



# FirstCaribbean International Bank (Barbados) Limited

## Barbados Branches

December 20, 2004

### AUDITORS' REPORT

To the Directors of FirstCaribbean International Bank (Barbados) Limited

We have audited the accompanying balance sheet of the **Barbados Branches of FirstCaribbean International Bank (Barbados) Limited** ("the branches") as of October 31, 2004 and the related statements of income, changes in head office account and cash flows for the year then ended. These financial statements are the responsibility of the branches' 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 financial statements present fairly, in all material respects, the financial position of the branches as of October 31, 2004 and the results of their operations and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

*Price Waterhouse Coopers.*

Chartered Accountants

### BALANCE SHEET

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

	2004 \$	2003 \$
<b>Assets</b>		
Cash resources	328,027	857,887
Due from banks	223,061	—
Other assets	161,240	57,891
Investment securities	682,487	334,430
Loans and advances	751,951	796,902
Deferred tax asset	7,514	9,456
Retirement benefit assets	14,213	14,540
Negative goodwill	—	(20,322)
Property, plant and equipment	60,213	53,792
<b>Total assets</b>	<b>2,228,706</b>	<b>2,104,576</b>
<b>Liabilities</b>		
Deposits	2,167,609	1,947,918
Other liabilities	37,550	64,849
Taxation payable	2,097	1,286
Retirement benefit obligations	5,570	9,304
<b>Total liabilities</b>	<b>2,212,826</b>	<b>2,023,357</b>
<b>Head office account</b>		
Assigned capital	—	4,000
Reserves	123,912	126,217
Due from head office	(108,032)	(48,998)
	15,880	81,219
<b>Total liabilities and head office account</b>	<b>2,228,706</b>	<b>2,104,576</b>

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

The above information is an extract from the full financial statements within the meaning of the related Banking Act, and is also available at our website [www.firstcaribbeanbank.com](http://www.firstcaribbeanbank.com). The full financial statements can be inspected on request.

### STATEMENT OF CHANGES IN HEAD OFFICE ACCOUNT

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

	Assigned capital \$	Reserves \$	Due from head office \$	Total \$
Balance at October 31, 2002	4,000	120,729	(9,227)	115,502
Net income for the year	—	—	16,191	16,191
Transfers to reserves	—	4,048	(4,048)	—
Transfers to head office	—	—	(51,914)	(51,914)
Available-for-sale investment securities — net fair value changes	—	1,440	—	1,440
<b>Balance at October 31, 2003/ November 1, 2003</b>	<b>4,000</b>	<b>126,217</b>	<b>(48,998)</b>	<b>81,219</b>
Derecognition of negative goodwill	—	—	20,322	20,322
<b>Adjusted balance at November 1, 2003</b>	<b>4,000</b>	<b>126,217</b>	<b>(28,676)</b>	<b>101,541</b>
Net income for the year	—	—	26,561	26,561
Transfers to head office	—	(865)	(109,917)	(110,782)
Cancellation of assigned capital	(4,000)	—	4,000	—
Available-for-sale investment securities — net fair value changes	—	(1,440)	—	(1,440)
<b>Balance at October 31, 2004</b>	<b>—</b>	<b>123,912</b>	<b>(108,032)</b>	<b>15,880</b>

### STATEMENT OF INCOME

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

	2004 \$	2003 \$
Interest income	90,579	94,627
Interest expense	31,804	33,734
Net interest income	58,775	60,893
Non-interest income	59,341	43,781
	118,116	104,674
Other operating expenses	89,208	78,427
Provision for credit losses	(684)	1,977
Integration/restructuring (credits)/charges	(1,727)	65
Negative goodwill amortisation	—	(1,084)
	86,797	79,385
<b>Income before taxation</b>	<b>31,319</b>	<b>25,289</b>
<b>Taxation</b>	<b>4,758</b>	<b>9,098</b>
<b>Net income for the year</b>	<b>26,561</b>	<b>16,191</b>

### STATEMENT OF CASH FLOWS

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

	2004 \$	2003 \$
<b>Cash flows from operating activities</b>		
Income before taxation	31,319	25,289
Provision for credit losses	(684)	1,977
Depreciation	6,157	7,586
Gain on disposal of securities	(4,158)	—
Gain on disposal of property, plant and equipment	(2,831)	(445)
Negative goodwill amortisation	—	(1,084)
	29,803	33,323
(Increase)/decrease in due from banks and mandatory reserve deposits with Central Bank	(234,445)	43,227
Decrease in loans and advances, net of repayments	45,635	190,347
Increase in other assets/liabilities, net	(134,055)	(33,954)
Increase in deposits, net of withdrawals	219,691	114,948
Cash (used in)/from operating activities	(73,371)	347,891
Corporate taxes paid	(2,005)	(708)
<b>Net cash (used in)/from operating activities</b>	<b>(75,376)</b>	<b>347,183</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(16,196)	(6,915)
Proceeds from disposals of property, plant and equipment	5,355	1,077
(Increase)/decrease in securities, net of disposals	(344,245)	53,190
<b>Net cash from/(used in) investing activities</b>	<b>(355,086)</b>	<b>47,352</b>
<b>Cash flows from financing activities</b>		
Transfers to head office	(110,782)	(50,474)
<b>Net cash used in financing activities</b>	<b>(110,782)</b>	<b>(50,474)</b>
<b>Net (decrease)/increase in cash and cash equivalents for the year</b>	<b>(541,244)</b>	<b>344,061</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>774,910</b>	<b>430,849</b>
<b>Cash and cash equivalents, end of year</b>	<b>233,666</b>	<b>774,910</b>