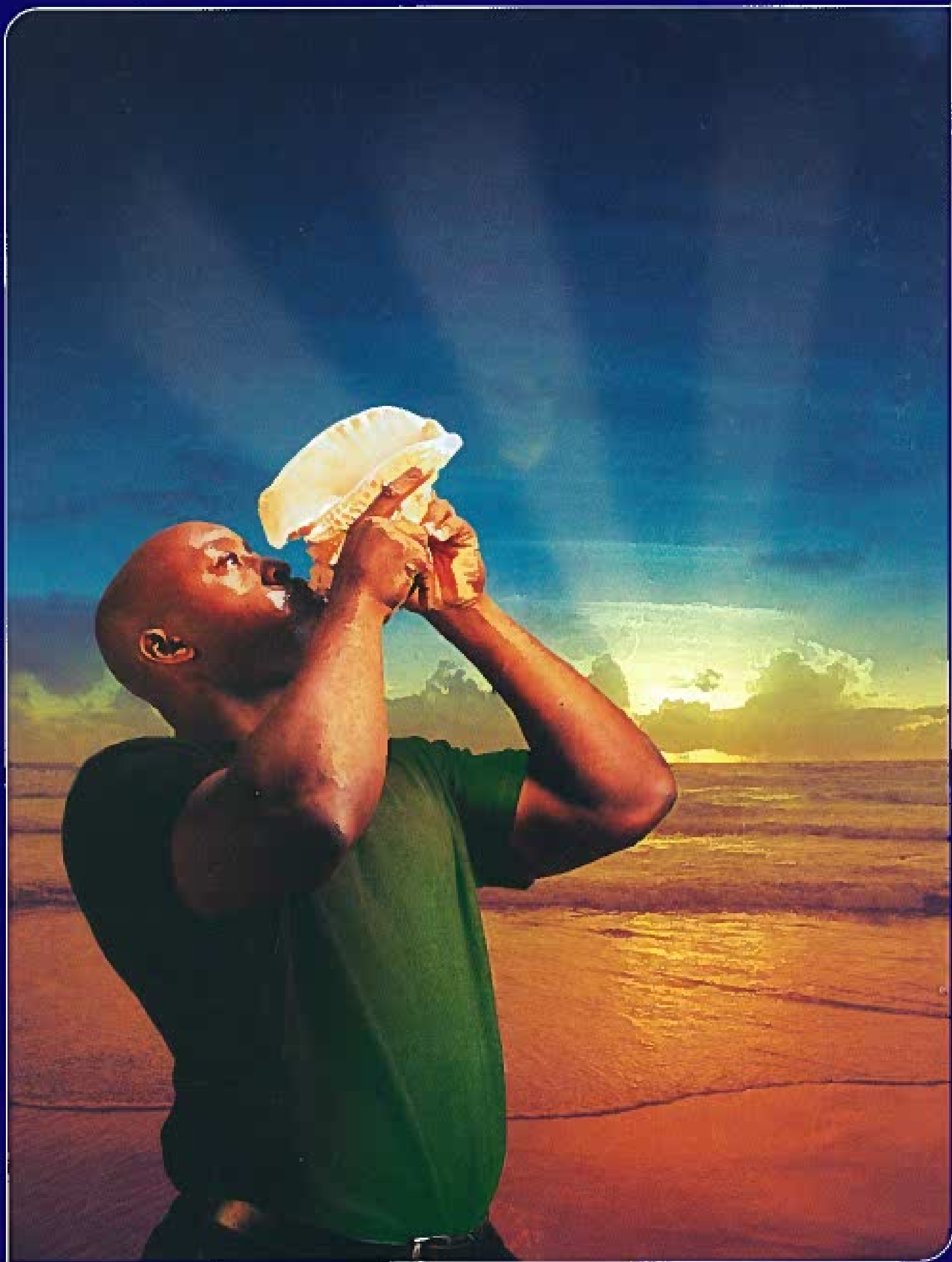
FirstCaribbean International Bank

Annual Report 2002



Contents

Note: All currency is quoted in Barbados dollars.

VISION

To create the Caribbean's Number One financial services institution.

First for Customers;

First for Employees.

PARTNERSHIP

We help you to achieve your financial goals by providing added value and sustained professional support.

FirstCaribbean International Bank
Head Office, Barbados

FIRSTCARIBBEAN
INTERNATIONAL BANK

FirstCaribbean International Bank brings together two complementary and leading financial services businesses in the Caribbean - Barclays Bank PLC and CIBC West Indies Holdings Limited.

FirstCaribbean is committed to building a Caribbean bank founded on the strength, tradition and integrity of the founding institutions, but which is bigger than the legacy banks were on their own in the region.

FirstCaribbean will have one of the largest capital bases of any Caribbean bank, giving it the resources necessary to invest in the future of the region and better serve its customers.

Barclays Bank

"Through the combined strengths of CIBC and Barclays in the Caribbean, FirstCaribbean is poised as one of the leading banks in the region. Its size and diversity will provide staff, customers and shareholders with significant potential and opportunity in the years to come. FirstCaribbean is set to become the market leader in service, products, ease of access and innovation."

Bob Hunter, Chief Executive Officer, Barclays Private Clients, London

BARCLAYS

Barclays Bank PLC was the oldest banking institution in the Commonwealth Caribbean. It provided unbroken service from May 1837 when its branches first opened their doors in the British West Indies.

The new bank was greeted with enthusiasm. *The Barbadian* described its charter as 'one of the most important documents that ever found its way from Europe to the Western Tropical World.' Offices quickly opened in Barbados, Trinidad and British Guiana, soon followed by St Lucia, Grenada, Antigua, Dominica, St Kitts and St Vincent.

The Bank's first century saw few changes in its operations. The major event of this inter-war period was the merger of Barclays Bank (UK), the Anglo-Egyptian Bank and the Bank of South Africa, in 1925, to form Barclays Bank (Dominion Colonial and Overseas). The name was subsequently shortened, in 1954, to Barclays Bank DCO.

The end of World War II brought the greatest change. Until then, most of Barclays' customers came from the commercial sector. There was now the need to actively seek out customers in the rest of the community. Establishing branches in rural centres on the larger islands accomplished this. In Trinidad, the expansion was notable: four branches in 1952, over 30 branches by the mid-sixties.

Government policy became a significant factor affecting all banks in the region. In Jamaica, the Manley Government nationalised Barclays in 1977. In Trinidad and Tobago, Barclays was localised in 1972 – reducing the parents' shareholding.

For over 160 years Barclays served the Caribbean. The same pioneering spirit which motivated the opening of the first branch in 1837, now inflences its combination with CIBC to form one of the Caribbean's largest banks.

CIBC

In 1920 The Canadian Bank of Commerce decided to extend its operations beyond its national boundaries. The West Indies was selected as the first location for new international branches. It was anticipated that there would be a significant development of trade between Canada and the Caribbean area. There had been active trade relations in an earlier period between the Province of Nova Scotia and the West Indies via the Halifax Banking Company prior to its merger with The Canadian Bank of Commerce in 1903. Bank executives visited the West Indies in 1919, and recommended to the Board of Directors the opening of branches in Cuba, Jamaica and Barbados. The branch in Kingston opened on November 1, 1920 and the Bridgetown branch opened on December 20, 1920. Branches soon followed in Port of Spain and Rio de Janeiro in 1921.

Application was made to the governments of Jamaica, Trinidad and Barbados for note-issuing privileges similar to those enjoyed by other banks in the West Indies. The Jamaica and Trinidad issues were dated March 1, 1929 and the Barbados issue was dated January 2, 1922.

The 1950s and 60s saw another spurt in expansion in the West Indies. Branches were opened in St. James, Trinidad, Nassau, the Bahamas, and in Port Antonio, Buff Bay, and Ochos Rios in Jamaica in the 1950s. In the 1960s branches opened in Half Way Tree and Montego Bay, Jamaica, and in Tunapuna, Port of Spain and San Juan in Trinidad, and Scarborough, Tobago.

In 1993 a restructuring process was started to capitalise on changes in the business environment. As a result, CIBC West Indies Limited was incorporated, and was subsequently listed on the stock exchanges of Barbados, Trinidad and Tobago, and Jamaica.

"With the combined experience of close to 250 years in the Caribbean under the CIBC and Barclays banners, FirstCaribbean has a clear understanding of the business and consumer needs in this diverse group of countries. FirstCaribbean is a bank of the Caribbean, for the Caribbean, with connections to the world."

John Hunkin, Chairman and CEO,
Canadian Imperial Bank of Commerce,
Toronto

Notice of Meeting

Annual Meeting

Notice is hereby given that the Ninth Annual Meeting of FirstCaribbean International Bank Limited (formerly CIBC West Indies Holdings Limited) will be held in the Flamboyant Room at Sherbourne Conference Centre on Tuesday, March 25, 2003, at 5: 00 p.m. for the following purposes:

1. To receive Accounts for the year ended October 31, 2002 and the Reports of the Directors and Auditors thereon.

2. To elect the following Directors:
   (i) Michael Murray for a period of two years.
   (ii) Chester Feldberg for a period of two years.
   (iii) Robert Hunter for a period of three years.
   (iv) Charles Pink for a period of three years.
   (v) Allan Fields for a period of three years.
   (vi) David Ritch as Permanent Alternate Independent Director for Kyffin Simpson for a period of one year.
   (vii) Teresa Butler as Permanent Alternate Independent Director for Allan Fields for a period of one year.

3. To appoint the Auditors and to authorise the Directors to fix their remuneration.

4. To discuss any other business which may be properly considered at the Annual Meeting.

BY ORDER OF THE BOARD OF DIRECTORS

Natalie S. Holder
Corporate Secretary
January 31, 2003

Proxies

Shareholders of the Company entitled to attend and vote at the meeting are entitled to appoint one or more proxies to attend and, in a poll, vote instead of them. A proxy need not also be a shareholder. Any instrument appointing a proxy must be received at the office of the Registrar & Transfer Agent, FirstCaribbean International Trust and Merchant Bank (Barbados) Limited not less than 48 hours before the Meeting. Members who return completed proxy forms are not precluded, if subsequently they so wish, from attending the Meeting instead of their proxies and voting in person. In the event of a poll, their proxies' votes lodged with the Registrar & Transfer Agent will be excluded.

Dividend

A final dividend of five point two cents ($0.052) approved for the period ended October 31, 2002 was paid on November 4, 2002, to the holders of Common Shares whose names were registered in the books of the Company at the close of business on September 27, 2002.

An interim dividend of five cents ($0.05) was paid on July 12, 2002, to holders of Common Shares whose names were registered in the books of the Company at the close of business on June 17, 2002.

An extraordinary dividend of eighteen cents ($0.18) was also paid on November 4, 2002 to holders of common shares whose names were registered in the books of the Company at the close of business on September 27, 2002. Total dividends for the 2002 financial year amounted to approximately twenty-eight cents ($0.28) per common share.

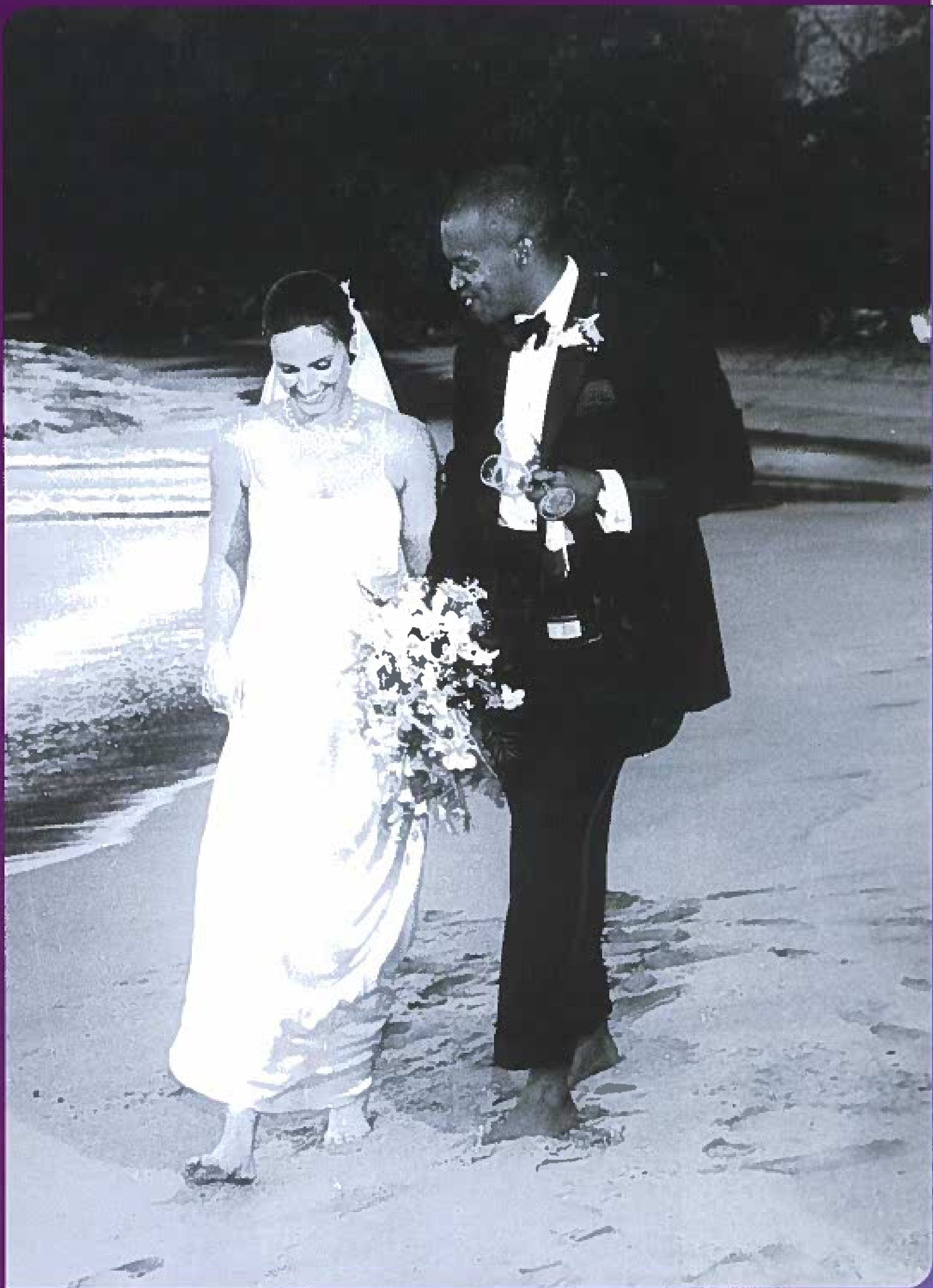
Documents Available for Inspection

There are no service contracts granted by the Company, or our subsidiary companies, to any Director.

REGISTERED OFFICE: Warrens, St. Michael, Barbados, West Indies.

RESPECT

We listen in order to understand your financial needs; you can trust us to give you superior service and complete confidentiality.

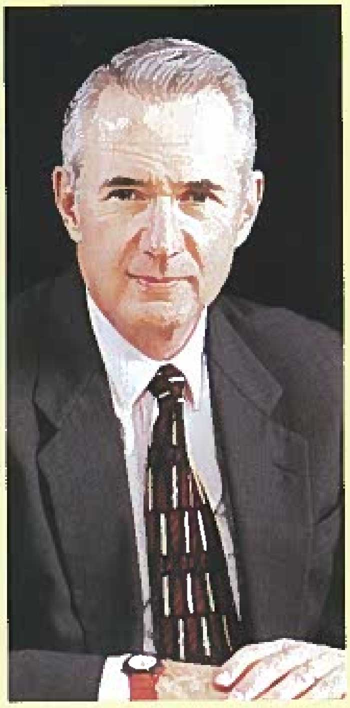


Board of Directors

Michael Mansoor
Chairman - FirstCaribbean International Bank Limited

Charles Pink
Chief Executive Officer - FirstCaribbean International Bank Limited

Teresa Butler
Permanent Alternate Independent Director, Chairman - Public Service Commission of the Bahamas



Robert Hunter
Chief Executive Officer - Barclays Private Clients

Ron Lalonde
Senior Executive Vice President - Canadian Imperial Bank of Commerce

Michael Murray
Chief Operating Officer - Barclays Private Clients

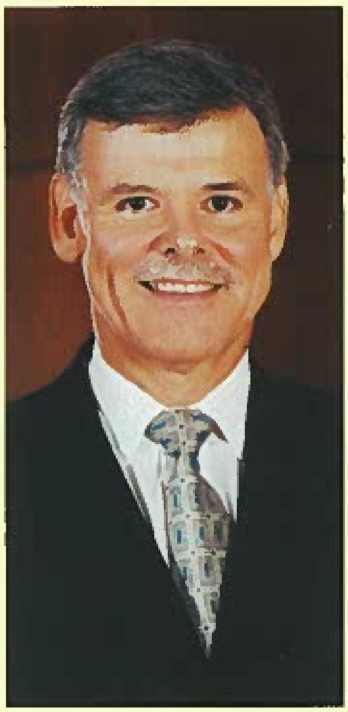
Chester Feldberg
Chairman - Barclays Americas

Allan Fields
Chief Executive Officer - Barbados Shipping and Trading Company

Sir Fred Gollop
Attorney-at-law, Chairman - Nation Media Group

David Ritch
Permanent Alternate Independent Director, Attorney-at-Law and Senior Partner – Ritch and Conolly

Kyffin Simpson
President - Simpson Motors Limited



Richard Venn
Senior Executive Vice President - Canadian Imperial Bank of Commerce

Advisors & Senior Management

Legal Advisors

Chancery Chambers
Messrs. Carrington & Sealy
Garth Patterson
Fitzwilliam, Stone & Alcazar

Corporate Secretary

Natalie S. Holder

Registrar and Transfer Agent

FirstCaribbean International Trust and
Merchant Bank (Barbados) Limited

Audit & Governance Committee

Ron Lalonde – Chairman
Christopher Bovell
Teresa Butler
Chester Feldberg
Allan Fields
Sir Fred Gollop
David Ritch

Auditors

PricewaterhouseCoopers

Bankers

FirstCaribbean International Bank (Barbados) Limited

Senior Management

Michael Mansoor
Chairman

Charles Pink
Chief Executive Officer

Joe Barretto
Executive Director – Technology and Chief Information Officer

Jacqueline Beaurivage
Senior Vice-President – Integration

Sharon Brown
Executive Director – Corporate Banking

Raymond Campbell
Executive Director – Capital Markets

Jeremy Clark
Executive Director – Treasury

Andrew Gardiner
Executive Director – Credit Risk

Bryan Gaunt
Executive Director – Internal Audit

Stuart Gunn
Chief Risk Officer

Peter Hall
Executive Director – Human Resources

Robert Lane
Executive Director – Operations

Francis Lewis
Executive Director – Marketing and Communications

Julian Murillo
Executive Director – Strategy and Corporate Development

John F. Riviere
Executive Director and Chief Financial Officer

Mark Strang
Group General Counsel and Executive Director – Compliance

Mark Teversham
Executive Director – International Banking

Walter Wells
Executive Director – Retail Banking

STRENGTH

We are strong, built solidly on the foundation of two World Class Banks, establishing security, reliability and opportunity.

Directors' Report

DIRECTORS

Sir John Goddard retired as the Company's Chairman at the last Annual Meeting of the shareholders held on February 28, 2002. At a meeting of the Board of Directors held on October 16, 2002, Michael Mansoor was appointed the new Chairman of the Company.

During the year Kathryn Casparian resigned as a Director of the Company effective May 29, 2002. At a meeting of the Board of Directors held on May 30, 2002, Mark Strang was appointed to fill the casual vacancy created by Ms. Casparian's resignation.

The Company's shareholders at a Special Meeting of the shareholders held on September 18, 2002 approved the appointment of Mark Strang to the Board of Directors. In addition, Horace Cobham, and John Riviere were appointed to the Board of Directors contingent upon completion of the combination of the West Indies Retail, Corporate and International businesses of Canadian Imperial Bank of Commerce and Barclays Bank PLC.

The shareholders also at that meeting, authorised the Board to appoint such alternate directors as were necessary for the proper discharge of the affairs of the Company.

The combination was completed on October 11, 2002 and on October 16, 2002, the Board of Directors accepted the resignations of Jacqueline Beaurivage, John Breen, Horace Cobham, John Riviere and Mark Strang. The following persons were appointed to fill the casual vacancies created as a result of those resignations, these appointments being valid until the next Annual Meeting of the shareholders which will be held on March 25, 2003:

Chester Feldberg
Allan Fields
Robert Hunter
Michael Murray
Charles Pink

The Board of Directors also appointed David Ritch and Teresa Butler as Permanent Alternate Independent Directors pursuant to the authorisation of the shareholders.

The shareholders are now being asked to confirm the appointments of Mr. Ritch, Ms. Butler, Mr. Feldberg, Mr. Fields, Mr. Hunter, Mr. Murray and Mr. Pink to the Board of Directors.

DIRECTORS' INTEREST

As at October 31, 2002, particulars of Directors' shareholdings in the issued capital of the Company are as follows:

COMMON SHARES OF NO PAR VALUE

	Beneficial Interest	Non-Beneficial Interest
1. Michael Mansoor	86,948	nil
2. Charles Pink	nil	nil
3. Teresa Butler *(Permanent Alternate Independent Director)*	nil	nil
4. Chester Feldberg	nil	nil
5. Allan Fields	nil	nil
6. Sir Fred Gollop	1,000	nil
7. Robert Hunter	nil	nil
8. Ron Lalonde	nil	1,000
9. Michael Murray	nil	nil
10. David Ritch *(Permanent Alternate Independent Director)*	nil	nil
11. Kyffin Simpson	1,000	5,088,718
12. Richard Venn	nil	1,000

FINANCIAL RESULTS AND DIVIDENDS

The Directors report that the Company's consolidated profit after taxation for the period ended October 31, 2002 amounted to $10.7 million. All statutory requirements for the period ended October 31, 2002 have been fulfilled.

Directors' Report

The Company has declared a final dividend of five point two cents ($0.052) per Common Share for the period ended October 31, 2002. An interim dividend of five cents ($0.05) per Common Share and an extraordinary dividend of eighteen cents ($0.18) were also paid in the 2002 fiscal period.

SHARE CAPITAL

Substantial interest as at October 31, 2002*
Common shares of no par value

1. CIBC Investments (Cayman) Limited	666,179,361 (45.0%)
2. Barclays Bank PLC	666,001,367 (45.0%)
3. Republic Bank Limited	88,061,917 (6%)

* Substantial interest means a holding of 5% or more of the Company's issued share capital.

AUDITORS

The Auditors PricewaterhouseCoopers have indicated their willingness to be re-appointed and a resolution to that effect will be proposed at the Annual Meeting of the shareholders of the Company.

Natalie S. Holder
Corporate Secretary

BY ORDER OF THE BOARD

Natalie S. Holder
CORPORATE SECRETARY
January 31, 2003

Chairman's Review

I am writing this Review in the capacity of Chairman of FirstCaribbean International Bank. Your Board of Directors elected Mr. Charles Pink as Chief Executive Officer and myself as Chairman, in October 2002, consequent upon the combination of CIBC West Indies Holdings Limited and Barclays Bank PLC's Retail, Corporate and International banking operations in the Caribbean.

Combination of Barclays and CIBC

The combination was easily the most significant development for these banks in 2002. While CIBC West Indies Holdings Limited operated in eight countries with a consolidated asset base of $9.2 billion, FirstCaribbean has branch networks in 15 jurisdictions and an asset base of $17.7 billion. The shareholding has also changed. At the end of the reporting period Barclays Bank PLC and CIBC each owned approximately 45% of the voting shares with the remaining, largely Caribbean, shareholding at approximately 10%. Subsequent to the end of the fiscal year and following the successful Rights Offering, the two heritage banks each owned 43.75% of the voting shares and the public ownership of the company increased to 12.5%.

The transaction was substantially completed on October 11, 2002 and FirstCaribbean began operations in 13 countries on October 14. The other two jurisdictions joined the fold in December and certain largely administrative matters are being finalised at the time of writing.

With the benefit of hindsight, it seems clear that we did well to complete the transaction within 15 months of its announcement. A banking combination of this size and complexity was a first for the 15 governments, eight regulators and four securities regulators and stock exchanges who were required to approve this transaction. We are deeply indebted to all of these governments and agencies for their professionalism and dedication in helping make this combination possible.

Our purpose in effecting this combination was essentially to create a larger financial institution, realise economies of scale and scope, and most importantly to provide our customers in all market segments with a very high quality and wide choice of products and services. A considerable amount of work has been done to plan and manage the integration and transformation of the two heritage organisations, and we are confident that we will achieve the budgeted synergies.

Financial Results for 2002

The performance of both legacy banks on a stand alone basis was negatively affected by historically low interest rates and compression of net interest margins, declining rates of growth across the region, slackening demand and a number of one-time items that are related to the combination.

> ***"Our purpose in effecting this combination was essentially to create a larger financial institution and realise economies of scale and scope"***

For CIBC, these factors were to some extent offset by the gain on the sale of a portfolio investment in Life of Barbados. CIBC West Indies Limited's shareholders received a 10.2 cents dividend based on the results for the eleven months to September 30.

Michael Mansoor
Chairman

Chairman's Review

In addition, a special dividend of 18 cents was paid subsequent to the completion of the combination, which was an amount of excess retained earnings accumulated in previous years.

Governance

All successful banks must have a rigorous and robust culture of risk management and internal control, with appropriate systems to ensure that they are managed in a prudent manner. An equally important requirement is compliance with the regulatory requirements in the many jurisdictions in which we operate.

We have taken great care to ensure that in the period of integration and beyond, there are adequate organisational arrangements to ensure that the requirements for control and regulatory compliance are satisfied.

We have accordingly appointed as Tier 1 executives, a Chief Risk Officer, an Executive Director of Internal Audit and an Executive Director of Legal and Compliance. Together, these senior executives will ensure that the Bank's policies and procedures for the management of credit, operational and market risk and regulatory compliance are adequate, appropriate and effective.

Regulators across the region have moved towards a consistent set of rules based on international standards developed by the Bank of International Settlements and other bodies. However, our bank must also meet and satisfy the regulations and laws of each of its fifteen countries and eight banking regulators. The Central Bank of Barbados has assumed the important role of lead regulator for FirstCaribbean and we believe that this is a very positive development in the emerging financial institution architecture of the region.

We regard good governance and regulatory compliance as a cornerstone of our mission and strategy and we are confident that we have allocated the necessary resources to ensure success in this important area.

Our People

Our people are our most important asset and we have done our best to ensure that the myriad concerns of our people are dealt with during this period of integration and uncertainty.

I am very happy to report that we have followed enlightened and, I believe, exemplary practices in selecting persons to hold senior positions in the new bank.

Our compensation policies are among the best in the region and we regard this as a competitive advantage. Compensation and benefits are however dependent upon performance and profitability, and the long term prosperity of our staff and our bank will only occur if there is restraint and due regard for economic realities. Virtually all of our staff are shareholders or will become shareholders within the first year of the new bank's operations.

Our people have supported us in a difficult year and I am grateful to everyone for this.

Future Outlook

With respect to the future, it is clear that our performance will depend on our ability to integrate the banks on time and within budget so as to realise the planned synergies.

We must also maintain and indeed grow our market share profitability.

I believe that a successful integration with the monetisation of the expected synergies is highly probable because of the important work that has already been done to plan the various projects and to locate and put in place the human resources required to do this difficult piece of work.

Chairman's Review

A large bank such as ours, however, reflects the macro economic conditions of the countries in which we operate, so that real growth depends to a considerable extent on the economic development of our region. This is a time of political and economic uncertainty on a global basis and we in the Caribbean experience the effects of such trends almost immediately, as we found out in September 2001. Foreign direct investment continues to be an important determinant of economic buoyancy and such inflows have been negatively impacted in several countries because of global conditions.

The future of the Bank will reflect these realities but I am confident that our people will work extremely hard to manage successfully the matters that are within their control and prepare well for the major opportunities, which will no doubt arise in due course.

Appreciation

We have accomplished the combination of two successful and profitable international banks and we have laid the foundation for the creation of a world-class financial institution in this region. We are grateful to the governments and regulators of the region who helped us to accomplish this. We are also grateful to our staff and several individuals from Barclays and CIBC, who have given of their time and talent to help bring these two legacy banks together.

We thank our customers and our shareholders for their support.

Michael Mansoor
Chairman

Chief Executive Officer's Report

As Chief Executive Officer of FirstCaribbean International Bank, I am honoured to have this opportunity to touch on the highlights of our 2002 fiscal year and to outline some of our plans for continuing to build on FirstCaribbean's strong foundations, inherited from Barclays and CIBC, in the years to come.

FINANCIAL PERFORMANCE

Despite the severe economic downturn in the Caribbean experienced throughout 2002, your bank remains very strong.

Whilst the pro-forma net income after tax of $223 million represents a 21% decline on the 2001 outturn, this is against a background of sharp reductions in US dollar and local interest rates. The Fed rate at 1.25% represents a 40 year low for US interest rates. Given the Bank's very substantial base of US dollar Offshore deposits emanating from our international business, there is a strong sensitivity to interest rate movements and we estimate that some 90% of the profits reduction stems from this source.

It has historically not been either heritage bank's policy to hedge against interest rate movements. This policy will be revisited at the appropriate timing in the interest rate cycle.

A reduction of 3% in loans is against a background of the depressed economies in which we operate. This number must also be considered alongside our determination to continue to adhere to risk policies in the long term interests of our shareholders. The rewards of this policy are visible in the excellent performance on credit provisions, which were limited to an increase of $4.5 million. The 0.6% of year-end loan book that this represents compares very favourably to major competitors in the region. The continuing strength of your bank is also exhibited in our A- credit rating with Standard & Poors. Again, this compares favourably to major competitors in the region.

Management took action to exert rigorous expense control in the face of the difficult economic environment and the benefits of that are seen in expenses showing only 1% growth at $3.9 million.

Total declared dividends for the 2002 financial year amounted to 28.2 cents per share, compared to 11 cents per share in 2001, an increase of over 100%. This reflected the special dividend of 18 cents per share declared by the former CIBC West Indies Holdings in 2001. We are delighted to have been able to reward our shareholders' support in this way.

The confidence of you, our shareholders, was exhibited in the significant over-subscription of the initial entitlement under the Bank's recent Rights Issue (195% subscription excluding the largest single minority shareholder). We are delighted with the results of the Rights Issue and, as I commented at the time, this is a major step towards our stated goal of 20% public ownership in FirstCaribbean over the next few years.

> ***"Our strategy is to concentrate on four customer focused businesses, each delivering sales and service support tailored to the specific needs of their customers"***

The Rights Issue has boosted the Bank's already extremely strong Tier 1 Capital ratio, which stood at the year end at 15.7%.

Charles Pink
Chief Executive Officer

Chief Executive Officer's Report

STRATEGY

Our strategy is to concentrate on four customer focused businesses, each delivering sales and service support tailored to the specific needs of their customers.

Those businesses, and the key elements of our strategy for each, are as follows:

Retail Banking

Focused on our personal and small business customers, the essential elements of our strategy are to:

- Develop tailored customer offerings through differential focus on our three sub-segments of Retail, Premier and Business banking.
- Develop alternative channels of telephone banking, and in time Internet banking, to bring choice and convenience to our customers, adding to our 85 branches and 120 ATMs.
- Focus and develop three key product areas: mortgages, credit cards and personal loans. In the first two of these we hold leading market shares in many of our markets.
- Focus on customer service improvement via our 'Customer First' programme. We aim to be the market leader in customer service over time. This programme will be emphasised in the Retail business but will also extend to all our lines of business.

Corporate Banking

Focused on our Corporate customers, the key elements of our strategy are to:

- Offer excellence in relationship management with all customers and to have a dedicated Relationship Manager and dedicated support points of contact.
- Develop specific customer offerings through differential focus on our two new sub-segments of Corporate and Commercial banking.
- To increase the number of Relationship Managers and to free up the time of our existing Relationship Managers, via process improvement and technology deployment, to allow more time to be spent with our customers and on business development.

International Banking

Serving our International Personal and Corporate customers, the key elements of our strategy are to:

- Extend the successful Barclays offshore banking model to the former CIBC offshore client base, including a dedicated Relationship Manager with specialised international banking expertise, and dedicated support points of contact.
- To extend our range of investment solutions to provide increased value added to our clients. A recent example is the introduction of the CIBC range of mutual fund products. In all lines of business, we will continue to source products from third parties where they offer value to our clients.

Capital Markets

Serving our largest Corporate, institutional and Government clients, the key elements of our strategy are to:

- Extend the successful CIBC Capital Markets business in Jamaica and Barbados across the whole of the Caribbean, and to former Barclays clients.

  The recent successful underwriting of $105 million for Sagicor is an example of

Chief Executive Officer's Report

the sort of transaction which our expertise and capital base will allow us to bring to bear for the benefit of our clients in the Caribbean.

- To add value to our clients in this segment via Relationship Managers with very small portfolios and the specialised knowledge necessary to deliver the complete range of banking solutions to this sophisticated client segment.

In summary, we have a clear strategy focused on providing value to our clients, and from it we will deliver long term value to our shareholders.

INTEGRATION

Annualised synergies continue to be expected to be $120 million pre-tax per annum by the end of the third year of operation of FirstCaribbean.

These synergies are the return on total restructuring and integration costs of some $152 million which continue to be expected to be incurred in the same three years.

The sources of these synergies include:

- The rationalisation of Head Office functions. Our target is to complete this process within four months of the combination.

- The rationalisation of IT infrastructure, including replacing the former Barclays IT systems with CIBC's recently upgraded ICBS system, and replacing the former Barclays VSAT communication system with CIBC's Frame Relay system. The latter has already been completed. The bulk of our technology integration effort has been outsourced to Computer Sciences Corporation.

- The rationalisation of operational processing, including leveraging the benefits of the ICBS system for greater centralisation and re-engineering of processes.

To ensure focus and minimum disturbance to the customer focused businesses, integration is being managed by a separate Integration Team of some 130 professionals from the Caribbean, UK and Canada, led by a very experienced executive, Jackie Beaurivage, from CIBC Canada. I am pleased with our early progress.

The re-signing of buildings and ATMs and introduction of harmonised products and services will take place country by country across our 15 countries of operation over a 12 month period.

Our overall journey of integration will take some two and a half years and we have a well developed plan to ensure we achieve our targets. For the sake of our customers, employees and shareholders we will implement our transformation with care and prudence, in particular aiming for minimal disruption for our customers. We will communicate extensively to ensure all our stakeholders are kept fully informed as we make changes.

OUR PEOPLE

Our philosophy is that our people are our greatest asset and we invest accordingly.

It is our aim to become the 'Employer of Choice' within the Financial Services industry in the Caribbean. We have a specific programme under the leadership of the Executive Director Human Resources, aimed at delivering on this objective. The key pieces, and some early deliverables, are:

- Pay for performance: introducing a new Performance Management system linking pay to individual and Corporate performance. This is already implemented

Chief Executive Officer's Report

but we expect to further develop our performance culture over time.

- Sharing in our success: encouraging our staff to hold shares in FirstCaribbean. We gifted $3,000 – $7,000 of shares in FirstCaribbean to each employee upon completion of the combination and now plan to introduce a subsidised scheme to allow further investment in our shares by our employees.

- Investing in people: We have committed $7.6 million to training and development programmes over the first 18 months of FirstCaribbean's life and intend to offer all our staff ongoing programmes and, support to develop them to their full potential.

- Opportunities for all: All jobs in FirstCaribbean are posted openly and preference is given to Caribbean nationals reflecting our status as a Caribbean bank. We are also focused on ensuring opportunities for women and, notwithstanding the 34% of women amongst the top two tiers of management, have set ourselves ambitious targets to further increase this proportion.

The quality of people is a critical success factor in future performance and the opportunity presented by the combination has been taken to significantly strengthen the senior management in our selection processes. To that end it is my pleasure to welcome Stuart Gunn, Chief Risk Officer; Bryan Gaunt, Executive Director – Internal Audit; Peter Hall, Executive Director – Human Resources; Francis Lewis, Executive Director – Marketing and Communications and Jackie Beaurivage, Senior Vice President – Integration, all of whom have joined the Executive Management Committee over the last year. A 'best of both' philosophy is being applied in selecting for jobs throughout our new bank and I am very pleased with the excellent quality of people with whom our bank starts its life.

COMMUNITY

We believe in operating in partnership with the communities of which we are a part. We believe in giving something back.

Against this background, FirstCaribbean has introduced a new Community Partnership Scheme for 2003. The key elements are:

- A commitment to spend 1% of post tax profits on our Community Partnership activities each year. For 2003, based on 2002's pro-forma profits, this is expected to be a sum in excess of $2 million. This is a very substantial commitment to our region's future, but one which we are delighted to make.

- A commitment to produce an annual Community Partnership report, detailing the spending of the 1%, and made widely available, effectively offering external auditing of our activities in this area.

- Some 30% of the 1% is to be made available to our local Country Management teams for distribution. The other 70% is focused on a number of central progammes, which are currently being developed.

I see Community Partnership as a key facet of any responsible business and I will continue to update you on our performance in this area in subsequent reports.

OUR FUTURE

Our name, FirstCaribbean International Bank, is a very literal name. It describes us as a bank with international reach, standards and

Chief Executive Officer's Report

heritage but securely grounded in our home of the Caribbean. But above all, it describes our goal of being first in everything we do.

Our vision is to be the bank of first choice in the Caribbean, first for customers, first for employees, first for service and first for innovation in the eyes of all. We are committed to being the Caribbean's number one financial services organisation.

Charles Pink
Chief Executive Officer

FirstCaribbean Locations

FirstCaribbean International Bank Limited
Head Office
P.O Box 405
Warrens, St. Michael
Barbados
Tel: (246) 367-2300

Main Branches

Anguilla, (B)
P.O Box 140
The Valley
Tel: (264) 497-2301

Antigua, High Street, (C)
P.O. Box 28
High Street & Corn Alley
St John's
Tel: (268) 480-8500

Antigua, High Street, (B)
P.O Box 225
High Street
St John's
Tel: (268) 480-5000

The Bahamas, Bay Street, (B)
P.O Box N 8350
Bay Street
Nassau
Tel: (242) 356-8000

The Bahamas, East Bay, (C)
P.O Box SS-6254
308 East Bay Street
Nassau
Tel: (242) 393-1966-7

Barbados, Rendezvous (B)
P.O Box 180
Barclays House
Rendezvous
Christ Church
Tel: (246) 431-5300

Belize, Albert Street, (B)
P. O Box 363
21 Albert Street
Belize City
Tel: 9011+(501) 227-7212

British Virgin Islands, (B)
P.O Box 70
Road Town
Tortola
Tel: (284) 494-2171/3

Cayman Islands, Grand Cayman, (B)
P. O Box 1321
Sheddon Road
George Town
Tel: (345) 949-7300

Cayman Islands, Edward Street, (C)
P.O Box 695 GT
54 Edward Street
Grand Cayman,
Tel: (246) 949-2666

Dominica, (B)
PO Box 4
Old Street
Roseau
Tel: (767) 448-2571

Grenada, (B)
P.O Box 37
Church Street
St George's
Tel: (473) 440-3232

Jamaica, (C)
P.O Box 403
23-27 Knutsford Boulevard
Kingston
Tel: (876) 929 –9310

St Kitts, (B)
P.O Box 42
The Circus
Basseterre
Tel: (869) 465-2449

St. Lucia, Castries, (C)
P.O. Box 350
William Peter Boulevard
Castries
Tel: (758) 456-2422

St. Lucia, Bridge Street, (B)
P.O Box 335
Bridge Street
Castries
Tel: (758) 456-1000

Netherland Antilles, (B)
St. Maarten
P.O Box 941
Front Street
Philipsburg
Tel: (599)542-3511

Nevis, (B)
P.O Box 502
Charlestown
Tel: (869) 469-5309

Turks & Caicos, Providenciales, (C)
P.O Box 698
Leeward Highway
Tel: (649) 946-5303

Turks and Caicos, Grand Turk, (B)
P.O Box 61
Cockburn Town
Tel: (649) 946-2831

St. Vincent (C)
P.O. Box 212
Halifax Street
Kingstown, St. Vincent
Tel: (784) 457-1587

St. Vincent, (B)
P.O Box 604
Halifax Street
Kingstown, St. Vincent
Tel: (784) 456-1706

Financial Centres & Trust Companies

Commercial Banking Centre, (C)
P.O Box N -7125
Shirley Street
Nassau, The Bahamas
Tel: (242) 322-8455

Corporate Office, (B)
308 East Bay Street
Nassau, The Bahamas
Tel: (242) 393-4710

Offshore Banking Centre, (B)
PO Box N-8350
Bay Street
Nassau, The Bahamas
Tel: (242) 356-8016

Finance Corporation, (B)
P.O. Box N8350
Nassau, The Bahamas
Tel: (242) 322-7466

Commercial Banking Centre, (C)
P.O Box 405
Warrens
St. Michael, Barbados
Tel: (246) 367-2500

Trust and Merchant Bank, (C)
P.O Box 405
Warrens
St. Michael, Barbados
Tel: (246) 367-2100

Offshore Banking Unit (C)
P.O Box 405
Warrens, St. Michael
Barbados
Tel: (246) 367-2464

Bridgetown Business Centre, (B)
P.O Box 301
Broad Street
Bridgetown, Barbados
Tel: (246) 431-5204

Offshore Banking Unit, (B)
PO Box 301
Rendezvous
Christ Church, Barbados
Tel: (246) 431-5262

Trustee Branch, (B)
P.O. Box 438
Broad Street
Bridgetown
St Michael, Barbados
Tel: (246) 431-5296

Finance Corporation, (B)
P.O. Box 1014C
Bridgetown
St Michael, Barbados
Tel: (246) 431-5066

Commercial Banking Centre, (C)
23-27 Knutsford Blvd
Kingston, Jamaica
Tel: (876) 929-9310

Building Society, (C)
P.O Box 405
23-27 Knutsford Blvd
Kingston, Jamaica
Tel: (876)929-9310

Finance Corporation, (B)
P.O Box 335
Castries, St.Lucia
Tel: 758-452-6371

Note: (B) – formerly Barclays
(C) – formerly CIBC

CARIBBEAN COMMITMENT

We provide products and services that cater to the Caribbean. Our commitment is to family, community, nation and region.

Management's Discussion and Analysis of Operating Results and Financial Condition

Consolidated Financial Review

Overview of Audited Financial Statements

On October 11, 2002, the combination of Barclays and CIBC's Caribbean Retail, Corporate and International banking operations was completed. Although CIBC and Barclays PLC share identical voting share interests in the Bank as of this date, at the initial stage of the combination transaction the value of Barclays' interest was larger than CIBC's. As a result, under International Accounting Standards, the accounting treatment for the combination was determined to be that of a reverse acquisition with Barclays identified as the deemed acquirer. As a consequence, the published income statement represents ten months results for Barclays' Caribbean operations and approximately three weeks of CIBC WIHL's results (Barclays' results from January 1, 2002, as they previously had a December fiscal year-end and CIBC WIHL's results from October 11, 2002 – the date of the combination).

This accounting convention applies to all of the financial statements, although the balance sheet is more straightforward, showing combined balances at a point in time – October 31, 2002. The goodwill figure of $635 million on the balance sheet represents the excess of the fair value of CIBC WIHL's business over the fair value of the identified assets and liabilities as of October 11, 2002, less amortisation to the balance sheet date. All prior year comparatives reflect the fiscal 2001 results of Barclays' Caribbean operations.

As a result of the combination, total assets stand at $17.7 billion with a loan portfolio of $7.5 billion and capital ratios well in excess of regulatory requirements. The large increase in all balance sheet categories is due to the fact that the 2001 comparatives only include Barclays' Caribbean operations, whereas 2002 balances are those for the combined operations.

A restructuring charge of $52 million has been expensed this year to accommodate the funding of certain future costs related to the combination. Excluding these exceptional charges and a further $28 million in non-recurring charges related to the combination, the net income before tax is $92.0 million. Of this figure, $6.0 million relates to three weeks of ex-CIBC operations and $86.0 million to ten months of Barclays' operations. This latter figure translates to an annualised figure of $103 million versus the prior year's ex-Barclays result of $166 million. Over $60 million of this change is due to declining net interest income on the large US$ deposit base which has been significantly impacted by US interest rates declining to historically low levels.

Performance Overview

It is emphasised that because of the application of reverse acquisition accounting and the incurring of restructuring charges, the reported net profit of $10.7 million does not accurately reflect the ongoing operating performance of the combined entity. To address this issue the remaining discussion and analysis focuses on the pro-forma combined results for Barclays and CIBC. This disclosure essentially allows the reader to view the combined performance of the two entities as if they were two stand–alone businesses, removed from any accounting impact from a combination.

Management's Discussion and Analysis of Operating Results and Financial Condition

FirstCaribbean International Bank
Pro forma Income Statements (BBD$'000)

	2002	2001
Net interest income	536,594	604,671
Non-interest income	219,298	210,804
Total income	755,892	815,475
Non-interest expenses	459,952	456,097
Loan loss provision	45,479	40,993
	505,431	497,090
Income before taxation and minority interest	250,461	318,385
Taxation	19,154	28,978
	231,307	289,407
Minority interest	8,122	8,618
Net income	223,185	280,789
Balance sheet highlights		
Loans	7,453,146	7,702,885
Cash & Securities	9,059,992	10,124,749
Deposits	15,140,879	16,753,115
Total assets	17,023,871	18,370,665
Average number of common shares outstanding ('000)	1,497,734	1,497,734
Net income per common share in cents	$ 0.15	$ 0.19
Return on equity	16.8%	26.1%

Note:
The pro forma results for 2001 represent actual 12 months results of CIBC West Indies Group (excluding the Cayman Wealth Division) to October 31, 2001 and actual 12 months results for Barclays Caribbean Operations to December 31, 2001.

The pro forma results for 2002 represent 12 months results of CIBC West Indies Group (excluding the Cayman Wealth Division) to October 31, 2002 and the actual 10 months results for Barclays to October 31, 2002, with estimated two months earnings.

Management's Discussion and Analysis of Operating Results and Financial Condition

Net Interest Income

Net interest income declined by 11.3% from $604.7 million to $536.6 million. Loan balances declined slightly by 3% during the year due to slackening demand. Deposits declined by $1.6 billion or 9.6% with most of this decline related to non-core business with very thin spreads. The vast majority of the decline in net interest income was brought about by declining spreads rather than declining business volumes. Net interest margin declined from 3.42% to 3.19% with most of this decline attributable to the impact on our large US$ deposit base of US interest rates being at historically low levels.

Non-interest Income

Non-interest income for 2002 of $219.3 million included $16.8 million related to a one-time gain on the sale of Life of Barbados shares. Also, the 2002 result includes $20 million, representing the annual incentive payment from Barclays Bank PLC as described within Note 23 of the Financial Statements. Excluding these items and $6 million of one-off fees in 2001, non-interest income declined by $22.3 million or 10.9% year-over-year with the decline attributable to declining business growth in the region.

Non-interest Expenses

Total non-interest expenses increased by $3.9 million or 0.8% year-over-year. Salaries and benefits increased by $18.2 million or 7.9% with this increase largely related to wage settlements. Offsetting this increase was a $7.0 million reduction in Head Office charges and a general reduction in discretionary spending brought about by cost controls.

Provision for Credit Losses

Loan loss provisions of $45.5 million are $4.5 million or 10.9 % higher than the prior year, an acceptable level of increase given the nature of regional economic conditions.

Group Subsidiaries

The Group operates through five major subsidiaries – FirstCaribbean International Bank (Barbados) Limited which conducts business in Barbados, St.Lucia, Antigua and Barbuda, St. Kitts and Nevis, Anguilla, Grenada, St. Vincent, Dominica and Belize; FirstCaribbean International Bank (Bahamas) Limited, which operates in the Bahamas and the Turks and Caicos Islands; FirstCaribbean International Bank (Cayman) Limited, which operates in the Cayman Islands, St. Maarten and the British Virgin Islands; FirstCaribbean International Bank (Jamaica) Limited and FirstCaribbean International Bank (Offshore) Limited.

FirstCaribbean International Bank (Barbados) Limited

Net income declined by 20%, from $56.7 million to $45.6 million. The 6% decline in total income was driven by tighter interest rate spreads brought about by a decline in local interest rates. Non-interest expenses grew by 8%, with much of the increase due to a $4 million foreign exchange translation loss. Excluding this item, expenses grew by $10 million or 6%, with most of the increase attributable to higher salaries. Partially offsetting expense increases was a $9.4 million decline in loan loss provisions reflecting higher recoveries on bad debts, a write-back of provisions related to a new accounting standard (IAS 39) and the

Management's Discussion and Analysis of Operating Results and Financial Condition

benefit of our continuing improvement in the level and quality of loan security.

Total assets and total loans balances benefited from the year-end transfer of $132 million in loans and asscociated funding from FirstCaribbean International Bank(Offshore) Limited. Without this transfer, total assets grew by $82 million or 2% and total loan balances declined by $105 million or 4%, the latter primarily driven by market factors.

FirstCaribbean International Bank (Barbados) Limited
Proforma Financial Highlights
(BBD$'000)

	2002	2001
Total income	252,200	268,289
Non-interest expenses	177,767	163,907
Provision for credit losses	18,448	27,846
Total expenses	196,215	191,753
Net income	45,567	56,685
Total assets	4,106,193	3,892,044
Total loans	2,602,804	2,575,419

FirstCaribbean International Bank (Bahamas) Limited

Although total loans and total assets grew by 3.7% and 3.6% respectively, total income remained flat. Excluding the impact of the $20 million in Barclays Bank PLC incentive payment and a one-off fee of $6 million received in 2001, total income declined year-over-year by $25.5 million or 9.6%. Most of this decline was related to interest rate spread compression brought about by low US$ rates. More than offsetting the income decline were declines of $2.4 million or 2% in non-interest expenses and $8.6 million or 45% in loan loss provisions. The decline in loan loss provisions was primarily attributable to higher recoveries in 2002.

FirstCaribbean International Bank (Bahamas) Limited
Proforma Financial Highlights
(BBD$'000)

	2002	2001
Total income	259,040	270,580
Non-interest expenses	141,131	143,550
Provision for credit losses	10,607	19,270
Total expenses	151,738	162,820
Net income	107,302	107,760
Total assets	6,020,960	5,804,212
Total loans	3,038,016	2,931,886

Management's Discussion and Analysis of Operating Results and Financial Condition

FirstCaribbean International Bank (Cayman) Limited

Loan balances declined by 7% year-over-year as a result of reduced credit demand. Total assets declined by 9.8% as a result of the loan decline and the redemption in early 2002 of a small number of large short-term deposits received in the latter half of 2001. Total income declined by 19.7%, with most of this decline related to the impact on net interest income of US$ rates declining to historically low levels. Loan loss provisions in 2001 benefited from a large write-back. However, in 2002 it was considered prudent to increase provisions on several loans across the jurisdiction. The resultant swing of $21 million in loan loss provisions, along with the impact of lower US interest rates, are the two prime contributors to the significant year-over-year decline in net income.

FirstCaribbean International Bank (Cayman) Limited
Proforma Financial Highlights
(BBD$'000)

	2002	2001
Total income	143, 513	178,772
Non-interest expenses	60,796	63,954
Provision for credit losses	18,530	(2,617)
Total expenses	79,326	61,337
Net income	63,085	113,792
Total assets	5,798,629	6,428,879
Total loans	1,592,736	1,713,412

FirstCaribbean International Bank (Jamaica) Limited

Net income declined by 6.7% year-over-year. If not for the devaluation of the Jamaican dollar against the US dollar, net income, total income and total expenses would have been relatively flat on a year-over-year basis. Loan balances declined by $49 million or 15% due to two large pay-downs, the effect of a slowing economy and the impact of the J$ devaluation. Total assets declined by a similar percentage.

FirstCaribbean International Bank (Jamaica) Limited
Proforma Financial Highlights
(BBD$'000)

	2002	2001
Total income	66,242	69,231
Non-interest expenses	50,925	52,998
Provision for credit losses	2,110	1,155
Total expenses	53,035	54,153
Net income	10,070	10,790
Total assets	719,980	827,636
Total loans	269,813	318,698

Management's Discussion and Analysis of Operating Results and Financial Condition

FirstCaribbean International Bank (Offshore) Limited

The decline in Net income is almost entirely driven by interest rate spread compression brought about by low US$ interest rates. The decline in loans is primarily attributable to the transfer of $132 million in loans to FirstCaribbean International Bank (Barbados) Limited. Total asset balances have also been impacted by the redemption within the ex-CIBC offshore company of a $360 million short-term deposit in early 2002 by a CIBC affiliate. The deposit earned very thin spreads and its redemption has an immaterial impact on interest income.

FirstCaribbean International Bank (Offshore) Limited
Proforma Financial Highlights
(BBD$'000)

	2002	2001
Total Income	13,513	20,090
Non-interest expenses	4,531	4,780
Provision for credit losses	1,310	34
Total expenses	5,841	4,814
Net Income	7,485	14,888
Total Assets	545,092	1,147,218
Total Loans	47,413	207,558

Risk Management

FirstCaribbean manages risk through a comprehensive framework of infrastructure, policies and methods that support active and effective management.

Overview and Infrastructure

Three of FirstCaribbean's Committees of the Board of Directors have responsibility for the management of credit, market and operational risk.

The Audit & Governance Committee of the Board of Directors is the statutory audit committee and is responsible for the effectiveness of governance, risk management processes and internal controls in the FirstCaribbean Group. This includes approval of statutory accounts, accounting policies and published financial and regulatory statements, review of legal and compliance risk and regulatory relationships; recommending to the full Board appointment of external auditors, approval of fees, including non audit work;

Management's Discussion and Analysis of Operating Results and Financial Condition

approving the scope, nature and effectiveness of internal audit work; periodically reviewing the structure, terms of reference and membership of Group Boards and Committees; and recommending future appointments to the full Board of Directors.

The Audit & Governance Committee meets with independent directors of the FirstCaribbean subsidiaries in The Bahamas, Barbados, Cayman and Jamaica to form the Regional Audit Committee. This Committee serves as the statutory audit committee for these operating subsidiaries, with the same mandate for those entities as the Audit and Governance Committee.

The Risk & Conduct Review Committee approves major credit, market and operational risk policies; monitors exposure to credit, market and operational risk; reviews the effectiveness of procedures for identification, measurement and reporting of such risk; approves material changes in risk philosophy; ratifies related party and directors' transactions within delegated limits; ratifies credits above delegated authority of the Executive Director - Credit Risk Management; examines credit quality, impaired loans and approves loan loss provisions.

Between the quarterly meetings of the Audit & Governance Committee and the Risk & Conduct Review Committee, there are two executive management committees which ensure active management of credit, market & operational risk.

The Treasury and Credit Policy Committee is responsible for approving all credit, market & operational risk policies, and recommending for the approval of the Risk & Conduct Review Committee all major risk policies. This committee also monitors compliance to policy and significant credit, market or operational risk exposures; approves new products from a risk perspective; results of operational risk review of business units, and management action plans to address identified deficiencies.

The Deals Committee reviews major credit transactions before submission for independent credit adjudication or major non-credit transactions before their review by the Risk & Conduct Review Committee. It is primarily concerned with the profitability of the proposed transactions, as well as its potential for market, operational, legal and reputational risk.

The independent Risk Management Group, led by the Chief Risk Officer, is responsible for developing credit, market and operational risk exposures for the consideration of Management or Board Committees; developing methodologies and systems to monitor compliance to such policies; independently monitoring exposures against policy limits; sanction loans over limits delegated to management; and provide an independent assessment of the risks incurred by FirstCaribbean.

Capital Ratios

Capital strength provides protection to depositors and creditors, allows FirstCaribbean to undertake profitable business opportunities as they arise and helps maintain favourable credit ratings.

Banks are required to maintain a minimum capital amount of at least 8% of their risk-weighted assets, with at least 4% being in the form of Tier 1 Capital. Tier 1 Capital includes common stock, preference shares, retained earnings, minority equity interests in consolidated subsidiaries, less goodwill and other deductions. Tier 2 capital principally comprises hybrid capital instruments such as subordinated debt and general provisions and 45% of revaluation reserves on available-for-sale securities.

FirstCaribbean International Bank Limited has significantly exceeded the required minimum capital ratios. In 2002, both Tier 1 and total capital ratios were 15.7 % and 16.5 % respectively.

Management's Discussion and Analysis of Operating Results and Financial Condition

Risk-weighted Assets
BBD$(000) as at October 31, 2002

	Gross Value	Risk-weighted
On-balance sheet assets		
Cash resources and balances due from other banks	6,745,740	1,216,286
Trading and investment securities	2,314,252	397,067
Loans and advances	7,453,146	6,205,673
Goodwill	635,001	635,001
Fixed and other assets	510,733	510,733
Total on-balance sheet assets	17,658,872	8,964,765
Off-balance sheet assets		
Lines of credit	169,760	161,700
Guarantees and letter of credit	190,331	167,521
Total off-balance sheet assets	360,091	329,221
Total gross risk weighted assets		9,293,986
Less: Goodwill		(635,001)
Total risk weighted assets		8,658,985

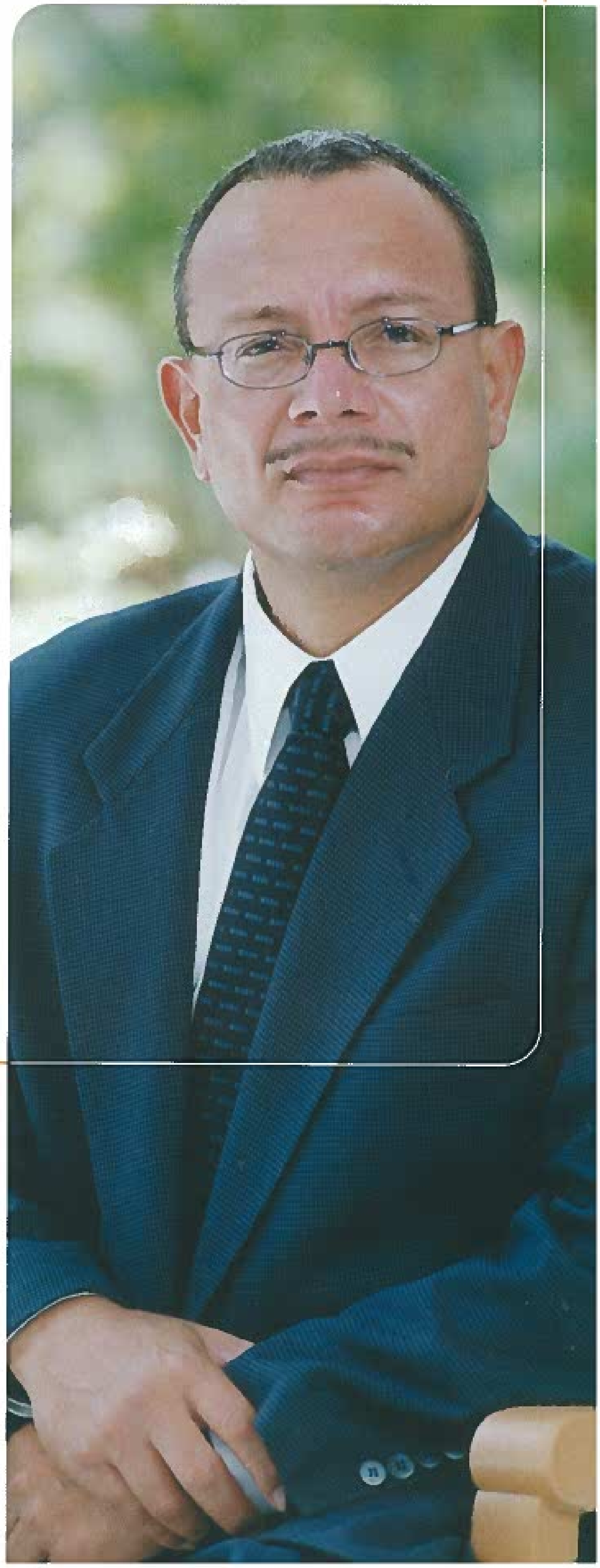
Tier 1 Capital	
Share capital and reserves	1,767,426
Retained earnings	221,300
Minority interest	33,889
Less: Revaluation reserve	(28,459)
Less: Goodwill	(635,001)
Total Tier 1 capital	1,359,155
Tier 2 capital	67,317
Total capital	1,426,472
Tier 1 Capital ratio	15.7%
Total Capital ratio	16.5%

Retail Banking

FirstCaribbean's Retail Banking segment boasts approximately 500,000 customers across the Caribbean, with a loan portfolio of $1.4 billion, a mortgage portfolio of $1.6 billion and more than $4.8 billion in deposits.

The Retail Banking segment consists of three key sub-segments: Personal Banking, Premier Banking and Business Banking. The Personal Banking segment services the standard transactional needs of FirstCaribbean's personal banking clients through traditional banking channels such as branches and automatic teller machines. The Premier segment is serviced through a relationship managed model with high touch service as its differentiation. Business Banking services the needs of our Micro/Small Business Clients also through a relationship managed model.

Future customer-centred improvements to be made in the Retail segment include the introduction of "Branch Ambassadors" in large branches across the Region. Branch Ambassadors in many cases will be the first point of contact for all customers entering these branches and they will be positioned to help direct as well as educate our customers about alternative banking channels, such as the ATM network and the Customer Call Centre that is currently in the developmental stage and scheduled to come on stream in the medium term.



Walter Wells, Executive Director

- Formerly Vice-President, Commercial Clients for CIBC Bahamas Limited
- Joined CIBC in 1971 and has held a variety of senior management roles throughout the West Indies since 1983.
- Holds a number of Board appointments in The Bahamas, including being a founding member and Lifetime Director of the Cancer Society of The Bahamas.

Corporate Banking

Serving approximately 20,000 customers, with borrowings exceeding $4.2 billion and deposits of $5.4 billion, the Corporate Line of Business is a significant business customer segment within FirstCaribbean.

The Corporate Banking segment consists of two distinct customer sub-segments: Corporate business clients and Commercial business clients. Corporate customers are defined as businesses with borrowings exceeding $2 million or deposits exceeding $2 million or an annual sales exceeding $5 million. The Commercial sub-segment services customers with borrowings between $200,000 & $2 million or annual sales between $400,000 and $5 million.

The key focus of the FirstCaribbean Corporate Banking model is providing one-on-one servicing by a dedicated relationship manager; increased sales and business development focus leading to increased penetration in the Corporate market; and improvements in the processing of credit.

The relationship managers, supported by a commercial banking team of associates, will help commercial customers manage all their business banking needs out of dedicated Commercial Banking Centres.

FirstCaribbean is establishing Corporate Centres of Excellence across the region that will feature staff with specialised skills and the appropriate atmosphere conducive to our valued customers.

Sharon Brown, Executive Director

- Joined Barclays following a 12-year career with the Central Bank of The Bahamas.
- Has held a number of management positions culminating with the position of Regional Corporate Director and Senior Bahamas Executive.
- A member of the Board of Directors of a number of public sector boards including the Securities Commission, Bahamas Electricity Corporation, Bahamas Telecommunications Corporation.

International Banking

FirstCaribbean's International Banking segment serves more than 25,000 customers, of which more than 15,000 are corporate clients. International Banking customers are non-residents holding accounts primarily in US dollars, Canadian Dollars, Pounds Sterling and Euros.

The majority of clients are resident in North America with the balance mainly from the United Kingdom, Europe and the Caribbean. The deposit portfolio is close to $6 billion and there is also a growing book of International mortgages and other lending products.

FirstCaribbean's International Banking segment is being modelled on the successful Barclays offshore banking model, which is being extended to the former CIBC Offshore Banking customer base. Similar to the Retail Segment and Corporate Segment models, the International Banking segment is using a customer-focused and segmented model with the goal of offering enhanced customer service.

Key features of the International Segment include access to dedicated relationship managers for Premier and Corporate clients, and access to an expanded suite of products and services such as the International Mortgage and investment products.

International Banking customers using the Businessmaster PC banking system can also access accounts 24 hours a day, thereby providing better cash management abilities.

FirstCaribbean's International Banking Centres are located in The Bahamas, Barbados, the Cayman Islands, British Virgin Islands, and Turks and Caicos Islands, and are staffed by more than 50 International Banking sales and service specialists.

Mark Teversham, Executive Director

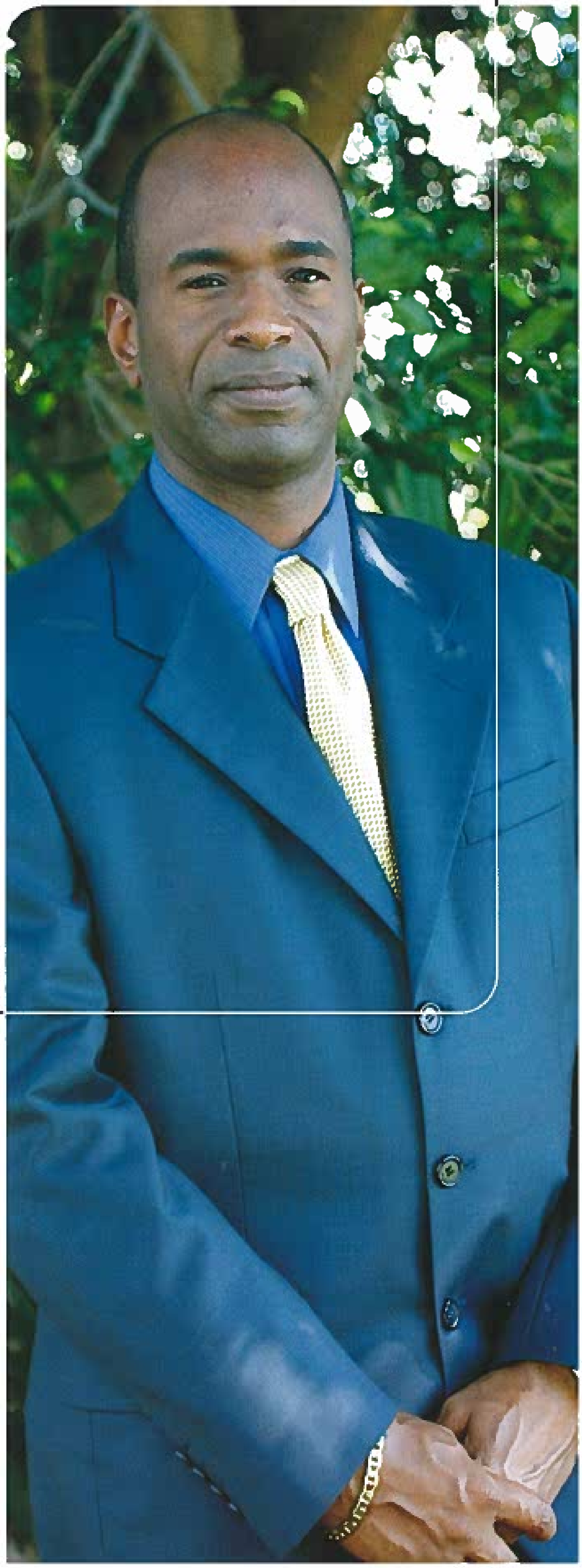
- Formerly responsible for the management of Barclays Bank's offshore banking business in the Caribbean and The Bahamas based in the bank's regional office in Barbados.
- Career with Barclays has spanned over 25 years during which he has held management positions in the United Kingdom, the Middle East, Africa, Europe, and The Bahamas.
- Banking experience has included corporate banking, private banking, human resources, risk management and retail banking.

Capital Markets

Prior to the creation of FirstCaribbean, CIBC's capital markets business was based largely in Jamaica and in Barbados. Capital Markets will now be expanded to provide financial solutions to customers across the 15 Caribbean countries in which we operate. The product needs of our targeted client base – governments, large corporations, pension funds and high net worth individuals – are currently being identified and documented thus enabling us to develop customised solutions to meet those needs.

FirstCaribbean's Capital Market segment will service the needs of issuers and investors in both equity and debt capital instruments. Our intention is to expand the existing secondary market capability. We will structure and deliver to our clients, leading edge and customer specific bilateral facilities and debt financing arrangements, risk management advice, funds management, foreign exchange services, portfolio management and treasury products and solutions.

Our clients' needs are long-term and our recognition of this will govern our approach. Our relationship managers have the technical skills and the market place knowledge necessary to take FirstCaribbean successfully to our clients, at their place of business, where they will develop or strengthen the financial partnerships required to bring satisfaction year after year. We propose to extend our highly acclaimed Capital Market & Financial Management Forum Series, initiated in Jamaica in 2000, to strategically selected locations throughout the region. This series proved to be an excellent forum for bringing closer together the Bank's offerings with the client's needs and expectations, on a platform of enhanced education and understanding of our clients.



Raymond Campbell, Executive Director

- Previously served as Vice-President, Commercial Clients & Corporate Affairs, CIBC Jamaica Limited.
- Began his career in banking in 1997 when he joined CIBC as General Manager, CIBC Trust & Merchant Bank.
- Prior to joining CIBC he held various positions within the financial and securities markets in Jamaica, culminating as General Manager of the securities firm, Barita Investments Ltd.
- He is a fellow of the Association of Chartered Certified Accountants and has completed the Canadian Securities and Operations Courses.
- Chairman, Jamaica Institute of Bankers 2000 – 2001.
- Elected President, Jamaica Bankers' Association, December 2002.

Marketing and Communications

The face of banking is changing throughout the world and FirstCaribbean intends to lead these changes here at home. Our marketing strategy will focus on ways to make a discernible difference by the service we offer.

"Customer First" is the overarching theme of our approach at FirstCaribbean, forming the basis of our drive to attain and hold market leadership. We intend to be the bank that puts the customer at the centre of our planning and processes, doing so with the most convenient and up to date procedures and technology.

We are committed to developing products and services that will, in the years to come, meet the needs of the unique regional markets that we serve. Through segmentation we will create tailored customer offerings and focus on the very unique needs of our specific customer groups. We are making significant investments in our people and technology to convert all of our operations to a single leading-edge technology platform. We expect all countries to be on this new system by the middle of 2004. It will enable us to provide our customers with faster service and more ways to bank such as telephone banking and eventually, Internet banking.

However, changes will not happen overnight. Bringing together the operations of Barclays and CIBC will take time. We will work hard to ensure the transition is as smooth as possible. It may take us time to get there, but we believe this is a journey worth making. Our destination is a bank the Caribbean can be proud of.

Our name describes our aspirations, our promise, and our vision to be the bank of first choice; to be the Caribbean's number one financial services institution.

The FirstCaribbean Logo summarises what we stand for. The imagery represents interlocking hands or the flanges of a safe door, thereby symbolising the coming together of our two companies and the strength and security of our bank.

Our colours are: the Gold of the Caribbean sun and sand, as well as the colour of money, which is our business; and the Blue of the Caribbean Sea, joining the 15 countries within which we operate. FirstCaribbean International Bank – Caribbean Pride, International Strength, Your Financial Partner.

Francis Lewis, Executive Director

- Formerly the Senior Consultant of Res Consulting Limited, a marketing and sales management consulting firm, which focused on resolving the business strategy challenges of regional firms.
- Prior to Res Consulting, he was Executive Vice-President, Marketing, with BWIA International Airways, and before this, he was Marketing Director of Carib Glassworks Limited and Corporate Senior Manager with the ANSA McAl Group.

Human Resources

The vision of FirstCaribbean is to be first choice for customers in the Caribbean: first for service and first for innovation. The only way we can make this vision a reality is if we're also first for our employees.

Top companies globally become the best in three areas: Operations, Finance and People Excellence. Our HR focus will be on achieving People Excellence, with particular emphasis on leadership and performance. These are the drivers for creating a high performance organisation.

We believe we can become Employer of Choice by aligning the needs and expectations of our employees to the needs of our business. FirstCaribbean is therefore committed to creating a positive work environment where employees are rewarded for delivering our promise to our customers.

Our goal will be to build an organisation with the people capability that will deliver a competitive edge within the region. Indeed, the journey ahead of us will be long and challenging. After all, we have over 3000 people working in 15 countries and many different systems to join together. This complexity means it will take time and effort to build and sustain our future.

Subsequent to the end of the fiscal year we have made good progress in the area of Human Resources Transition, which is delivering the very complex harmonisation and integration process for our business. We have the legal transfer of all our employees and have made significant strides in the harmonisation process by delivering base pay harmonisation. The remaining process will be completed in the 2003 fiscal year.

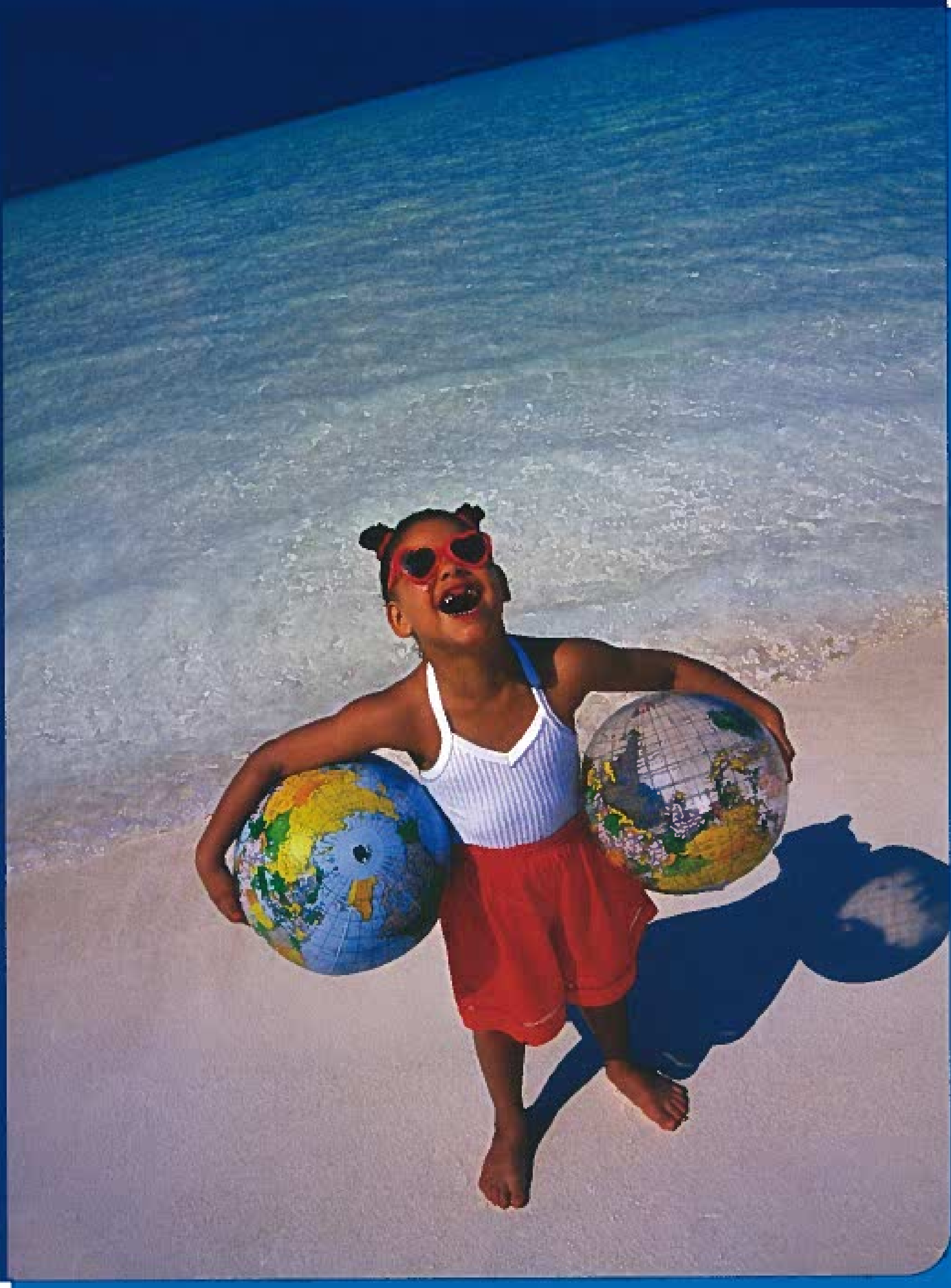
I would like to take this opportunity to thank all those employees in the business, the many individuals in the Human Resources Transition Team, all the Unions in the region with whom we have worked and our entire employee population across the region. All of these groups have worked very hard over the last few months to help create the first foundations of our new business and to keep our customers coming through our doors.

Peter Hall, Executive Director

- Previously worked for Diageo in the Caribbean (including Red Stripe) where he started 15 years ago as a trainee manager and went on to become Head of the Personnel department in 1994 and Vice - President Human Resources in 1997.
- Co-led the integration of the Guinness and UDV businesses in the Caribbean and Central America in 2000.

INTERNATIONAL STANDARDS

We will lead in integrity, quality and innovation, providing international reach and recognition.



FirstCaribbean International Bank Limited

Financial Statements 2002

PRICEWATERHOUSECOOPERS

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February 4, 2003

AUDITORS' REPORT

To the Shareholders of
FirstCaribbean International Bank Limited

We have audited the accompanying consolidated balance sheet of **FirstCaribbean International Bank Limited** ("the bank") as at October 31, 2002 and the related consolidated statements of income, changes in shareholders' equity/head office account and cash flows for the 10 month period 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 at October 31, 2002 and the results of its operations and its cash flows for the period then ended in accordance with International Accounting Standards.

PricewaterhouseCoopers

Chartered Accountants

Consolidated Balance Sheet

(expressed in thousands of Barbados dollars)

	Notes	October 31, 2002 $	December 31, 2001 $
Assets			
Cash resources	3	5,007,767	4,232,607
Due from other banks	4	1,737,973	1,607,959
Trading securities	5	432,081	–
Loans and advances	6	7,453,146	3,939,256
Investment securities	7	1,882,171	407,682
Goodwill	8	635,001	–
Property, plant and equipment	9	239,848	103,064
Other assets	10	270,885	189,558
Total assets		17,658,872	10,480,126
Liabilities			
Deposits	11	15,140,879	10,058,664
Other liabilities	12	495,378	180,694
Total liabilities		15,636,257	10,239,358
Minority interest	13	33,889	–
Shareholders' equity			
Share capital and reserves	16	1,767,426	37,728
Retained earnings		221,300	75,892
Due to head office		–	127,148
		1,988,726	240,768
Total shareholders' equity and liabilities		17,658,872	10,480,126

Approved by the Board of Directors on February 4, 2003.

Michael Mansoor
Chairman

John Riviere
Chief Financial Officer

Charles Pink
Chief Executive Officer

Consolidated Statement of Changes in Shareholders' Equity/Head Office Account

(expressed in thousands of Barbados dollars)

	Notes	Share/ Assigned capital $	Reserves $	Retained earnings $	Due to head office $	Total $
Balance at December 31, 2000		17,034	17,342	42,064	132,630	209,070
Net income for the year		–	–	24,354	120,826	145,180
Dividend for 2001		–	–	(5,378)	–	(5,378)
Transfer to reserve fund		–	3,352	–	(3,352)	–
Remittance to head office		–	–	–	(122,956)	(122,956)
Dividends waived		–	–	14,852	–	14,852
Balance at December 31, 2001		17,034	20,694	75,892	127,148	240,768
Shares of CIBC West Indies issued and outstanding, beginning of period	14	316,380	–	–	–	316,380
Issuance of common shares	14	1,808,603	–	–	–	1,808,603
Issuance of non-voting Class A shares	14	51,839	–	–	–	51,839
Issuance of preference shares	14	360,000	–	–	–	360,000
Remittance to head office		–	–	–	(5,554)	(5,554)
Transfers (to)/from head office		–	–	(5,954)	22,233	16,279
Cancellation of opening share/ assigned capital	14	(17,034)	–	–	11,186	(5,848)
Transfer to retained earnings		–	–	155,013	(155,013)	–
General banking reserve from entities acquired	16	–	40,846	–	–	40,846
Statutory reserve from entities acquired	16	–	53,547	–	–	53,547
Reverse acquisition reserve	16	–	(927,255)	–	–	(927,255)
Net income for the period		–	–	10,662	–	10,662
Available-for-sale investment securities - net fair value gains, net of tax	16	–	28,459	–	–	28,459
Share gift to employees	14	12,702	–	(12,702)	–	–
Transfer to reserves	16	–	1,611	(1,611)	–	–
Balance at October 31, 2002		2,549,524	(782,098)	221,300	–	1,988,726

Dividends in the amount of $14,852 previously declared by the former legal entities of Barclays were waived during the year ended December 31, 2001.

Transfer to retained earnings of $155,013 relates to the accumulated profits in the Barclays head office account at the date of combination.

Consolidated Statement of Income

(expressed in thousands of Barbados dollars)

	Notes	10 month period ended October 31, 2002 $	Year ended December 31, 2001 $
Interest income	17	394,779	668,236
Interest expense		150,785	329,364
Net interest income		243,994	338,872
Non-interest income	18	104,973	113,794
		348,967	452,666
Non-interest expenses	19	249,696	256,418
Provision for credit losses		33,841	30,706
Restructuring charges	20	51,739	–
Goodwill amortisation		1,982	–
		337,258	287,124
Income before taxation and minority interest		11,709	165,542
Taxation	22	507	20,362
Income before minority interest		11,202	145,180
Minority interest	13	540	–
Net income for the period		10,662	145,180
Earnings per share in cents	27		
- basic		1.43	–
- diluted		1.16	–

Consolidated Statement of Cash Flows

(expressed in thousands of Barbados dollars)

	10 month period ended October 31, 2002 $	Year ended December 31, 2001 $
Cash flows from operating activities		
Income before taxation and minority interest	11,709	165,542
Provision for credit losses	33,841	30,706
Depreciation	20,316	16,324
Goodwill amortisation	1,982	–
	67,848	212,572
Increase in due from other banks	(315,312)	(747,181)
Decrease in loans and advances, net of repayments	60,232	268,464
Increase in other assets/liabilities, net	53,223	30,400
Increase in deposits, net of withdrawals	(698,106)	(601,082)
Cash used in operating activities	(832,115)	(836,827)
Corporate taxes paid	(68)	(25,240)
Net cash used in operating activities	(832,183)	(862,067)
Cash flows from investing activities		
Increase in property, plant and equipment, net of disposals	(6,521)	(9,186)
Increase in securities, net of disposals	(145,731)	(78,014)
Net cash used in investing activities	(152,252)	(87,200)
Cash flows from financing activities		
Dividends paid	–	(3,814)
Remittances to head office	(5,554)	(122,956)
Net cash used in financing activities	(5,554)	(126,770)
Net decrease in cash and cash equivalents for the period	(989,989)	(1,076,037)
Cash and cash equivalents acquired as a result of business combination	1,579,851	–
Cash and cash equivalents, beginning of period	4,079,835	5,155,872
Cash and cash equivalents, end of period (note 3)	4,669,697	4,079,835

Notes to Consolidated Financial Statements

October 31, 2002

(expressed in thousands of Barbados dollars)

1 General information

The Company, which was formerly named CIBC West Indies Holdings Limited (CIBC West Indies) and controlled by Canadian Imperial Bank of Commerce (CIBC), changed its name to FirstCaribbean International Bank Limited on October 11, 2002, following the combination of the retail, corporate and offshore banking operations of Barclays Bank PLC in the Caribbean and the Bahamas ("Barclays") and CIBC West Indies.

Under the combination, CIBC West Indies became the legal parent company with Barclays transferring its retail, corporate and offshore banking operations to subsidiaries of CIBC West Indies in exchange, ultimately, for common shares and newly created classes of non-voting and preference shares of CIBC West Indies. Following the combination, Barclays Bank PLC and CIBC each own 45% of the voting shares of the Company. Neither Barclays Bank PLC nor CIBC control the Company, but International Accounting Standards (IAS) requires that one of the combining entities be identified as the acquirer for accounting purposes. The fair value of the Barclays business prior to the combination was significantly greater than the fair value of CIBC West Indies business and, as a result, Barclays Bank PLC has the greater economic interest in the Company. Barclays has therefore been identified as the acquirer. This situation is described by IAS as a reverse acquisition.

Accordingly, the financial statements are presented as a continuation of the financial statements of the Barclays business and on the basis that Barclays acquired CIBC West Indies on October 11, 2002. The financial statements have been prepared as at October 31, 2002, the accounting reference date of CIBC West Indies. The comparative amounts disclosed in the financial statements are those of Barclays as at and for the year ended December 31, 2001. The consolidated income statement includes the results of Barclays for the period from January 1, 2002 to October 31, 2002, together with results of the CIBC West Indies subsequent to the combination. The consolidated balance sheet at October 31, 2002, reflects the assets and liabilities of Barclays at book value and the assets and liabilities of CIBC West Indies based on their fair value at October 11, 2002, as adjusted to reflect movements in the period to October 31, 2002.

Note 29 describes the accounting treatment applied to the acquisition.

FirstCaribbean International Bank Limited and its subsidiaries ("the Group") are registered under the relevant financial and corporate legislations of 15 countries in the Caribbean to carry on banking and other related activities. The registered office of the company is located at Warrens, St. Michael in Barbados. At October 31, 2002 the Group had 3,562 employees.

2 Summary of significant accounting policies

Basis of presentation

These consolidated financial statements are prepared in accordance with International Accounting Standards under the historical cost convention as modified by the revaluation of available-for-sale investment securities, financial assets and financial liabilities held for trading and all derivative contracts.

Notes to Consolidated Financial Statements

October 31, 2002

(expressed in thousands of Barbados dollars)

2 Significant accounting policies...*continued*

Consolidation

Subsidiary undertakings, which are those companies in which the Company directly or indirectly has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations, have been fully consolidated.

Subsidiaries are consolidated from the date on which the effective control is transferred to the Group. All inter-company transactions, balances and unrealized surpluses and deficits on transactions and balances have been eliminated. Where necessary, the accounting policies used by subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In the prior year Barclays Bank PLC - West Indies was not a group as defined in International Accounting Standard 27, since there was no separate parent company. Accordingly, the combined financial statements were prepared by aggregating the assets, liabilities, results of operations and cash flows of those Barclays Bank PLC branches and wholly owned entities that were part of the business combination referred to in note 1.

Estimates

Preparation of financial statements in conformity with International Accounting Standards requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition including cash balances, deposits with Central Banks (excluding mandatory reserve deposits), and other money market placements.

Investments

Trading securities

Trading securities are securities which are either acquired for generating a profit from short-term-fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit taking exists. Trading securities are initially recognised at cost (which includes transaction costs) and subsequently re-measured at fair value based on quoted bid prices. All related realised and unrealised gains and losses are included in net income. Interest earned whilst holding trading securities is reported as interest income.

All purchases and sales of trading securities that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recognised at trade date, which is the date that the Group commits to purchase or sell the asset. Otherwise such transactions are treated as derivatives until settlement occurs.

Notes to Consolidated Financial Statements

October 31, 2002

(expressed in thousands of Barbados dollars)

2 Significant accounting policies... continued

Sale and repurchase agreements

Securities purchased under agreements to resell are recorded as loans and advances to other banks or customers as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of repurchase agreements using the effective yield method.

Investment securities

Investment securities with fixed maturity where management has both the intent and the ability to hold to maturity are classified as held-to-maturity. Investment securities and purchased loans and receivables intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices are classified as available-for-sale. Management determines the appropriate classification of its investments at the time of the purchase.

Investment securities and purchased loans and receivables are initially recognised at cost (which includes transaction costs). Available-for-sale financial assets are subsequently re-measured at fair value based on quoted bid prices or amounts derived from cash flow models. Unquoted equity instruments for which fair values cannot be measured reliably are recognized at cost less impairment. Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in equity. When the securities are disposed of or impaired, the related accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial instrument's original effective interest rate. The recoverable amount of an instrument measured at fair value is the present value of expected future cash flows discounted at the current market rate of interest for a similar financial asset.

Interest earned whilst holding investment securities is reported as interest income. Dividends are recorded on the accrual basis and included in income.

All regular way purchases and sales of investment securities are recognised at trade date, which is the date that the Group commits to purchase or sell the asset. All other purchases and sales are recognised as derivative forward transactions until settlement.

Notes to Consolidated Financial Statements

October 31, 2002

(expressed in thousands of Barbados dollars)

2 Significant accounting policies...*continued*

Originated loans and provisions for loan impairment

Loans and advances originated by the Group by providing money directly to the borrower are categorized as originated loans and are carried at amortised cost. Third party expenses, such as legal fees, incurred in securing a loan are expensed as incurred. Interest income is accounted for on the accrual basis for all loans and advances using the effective yield method.

A credit risk provision for loan impairment is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the estimated present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted based on the interest rate at inception of the loan.

The loan loss provision also covers losses where there is objective evidence that probable losses are present in components of the loan portfolio at the balance sheet date. These have been estimated based upon historical patterns of losses in each component, the credit ratings allocated to the borrowers and reflect the current economic climate in which the borrowers operate and are classified as a provision for inherent risk. When a loan is uncollectable, it is written off against the related provision for impairments; subsequent recoveries are credited to the provision for credit losses in the income statement.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to the provision for credit losses in the income statement.

Goodwill

Goodwill represents the excess of the purchase price of an acquisition over the fair value of the net assets of the acquired subsidiary undertaking at the date of acquisition. Goodwill on acquisition of entities is reported in the balance sheet as an intangible asset and is amortised using the straight-line method over its estimated useful life of 20 years.

The carrying amount of goodwill is reviewed when circumstances or events indicate that there may be uncertainty over the carrying amount and written down for impairment where the net present value of the forecast future cash flows of the business are insufficient to support the carrying value.

Computer software development costs

Costs associated with maintaining computer software programmes are recognized as an expense as incurred. However, expenditure that enhances or extends the benefits of computer software programmes beyond their original specifications and lives is recognized as a capital improvement and added to the original cost of the software. Computer software development costs recognized as assets are amortized using the straight-line method over a five year period.

Notes to Consolidated Financial Statements

October 31, 2002

(expressed in thousands of Barbados dollars)

2 Significant accounting policies...continued

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation.

Depreciation is computed on the straight line method at rates considered adequate to write-off the cost of depreciable assets, less salvage, over their useful lives.

The annual rates used are:

Buildings	2 1/2%
Leasehold improvements	10% or over the life of the lease
Equipment, furniture and vehicles	20 - 50%

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of property and equipment are determined by reference to its recoverable amount and are taken into account in determining net income.

Interest rate swaps and hedging

Interest rate swaps are initially recognised in the balance sheet at cost and subsequently are measured at their fair value. Fair values are obtained from discounted cash flow models, using quoted market interest rates. All interest rate swaps are carried as assets when fair value is positive and as liabilities when fair value is negative.

Interest rate swaps have been designated as highly effective hedges of the fair value of certain loans, and hedge accounting has been used for these derivative instruments. Changes in the fair value of the swaps are recorded in the income statement and are matched with the corresponding change in the fair values of the hedged loans that are attributable to market interest rate movements.

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

The principal temporary differences arise from depreciation on property, plant and equipment, revaluation of certain financial assets and liabilities, provisions for pensions and tax losses carried forward; and, in relation to acquisitions, on the difference between the fair values of the net assets acquired and their tax base. Currently enacted tax rates are used to determine deferred taxes.

Deferred tax assets relating to the carry forward of unused tax losses are recognized to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilized.

Deferred tax related to fair value re-measurement of available-for-sale investments, which are charged or credited directly to equity, is also credited or charged directly to equity and is subsequently recognised in the income statement together with the deferred gain or loss.

Notes to Consolidated Financial Statements

October 31, 2002

(expressed in thousands of Barbados dollars)

2 Significant accounting policies...*continued*

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Barbados dollars at rates prevailing at the date of the financial statements and non-monetary assets and liabilities are translated at historic rates. Revenue and expenses denominated in foreign currencies are translated into Barbados dollars using prevailing average monthly exchange rates. Realized and unrealized gains and losses on foreign currency positions are reported in income of the current period. Translation adjustments of investment positions in foreign entities are reported in shareholders' equity.

Pension obligations

The Group operates a number of defined benefit plans, the assets of which are generally held in separate trustee-administered funds. The pension plans are generally funded by payments from the relevant Group companies, taking account of the recommendations of independent qualified actuaries.

For defined benefit plans, accounting costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the lives of the employees in accordance with the advice of qualified actuaries who value the plans once every three years. The pension obligation is measured at the present value of the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability. All actuarial gains and losses are spread forward over the average remaining service lives of the employees.

The Group's contributions to defined contribution pension plans are charged to the income statement in the year to which they relate.

Other post-retirement obligations

Some Group companies provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for defined benefit pension plans. Valuations of these obligations are carried out by independent qualified actuaries.

Notes to Consolidated Financial Statements

October 31, 2002

(expressed in thousands of Barbados dollars)

2 Significant accounting policies...*continued*

Share capital

Share issue costs

External costs directly attributable to the issue of new shares, other than on a business combination, are deducted from share capital net of any related taxes.

Dividends on ordinary shares

Dividends on ordinary shares are recognized in equity in the period in which they are declared.

Preferred shares

Preferred shares which are redeemable at the option of the Company are classified as equity.

Interest income and expense

Interest income and expense are recognised in the income statement for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price or estimated recoverable amount. Interest income includes coupons earned on fixed income investment and trading securities and accrued discount and premium on treasury bills and other discounted instruments.

Fee and commission income

Fees and commissions are recognized on the accrual basis.

Foreign exchange income

Foreign exchange income relates to income earned from exchanging foreign currencies and is recognized on the transaction date.

Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment, which is subject to risks and rewards that are different from those of other segments. Segments with a majority of revenue earned from external customers and whose revenue, result or assets are 10% or more of all the segments are reported separately.

Notes to Consolidated Financial Statements

October 31, 2002

(expressed in thousands of Barbados dollars)

3 Cash resources

	October 31, 2002 $	December 31, 2001 $
Cash	136,423	120,328
Deposits with Central Banks - interest bearing	295,147	20,907
Deposits with Central Banks - non-interest bearing	376,107	128,165
Other money market placements	4,200,090	3,963,207
Cash resources	5,007,767	4,232,607
Mandatory reserve deposits with Central Banks	(338,070)	(152,772)
Included in cash and cash equivalents	4,669,697	4,079,835

The Group is required to maintain a percentage of deposit liabilities as cash or deposits with Central Banks and in Government securities. These funds are not available to finance the Group's day-to-day operations. At October 31, 2002 the reserve requirement amounted to $338,070 (2001 - $152,772).

The effective yield on cash resources during the period was 2.1% (2001 - 4.1%) per annum.

Included in other money market placements are deposits with CIBC and Barclays Bank PLC entities of $2,780,000 (2001 - $3,780,000).

4 Due from other banks

Due from other banks represents deposits with Barclays Bank PLC entities. The effective yield on these amounts during the period was 2.1% (2001 - 4.1%) per annum.

5 Trading securities

	October 31, 2002 $	December 31, 2001 $
Government bonds	34,300	–
Other debt securities	397,781	–
	432,081	–

The effective yield on trading securities during the period ranged from 1.7% to 3.5% per annum.

Notes to Consolidated Financial Statements

October 31, 2002

(expressed in thousands of Barbados dollars)

6 Loans and advances

	October 31, 2002 $	December 31, 2001 $
Mortgages	2,322,080	1,219,776
Personal loans	1,260,076	745,809
Business loans	4,020,687	2,118,143
Government securities purchased under resale agreements	56,765	–
	7,659,608	4,083,728
Less: Provision for impairment		
- specific provisions for credit risk	(151,955)	(105,045)
- specific provisions for inherent risk	(54,507)	(39,427)
	7,453,146	3,939,256

The average interest rate earned during the period on loans and advances was 8.5% (2001 - 9.1%).

Movement in provisions for impairment are as follows:

	Specific credit risk provision $	Inherent risk provision $
Balance, January 1, 2001	(82,069)	(39,427)
Doubtful debts expense	(62,553)	–
Recoveries of bad and doubtful debts	31,847	–
Bad debts written off	7,730	–
Balance, December 31, 2001	(105,045)	(39,427)
Doubtful debts expense	(73,052)	–
Provisions from subsidiaries acquired	(24,747)	(21,961)
Recoveries of bad and doubtful debts	32,330	–
Net movement in inherent risk provisions	–	6,881
Bad debts written-off	18,559	–
Balance, October 31, 2002	(151,955)	(54,507)

The aggregate impaired loans amounted to $600,331 as at October 31, 2002 (2001 - $281,190).

Notes to Consolidated Financial Statements

October 31, 2002

(expressed in thousands of Barbados dollars)

7 Investment securities

	October 31, 2002 $	December 31, 2001 $
Originated debt		
Issued or guaranteed by Governments		
Treasury bills	567,019	214,336
Debt securities	1,126,324	192,738
	1,693,343	407,074
Available-for-sale		
Equity - quoted	180,976	–
- unquoted	7,852	608
	188,828	608
	1,882,171	407,682

The effective interest rates earned during the period on debt securities and treasury bills ranged from 1.9% to 14.6% (2001 - 2.0% to 10.0%). The Group is required to maintain a percentage of deposit liabilities as cash on deposit with Central Banks and in Governments securities. At October 31, 2002 the reserve requirement amounted to $420,070 (2001 - $315,248) of which $338,070 (2001 - $152,772) is in cash deposits (note 3).

8 Goodwill

	October 31, 2002 $	December 31, 2001 $
At beginning of the period	–	–
Additions (note 29)	636,983	–
Amortisation	(1,982)	–
At end of period	635,001	–

Notes to Consolidated Financial Statements

October 31, 2002

(expressed in thousands of Barbados dollars)

9 Property, plant and equipment

	Land and buildings $	Equipment, furniture and vehicles $	Leasehold improvements $	Total $
Cost				
Balance, beginning of period	84,273	100,013	37,232	221,518
Purchases	112,503	44,568	9,302	166,373
Disposals	(12,276)	(305)	–	(12,581)
Assets written off	(17)	(6,257)	–	(6,274)
Balance, end of period	184,483	138,019	46,534	369,036
Accumulated depreciation				
Balance, beginning of period	20,234	79,110	19,110	118,454
Depreciation	11,751	8,493	72	20,316
Disposals	(3,190)	(118)	–	(3,308)
Assets written off	(17)	(6,257)	–	(6,274)
Balance, end of period	28,778	81,228	19,182	129,188
Net book values				
End of period	155,705	56,791	27,352	239,848
Beginning of period	64,039	20,903	18,122	103,064

Notes to Consolidated Financial Statements

October 31, 2002

(expressed in thousands of Barbados dollars)

10 Other assets

	October 31, 2002 $	December 31, 2001 $
Accrued interest receivable	56,941	15,169
Taxation recoverable	10,424	–
Deferred taxation (note 22)	15,628	–
Due from related parties	24,758	–
Other accounts receivable	60,553	78,381
Prepayments and deferred items	10,676	15,334
Pension assets (note 21)	91,905	80,674
	270,885	189,558

The amount due from related parties is due from CIBC entities and is interest-free with no fixed terms of repayment.

11 Deposits

	Payable on Demand $	Payable after notice $	Payable at a fixed date $	October 31, 2002 Total $	December 31, 2001 Total $
Individuals	539,974	3,248,932	3,113,635	6,902,541	4,279,413
Business and Governments	2,035,928	808,910	5,204,790	8,049,628	5,392,316
Banks	38,003	73,836	76,871	188,710	386,935
	2,613,905	4,131,678	8,395,296	15,140,879	10,058,664

Included in deposits with banks are deposits from Barclays Banks PLC entities of $182,125 (2001 - $374,724).

The effective rate of interest on deposits paid was 1.78 % (2001 - 3.17%) per annum.

Notes to Consolidated Financial Statements

October 31, 2002

(expressed in thousands of Barbados dollars)

12 Other liabilities

	October 31, 2002 $	December 31, 2001 $
Accounts payable and accruals	116,289	87,526
Accrued interest payable	61,429	42,212
Bills payable	20,562	29,228
Deferred tax liability (note 22)	5,782	8,940
Taxes payable	10,339	7,958
Interest rate swaps at fair value	8,030	4,830
Dividends payable	141,940	–
Restructuring provision (note 20)	68,707	–
Pension liability (note 21)	5,100	–
Amount due to related parties	57,200	–
	495,378	180,694

Dividends payable represent dividends declared by CIBC West Indies prior to acquisition which have been paid subsequent to the balance sheet date.

The amount due to related parties relates to CIBC and Barclays entities and includes $44,000 which is repayable on demand and carries interest at the 3 month libor rate plus 0.75% and $13,200 which is interest free and has no fixed terms of repayment.

13 Minority interest

	October 31, 2002 $	December 31, 2001 $
Beginning of period	–	–
Arising on acquisition of CIBC West Indies	33,349	–
Share of net income of subsidiaries	540	–
End of period	33,889	–

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October 31, 2002

(expressed in thousands of Barbados dollars)

14 Share capital

	Number of shares	$
Common shares - voting:		
Barclays shares in issue at January 1 and December 31, 2001	753,000	5,848
Cancellation of Barclays shares on reverse acquisition	(753,000)	(5,848)
CIBC West Indies shares in issue at October 31, 2001 and brought into account on reverse acquisition	611,809,563	316,380
Shares issued during period:		
Issued for cash	195,010,625	410,000
Issued as part consideration for Barclays operations	666,001,367	1,398,603
Issued to employees - share gift	6,048,757	12,702
	1,478,870,312	2,137,685
Non-voting Class A shares:		
Issued during period as part consideration for Barclays operations	24,685,024	51,839
Preferred shares:		
Issued during period as part consideration for Barclays operations	180,000,000	360,000
		2,549,524

Common Shares

The Company is entitled to issue an unlimited number of Common Shares. Common Shareholders are entitled to attend and vote at all meetings of shareholders. Common Shareholders have one vote for each share owned.

Common Shareholders are entitled to receive dividends declared by the Board of Directors, on the same basis as dividends declared for Non-Voting Class A Shareholders, but subsequent to dividends declared for Preference Shareholders. In liquidation, Common Shareholders rank equally with Non-Voting Class A Shareholders, but subsequent to Preference Shareholders.

Non-Voting Class A Shares

The Company is entitled to issue an unlimited number of Non-Voting Class A Shares. Non-Voting Class A Shareholders are not entitled to attend or vote at General Meetings of Shareholders, except for a General Meeting called to dissolve the Company or sell, lease or exchange substantially all its property. Non-Voting Class A Shareholders will also have the right to attend and vote as a class on any proposal that would change the rights and privileges of their class of shares. Non-Voting Shareholders have one vote for each share owned at those meetings.

Notes to Consolidated Financial Statements

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(expressed in thousands of Barbados dollars)

14 Share capital...*continued*

Non-Voting Class A Shareholders are entitled to receive dividends declared by the Board of Directors, on the same basis as dividends declared for Common Shareholders, but subsequent to dividends declared for Preference Shareholders. In liquidation, Non-Voting Class A Shareholders rank equally with Common Shareholders, but subsequent to Preference Shareholders.

Subject to regulatory approval, the Company may redeem any or all of the Non-Voting Class A Shares at U.S. $1.05 per share, plus any declared and unpaid dividends. If the current holder of the Non-Voting Class A Shares, Barclays Bank PLC, ceases to own these shares, the new owner has the right to have each Non-Voting Class A Share converted to a Common Share.

Preference Shares

The Company may issue a maximum of 180 million Preference Shares. Preference Shareholders are not entitled to attend or vote at General Meetings of Shareholders, except for a General Meeting called to dissolve the Company or sell, lease or exchange substantially all its property. Preference Shareholders will also have the right to attend and vote as a class on any proposal that would change the rights and privileges of their class of shares. Preference Shareholders have one vote for each share owned at those meetings.

Preference Shareholders are entitled to receive non-cumulative dividends declared by the Board of Directors, which if declared, would be paid on a semi-annual basis. In liquidation, Preference Shareholders rank ahead of Common and Non-Voting Class A Shareholders.

Subject to regulatory approval, the Company may redeem any or all of the Preference Shares at U.S. $1.00 per share, plus any declared and unpaid dividends. If during the first two years after their issue, a third party makes an offer to purchase all of the Company's Common and Non-Voting Shares, and Barclays Bank PLC agrees to sell its Common and Non-Voting Class A Shares, there is a right to convert each Preference Share to a Non-Voting Class A share at the rate of 0.95 Non-Voting Class A Share for each Preference Share.

The preference shares carry an interest rate of Libor plus 2.65% per annum. The holder, Barclays Bank PLC, has waived its rights to dividends for the first twelve months from acquisition date.

15 Assigned capital

As at December 31, 2001, the assigned capital was $11,186. Under the relevant financial legislations, foreign branches were required to maintain assigned capital in the Bahamas, Barbados and Belize.

Notes to Consolidated Financial Statements

October 31, 2002

(expressed in thousands of Barbados dollars)

16 Share capital and reserves

	October 31, 2002 $	December 31, 2001 $
Share/assigned capital		
Common shares (note 14)	2,137,685	5,848
Non-voting Class A shares (note 14)	51,839	–
Preference shares (note 14)	360,000	–
Assigned capital (note 15)	–	11,186
	2,549,524	17,034
Reserves		
General banking reserve	40,846	–
Statutory reserve	75,852	20,694
Reverse acquisition reserve	(927,255)	–
Revaluation reserve - available-for-sale investment securities	28,459	–
	(782,098)	20,694
Total share capital and reserves at end of period	1,767,426	37,728

Movements in reserve were as follows:

General banking reserve		
At beginning of period	–	–
From entities acquired	40,846	–
At end of period	40,846	–
Statutory reserve		
At beginning of period	20,694	17,342
From entities acquired	53,547	–
Transfer from retained earnings	1,611	3,352
At end of period	75,852	20,694

Notes to Consolidated Financial Statements

October 31, 2002

(expressed in thousands of Barbados dollars)

16 Share capital and reserves...*continued*

	October 31, 2002 $	December 31, 2001 $
Reverse acquisition reserve		
At beginning of period	–	–
Arising from the reverse acquisition accounting	(927,255)	–
At end of period	(927,255)	–
Revaluation reserve - available-for-sale investment securities		
At beginning of period	–	–
Net gains from changes in fair value	28,459	–
At end of period	28,459	–

The general banking reserve represents transfers from retained earnings to meet qualifying capital requirements under local legislation. These reserves are not distributable.

Statutory reserves represent accumulated transfers from retained earnings in accordance with local legislation.

Reverse acquisition reserve

In accordance with IAS, the equity of the Company at October 11, 2002 comprised the equity of Barclays ($270,580) together with the fair value of the consideration given to acquire CIBC West Indies ($1,696,298). However, legally the share capital and statutory reserves of the Company comprise the issued share capital and statutory reserves of CIBC West Indies plus the shares issued to effect the combination, recorded at fair value. The reverse acquisition reserve is therefore the difference between the legally required share capital and statutory reserves together with the retained earnings of Barclays, and the equity of the Company presented in accordance with IAS.

Notes to Consolidated Financial Statements

October 31, 2002

(expressed in thousands of Barbados dollars)

17 Interest income

	10 month period ended October 31, 2002 $	Year ended December 31, 2001 $
Loans and advances	256,206	390,576
Securities	43,924	38,584
Other	94,649	239,076
	394,779	668,236

Other interest income includes income earned from CIBC and Barclays Bank PLC entities on other money market placements (note 3) and due from other banks (note 4).

18 Non-interest income

	10 month period ended October 31, 2002 $	Year ended December 31, 2001 $
Fees and commissions	69,615	66,836
Foreign exchange	34,018	43,706
Other	1,340	3,252
	104,973	113,794

Notes to Consolidated Financial Statements

October 31, 2002

(expressed in thousands of Barbados dollars)

19 Non-interest expenses

	10 month period ended October 31, 2002 $	Year ended December 31, 2001 $
Staff costs	130,066	131,154
Other expenses	70,726	68,808
Property and equipment expenses	34,713	36,186
Depreciation (note 9)	20,316	16,484
Foreign exchange (gain)/loss on translation of pension asset (note 21)	(6,125)	3,786
	249,696	256,418

20 Restructuring provision

	October 31, 2002 $
Charged to income statement during period	51,739
Net asset adjustment on acquisition (note 29)	16,968
Utilised during period	-
Balance at October 31, 2002	68,707

As a result of the merger, restructuring accruals were made in 2002 for employee termination costs of $61,649 and other third party costs of $7,058. The full amount of the costs estimated to be incurred has been recognised as a restructuring provision in the current period and is expected to be fully utilised during 2003 to 2004.

Notes to Consolidated Financial Statements

October 31, 2002

(expressed in thousands of Barbados dollars)

21 Pension obligations

The Group has a number of pension schemes. Most plans are non-contributory and allow additional voluntary contributions. Most of the plans are final salary defined benefit plans. The plans are valued by independent actuaries every three years using the projected unit credit method.

The amounts recognised in the balance sheet are determined as follows:

	October 31, 2002 $	December 31, 2001 $
Fair value of pension plan assets	431,092	365,652
Present value of funded obligations	(301,615)	(258,568)
	129,477	107,084
Unrecognized actuarial gain	(42,672)	(26,410)
Net pension asset in the balance sheet	86,805	80,674

Unrecognised actuarial gains and losses result from differences between actuarial assumptions and the actual performance of the plan in the year under review. Actuarial gains and losses are recognised only if they exceed 10% of the present value of the defined benefit obligation and 10% of the fair value of any plan asset at the end of the previous reporting period.

The net pension asset comprises a pension asset of $91,905 (2001 - $80,674) and a pension liability of $5,100 (2001 - $Nil) included in other assets and other liabilities respectively.

The amount recognised in the income statement is as follows:

	10 month period ended October 31, 2002 $	Year ended December 31, 2001 $
Current service costs	9,460	14,454
Curtailment and settlement costs	9,767	–
Interest cost	15,329	15,030
Expected return on plan assets	(21,740)	(26,028)
Net amount included in staff costs	12,816	3,456
Actual return on plan assets	14,294	64,494

Notes to Consolidated Financial Statements

October 31, 2002

(expressed in thousands of Barbados dollars)

21 Pension obligations*...continued*

The movement in the net asset recognised on the balance sheet is as follows:

	October 31, 2002 $	December 31, 2001 $
Balance at the beginning of the period	80,674	87,916
Acquisitions	12,665	–
Pension charge for the year	(12,816)	(3,456)
Contributions paid	157	–
Foreign exchange translation gain/(loss)	6,125	(3,786)
Balance at the end of the period	86,805	80,674

The principal actuarial assumptions used were:

	October 31, 2002	December 31, 2001
Discount rate	6 - 10%	6.5 - 9%
Expected return on plan assets	7.5 - 12%	8 - 10.5%
Future salary increases	4.5 - 8%	5 - 7.5%
Future pension increases	0 - 4.5%	2 - 4.5%

a) **FirstCaribbean International Bank (Jamaica) Limited**

The last actuarial valuation was conducted as at November 1, 2001 and revealed a fund surplus of $8,000.

b) **FirstCaribbean International Bank Limited**

The last actuarial valuation was conducted as at November 1, 2001 and revealed a fund surplus of $800.

c) **FirstCaribbean International Bank (Bahamas) Limited**

The last actuarial valuation was conducted as at November 1, 2001 and revealed a fund surplus of $8,000.

Notes to Consolidated Financial Statements

October 31, 2002

(expressed in thousands of Barbados dollars)

21 Pension obligations...*continued*

d) FirstCaribbean International Bank (Cayman) Limited

Up to May 31, 1998 the majority of the employees of the former CIBC Bank and Trust Company (Cayman) Limited participated in either a contributory or non-contributory defined benefit pension plan. The company's contribution to these plans was borne entirely by the CIBC and, consequently, the company recorded no expense or liability in respect of these plans. The latest actuarial valuation for both plans was performed on October 31, 1994, which indicated that both plans were fully funded.

As a result of the introduction of new pension legislation in The Cayman Islands, the interests of the Company's employees in these defined benefit pension plans were frozen as at 31 May 1998. An actuarial valuation was performed to determine the funding status of the plans as a result of which, the Company was required to fund $1,400 which amount was expensed in the year ended 31 October 2000.

The Company has established a defined contribution pension plan that complies with the requirements of the Cayman Islands National Pension Law. The Company collects the requires statutory contributions from its employees. For the period October 11 – October 31, 2002, the Company contributed $27 on behalf of its employees to this pension.

e) Barclays Bank (1951) Pension Plan

The employees of the former Barclays bank participate in the defined benefit scheme of the Barclays Bank (1951) pension plan ("the Barclays plan"). The plan is operated under the segregated fund policy. Annual valuations, in pounds sterling, of the Barclays plan covering the West Indies based staff of the bank are performed by an independent actuary.

Following completion of the combination, active members of the Barclays plan may elect to transfer into a defined benefit pension scheme in the new entity ("the FirstCaribbean plan"). Barclays Bank PLC has agreed to transfer to the FirstCaribbean plan assets sufficient to fully fund a ten year contribution holiday for the Group. Existing pension obligations for those members who do not transfer will continue to be funded by the Barclays plan. The fair value of the plan assets included in these financial statements is the amount that Barclays Bank PLC expects to transfer to the FirstCaribbean plan in accordance with this agreement. The actual amount transferred will be determined on the basis of an actuarial valuation and may differ from the amount included in these financial statements.

The present value of funded obligations has been calculated on the basis that non-active members will elect to remain in the Barclays plan, which will continue to fund all pension payments for these members. The pension obligation to non active members will not be transferred into FirstCaribbean International Bank, so this obligation is not reflected in these financial statements.

Notes to Consolidated Financial Statements

October 31, 2002

(expressed in thousands of Barbados dollars)

21 Pension obligations...*continued*

The Group also participates in the Barclays Bank Cayman Islands Retirement Plan (the "BBCIRP") established specifically for Barclays Group staff in the Cayman Islands. BBCIRP is a defined contribution pension plan and is subject to the provisions of The National Pensions Law of the Cayman Islands. The normal contribution rate under the law is 10% of the employee's salary, borne equally by the employee and employer. The bank generally contributes 6% for each employee, and will match up to 4% of extra contributions from employees. The amount charged to staff costs during the year for the plan was $259 (2001 - $218).

22 Taxation

Taxation charge

	10 month period ended October 31, 2002 $	Year ended December 31, 2001 $
Current tax	11,892	21,860
Deferred tax	(11,385)	(1,498)
	507	20,362

Notes to Consolidated Financial Statements

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(expressed in thousands of Barbados dollars)

22 Taxation...*continued*

Tax on the bank's income before tax differs from the theoretical amount that would arise using the Barbados statutory tax rate as follows:

	10 month period ended October 31, 2002 $	Year ended December 31, 2001 $
Income before taxation	11,709	165,542
Tax calculated at the statutory tax rate	4,391	66,216
Effect of different tax rates in other countries	(18,907)	(53,812)
Effect of change in tax rate	(464)	–
Effect of income not subject to tax	(4,309)	(2,734)
Effect of income subject to tax at 12.5%	(909)	(1,386)
Effect of withholding taxes	(64)	–
Prior year tax reassessments	–	2,700
Over/under provision of current tax liability	(71)	–
Over/under provision of deferred tax liability	(236)	–
Deferred tax asset not recognized	3,973	–
Effect of expenses not deductible for tax purposes	17,103	9,378
	507	20,362

Movement in deferred tax account for the period:

	October 31, 2002 $	December 31, 2001 $
Deferred tax liability - beginning of period	(8,940)	(10,438)
Balance from subsidiaries acquired	7,401	–
Deferred tax credit for the period	11,385	1,498
Deferred tax position - end of period	9,846	(8,940)
Represented by:		
Deferred tax asset	15,628	–
Deferred tax liability	(5,782)	(8,940)
	9,846	(8,940)

Notes to Consolidated Financial Statements

October 31, 2002

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22 Taxation...*continued*

The deferred tax comprises of tax losses of $26,502 (2001 - $9,788) which will expire between 2007 and 2011.

The Group has tax losses of $46,384 for which no deferred tax assets have been recognised. These losses will expire between 2006 and 2011.

23 Related party transactions and balances

Interest and other income includes $130,500 (2001 - $247,300) and interest expense $15,400 (2001 - $25,500) earned from and charged by CIBC and Barclays Bank PLC entities.

In the normal course of business the Group provides banking and support services to related parties, for which $3,600 (2001 - $16,800) was charged during the period.

Under agreement with Barclays Bank PLC, the Company receives an annual payment from Barclays Bank PLC of US$10,000 effective January 1, 2002, as an incentive for the Company to retain its deposit placements with Barclays Capital. Included in income for the period is US$8,333.

Other transactions and balances with related parties are disclosed separately in the individual notes.

24 Contingent liabilities and commitments

The bank conducts business involving guarantees, performance bonds and indemnities, which are not reflected in the balance sheet.

	October 31, 2002 $	December 31, 2001 $
Letters of credit	169,760	70,200
Loan commitments	1,450,356	675,560
Guarantees and indemnities	190,331	192,646
	1,810,447	938,406

The Group is the subject of legal actions arising in the normal course of business. Management considers that the liability, if any, of these actions would not be material.

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October 31, 2002

(expressed in thousands of Barbados dollars)

25 Future rental commitments under operating leases

As at October 31, 2002 the Group held leases on buildings for extended periods. The future rental commitments under these leases were as follows:

	October 31, 2002 $	December 31, 2001 $
Not later than 1 year	15,072	5,440
Later than 1 year and less than 5 years	38,573	13,904
Later than 5 years	21,904	3,240
	75,549	22,584

26 Assets held in trust by subsidiaries

The bank provides custody and trustee discretionary investment management services to third parties. Those assets that are held in a fiduciary capacity are not included in these financial statements. At the balance sheet date the bank had investment assets under administration on behalf of third parties amounting to $273,000 (2001 - $146,000).

27 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of common and non-voting Class A shares in issue during the period.

	2002
Net income attributable to shareholders	$ 10,662
Weighted average number of common and non-voting Class A shares in issue (thousands)	744,065
Basic earnings per share (expressed in cents per share)	1.43

For the diluted earnings per share the weighted average number of common and non-voting Class A shares in issue is adjusted to assume conversion of all dilutive potential shares. The company has two categories of dilutive potential shares: preference shares and the rights issue. The preference shares are assumed to have been converted into common shares with no adjustment to net income for dividends as these have been waived. For the rights issue, the number of shares that could have been acquired at market price (determined as the average share price of the company's shares) based on the monetary value of the rights subscribed for is determined; the residual bonus shares are added to the common shares outstanding, but no adjustment is made to net income.

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27 Earnings per share...*continued*

		2002
Net income attributable to shareholders	$	10,662
(Shares in thousands)		
Weighted average number of common and non-voting Class A shares in issue		744,065
Adjustments for:		
Assumed conversion of preference shares		171,000
Rights issue		3,214
Weighted average number of common and non-voting Class A shares for diluted earnings per share		918,279
Diluted earnings per share (expressed in cents per share)		1.16

28 Segmented information

The Group operates in one industry - the financial services industry. Transactions between business segments are on normal business terms and conditions. Segment assets and liabilities comprise operating assets and liabilities, being the majority of the balance sheet but excluding such items such as taxation, other assets and head offices. The geographic distribution of total income, total expenses and operating profit at October 31 was as follows:

	10 months ended October 31, 2002			Year ended December 31, 2001		
	Operating Income	Operating Expenses	Operating Profit/ (Loss)	Operating Income	Operating Expenses	Operating Profit/ (Loss)
Bahamas	92,468	(64,172)	28,296	100,584	(68,252)	32,332
Barbados	67,710	(55,260)	12,450	90,202	(57,736)	32,466
Belize	13,976	(9,968)	4,008	17,656	(11,526)	6,130
BVI	24,842	(18,720)	6,122	36,974	(11,622)	25,352
Cayman	47,772	(23,892)	23,880	78,259	(24,029)	54,230
Eastern Caribbean	67,640	(51,249)	16,391	86,881	(61,606)	25,275
Jamaica	4,232	(3,389)	843	–	–	–
Other	30,327	(56,887)	(26,560)	42,110	(52,353)	(10,243)
	348,967	(283,537)	65,430	452,666	(287,124)	165,542

Notes to Consolidated Financial Statements

October 31, 2002

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28 Segmented information...*continued*

	2002 $	2001 $
Total operating profit	65,430	165,542
Restructuring charges	(51,739)	–
Goodwill amortisation	(1,982)	–
Taxation	(507)	(20,362)
Minority interest	(540)	–
Net income	10,662	145,180

Total income comprises net interest income and non-interest income.

	October 31, 2002			December 31, 2001		
	Operating Assets	Operating Liabilities	Capital Expenditure	Operating Assets	Operating Liabilities	Capital Expenditure
Bahamas	5,986,036	5,485,164	46,738	2,651,026	2,553,978	14,314
Barbados	3,450,251	3,040,600	72,023	1,496,026	1,574,222	34,418
Belize	146,278	124,364	6,034	179,980	160,280	5,740
BVI	846,516	825,918	10,228	945,187	956,020	10,995
Cayman	4,892,903	4,560,842	37,606	3,021,953	2,981,695	1,800
Eastern Caribbean	1,711,228	1,575,043	33,976	1,185,949	1,153,739	26,966
Jamaica	682,940	646,402	806	–	–	–
Other	799,596	782,794	7,208	803,680	801,176	8,831
	18,515,748	17,041,127	214,619	10,283,801	10,181,110	103,064
Eliminations	1,728,386	1,728,386	–	281,294	281,294	–
	16,787,362	15,312,741	214,619	10,002,507	9,899,816	103,064
Non-operating assets /liabilities	657,453	323,516	–	477,011	339,542	–
Property & equipment	25,229	–	25,229	–	–	–
Investments	188,828	–	–	608	–	–
Equity	–	1,988,726	–	–	240,768	–
Minority interest	–	33,889	–	–	–	–
	17,658,872	17,658,872	239,848	10,480,126	10,480,126	103,064

Notes to Consolidated Financial Statements

October 31, 2002

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28 Segmented information...*continued*

Off-balance sheet financial instruments:

	2002 $	2001 $
Belize	41,842	43,448
Other	56,371	45,758
Bahamas	703,360	308,548
Cayman	290,410	77,100
Barbados	393,952	234,770
Jamaica	37,434	–
Eastern Caribbean	217,808	171,307
BVI	69,270	57,475
	1,810,447	938,406

29 Acquisitions

The purchase method has been applied to the combination of Barclays and CIBC West Indies and Barclays has been identified as the acquirer. The fair value of the CIBC West Indies business was calculated to determine the purchase consideration. The goodwill arising from the combination represents the excess of the purchase consideration over the fair value of the identifiable assets and liabilities of CIBC West Indies at October 11, 2002.

Notes to Consolidated Financial Statements

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29 Acquisitions...*continued*

Details of the assets and liabilities acquired and the related goodwill are as follows:

	$
Cash resources	1,579,851
Loans and advances	3,607,963
Investments and trading securities	1,732,381
Property, plant and equipment	123,855
Other assets	146,072
Deposits	(5,780,321)
Other liabilities	(317,137)
Minority interest (note 13)	(33,349)
Fair value of identifiable assets and liabilities	1,059,315
Purchase consideration	1,696,298
Goodwill (note 8)	(636,983)
Cash and cash equivalents acquired	1,579,851
Purchase consideration in the form of cash and cash equivalents	–
Net cash and cash equivalents acquired	1,579,851
Acquisition provisions included in liabilities above:	
Employee terminations costs	13,808
Other costs	3,160
	16,968

30 Post balance sheet events

As part of the combination, and to mitigate against the dilution of interest of minority shareholders of CIBC West Indies, the Company undertook a 5 for 12 rights issue to all qualifying shareholders to subscribe for new common shares at the same price as that at which shares were issued to CIBC and Barclays Bank PLC, being $2.10 per share.

On December 9, 2002, the Company concluded the rights issue with a total subscription of 43,066,296 common shares from a maximum of 58,674,509 shares. Cost associated with the issuance of the shares is estimated to be $2,500.

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31 Use of financial instruments

A Strategy in using financial instruments

By its nature the Group's activities are principally related to the use of financial instruments. The Group accepts deposits from customers at both fixed and floating rates and for various periods and seeks to earn above average interest margins by investing these funds in high quality assets. The Group seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates whilst maintaining sufficient liquidity to meet all claims that might fall due.

The Group also seeks to raise its interest margins by obtaining above average margins, net of provisions, through lending to commercial and retail borrowers with a range of credit standing. Such exposures involve not just on-balance sheet loans and advances but the group also enters into guarantees and other commitments such as letter of credit and performance, and other bonds.

B Credit risk

The Group takes on exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review.

The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on and off-balance sheet exposures and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees, but a significant portion is personal lending where no such facilities can be obtained.

Cash resources and due from other banks include $4,517,973 (2001 - $5,387,959) placed with Barclays Bank PLC. Other than these amounts there is no other concentration of credit risk.

Derivatives

The Group maintains strict control limits on net open derivative positions, ie. the difference between purchase and sale contracts, by both amount and term. At any one time the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Group (ie. assets), which in relation to derivatives is only a small fraction of the contractor or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the Group requires margin deposits from counterparties.

Notes to Consolidated Financial Statements

October 31, 2002

(expressed in thousands of Barbados dollars)

31 Use of financial instruments...*continued*

B Credit risk...*continued*

Master netting arrangements

The Group further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of balance sheet assets and liabilities as transactions are usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Group's overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period since it is affected by each transaction subject to the arrangement.

Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Group on behalf of a customer authorizing a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralized by the underlying shipments of goods to which they relate and therefore carry less risk than a direct borrowing.

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term of maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Notes to Consolidated Financial Statements

October 31, 2002

(expressed in thousands of Barbados dollars)

31 Use of financial instruments...*continued*

C Currency risk

The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board of Directors sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. The table below summarises the Group's exposure to foreign currency exchange rate risk at October 31. The off-balance sheet net notional position represents the difference between the notional amounts of foreign currency derivative financial instruments, which are principally used to reduce the Group's exposure to currency movements, and their fair values.

Concentrations of assets, liabilities and off balance sheet items:

	EC	BDS	CAY	BAH	US	JA	Other	Total
As at October 31, 2002								
Assets								
Cash resources and balances with other banks	145,414	357,817	116,555	422,459	4,533,736	217,537	952,222	6,745,740
Trading securities	–	–	–	142,690	250,824	37,799	768	432,081
Loans and advances to customers	1,080,134	1,185,455	483,265	1,919,522	2,475,861	188,183	120,726	7,453,146
Investment securities	58,033	420,894	7	115,264	1,079,380	24,816	183,777	1,882,171
Property, plant and equipment	33,915	85,781	37,606	42,326	22,176	9,580	8,464	239,848
Other assets	43,061	4,653	242,502	53,022	534,454	17,492	10,702	905,886
Total assets	1,360,557	2,054,600	879,935	2,695,283	8,896,431	495,407	1,276,659	17,658,872
Liabilities								
Deposits	1,296,698	1,948,225	391,814	2,330,648	7,648,094	435,394	1,090,006	15,140,879
Other liabilities	57,951	100,552	16,259	87,780	198,228	6,412	28,196	495,378
Total liabilities	1,354,649	2,048,777	408,073	2,418,428	7,846,322	441,806	1,118,202	15,636,257

Notes to Consolidated Financial Statements

October 31, 2002

(expressed in thousands of Barbados dollars)

31 Use of financial instruments...*continued*

C Currency risk ...*continued*

	EC	BDS	CAY	BAH	US	JA	Other	Total
Net on balance sheet position	5,908	5,823	471,862	276,855	1,050,109	53,601	158,457	2,022,615
Credit commitments	199,524	377,712	48,101	406,784	684,521	37,434	56,371	1,810,447
As at December 31, 2001								
Total assets	1,052,743	1,119,676	288,895	1,054,131	6,071,856	29,290	863,535	10,480,126
Total liabilities	1,073,973	1,115,054	147,864	1,034,330	5,985,575	30,632	851,930	10,239,358
Net on balance sheet position	(21,230)	4,622	141,031	19,801	86,281	(1,342)	11,605	240,768
Credit commitments	171,307	205,988	32,798	189,038	294,047	-	45,228	938,406

D Interest rate risk

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. Limits are set on the level of mismatch of interest rate repricing that may be undertaken, which are monitored on an ongoing basis.

Expected repricing and maturity dates do not differ significantly from the contract dates, except for the maturity of deposits up to 1 month, which represent balances on current accounts considered by the Group as a relatively stable core source of funding of its operations.

The Group uses interest rate swaps as hedges to reduce the exposure to fluctuations in market interest rates resulting from fixed rate binding to customers. The notional amounts outstanding under these contracts at October 31, 2002 amounted to $147,331 (2001 - $122,140) and the fair value of the contracts was $8,030 (2001 - $4,830) and is included in other liabilities.

Notes to Consolidated Financial Statements

October 31, 2002

(expressed in thousands of Barbados dollars)

31 Use of financial instruments...*continued*

E Liquidity risk

The Group is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw downs, guarantees and from margin and other calls on cash settled derivatives. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Board sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of interbank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

The table below analyses assets and liabilities of the Group into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date.

Maturities of assets and liabilities

As at October 31, 2002	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Assets					
Cash resources and due from other banks	6,050,701	552,282	23,056	119,701	6,745,740
Trading securities	411,641	17,832	2,608	–	432,081
Loans and advances to customers	1,411,905	708,943	2,039,331	3,292,967	7,453,146
Investment securities	904,044	425,024	98,910	454,193	1,882,171
Property, plant and equipment	1,765	–	40,000	198,083	239,848
Other assets	168,577	64,638	13,426	659,245	905,886
Total assets	8,948,633	1,768,719	2,217,331	4,724,189	17,658,872
Liabilities					
Deposits	14,124,246	889,145	126,673	815	15,140,879
Other liabilities	201,915	237,712	20,500	35,251	495,378
Total liabilities	14,326,161	1,126,857	147,173	36,066	15,636,257
Net on balance sheet position	(5,377,528)	641,862	2,070,158	4,688,123	2,022,615
Credit commitments	1,114,997	681,045	11,825	2,580	1,810,447

Notes to Consolidated Financial Statements

October 31, 2002

(expressed in thousands of Barbados dollars)

31 Use of financial instruments...*continued*

E Liquidity risk ...*continued*

As at October 31, 2002	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Assets					
Cash resources	5,361,144	477,312	2,110	–	5,840,566
Loans and advances to customers	1,319,994	429,252	1,202,202	987,808	3,939,256
Investment securities	316,374	–	36,190	55,118	407,682
Property and equipment	103,064	–	–	–	103,064
Other assets	189,558	–	–	–	189,558
Total assets	7,290,134	906,564	1,240,502	1,042,926	10,480,126
Liabilities					
Deposits	9,653,938	393,934	10,792	–	10,058,664
Other liabilities	180,694	–	–	–	180,694
Total liabilities	9,834,632	393,934	10,792	–	10,239,358
Net on balance sheet position	(2,544,498)	512,630	1,229,710	1,042,926	240,768
Credit commitments	583,985	354,421	–	–	938,406

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for banks ever to be completely matched since business transacted is often of uncertain term and different types. An unmatched position potentially enhances profitability, but also increases the risk of losses.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

Liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amount of the commitment because the Group does not generally expect the third party to draw funds under the agreement. The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being funded.

Notes to Consolidated Financial Statements

October 31, 2002

(expressed in thousands of Barbados dollars)

31 Use of financial instruments...*continued*

F Fair values of financial assets and liabilities

Due from other banks

Due from other banks includes inter-bank placements and items in the course of collection.

The fair value of floating rate placements and overnight deposits is their carrying amount. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and remaining maturity. Their carrying values approximate their fair values.

Loans and advances and originated debt investment securities

The estimated fair value of loans and advances and originated debt investment securities represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value. The balances are net of specific and other provisions for impairment and their net carrying amounts reflect their fair values.

Available-for-sale investment securities

Available-for-sale securities are measured at fair value based on quoted market prices. Where this information is not available and where fair values cannot be measured reliably, these securities are carried at cost less impairment.

Deposits and borrowings

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand.

The estimated fair value of fixed interest bearing deposits and other borrowings without quoted market price is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

The carrying values of deposits and borrowings reflect their fair values.

Notes to Consolidated Financial Statements

October 31, 2002

(expressed in thousands of Barbados dollars)

32 Principal subsidiary undertakings

Name	Country of incorporation
FirstCaribbean International Bank Limited	Barbados
FirstCaribbean International Bank (Offshore) Limited	Barbados
FirstCaribbean International Bank (Bahamas) Limited (95.8%)	Bahamas
FirstCaribbean International Finance Corporation (Bahamas) Limited	Bahamas
FirstCaribbean International (Bahamas) Nominees Company Limited	Bahamas
FirstCaribbean International Land Holdings (TCI) Limited	Turks & Caicos Islands
FirstCaribbean International Bank (Barbados) Limited	Barbados
FirstCaribbean International Trust and Merchant Bank (Barbados) Limited	Barbados
FirstCaribbean International Finance Corporation (Barbados) Limited	Barbados
FirstCaribbean International Finance Corporation (Leeward & Windward) Limited	St. Lucia
FirstCaribbean International Land Holdings (Barbados) Limited	Barbados
FirstCaribbean International Bank (Jamaica) Limited (82.3%)	Jamaica
FirstCaribbean International Trust & Merchant Bank (Jamaica) Limited	Jamaica
FirstCaribbean International Building Society	Jamaica
FirstCaribbean International Bank (Cayman) Limited	Cayman Islands
FirstCaribbean International Finance Corporation (Cayman) Limited	Cayman Islands
FirstCaribbean International Finance Corporation (Netherlands Antilles) Limited	Curacao, Netherlands Antilles
FirstCaribbean International (Cayman) Nominees Company Limited	Cayman Islands

All subsidiaries are wholly owned unless otherwise stated.

Branches of Barclays Bank PLC included in the December 31, 2001 combined financial statements are:

- Anguilla
- Antigua (including Montserrat business)
- Bahamas
- Barbados Domestic and Barbados Offshore
- Belize
- British Virgin Islands
- Caribbean Regional Processing Centre
- Cayman Islands
- Dominica
- Grenada
- St. Kitts
- St. Lucia
- St. Vincent
- Turks and Caicos
- Caribbean and Bahamas Regional Office
- Netherlands Antilles (St. Maarten, Saba and St. Eustatius)

Notes to Consolidated Financial Statements

October 31, 2002

(expressed in thousands of Barbados dollars)

32 Principal subsidiary undertakings...*continued*

The significant entities included in these combined financial statements are:

- Barclays Finance Corporation of Barbados Limited
- Barclays Finance Corporation (Bahamas) Limited
- Barclays Finance Corporation of the Cayman Islands Limited
- Barclays Finance Corporation of the Leeward and Windward Islands Limited
- Bardco Property Investments Limited
- Palmer Corporation MV

33 Comparatives

Where necessary, comparative figures have been adjusted to comply with changes in presentation in the current period.

Management Proxy Circular

Barbados
The Companies Act, Chapter 308
[Section 140]

1. **NAME OF COMPANY:**
   FirstCaribbean International Bank Limited — Company No. 8521
   (formerly CIBC West Indies Holdings Limited)

2. **PARTICULARS OF MEETING:**
   Ninth Annual Meeting of the Shareholders of the Company to be held at Sherbourne Conference Centre, Two Mile Hill, St. Michael on Tuesday, March 25, 2003, at 5:00 p.m.

3. **SOLICITATION:**
   It is intended to vote the Proxy hereby solicited by the Management of the Company (unless the Shareholder directs otherwise) in favour of all resolutions specified on the Proxy Form sent to the Shareholders with this Circular and in the absence of a specific direction, in the discretion of the Proxy Holder in respect of any other resolution.

4. **ANY DIRECTOR'S STATEMENT SUBMITTED PURSUANT TO SECTION 71(2):**
   No statement has been received from any Director of the Company pursuant to Section 71(2) of the Companies Act Chapter 308.

5. **ANY AUDITORS' STATEMENT SUBMITTED PURSUANT TO SECTION 163 (1):**
   No statement has been received from the Auditors of the Company pursuant to Section 163 (1) of the Companies Act, Chapter 308.

6. **ANY SHAREHOLDER'S PROPOSAL SUBMITTED PURSUANT TO SECTION 112:**
   No proposal has been received from any Shareholder pursuant to Section 112 of the Companies Act, Chapter 308.

DATE	NAME AND TITLE	SIGNATURE
January 31, 2003	Natalie S. Holder Corporate Secretary FirstCaribbean International Bank Limited	Natalie S. Holder

Proxy Form

I/We, the undersigned shareholder/shareholders of FirstCaribbean International Bank Limited hereby appoint Mr. Michael Mansoor or failing him, Mr. Charles Pink, or any Director of the Company or ______________________ as my/our proxy to vote for me/us on my/our behalf as indicated below on the Resolutions to be proposed at the Annual Meeting of the shareholders of the Company to be held on Tuesday, March 25, 2003.

Dated this ______________ day of ______________ 2003.

Name of shareholder (s) of the Company ______________________________

Signature ______________________________

Name (s) of signatory in block capitals ______________________________

Please indicate with an "X " in the spaces below how you wish your proxy to vote on the Resolutions referred to. If no indication is given to the proxy will exercise his or her discretion as to how he or she votes or whether he or she abstains from voting.

	FOR	AGAINST
RESOLUTION 1 To approve the adoption of the audited consolidated financial statements and balance sheet of the Company for the period November 1, 2001 to October 31, 2002.		
RESOLUTION 2 To approve the election of the following persons as Directors for the term hereinafter set forth: (i) Michael Murray for a period of two years. (ii) Chester Feldberg for a period of two years. (iii) Robert Hunter for a period of three years. (iv) Charles Pink for a period of three years. (v) Allan Fields for a period of three years. (vi) David Ritch as Permanent Alternate Independent Director for Kyffin Simpson for a period of one year. (vii) Teresa Butler as Permanent Alternate Independent Director for Allan Fields for a period of one year.		
RESOLUTION 3 To approve the re-appointment of the Auditors, PricewaterhouseCoopers and to authorise the Directors to fix their remuneration.		

Notes:

1. If it is desired to appoint a proxy other than the named Directors, the necessary deletion must be made and initialled and the name inserted in the space provided.
2. In the case of joint holders, the signature of any holder is sufficient, but the names of all joint holders should be stated.
3. If the appointor is a Corporation, this form must be under its Common Seal or under the name of an officer of the Corporation duly authorised in this behalf.
4. To be valid, this form must be completed and deposited with the Registrar & Transfer Agent, FirstCaribbean International Trust and Merchant (Barbados) Limited, c/o Capital Markets Department, Fourth Floor, Head Office, Warrens, St. Michael at least 48 hours before the time appointed for holding the Meeting or adjourned Meeting.

www.firstcaribbeanbank.com

FirstCaribbean International Bank is an Associated Company of Barclays Bank PLC and CIBC.

Anguilla • Antigua • The Bahamas • Barbados • Belize • British Virgin Islands • Cayman Islands • Dominica • Grenada • Jamaica • Netherland Antilles • St. Kitts & Nevis • St. Lucia • St. Vincent • Turks & Caicos