

FirstCaribbean International Bank (Barbados) Limited

December 20, 2004

AUDITORS' REPORT

To the Shareholder of
FirstCaribbean International Bank (Barbados) Limited

We have audited the accompanying consolidated balance sheet of FirstCaribbean International Bank (Barbados) Limited ("the bank") as of October 31, 2004 and the related consolidated statements of income, changes in shareholder's equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the bank as of October 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Price Waterhouse Coopers

Chartered Accountants

CONSOLIDATED BALANCE SHEET

As at October 31, 2004
(expressed in thousands of Barbados dollars)

	2004 \$	2003 \$
Assets		
Cash resources	633,998	1,181,710
Due from banks	317,670	12,050
Taxation recoverable	2,610	9,315
Other assets	236,640	74,043
Investment securities	744,699	400,535
Loans and advances	2,381,321	2,385,114
Net investment in leases	7,852	6,941
Deferred tax asset	12,057	20,001
Retirement benefit asset	32,096	33,020
Negative goodwill	—	(18,023)
Property, plant and equipment	143,518	129,977
Total assets	4,512,461	4,234,683
Liabilities		
Deposits	4,073,676	3,799,014
Other liabilities	82,670	85,355
Taxation payable	4,309	5,477
Deferred tax liability	2,402	4,343
Retirement benefit obligations	10,370	13,789
Total liabilities	4,173,427	3,907,978
Shareholder's equity		
Share capital and reserves	284,210	266,428
Retained earnings	54,824	60,277
Total shareholder's equity	339,034	326,705
Total liabilities and shareholder's equity	4,512,461	4,234,683

Approved by the Board of Directors on December 20, 2004

Michael Mansoor

Michael Mansoor
Chairman

John Riviere

John Riviere
Director

BOARD OF DIRECTORS: Michael K. Mansoor, Sir Fred Gollop, John Riviere, Andrew Ferreira, George B. St. John, Oliver Jordan

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

For the year ended October 31, 2004
(expressed in thousands of Barbados dollars)

	Share capital \$	Reserves \$	Retained earnings \$	Total \$
Balance as at October 31, 2002	635,396	(375,330)	50,151	310,217
Net income for the year	—	—	59,048	59,048
Transfer to reserves	—	4,922	(4,922)	—
Dividends	—	—	(44,000)	(44,000)
Available-for-sale investment securities – net fair value change	—	1,440	—	1,440
Balance at October 31, 2003/ November 1, 2003	635,396	(368,968)	60,277	326,705
Negative goodwill derecognition	—	—	18,023	18,023
Adjusted balance at November 1, 2003	635,396	(368,968)	78,300	344,728
Net income for the year	—	—	75,746	75,746
Transfer to reserves	—	19,222	(19,222)	—
Dividends	—	—	(80,000)	(80,000)
Available-for-sale investment securities – net fair value change	—	(1,440)	—	(1,440)
Balance as at October 31, 2004	635,396	(351,186)	54,824	339,034

CONSOLIDATED STATEMENT OF INCOME

For the year ended October 31, 2004
(expressed in thousands of Barbados dollars)

	2004 \$	2003 \$
Interest income	247,656	255,328
Interest expense	78,712	89,020
Net interest income	168,944	166,308
Non-interest income	104,539	92,586
	273,483	258,894
Other operating expenses	170,120	150,515
Provision for credit losses	(4,352)	19,110
Integration/restructuring charges	(1,070)	1,558
Negative goodwill amortisation	—	(907)
	164,698	170,276
Income before taxation	108,785	88,618
Taxation	33,039	29,570
Net income for the year	75,746	59,048

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended October 31, 2004
(expressed in thousands of Barbados dollars)

	2004 \$	2003 \$
Cash flows from operating activities		
Income before taxation	108,785	88,618
Provision for credit losses	(4,352)	19,110
Depreciation	14,599	13,610
Goodwill amortisation	—	(907)
	119,032	120,431
(Increase)/decrease in due from banks	(303,138)	107,291
Decrease in loans and advances, net of disbursements	8,145	195,441
Increase in other assets/liabilities, net	(168,689)	(65,366)
Increase in deposits, net of withdrawals	274,662	100,320
Cash (used in)/from operating activities	(69,988)	458,117
Corporate taxes paid	(21,499)	(20,743)
Net cash (used in)/from operating activities	(91,487)	437,374
Cash flows from investing activities		
Increase in property, plant and equipment, net of disposals	(28,140)	(26,357)
(Increase)/decrease in securities, net of disposals	(345,604)	71,617
Net cash (used in)/from investing activities	(373,744)	45,260
Cash flows from financing activities		
Dividends paid	(80,000)	(44,000)
Net cash used in financing activities	(80,000)	(44,000)
Net (decrease)/increase in cash and cash equivalents	(545,231)	438,634
Cash and cash equivalents, beginning of year	1,017,603	578,969
Cash and cash equivalents, end of year	472,372	1,017,603