FirstCaribbean International Bank (Bahamas) Limited

Financial Statements 2003

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Independent Auditors' Report

To the Shareholders of
FirstCaribbean International Bank (Bahamas) Limited

We have audited the accompanying consolidated balance sheet of FirstCaribbean International Bank (Bahamas) Limited (the "Bank") as of October 31, 2003 and the related consolidated statements of income, changes in shareholders' equity/head office accounts and cash flows for the year then ended. These 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 financial statements present fairly, in all material respects, the consolidated financial position of the Bank as of October 31, 2003 and the results of its consolidated operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers.

Chartered Accountants
17 December 2003

Consolidated Balance Sheet

as of October 31, 2003
(expressed in thousands of Bahamian dollars)

	Notes	2003 $	2002 $
Assets			
Cash resources	3	1,111,395	1,077,682
Trading securities	4	169,746	206,217
Loans and advances	5	1,497,105	1,513,197
Investment securities	6	164,959	151,773
Other assets	7	243,196	226,144
Property, plant and equipment	8	28,799	26,617
Total assets		3,215,200	3,201,630
Liabilities			
Deposits	9	2,670,897	2,688,751
Other liabilities	10	41,663	45,158
Total liabilities		2,712,560	2,733,909
Shareholders' equity			
Share capital and reserves	12	413,664	409,262
Retained earnings		88,976	58,459
		502,640	467,721
Total shareholders' equity and liabilities		3,215,200	3,201,630

Approved by the Board of Directors

Chairman

Director

December 17, 2003

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Income

For the year ended October 31, 2003
(expressed in thousands of Bahamian dollars, except per share data)

	Notes	2003 $	10 months to October 31, 2002 $
Interest income	13	137,888	58,648
Interest expense		50,294	22,563
Net interest income		87,594	36,085
Non-interest income	14	39,630	21,345
		127,224	57,430
Other operating expenses	15	59,511	32,601
Provision for credit losses		9,132	3,882
Restructuring & integration charges	16	177	8,812
Goodwill amortisation	23	9,855	616
		78,675	45,911
Net income for the year/period		48,549	11,519
Earnings per share	21	0.41	0.20

The accompanying notes are an integral part of these consolidated financial statements.

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

For the year ended October 31, 2003
(expressed in thousands of Bahamian dollars)

	Notes	Share/ assigned capital $	Reserves $	Retained earnings $	Due to head office $	Total $
Balance at December 31, 2001		1,158	–	14,283	28,883	44,324
Issuance of ordinary voting shares	11	472,828	–	–	–	472,828
Transfer of opening share/ assigned capital	11	(1,158)	–	158	–	(1,000)
Transfer to retained earnings		–	–	23,715	(23,715)	–
Reverse acquisition reserve	12	–	(63,566)	–	–	(63,566)
Net income for the period		–	–	11,519	–	11,519
Transfers from/(to) head office		–	–	8,784	(5,168)	3,616
Balance at October 31, 2002		472,828	(63,566)	58,459	–	467,721
Net income for the year		–	–	48,549	–	48,549
Dividends declared		–	–	(18,032)	–	(18,032)
Net proceeds from shares issued during rights offering	11	4,402	–	–	–	4,402
Balance at October 31, 2003		477,230	(63,566)	88,976	–	502,640

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended October 31, 2003
(expressed in thousands of Bahamian dollars)

	2003 $	10 months to October 31, 2002 $
Cash flows from operating activities		
Net income	48,549	11,519
Adjustments to reconcile net income		
Provision for credit losses	9,132	3,882
Depreciation	2,504	2,332
Amortisation of goodwill	9,855	616
Operating income before changes in operating assets and liabilities	70,040	18,349
(Increase) / decrease in mandatory reserves	(2,265)	2,508
Decrease / (increase) in loans, net of repayments	6,960	(32,711)
(Increase) / decrease in other assets and liabilities, net	(30,402)	17,595
Decrease in deposits, net of withdrawals	(17,854)	(48,866)
Net cash from (used in) operating activities	26,479	(43,125)
Cash flows from (used in) financing activities		
Dividends declared	(18,032)	–
Net proceeds from rights issue	4,402	–
Net cash used in financing activities	(13,630)	–
Cash flows from (used in) investing activities		
Decrease / (increase) in securities, net of disposals	23,285	(76,541)
Increase in fixed assets, net of disposals	(4,686)	(900)
Net cash from (used in) investing activities	18,599	(77,441)
Net increase (decrease) in cash and cash equivalents for the period	31,448	(120,566)
Cash and cash equivalents acquired as a result of business combination	–	205,651
Cash and cash equivalents, beginning of period	1,040,399	955,314
Cash and cash equivalents, end of period	1,071,847	1,040,399

The accompanying notes are an integral part of these consolidated financial statements.

1. **General information**

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

The Bank is a subsidiary of FirstCaribbean International Bank Limited, formerly CIBC West Indies Holdings Limited (the "Parent"), a company incorporated in Barbados with the ultimate parent companies being jointly CIBC, a company incorporated in Canada, and Barclays Bank PLC, a company incorporated in England.

Under the combination, shares issued to Barclays Bank PLC for the Barclays Bahamas operations were exchanged for shares in CIBC West Indies Holdings Limited which remained the legal parent company of the Bank. Following the combination, Barclays Bank PLC and CIBC each own 45% of the voting shares of the Parent. Neither Barclays Bank PLC nor CIBC control the Parent, but International Financial Reporting Standards (IFRS) 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 greater than the fair value of CIBC's business and, as a result, Barclays had the greater economic interest in the Parent. Barclays was therefore identified as the acquirer. This situation is described by IFRS as a reverse acquisition.

Accordingly the financial statements of the Bank are presented as a continuation of the financial statements of Barclays Bahamas and on the basis that Barclays Bahamas acquired CIBC Bahamas on October 11, 2002. The consolidated income statement at October 31, 2002 includes the results of Barclays Bahamas for the period from January 1, 2002 to October 31, 2002, together with results of the CIBC Bahamas subsequent to the combination. The consolidated balance sheet at October 31, 2002 reflects the assets and liabilities of Barclays Bahamas at book value and the assets and liabilities of CIBC Bahamas based on their fair value at October 11, 2002 as adjusted to reflect movements in the period to October 31, 2002.

Note 23 describes the accounting treatment applied to the acquisition.

The registered office of the Bank is located at 308 East Bay Street, Nassau, The Bahamas. At October 31, 2003 the Bank had 841 employees (2002: 843).

2. **Summary of significant accounting policies**

Basis of presentation

These consolidated financial statements are prepared in accordance with International Financial Reporting 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.

Consolidation

Subsidiary undertakings, which are those companies in which the Bank 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 (see note 25).

Subsidiaries are consolidated from the date on which the effective control is transferred to the Bank and are no longer consolidated from the date of disposal. All inter-company transactions, balances and unrealised 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 Bank.

Estimates

Preparation of financial statements in conformity with International Financial Reporting 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.

2. Summary of significant accounting policies (continued)

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 the Central Bank, and amounts due from other banks, but excludes the mandatory cash reserves required by the Central Bank.

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. Dividends received are included in interest income.

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

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. 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.

Held-to-maturity investments are carried at amortised cost using the effective yield method, less any provision for impairment.

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. By comparison, 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 received are included separately in interest income.

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

2. Summary of significant accounting policies (continued)

Originated loans and provisions for loan impairment

Loans and advances originated by the Bank by providing money directly to the borrower are categorised 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 other than those that are impaired.

Loan fees are recognised in income at the inception of the loan.

A credit risk provision for loan impairment is established if there is objective evidence that the Bank 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 reflecting the current economic climate in which the borrowers operate and is 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 bad and doubtful debt expense 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 bad and doubtful debt expense.

Acceptances

The Bank's potential liability under acceptances is reported as a liability in the consolidated balance sheet. The recourse against the customer in the event of a call on any of these commitments is reported as a corresponding asset of the same amount.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Bank's share of the net assets of the acquired subsidiary undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries 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 recognised as an expense as incurred. However, expenditure that enhances or extends the benefits of computer software programmes beyond their original specifications and lives is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight-line method over a five-year period.

2. Summary of significant accounting policies (continued)

Property, plant and equipment

All property, plant and equipment are 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:

Freehold buildings	2%
Leasehold improvements	10% or the term of the lease, whichever is less
Equipment, vehicles and furniture	20%

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 operating 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 hedges when they effectively hedge the fair value of certain loans, and hedge accounting is 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. Otherwise the interest rate swaps are considered as held for trading and the changes in the fair value of the swaps are immediately reported in net profit.

Provisions

Provisions are recognised when the Bank 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 Bahamian 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 Bahamian dollars using prevailing average monthly exchange rates. Realised and unrealised 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.

Leases

The total payments made under the operating leases are charged to the income statement on a straight-line basis over the period of the lease.

2. Summary of significant accounting policies (continued)

Pension obligations

The Bank operates 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 Bank, 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.

Other post-retirement obligations

The Bank provides post-retirement healthcare benefits to its 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.

Share capital

Share issue costs

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

Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are declared. Dividends for the year which are declared after the balance sheet date are dealt with in the subsequent events note.

Preferred shares

Preferred shares that are non-redeemable and upon which dividends are declared at the discretion of the directors 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. Interest income includes coupons earned on fixed income investment and trading securities and accrued discount and premium on treasury bills and other discounted instruments. Interest income is suspended when loans become doubtful of collection, such as when overdue by more than 90 days, or when the borrower or securities' issuer defaults, if earlier than 90 days. Such income is excluded from interest income until received. Interest income on loans in arrears greater than 90 days is taken into income to the extent that it is deemed recoverable.

Fee and commission income

Fees and commissions are recognised on an accrual basis.

Foreign exchange income

Foreign exchange income relates to income earned from exchanging foreign currencies and is recognised on the accrual basis.

Notes to the Financial Statements

For the year ended October 31, 2003
(expressed in thousands of Bahamian dollars)

2. Summary of significant accounting policies (continued)

Segment reporting

A segment is a distinguishable component of the Bank 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 sales to external customers and whose revenue, result or assets are 10 per cent or more of all the segments are reported separately.

3. Cash resources

	2003 $	2002 $
Cash	22,443	19,764
Deposits with Central Bank – non-interest bearing	54,516	48,019
Due from other banks	1,034,436	1,009,899
Cash resources	1,111,395	1,077,682
Mandatory reserve deposits with Central Bank	(39,548)	(37,283)
Cash and cash equivalents	1,071,847	1,040,399

The Bank is required to maintain a percentage of deposit liabilities as cash or deposits with The Central Bank of The Bahamas. These funds are not available to finance the Bank's day-to-day operations. At October 31, 2003 the reserve requirement amounted to $39,548 (2002 – $37,283).

The effective yield on cash resources during the year was 1.5% (2002 – 2.1%).

4. Trading securities

	2003 $	2002 $
Government treasury bills	–	17,420
Other debt securities	169,746	188,797
	169,746	206,217

5. Loans and advances

	2003	2002
Mortgages	628,315	530,119
Personal loans	247,339	260,623
Business loans	660,835	755,343
	1,536,489	1,546,085
Less: provisions for impairment		
specific provisions for credit risk	(31,477)	(22,806)
specific provisions for inherent risk	(7,907)	(10,082)
	1,497,105	1,513,197

The average interest rate earned during the year on loans and advances was 7.2% (2002 – 8.5%).

For the year ended October 31, 2003
(expressed in thousands of Bahamian dollars)

5. Loans and advances (continued)

Movement in provisions for impairment is as follows:

	Specific credit risk provision $	Inherent risk provision $
Balance, January 1, 2002	(13,891)	(5,328)
Doubtful debts expense	(5,502)	(700)
Provisions from entity acquired	(7,145)	(5,811)
Recoveries of bad and doubtful debts	2,320	–
Bad debts written-off	1,412	1,757
Balance, October 31, 2002	(22,806)	(10,082)
Doubtful debts expense	(9,894)	(106)
Recoveries of bad and doubtful debts	198	670
Bad debts written-off	1,025	1,611
Balance, October 31, 2003	(31,477)	(7,907)

The aggregate amount of non-performing loans amounted to $113,589 as at October 31, 2003 (2002 – $90,820).

6. Investment securities

	2003 $	2002 $
Originated debt		
Issued or guaranteed by Governments	164,959	151,773

All debt securities held by the Bank were issued by government-related agencies.

The effective interest rates earned during the year on debt securities ranged from 4.6% to 9.0% (2002 – 1.9% to 14.6%).

Investment securities at October 31, 2003 have been classified as held-to-maturity based on management's intent and ability to hold these securities until maturity.

7. Other assets

	2003 $	2002 $
Accrued interest receivable	14,261	7,498
Due from related parties	1,973	54
Other accounts receivable	23,827	6,692
Goodwill	187,747	196,351
Prepayments and deferred items	778	726
Pension assets (note 17)	14,610	14,823
	243,196	226,144

Notes to the Financial Statements

For the year ended October 31, 2003
(expressed in thousands of Bahamian dollars)

	Land and buildings $	Equipment, furniture and vehicles $	Leasehold improvements $	Total $
8. Property, plant and equipment				
Cost				
Balance, beginning of year	19,787	19,163	10,234	49,184
Purchases	1,035	3,574	77	4,686
Balance, end of year	20,822	22,737	10,311	53,870
Accumulated depreciation				
Balance, beginning of year	4,803	14,109	3,655	22,567
Depreciation	362	1,599	543	2,504
Balance, end of year	5,165	15,708	4,198	25,071
Net book values				
End of year	15,657	7,029	6,113	28,799
Beginning of year	14,984	5,054	6,579	26,617

9. Deposits

	Payable on demand $	Payable after notice $	Payable at a fixed date $	October 31, 2003 $	October 31, 2002 $
Individuals	96,699	135,550	695,076	927,325	1,086,875
Business and Governments	405,491	6,516	1,232,670	1,644,677	1,578,137
Banks	26,710	–	72,185	98,895	23,739
	528,900	142,066	1,999,931	2,670,897	2,688,751

The effective rate of interest on deposits was 1.9% (2002 – 1.8%) during the year.

10. Other liabilities

	2003 $	2002 $
Accounts payable and accruals	10,022	6,098
Accrued interest	12,068	11,264
Bills payable	2,935	2,939
Dividends payable	–	7,500
Provisions (note 16)	6,883	10,209
Post retirement medical benefits (note 17)	7,998	7,148
Other	1,757	–
	41,663	45,158

(expressed in thousands of Bahamian dollars)

11. Share capital

	Number of shares	$
Common shares — voting:		
Barclays shares in issue at January 1 and December 31, 2001	200,000	1,158
Transfer of Barclays shares on reverse acquisition	(200,000)	(1,158)
CIBC Bahamas shares in issue at October 31, 2001 and brought into account on reverse acquisition	66,894,010	152,290
Shares issued during period as consideration for Barclays operations	52,569,590	320,538
Share capital at October 31, 2002	119,463,600	472,828
Shares issued during the year in rights offering	752,604	4,402
Share capital at October 31, 2003	120,216,204	477,230

The company is authorised to issue 150 million ordinary shares with a par value of $0.10 each and 50 million preference shares with a par value of $0.10 per share.

As part of the combination, and to mitigate against the dilution of interest of minority shareholders of CIBC Bahamas Limited, the Directors authorised a 3 for 5 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 $6.10 per share for a maximum of 3 million new shares. The rights issue was completed May 16, 2003.

12. Capital and reserves

	2003 $	2002 $
Share capital (note 11)	477,230	472,828
Reverse acquisition reserve	(63,566)	(63,566)
Total capital and reserves at end of period	413,664	409,262
Reverse acquisition reserve		
At beginning of year/period	(63,566)	–
Arising from the reverse acquisition accounting	–	(63,566)
At end of year/period	(63,566)	(63,566)

In accordance with IFRS, the equity of the Bank at October 11, 2002 comprised the equity of Barclays Bahamas together with the fair value of the consideration given to acquire CIBC Bahamas. However, legally the share capital of the Bank comprises the issued share capital of CIBC Bahamas 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 together with the retained earnings of Barclays Bahamas, and the equity of the Bank presented in accordance with IFRS.

Notes to the Financial Statements

For the year ended October 31, 2003
(expressed in thousands of Bahamian dollars)

13. Interest income

	2003 $	10 months to October 31, 2002 $
Loans	112,210	38,276
Securities	11,194	3,984
Cash resources	14,484	16,388
	137,888	58,648

14. Non-interest income

	2003 $	10 months to October 31, 2002 $
Fees and commissions	31,025	17,406
Foreign exchange	8,605	3,939
	39,630	21,345

15. Other operating expenses

	2003 $	10 months to October 31, 2002 $
Staff costs	33,098	17,352
Other operating expenses	12,925	7,426
Property and equipment expenses	10,984	6,562
Depreciation	2,504	2,332
Foreign exchange gain on translation of pension asset	–	(1,071)
	59,511	32,601

16. Restructuring provision

	2003 $	2002 $
Balance at beginning of the year/period	10,209	–
(Credited)/charged to income statement during year/period	(1,112)	8,812
Net asset adjustment on acquisition	996	1,397
Utilised during period	(3,210)	–
Balance at October 31, 2003	6,883	10,209
Amount recognised in the income statement for the period:		
(Decrease) increase in restructuring provision	(1,112)	8,812
Other integration expenses	1,289	–
	177	8,812

As a result of the merger in 2002, restructuring costs were estimated and recognised as a restructuring provision in the prior period. These estimates were revised during the year and at October 31, 2003 comprised employee terminations costs of $4,673 and other third party costs of $2,210. This provision is expected to be fully utilised during fiscal year 2004.

(expressed in thousands of Bahamian dollars)

17. Employee post retirement obligations

The Bank has insured and group health plans and several pension schemes, most of which are non-contributory, allow additional voluntary contributions and are final salary defined benefit plans. The insured health plans allow for retirees to remain in the plans until death. 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:

	Defined benefit pension plans		Post retirement medical benefits	
	2003 $	2002 $	2003 $	2002 $
Fair value of plan assets	76,390	73,872		
Present value of funded obligations	(55,652)	(49,093)	(7,997)	(7,148)
	20,738	24,779		
Unrecognised actuarial gain	(6,128)	(9,956)	(1)	–
Net asset/(liability) in the balance sheet	14,610	14,823	(7,998)	(7,148)
Represented by:				
Assets in the balance sheet	14,610	14,823	–	–
Liabilities in the balance sheet	–	–	(7,998)	(7,148)
	14,610	14,823	(7,998)	(7,148)

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 amount recognised in the income statement is as follows:

	Defined benefit pension plans		Post retirement medical benefits	
	2003 $	10 months to October 31, 2002 $	2003 $	10 months to October 31, 2002 $
Current service costs	3,435	2,148	497	69
Interest cost	3,320	2,443	484	137
Expected return on plan assets	(5,872)	(2,164)	–	–
Net amount included in staff costs	883	2,427	981	206
The actual return on plan assets	4,130	4,143	–	–

(expressed in thousands of Bahamian dollars)

17. Employee post retirement obligations (continued)

The movement in the net asset (liability) recognised in the balance sheet is as follows:

	Defined benefit pension plans		Post retirement medical benefits	
	2003 $	**2002** $	**2003** $	**2002** $
Balance at the beginning of the period	14,823	14,945	(7,148)	(2,584)
Acquisitions	–	1,207	–	(4,444)
Charge for the period	(883)	(2,427)	(981)	(206)
Contributions paid	670	27	131	86
Foreign exchange translation gain	–	1,071	–	–
Balance at the end of the period	14,610	14,823	(7,998)	(7,148)

The principal actuarial assumptions used were:

Defined benefit pension plans

	2003 $	**2002** $
Discount rate	6.4%	6.4%
Expected return on plan assets	7.9%	7.9%
Future salary increases	4.9%	4.9%
Future pension increases	2.9%	2.9%
Post retirement medical benefits		
Discount rate	6.4%	6.4%
Premium escalation rate	5.4%	5.4%
Existing retiree age	67	67

The last actuarial valuation of the plan, which governs employees of the former CIBC Bank, was conducted as at November 1, 2001 and revealed a fund surplus of $4 million.

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 10-year contribution holiday for FirstCaribbean. 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 consolidated 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 (Bahamas) Limited, so this obligation is not reflected in these consolidated financial statements.

(expressed in thousands of Bahamian dollars)

18. Related party transactions

Interest income includes $17.2 million (2002 – $17.9 million) and interest expense includes $4.4 million (2002 – $2.2 million) earned from and paid to related entities.

In the normal course of business the parent companies provide banking and support services, for which $3.3 million (2002 – $1.6 million) was charged during the period.

At October 31, 2003 deposits maintained with other CIBC and Barclays entities amounted to $1,028 million (2002 Barclays deposits amounted to $957 million).

Non-interest income includes $10 million (2002 - $8.3 million) from Barclays Bank PLC as an incentive for the Bank to retain its placement balance with Barclays Capital.

19. Contingent liabilities and commitments

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

At the balance sheet date the following contingent liabilities exist.

	2003	**2002**
	$	**$**
Contingent liability on letters of credit	35,179	9,065
Loan commitments	214,243	343,537
Contingent liability on guarantees and indemnities	11,722	19,177
	261,144	371,779

The Bank 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. No significant provision has been made as professional advice indicates that it is unlikely that any significant loss will arise.

20. Future rental commitments under operating leases

As at October 31, 2003 the Bank held leases on buildings for extended periods. The future rental commitments under these leases were as follows:

	2003	**2002**
	$	**$**
Not later than 1 year	2,800	2,819
Later than 1 year and less than 5 years	10,240	7,720
Later than 5 years	1,612	2,043
	14,652	12,582

Notes to the Financial Statements

For the year ended October 31, 2003
(expressed in thousands of Bahamian dollars)

21. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the period.

	2003 $	10 months to October 31, 2002 $
Net profit attributable to shareholders	48,549	11,519
Weighted average number of ordinary shares in issue	119,812	57,191
Basic earnings per share (expressed in cents per share)	40.5	20.1

22. Segmented information

The Bank operates in one industry, the financial services industry. Transactions between business segments are on normal business terms and conditions. Total income comprises net interest income and non-interest income. The geographic distribution of total income, total expenses and operating profit was as follows:

	2003			10 months to October 31, 2002		
	Total Income $	Total Expenses $	Operating Profit $	Total Income $	Total Expenses $	Operating Profit $
Turks & Caicos	11,221	(8,373)	2,848	11,140	(5,973)	5,167
Bahamas	116,003	(60,270)	55,733	46,290	(30,510)	15,780
	127,224	(68,643)	58,581	57,430	(36,483)	20,947

	2003 $	10 months to October 31, 2002 $
Total operating profit	58,581	20,947
Restructuring charges	(177)	(8,812)
Goodwill amortisation	(9,855)	(616)
Net income	48,549	11,519

(expressed in thousands of Bahamian dollars)

22. Segmented information (continued)

In the normal course of business various credit-related arrangements are entered into to meet the needs of customers and earn income. These financial instruments are subject to the Bank's standard credit policies and procedures. Segment assets and liabilities comprise operating assets and liabilities, being the majority of the balance sheet but excluding such items as other assets and other liabilities. The geographic distribution of operating assets, operating liabilities and capital expenditures at October 31 was as follows:

	2003			2002		
	Operating Assets $	Operating Liabilities $	Capital Expenditure $	Operating Assets $	Operating Liabilities $	Capital Expenditure $
Turks & Caicos	276,756	287,996	5,275	272,042	270,383	4,527
Bahamas	2,666,449	2,382,901	23,524	2,676,827	2,418,368	22,090
	2,943,205	2,670,897	28,799	2,948,869	2,688,751	26,617

Off-balance sheet financial instruments:

	2003 $	2002 $
Turks & Caicos	16,942	20,099
Bahamas	244,202	351,680
	261,144	371,779

23. Acquisitions

On October 11, 2002, the purchase method was applied to the combination of Barclays Bahamas and CIBC Bahamas and Barclays Bahamas was identified as the acquirer. The fair value of the CIBC Bahamas business was calculated to determine the purchase consideration. The goodwill arising from the combination represented the excess of the purchase consideration over the fair value of the identifiable assets and liabilities of CIBC Bahamas at October 11, 2002. During the year, goodwill was adjusted to reflect revisions to these net assets acquired.

The net assets acquired and goodwill arising are as follows:

	$
Net assets of business acquired	211,295
Fair market value of business	408,261
Gross amount of goodwill at October 31, 2002	196,966
Adjustments made during the year	1,251
Gross amount of goodwill at October 31, 2003	198,217
Goodwill Accumulated Amortisation:	
Balance at October 31, 2002	616
Amortisation during the year	9,855
Balance at October 31, 2003	10,470
Goodwill at October 31, 2003	187,747
Goodwill at October 31, 2002	196,351

For the year ended October 31, 2003
(expressed in thousands of Bahamian dollars)

24. Use of financial instruments

a) Strategy in using financial instruments

By its nature the Bank's activities are principally related to the use of financial instruments. The Bank accepts deposits from customers at both fixed and floating rates for various periods and seeks to earn above average interest margins by investing these funds in high quality assets. The Bank 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 Bank 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 Bank also enters into guarantees and other commitments such as letters of credit and performance and other bonds.

b) Credit risk

The Bank takes on exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. The Bank 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.

Derivatives

The Bank maintains strict control limits on net open derivative positions, i.e. 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 Bank (i.e. 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.

Master netting arrangements

The Bank 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 Bank'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 Bank 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 Bank on behalf of a customer authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct borrowing.

(expressed in thousands of Bahamian dollars)

24. Use of financial instruments (continued)

b) Credit risk (continued)

Credit-related commitments (continued)

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank 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 Bank monitors the term of maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk that shorter-term commitments.

c) Currency risk

The Bank 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 Bank's exposure to foreign currency exchange rate risk at October 31. The off-balance sheet gap represents the difference between the notional amounts of foreign currency derivative financial instruments, which are principally used to reduce the Bank's exposure to currency movements, and their fair values.

Concentrations of assets, liabilities and off balance sheet items:

As at October 31, 2003	BAH $	US $	Other	Total
Assets				
Cash resources	69,267	846,268	195,860	1,111,395
Trading securities	–	169,746	–	169,746
Loans and advances	1,034,740	451,263	11,102	1,497,105
Investments securities	129,143	35,816	–	164,959
Other assets	220,267	22,881	48	243,196
Property and equipment	20,833	7,719	247	28,799
Total assets	1,474,250	1,533,693	207,257	3,215,200
Liabilities				
Deposits	1,038,714	1,444,405	187,778	2,670,897
Other liabilities	34,581	5,951	1,131	41,663
Total liabilities	1,073,295	1,450,356	188,909	2,712,560
Net on balance sheet position	400,955	83,337	18,348	502,640
Off balance sheet net notional position	10,736	36,150	15	46,901
Credit commitments	118,927	95,316	–	214,243

For the year ended October 31, 2003
(expressed in thousands of Bahamian dollars)

24. Use of financial instruments (continued)

c) Currency risk (continued)

	BAH $	US $	Other	Total
As at October 31, 2002				
Total assets	1,541,986	1,457,454	202,190	3,201,630
Total liabilities	1,208,048	1,323,614	202,247	2,733,909
Net on balance sheet position	333,938	133,840	(57)	467,721
Off balance sheet net notional position	25,761	2,481	–	28,242
Credit commitments	281,630	42,855	19,052	343,537

d) Interest rate risk

Interest sensitivity of assets, liabilities and off balance sheet items – repricing analysis

The Bank 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. The Board of Directors sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily.

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 Bank as a relatively stable core source of funding of its operations.

e) Liquidity risk

The Bank 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 Bank 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.

(expressed in thousands of Bahamian dollars)

24. Use of financial instruments (continued)

e) Liquidity risk (continued)

The table below analyses assets and liabilities of the Bank 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, 2003	**1–3 months $**	**3–12 months $**	**1–5 years $**	**Over 5 years $**	**Total $**
Assets					
Cash resources	886,037	225,358	–	–	1,111,395
Trading securities	158,904	10,842	–	–	169,746
Loans and advances	177,234	96,900	372,724	850,247	1,497,105
Investments securities	2,400	3,000	30,341	129,218	164,959
Other assets	34,746	15,945	39,408	153,097	243,196
Property and equipment	–	–	–	28,799	28,799
Total assets	1,259,321	352,045	442,473	1,161,361	3,215,200
Liabilities					
Deposits	2,322,763	342,478	5,554	102	2,670,897
Other liabilities	17,961	20,806	–	2,896	41,663
Total liabilities	2,340,724	363,284	5,554	2,998	2,712,560
Net on balance sheet position	(1,081,403)	(11,239)	436,919	1,158,363	502,640
Off balance sheet net notional position	–	46,901	–	–	46,901
Credit commitments	15,580	198,663	–	–	214,243

As at October 31, 2002	**1–3 months $**	**3–12 months $**	**1–5 years $**	**Over 5 years $**	**Total $**
Total assets	1,481,767	241,076	386,662	1,092,125	3,201,630
Total liabilities	2,431,946	298,394	1,646	1,923	2,733,909
Net on balance sheet position	(950,179)	(57,318)	385,016	1,090,202	467,721
Off balance sheet net notional position	–	28,242	–	–	28,242
Credit commitments	208,106	135,431	–	–	343,537

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Bank. 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.

24. Use of financial instruments (continued)

e) Liquidity risk (continued)

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 Bank 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 Bank 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.

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.

Loans and advances to customers

Loans and advances are net of specific and other provisions for impairment. The estimated fair value of loans and advances 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.

Investment securities

Investment securities include only interest-bearing assets held to maturity, as assets available-for-sale are now measured at fair value. Fair value for held-to-maturity assets are based on market prices or broker/dealer price quotations. Where this information is not available, fair value has been estimated using quoted prices for securities with similar credit, maturity and yield characteristics, or in some cases by reference to the net tangible asset backing of the investee.

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.

(expressed in thousands of Bahamian dollars)

25. Principal subsidiary undertakings

Name	Country of incorporation
FirstCaribbean International Finance Corporation (Bahamas) Limited	Bahamas
FirstCaribbean International (Bahamas) Nominees Company Limited	Bahamas
FirstCaribbean International Land Holdings (TCI) Limited	Turks & Caicos Islands

All subsidiaries are wholly owned.

26. Dividends

At the Board meeting held on December 17, 2003, a dividend of $0.16 per share amounting to $19,234,593 in respect of 2003 net income was proposed and declared. The consolidated financial statements for the year ended October 31, 2003 do not reflect this resolution, which will be accounted for in the shareholders' equity as an appropriation of retained earnings in the year ending October 31, 2004.

27. Reclassification

Certain prior period numbers have been reclassified to conform with the current year's presentation.

FirstCaribbean International Bank (Bahamas) Limited Information Circular

We are providing these proxy materials in connection with the solicitation by the Board of Directors of FirstCaribbean International Bank (Bahamas) Limited, of proxies to be voted at the Company's 2003 Annual General Meeting of Shareholders and at any meeting following adjournment thereof.

Shareholders are advised that no shareholder proposal has been filed and no action is proposed by the Board of Directors which would create the possibility of a "dissenting shareholder" under Section 168 of The Companies Act, 1992. The Board of Directors is also not aware of any solicitation of proxies by a person or group adverse to present management of this Company."

You are cordially invited to attend the annual meeting on March 31, 2004 beginning at 6:00 p.m. E.S.T. Shareholders will be admitted beginning at 5:30 p.m. E.S.T. The meeting will be held at The Bahamas Tourism Training Centre, Thompson Boulevard, Nassau, The Bahamas.

This financial year of FirstCaribbean International Bank (Bahamas) Limited began on November 1, 2002 and ended October 31, 2003. References in this proxy statement to the year 2003 or financial 2003 refer to the period as mentioned above.

We are mailing this proxy statement and accompanying forms of proxy and voting instructions to holders of the Company's ordinary shares on March 1, 2004, the record date for the meeting.

Proxies and Voting Procedures

The Board of Directors and the Management of the Company do not contemplate the solicitation of proxies otherwise than by mail.

A shareholder has the right to appoint a person or company (who need not be a shareholder), other than the persons designated by the Directors as proxy holders in the accompanying form of proxy, to represent the shareholder at the meeting by striking out the names of the persons so designated and inserting the name of the chosen proxy holder in the blank space provided for that purpose in the form of proxy, or by completing and signing another proper form of proxy. A proxy must be in writing and must be executed by the shareholder or by an attorney authorized in writing and deposited at the offices of CIBC Trust (Bahamas) Limited, Goodman's Bay Corporate Centre, West Bay Street, Nassau, The Bahamas. A shareholder who executes and returns the accompanying form of proxy may revoke it by an instrument in writing executed by such shareholder or attorney authorised in writing and deposited at the offices of CIBC Trust (Bahamas) Limited, Registrar and Transfer Agents at Goodman's Bay Corporate Centre, West Bay Street, Nassau, The Bahamas at any time up to and including the last business day preceding the day of the meeting, or with the Chairman of the meeting on the day of the meeting prior to the commencement thereof, or in any other manner permitted by law.

All shares entitled to vote and represented by properly completed proxies received prior to the meeting and not revoked will be voted at the meeting in accordance with your instructions. If you do not indicate how your shares should be voted on a matter, the shares represented by your properly completed proxy will be voted as the Board of Directors recommends.

If any other matters are properly presented at the annual meeting for consideration, including, among other things, consideration of a motion to adjourn the meeting to another time or place, the persons named as proxies and acting thereunder will have discretion to vote on those matters according to their best judgment to the same extent as the person delivering the proxy would be entitled to vote. At the date this proxy statement went to press, we did not anticipate that any other matters would be raised at the meeting.

Shareholders Entitled to Vote

Shareholders at the close of business on the record date are entitled to notice of and to vote at the annual meeting.

On March 1, 2004 there were 120,216,204 ordinary shares of par value $0.10 each outstanding. Each share is entitled to one vote on each matter properly brought before the meeting.

At close of business on March 1, 2004, FirstCaribbean International Bank Limited beneficially owned or controlled directly or indirectly 114,463,600 shares which represents 95.21% of the Company's issued ordinary shares.

Quorum and Required Vote

The presence, in person or by proxy, of the holders of a majority of the shares entitled to vote generally for the election of Directors is necessary to constitute a quorum a the meeting. For purposes of determining a quorum, abstentions are counted as present and are entitled to vote. Pursuant to the Articles of Association, three persons, each being a member entitled to attend and vote at the meeting, or a proxy for such a member, or the duly authorised representative of a corporate member so entitled, shall be a quorum.

Election of Directors

The articles of the Company currently provide that the Board of Directors of the Company shall consist of a minimum of five (5) and a maximum of twelve (12) directors, with the actual number of directors to be determined from time to time by the Board of Directors.

Directors can be either elected annually by the shareholders at the annual meeting of shareholders or, subject to the articles of the Company and applicable law, appointed by the Board of Directors between annual meetings. Each director shall hold office until the close of the next annual meeting of shareholders or until he or she ceases to be a director by operation of law or articles of Association of the Company or until his or her resignation becomes effective. By resolution of the Board of Directors, the number of directors has been fixed at eight (8) effective upon the election of directors at the Meeting.

Mr. Walter Wells will not be standing for re-election at the Meeting.

The Board of Directors held seven (7) meetings in 2003.

The persons designated as proxy holders in the accompanying form of proxy will vote ordinary shares represented by such form of proxy, properly executed, for the election of the nominees whose names are set forth herein, unless specifically directed to withhold a vote. All the nominees were previously elected by the shareholders of the Company as directors of the Company.

Name and Position	Principal Occupation	Director Since	Number of Shares Beneficially Owned or Controlled Directly or Indirectly
Michael Mansoor	Executive Chairman, FirstCaribbean International Bank	1999	Nil
Sharon Brown	Executive Director, Managing Director	2002	Nil
J. W. P. Krukowski	Chairman Retired Banker	1997	Nil
Terence Hilts	Retail Director, Northern Caribbean	1997	29,500
Willie Moss	Attorney-at-law	1998	Nil
Teresa Butler	Chairman, Bahamas Public Service Commission	2002	Nil
G. Diane Stewart	Attorney-at-law	2002	Nil
Mark Teversham	Executive Director, International Banking	2002	Nil

FirstCaribbean International Bank (Bahamas) Limited Information Circular

If any nominee is for any reason unavailable to serve (which management has no reason to believe to be the case), the persons designated as proxy holders in the accompanying form of proxy shall have the right to exercise their discretion by voting for another qualified nominee.

The following table sets out the names of all persons proposed to be nominated for election as Directors, along with other relevant information. All nominees are now members of the Board of Directors.

Compensation of Directors

Each director, who is not an employee of FirstCaribbean International Bank (Bahamas) Limited is paid a fee of $1500.00 per meeting for his or her services as a director. Directors are also entitled to reimbursement for reasonable travel and living expenses incurred by them in attending any Board of Directors or committee meetings.

No special remuneration was paid to any director during financial year 2003.

Senior Management Compensation

The senior management of the Company received aggregate compensation amounting to $933,266 in the financial year 2003.

Indebtedness of Management

There is a total indebtedness of approximately B$1,300,474 due to the Company from members of the senior management and directors. This represents loans and mortgages.

Management's Interest in Transactions

No director, executive officer, or senior officer of the Company, or proposed nominee for election as a director of the Company, has held or currently holds a material interest in any transaction entered into by the Company or its subsidiaries.

Share Option Plan

There is no share option plan.

Shareholder Feedback and Communication

The Company's communications policy is reviewed by the Board of Directors of the Company periodically and provides that communications with all constituents will be made in a timely, accurate and effective manner. The Company communicates regularly with its shareholders through press releases, and annual and quarterly reports. At the Company's shareholders' meetings, a full opportunity is afforded to permit shareholders to ask questions concerning the Company's activities. Investor and shareholder concerns are addressed on an ongoing basis through the office of the Corporate Secretary.

Appointment of Auditors

At the meeting, the shareholders will be called upon to appoint auditors of the Company at a remuneration to be fixed by the Board of Directors and to serve until the close of the next annual meeting of the Company. To be effective, the resolution appointing auditors of the Company must be approved by the majority of the votes cast by the holders of Ordinary Shares present in person, or represented by proxy, at the Meeting.

Arrangements will be made for one or more representatives of the proposed auditors to attend the meeting.

Other Business

The management of the Company knows of no matters to come before the meeting other than the matters referred to in the Notice of Annual Meeting. However, if any other matters which are not known to the management of the Company should properly come before the Meeting, forms of proxy given pursuant to this solicitation by the management of the Company will be voted on such matters in accordance with the best judgment of the person voting the proxy.

Directors' Approval and Certificate

The contents and the sending of this Information Circular and Proxy Form have been approved by the Board of Directors of the Company. The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

Dated at the City of Nassau, New Providence Island in the Commonwealth of The Bahamas this March 1, 2004.

MICHAEL MANSOOR
CHAIRMAN

TERESA S. WILLIAMS
CORPORATE SECRETARY

Design: Lonsdale Saatchi & Saatchi Advertising Limited
Prepress: Impact Prepress Limited
Printing: Zenith Printing Services Limited

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