1,206,560
Prior period adjustment	—	—	643	(7,444)	(460)	(7,261)
Balance at October 31, 2006 as restated	1,117,349	(426)	(336,159)	396,166	22,369	1,199,299
Foreign currency translation differences	—	—	532	(3,273)	—	(2,741)
Net change in available-for-sale investments securities	—	—	(7,442)	—	(303)	(7,745)
Total income and expense for the period recognised directly in equity	—	—	(6,910)	(3,273)	(303)	(10,486)
Net income for the period as previously reported	—	—	—	164,095	4,434	168,529
Prior period adjustment	—	—	—	(6,938)	(288)	(7,226)
Net income for the period	—	—	—	157,157	4,146	161,303
Total income and expense for the period	—	—	(6,910)	153,884	3,843	150,817
Transfer to reserves	—	—	25,963	(25,963)	—	—
Net purchase of treasury shares	—	(1)	—	—	—	(1)
Share based payment reserves	—	—	1,388	—	—	1,388
Contributed Surplus	—	—	3,119	—	—	3,119
Equity dividends	—	—	—	(89,833)	—	(89,833)
Dividends of subsidiaries	—	—	—	—	(2,704)	(2,704)
Balance at July 31, 2007 as restated	1,117,349	(427)	(312,599)	434,254	23,508	1,262,085
Balance at October 31, 2007	1,117,349	(1,418)	(300,248)	520,310	24,827	1,360,820
Foreign currency translation differences	—	—	(98)	(1,466)	44	(1,520)
Net change in available-for-sale investments securities	—	—	(4,777)	—	696	(4,081)
Total income and expense for the period recognised directly in equity	—	—	(4,875)	(1,466)	740	(5,601)
Net income for the period	—	—	—	139,226	3,080	142,306
Total income and expense for the period	—	—	(4,875)	137,760	3,820	136,705
Transfer to reserves	—	—	24,622	(24,622)	—	—
Purchase of treasury shares	—	845	—	—	—	845
Share based payment reserves	—	—	(1,184)	—	—	(1,184)
Contributed surplus	—	—	—	—	—	—
Dividends	—	—	—	(93,591)	—	(93,591)
Dividends of subsidiaries	—	—	—	—	(2,589)	(2,589)
Balance at July 31, 2008	1,117,349	(573)	(281,685)	539,857	26,058	1,401,007

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

CONDENSED CONSOLIDATED STATEMENT OF INCOME

	Unaudited Quarter ended July 31, 2008	Restated Unaudited Quarter ended July 31, 2007	Unaudited Period ended July 31, 2008	Restated Unaudited Period ended July 31, 2007	Audited October 31, 2007
Interest income	182,447	194,484	548,159	572,920	784,857
Interest expense	(62,607)	(90,569)	(209,923)	(266,582)	(359,876)
Net interest income	119,840	103,915	338,236	306,338	424,981
Operating income	40,929	29,544	73,765	102,471	181,048
	160,769	133,459	412,001	408,809	606,029
Operating expenses	77,547	78,704	229,923	216,240	301,607
Loan loss expenses	10,893	5,507	21,274	11,634	17,029
Amortisation of intangible assets	743	740	2,224	2,220	2,960
	89,183	84,951	253,421	230,094	321,596
Income before taxation and minority interest	71,586	48,508	158,580	178,715	284,433
Taxation	5,580	6,239	16,274	17,412	23,092
Net income for the period	66,006	42,269	142,306	161,303	261,341
Attributable to:					
Equity holders of the Company	64,580	41,277	139,226	157,157	255,667
Minority interest	1,426	992	3,080	4,146	5,674
Net income for the period	66,006	42,269	142,306	161,303	261,341
Weighted average number of common shares outstanding (000's)	1,525,468	1,526,030	1,525,468	1,526,030	1,525,155
Net income per common share in cents attributable to the equity holders of the Company					
- basic	4.2	2.7	9.1	10.3	16.8
- diluted	4.2	2.7	9.1	10.3	16.8

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FIRSTCARIBBEAN
INTERNATIONAL BANK

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Period ended July 31, 2008	Restated Unaudited Period ended July 31, 2007	Audited October 31, 2007
Net cash (used in)/from operating activities	(168,694)	162,639	(166,919)
Net cash from/(used in) investing activities	387,985	28,800	(827,415)
Net cash used in financing activities	(107,001)	(21,929)	(64,243)
Net increase/(decrease) in cash and cash equivalents for the period	112,290	169,510	(1,058,577)
Effect of exchange rate changes on cash and cash equivalents	(1,520)	(1,832)	(6,009)
Cash and cash equivalents, beginning of period	1,012,377	2,076,963	2,076,963
Cash and cash equivalents, end of period	1,123,147	2,244,641	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. Certain reclassifications have been made to the prior period's financial statements to conform to the current period's presentation. 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 interim periods presented.

The results of operations for interim periods are not necessarily indicative of results for the entire year.

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

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 \$17.1 million in the prior year.

Hedge accounting

At the end of the last fiscal, a review of the Group's hedge accounting revealed that one of the criteria was not fully met and this resulted in an adjustment to the 2007 results and a restatement of the 2006 results. As a consequence, the July 31, 2007 comparative numbers have been restated to reflect this adjustment. Opening retained earnings for 2007 has been reduced by \$7.4 million, net income attributable to the equity holders of the Company for 2007 reduced by \$4.6 million with a corresponding reduction in retained earnings, total assets reduced by \$13.7 million, total liabilities reduced by \$0.4 million, minority interest reduced by \$0.6 million, and reserves reduced by \$0.7 million.

Loss on disposal of shares

During the third quarter the remaining shares in Visa were sold at a gain of \$4.3 million, reducing the YTD loss from \$7.8 million at the end of Q2 to \$3.5 million.