

FirstCaribbean International Bank Limited (FCIB)

All Figures Quoted in United States Dollars Unless Otherwise Stated

<u>SYMBOL</u>	<u>FCI</u>
RECOMMENDATION	BUY
Current Price	TT\$11.02
Running EPS	US\$0.13 (TT\$0.79)
Projected EPS	US\$0.15 (TT\$0.95)
P/E at Projected EPS	11.60 times
Dividend Yield @ Estimated Dividend	3.90%
Return on Assets	1.96%
Return on Equity	21.57%

Results for the Half Year Ended April 30, 2007

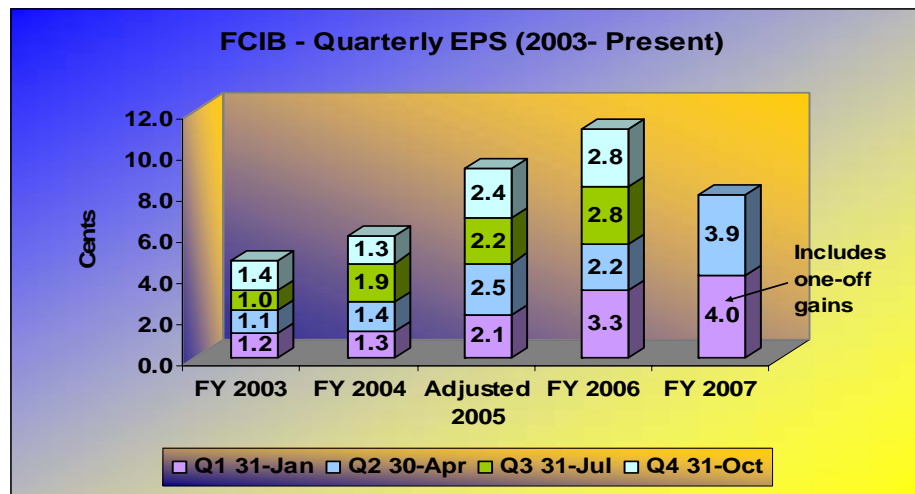
Earnings Per Share

FirstCaribbean International Bank Limited (FCIB) had another strong quarter for fiscal 2007. The Group reported Earnings Per Share (EPS) of 3.9 cents for Q207 which brought the HY EPS to 7.9 cents. HY07 on HY06, this was a significant increase of 43.64 per cent or 2.4 cents, while Q207 on Q206 the EPS rose an outstanding 77.27 per cent or 1.7 cents. According to the Chairman’s Report, these results were impacted by the following transactions which had a net positive impact of \$14 million:

1. The Group changed its health benefit scheme which resulted in the recognition of a curtailment gain of \$17.1 million
2. The Group changed its estimate on the useful life of software which resulted in an increase in the depreciation charge for the year to date in the amount of \$3.2 million.

Excluding the effect of these transactions, the growth in earnings year-on-year is 26.8 per cent. FCIB has shown consistent growth in EPS over the period 2003 to present. (See Graph1)

Graph 1





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Financials

For the HY ended April 30, 2007, Net Interest Income amounted to \$202.423 million, an increase of 13.71 per cent or \$24.407 million on the comparative period for 2006. Interest Income rose 28.57 per cent or \$84.104 million to \$378.436 million while Interest Expense increased 51.32 per cent or \$59.697 million to end the period at \$176.013 million. The growth in Net Interest Income was driven principally by increases in loan volumes as well as the acquisition of the Curacao operations, of which only 3 months of operations were included in the corresponding period of 2006.

Operating Income was up by a considerable 21.22 per cent or \$13.643 million to \$77.940 million while Operating Expenses fell a minimal 2.04 per cent or \$2.867 million to end the HY at \$137.536 million. Excluding the impact of the transactions previously mentioned, Operating Expenses would have increased 8 per cent or \$11.100 million due to an additional quarter's expenses from the Curacao operations. Loan Loss Expenses rose 25.04 per cent or \$1.227 million to \$6.127 million. Amortization of Intangible Assets amounted to \$1.480 million for HY07.

HY07 on HY06, Income Before Tax and Minority Interest increased 39.39 per cent or \$38.210 million to \$135.220 million. The Effective Tax Rate for the period under review was 8.41 per cent compared to a rate of 10.52 per cent for the comparable period in 2006. As a result, Net Income Attributable to Equity Holders of the Company increased from \$84 million (HY06) to \$120.505 million (HY07), up a substantial 43.46 per cent or \$36.505 million.

Table 1 shows Financial Data Comparison for HY 2007 on HY 2006

Table 1

FCIB Half Year Financial Data Comparison				
	HY 2007 USD'000	\$ Change HY'06 - HY '07	% Change HY'06 - HY '07	Restated HY 2006 USD'000
Interest Income	378,436	84,104	28.57%	294,332
Interest Expense	(176,013)	(59,697)	51.32%	(116,316)
Net Interest Income	202,423	24,407	13.71%	178,016
Operating Income	77,940	13,643	21.22%	64,297
Operating Expenses	137,536	(2,867)	-2.04%	140,403
Loan Loss Expense	6,127	1,227	25.04%	4,900
Intangibles Amortisation	1,480	1,480	0.00%	0
Income before Tax and Minority Interest	135,220	38,210	39.39%	97,010
Taxation	11,369	1,166	11.43%	10,203
Income before Minority Interest	123,851	37,044	42.67%	86,807
Minority Interest	3,346	539	19.20%	2,807
Net Income for the Period	123,851	37,044	42.67%	86,807
Earnings Per Share (USD)	\$0.079	0.024	43.64%	\$0.055
Earnings Per Share (TT\$)	\$0.502	0.161	47.13%	\$0.341
Exchange Rate	1USD:6.351TTD	***	***	1USD:6.200TTD



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Table 2 shows Financial Data Comparison for Year End (2003-2006)

Table 2

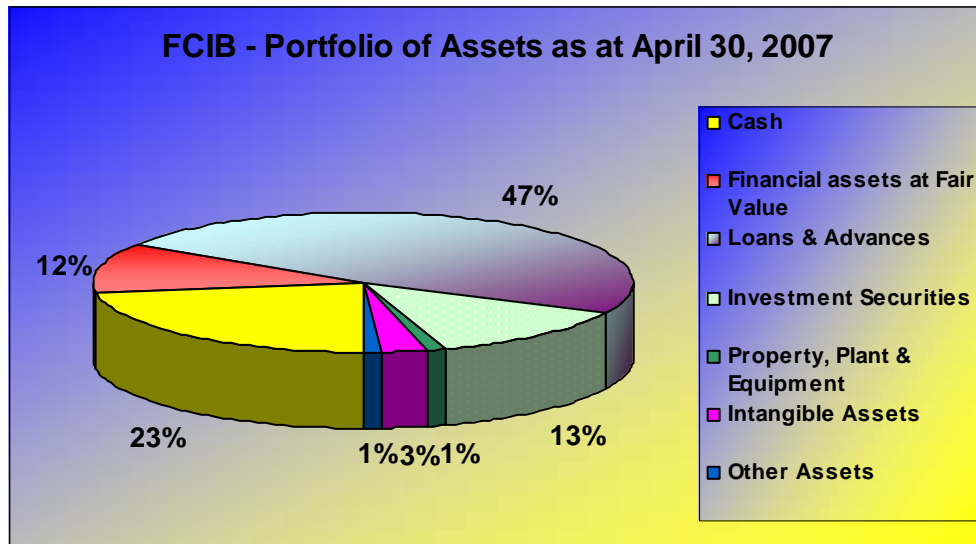
FCIB Financial Data Comparison for Year End (2003-2006)							
	YE 2006 USD'000	% Change '05 -'06	YE 2005 USD'000	% Change '04 -'05	YE 2004 USD'000	% Change '03 -'04	YE 2003 USD'000
Interest Income	637,685	33.01%	479,415	19.80%	400,167	3.82%	385,436
Interest Expense	(261,913)	-255.29%	168,664	33.00%	126,816	-2.61%	130,218
Net Interest Income	375,772	20.92%	310,751	13.68%	273,351	7.10%	255,218
Operating Income	128,390	-45.56%	235,817	110.48%	112,039	-2.23%	114,594
Operating Expenses	294,864	12.47%	262,172	0.18%	261,706	6.28%	246,232
Loan Loss Expense	10,369	41.89%	7,308	-50.92%	14,889	-25.40%	19,958
Intangibles Amortisation	2,219		-		-		-
Income before Tax and Minority Interest	196,710	-29.01%	277,088	154.69%	108,795	4.99%	103,622
Taxation	20,390	45.92%	13,973	-17.45%	16,926	32.07%	12,816
Income before Minority Interest	176,320	-32.99%	263,115	186.40%	91,869	22.57%	74,950
Minority Interest	5,688	9.81%	5,180	55.70%	3,327	-13.58%	3,850
Net Income for the Period	176,320	-31.64%	257,935	191.31%	88,542	24.53%	71,100
Diluted Earnings per Share (USD)	\$0.112	-33.73%	\$0.169	186.44%	\$0.059	25.53%	\$0.047
Diluted Earnings per Share (TT\$)	\$0.706	-33.73%	\$1.065	189.66%	\$0.368	27.16%	\$0.29
Market Price @ Financial Year End (TT\$)	\$10.87	-19.48%	\$13.50	37.06%	\$9.85	25.48%	\$7.85
P/E Ratio @ Financial Year End	15.41		12.68		30.40		31.13
Dividend (TT\$)	\$0.33	22.22%	\$0.27	68.75%	\$0.16	6.67%	\$0.15
Dividend Payout Ratio (%)	46.77%		25.36%		49.39%		59.49%
Dividend Yield	3.04%		2.00%		1.62%		1.91%
Net Asset Value (TT\$)	\$4.99	7.08%	\$4.66	-6.43%	\$4.98	10.91%	\$4.49
Market to Book Ratio	2.18		2.90		1.98		1.75
Return on Equity	15.58%		22.24%		7.64%		6.74%
Return on Assets	1.60%		2.83%		1.03%		0.81%
Shares Outstanding '000	1,521,937		1,525,176		1,527,189		1,544,097

Assets and Liabilities

FCIB has the largest Asset Base of any of the listed Banks in the Region. The Bank's Total Assets stood at \$12.271 billion on April 30, 2007 with growth of 6.98 per cent or \$800.207 million over the six month period. Loans and Advances continue to make up the largest asset class in the Bank's portfolio with a contribution of 47 per cent to Total Assets. Cash is the second largest contributor to assets and represents a pool of approximately \$2.764 billion (23 per cent) from which the Bank can further expand its Loan Portfolio. See **Graph 2** for the percentage contribution of each of the asset classes of FCIB.

Total Liabilities of the Bank also increased over the six month period, moving from \$10.264 billion to \$10.991 billion- an increase of 7.08 per cent. Customer Deposits and other borrowings totaled \$10.587 billion and grew by 7.26 per cent over the six months under review.

Graph 2



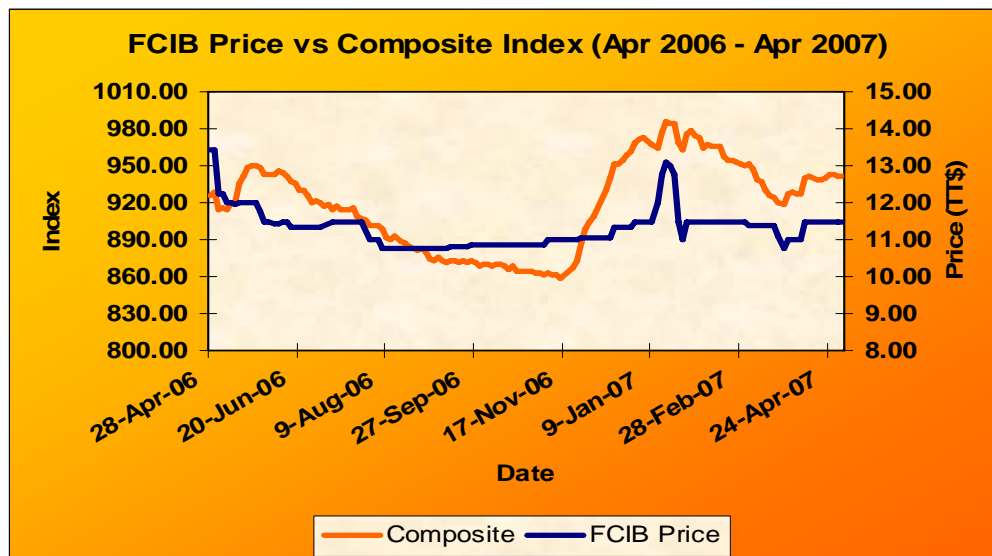
Dividends

The Board of Directors has approved an interim dividend of 3.0 cents per share payable on July 20, 2007, to all shareholders on record on June 1, 2007.

Share Price

Over the period April 28, 2006 to April 27, 2007, FCIB’s share price traded as high as TT\$13.45 and as low as TT\$10.75. The share started the period at the high of TT\$13.45 and then slowly trended downward to the low of TT\$10.75 on August 8th 2006. FCIB then traded mostly flat before slowly advancing to another peak at TT\$13.10 on January 16, 2007. It then traded in the range of TT\$12.00 to TT\$13.00 for two days before falling back to its usual range of TT\$11.00 to TT\$12.00, the only exception being March 23, 2007, where the price bottomed at TT\$10.75 for the second time in the twelve month period. (See Graph 3)

Graph 3





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Recommendation

FCIB is currently trading at a price of TT\$11.02 on the local market. Based on these commendable results we are revising our forecasted EPS upwards from TT\$0.85 to TT\$0.95. At the current price and this revised EPS, this share is trading at a price to earnings multiple of 11.60 times. Given that FCIB usually trades between 15 to 18 times we continue to recommend a **BUY** on this share.

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