

FirstCaribbean International Bank (Bahamas) Limited

Consolidated Financial Statements



FIRSTCARIBBEAN
INTERNATIONAL BANK

For the nine months ended July 31, 2004 (expressed in Bahamas dollars)

Chairman's Review

For the nine months ended July 31, 2004, FirstCaribbean International Bank (Bahamas) Limited earned consolidated net income of \$46.4 million. Before integration charges net income was \$47 million, compared to \$44 million for the same period last year.

Earnings per share amounted to 38.6 cents and was 39.1 cents before integration charges. This is an increase of 2.3 cents over last year. The return on assets for the three quarters to date was 1.9% and the return on equity (before integration charges) was 19.6%.

The Bank's net interest income for the three quarters to July 31 increased by \$4.3 million or 6.5% over the same period last year to \$70 million. Net interest margin also rose 0.2% over last year to 2.9%.

The Bank continued to experience strong growth in its loan portfolio, particularly residential mortgages and business loans. Net loans in total increased \$150 million, i.e. 10% over last year. Consequently interest income increased by 5.6% or \$5.9 million over last year.

The Bank opted to early adopt International Financial Reporting Standards 3 – Business combinations, International Accounting Standards 36 (revised 2004) – Impairment of Assets and International Accounting Standards 38 (revised 2004) – Intangible Assets. The effect of these adoptions is that

Goodwill ceases to be amortised effective November 1, 2003 and is now subject to an annual impairment test. This year's test has been completed and revealed no impairment in goodwill for this year. As a result, included in the third quarter's results is the reversal of goodwill amortised over the previous two quarters.

We believe that the trends reflected in our results are positive and that we are on track to achieve our financial and strategic targets.

Having successfully completed the integration of our technology platforms we have now commenced the work of streamlining our processes to ensure greater efficiency and control. We again thank our customers for their support during this period of transformation. Our management and staff remain fully committed to providing the best level of customer service possible.

Michael K. Mansoor
Chairman

CONSOLIDATED BALANCE SHEET B\$'000

	Unaudited July 31, 2004	Unaudited July 31, 2003	Audited October 31, 2003
Assets			
Cash resources	930,895	1,149,036	1,111,395
Securities	372,964	359,935	334,705
Loans	1,644,341	1,494,020	1,497,105
Goodwill	187,748	188,960	187,747
Fixed assets	33,401	25,634	28,799
Other assets	34,368	42,781	55,449
	3,203,717	3,260,366	3,215,200
Liabilities			
Total deposits	2,645,854	2,727,462	2,670,897
Other liabilities	46,046	42,684	41,663
	2,691,900	2,770,146	2,712,560
Equity			
Share capital & reserves	414,364	413,664	413,664
Retained earnings	97,453	76,556	88,976
	511,817	490,220	502,640
	3,203,717	3,260,366	3,215,200

Director

Director

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY B\$000's

	Share Capital and Reserves \$	Retained Earnings \$	Total \$
Balance at October 31, 2002	409,262	58,459	467,721
Net income for the period		36,129	36,129
Dividends		(18,032)	(18,032)
Net proceeds from rights issue	4,402		4,402
Balance at July 31, 2003	413,664	76,556	490,220
Balance at October 31, 2003	413,664	88,976	502,640
Net income for the period		46,443	46,443
Dividends		(37,266)	(37,266)
Transfer to Statutory Reserve Fund — TCI	700	(700)	—
Balance at July 31, 2004	414,364	97,453	511,817

CONSOLIDATED STATEMENT OF INCOME B\$'000

	Unaudited Quarter Ended		Unaudited Nine Months Ended		Audited Year Ended
	July 31, 2004	July 31, 2003	July 31, 2004	July 31, 2003	October 31, 2003
Total interest income	39,957	36,375	111,293	105,398	137,888
Total interest expenses	(15,886)	(15,607)	(41,275)	(39,670)	(50,294)
Net interest income	24,071	20,768	70,018	65,728	87,594
Non-interest income	8,693	10,077	28,988	29,157	39,630
	32,764	30,845	99,006	94,885	127,224
Non-interest expenses	16,044	14,729	45,950	44,622	59,511
Provision for credit losses	1,475	1,234	6,090	6,206	9,132
	17,519	15,963	52,040	50,828	68,643
Operating profit	15,245	14,882	46,966	44,057	58,581
Integration expenses	217	376	523	536	177
Goodwill amortisation	(4,944)	2,464	0	7,392	9,855
Net income	19,972	12,042	46,443	36,129	48,549
Weighted average number of common shares outstanding for the period	120,216,204	120,100,419	120,216,204	119,675,873	119,812,066
Earnings per share (in cents)	16.6	10.0	38.6	30.2	40.5
Earnings per share, before goodwill and integration expenses (in cents)	12.7	12.4	39.1	36.8	48.9

CONSOLIDATED STATEMENT OF CASH FLOWS B\$'000

	Unaudited Nine Months Ended July 31, 2004	Unaudited Nine Months Ended July 31, 2003	Audited Year Ended October 31, 2003
Net cash (used in) provided by operating activities	(98,456)	87,582	26,479
Net cash used in financing activities	(37,266)	(13,630)	(13,630)
Net cash (used in) provided by investing activities	(44,778)	(2,598)	18,599
Net (decrease) increase in cash and cash equivalents	(180,500)	71,354	31,448
Cash and cash equivalents, beginning of period	1,071,847	1,040,399	1,040,399
Cash and cash equivalents, end of period	891,347	1,111,753	1,071,847