Financial Statements 2004

PRICEWATERHOUSECOOPERS

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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, 2004 and the related consolidated statements of income, changes in shareholders' equity 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 accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Bank as of October 31, 2004 and the results of its operations, and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers.

Chartered Accountants
December 17, 2004

Consolidated Balance Sheet

as of October 31, 2004
(expressed in thousands of Bahamian dollars)

	Notes	2004 $	2003 $ (Restated)
Assets			
Cash and due from banks	3	864,055	1,111,395
Trading securities	4	273,295	169,746
Loans and advances	5	1,669,007	1,497,105
Other assets	6	52,695	53,549
Investment securities	7	178,850	164,959
Property, plant and equipment	8	35,334	28,799
Goodwill	9	187,747	187,747
Total assets		3,260,983	3,213,300
Liabilities			
Deposits	10	2,707,621	2,670,897
Other liabilities	11	28,270	41,663
Total liabilities		2,735,891	2,712,560
Shareholders' equity			
Share capital and reserves	13	414,364	413,664
Retained earnings		110,728	87,076
		525,092	500,740
Total shareholders' equity and liabilities		3,260,983	3,213,300

Approved by the Board of Directors

Chairman

Director

December 17, 2004

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

Consolidated Statement of Income

For the year ended October 31, 2004
(expressed in thousands of Bahamian dollars, except per share data)

	Notes	2004 $	2003 $
Interest income	14	153,961	137,888
Interest expense		55,108	50,294
Net interest income		98,853	87,594
Non-interest income	15	36,907	39,630
		135,760	127,224
Other operating expenses	16	65,954	59,511
Provision for credit losses		7,909	9,132
Restructuring & integration charges	17	279	177
Goodwill amortisation	9	–	9,855
		74,142	78,675
Net income for the year		61,618	48,549
Earnings per share (cents)	22	0.51	0.41

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

Consolidated Statement of Changes in Shareholders' Equity

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

	Notes	Share capital $	Reserves $	Retained earnings $	Total $
Balance at October 31, 2002, as previously reported		**472,828**	**(63,566)**	**58,459**	**467,721**
Prior period adjustment	28	–	–	(1,900)	(1,900)
Balance at October 31, 2002, as restated		472,828	(63,566)	56,559	465,821
Net income for the year		–	–	48,549	48,549
Dividends		–	–	(18,032)	(18,032)
Net proceeds from rights offering	12	4,402	–	–	4,402
Balance at October 31, 2003		**477,230**	**(63,566)**	**87,076**	**500,740**
Net income for the year		–	–	61,618	61,618
Dividends		–	–	(37,266)	(37,266)
Transfer to Statutory Reserve Fund – Turks and Caicos Islands	13	–	700	(700)	–
Balance at October 31, 2004		**477,230**	**(62,866)**	**110,728**	**525,092**

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

Consolidated Statement of Cash Flows

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

	2004 $	2003 $
Cash flows from operating activities		
Net Income	61,618	48,549
Adjustments to reconcile net income		
Provision for credit losses	7,909	9,132
Depreciation	2,933	2,504
Goodwill amortisation	–	9,855
Operating income before changes in operating assets and liabilities	72,460	70,040
Increase in mandatory reserves	(6,514)	(2,265)
(Increase)/decrease in loans and advances, net of repayments	(179,811)	6,960
Increase in other assets/liabilities, net	(12,539)	(30,402)
Increase/(decrease) in deposits, net of withdrawals	36,724	(17,854)
Net cash (used in) from operating activities	(89,680)	26,479
Cash flows from (used in) investing activities		
Increase in property, plant and equipment, net of disposals	(9,468)	(4,686)
(Increase)/decrease in securities, net of disposals	(117,440)	23,285
Net cash (used in) from investing activities	(126,908)	18,599
Cash flows from (used in) financing activities		
Dividends paid	(37,266)	(18,032)
Net proceeds from rights issue	–	4,402
Net cash used in financing activities	(37,266)	(13,630)
Net (decrease)/increase in cash and cash equivalents	(253,854)	31,448
Cash and cash equivalents, beginning of year	1,071,847	1,040,399
Cash and cash equivalents, end of year (note 3)	817,993	1,071,847

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, CIBC West Indies became the legal parent company with Barclays transferring its 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. Barclays was identified as the acquirer as the fair value of its business prior to the combination was significantly greater than the fair value of CIBC West Indies 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 International Financial Reporting Standards (IFRS) as a reverse acquisition.

The registered office of the Bank is located at 308 East Bay Street, Nassau, The Bahamas. At October 31, 2004 the Bank had 738 employees (2003: 841).

2. Summary of significant accounting policies

Basis of presentation

These consolidated financial statements are prepared in accordance with IFRS 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.

Early adoption of standards

In 2004, the Bank early adopted the IFRS below, which are relevant to its operations. All changes in the accounting policies have been made in accordance with the transition provisions in the respective standards and the 2003 accounts have been amended, where required.

i) IFRS 3 Business Combinations
ii) IAS 36 (revised 2004) Impairment of Assets
iii) IAS 38 (revised 2004) Intangible Assets

The early adoption of IFRS 3, IAS 36 (revised 2004) and IAS 38 (revised 2004) resulted in a change in the accounting policy for goodwill. Until October 31, 2003, goodwill was amortised on a straight-line basis over 20 years; and assessed for an indication of impairment at each balance sheet date.

2. Summary of significant accounting policies (continued)

Early adoption of standards (continued)

In accordance with the provisions of IFRS 3 the Bank has ceased amortisation of goodwill from November 1, 2003. Accumulated amortisation as at November 1, 2003 has been eliminated with a corresponding decrease in the cost of goodwill. From the year ended October 31, 2003 onwards, goodwill is tested annually for impairment.

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. The principal subsidiary undertakings are disclosed in note 25.

Subsidiaries are consolidated from the date on which the effective control is transferred to the Bank. 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.

Foreign currency translation

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Bank operates ("the functional currency"). The functional currency of the Bank is Bahamian dollars and these consolidated financial statements are presented in Bahamian dollars.

Monetary assets and liabilities denominated in foreign currencies are translated into functional 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 the Bank's functional currency using exchange rates at the date of the transactions. 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. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

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 Central Banks (excluding mandatory reserve deposits), and other money market placements.

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 Bank commits to purchase or sell the asset. Otherwise such transactions are treated as derivatives until settlement occurs.

Sale and repurchase agreements

Securities sold subject to linked repurchase agreements ("repos") are retained in the financial statements as investment securities and the counterparty liability is included in amounts due to other banks under other liabilities. 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.

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 using the effective yield method.

All loans and advances are recognised when cash is advanced to borrowers.

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 according to the original contractual terms of loans. 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 classification of the loan.

2. **Summary of significant accounting policies** (continued)

Originated loans and provisions for loan impairment (continued)

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 included in credit provisions. When a loan is uncollectible, it is written off against the related provision for impairment; subsequent recoveries are credited to the provision for credit losses in the income statement.

In circumstances where Central Bank guidelines and regulatory rules require provisions in excess of those calculated under IFRS, the difference is disclosed as an appropriation of retained earnings and is not distributable.

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.

Investment securities

The Bank classified its investment securities into the following two categories: i) Held-to-maturity and ii) available-for-sale assets.

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.

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

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 recognised 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.

2. Summary of significant accounting policies (continued)

Investment securities (continued)

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 Bank commits to purchase or sell the asset. All other purchases and sales are recognised as derivative forward transactions until settlement.

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 and is reported in the balance sheet as an intangible asset.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to lowest levels for which there are separately identifiable cash flows (cash-generating units) for the purpose of impairment testing. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Computer software development costs

Costs associated with maintaining computer software programs are recognised as an expense as incurred. However, expenditure that enhances or extends the benefits of computer software programs 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.

Property, plant and equipment

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.

2. Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

The annual rates used are:

Buildings	2.5%
Leasehold improvements	10% or the term of the lease, whichever is less
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.

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.

Borrowings

Borrowings are recognised initially at “cost”, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective yield method.

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 vale of the swaps are immediately reported in net profit.

Changes in the fair value of the effective portions of derivatives that are designated and qualify as fair value hedges and that prove to be highly effective in relation to hedged risk, are recorded in the income statement, along with the corresponding change in fair value of the hedged asset or liability that is attributable to that specific hedged risk.

2. Summary of significant accounting policies (continued)

Interest rate swaps and hedging (continued)

If the hedge no longer meets the criteria for hedge accounting, an adjustment to the carrying amount of a hedged interest-bearing financial instrument is amortised to net profit or loss over the period to maturity. The adjustment to the carrying amount of a hedged equity security remains in retained earnings until the disposal of the equity security.

The Bank's criteria for a derivative instrument to be accounted for as a hedge include:
- i) formal documentation of the hedging instrument, hedged item, hedging objective, strategy and relationship is prepared before hedge accounting is applied;
- ii) the hedge is documented showing that it is expected to be highly effective in offsetting the risk in the hedged item throughout the reporting period and;
- iii) the hedge is highly effective on an ongoing basis.

Pension obligations

The Bank operates a number of pension plans, the assets of which are held in a separate trustee-administered fund. The pension plans are generally funded by payments from the Bank, taking account of the recommendations of independent qualified actuaries, and from the employees.

A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. A defined contribution plan is a pension plan under which the Bank pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The liability in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date minus the fair value of plan assets, together with adjustments for unrecognised actuarial gains/losses and past service cost. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability. Most of the pension plans are final salary plans and the charge for such pension plans, representing the net periodic pension cost less employee contributions is included in staff costs. Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to pension plans are charged or credited to income over the service lives of the related employees.

For defined contribution plans, the Bank makes contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the Bank has no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due and as such are included in staff costs. The Bank's contributions to defined contribution pension plans are charged to the income statement in the year to which they relate.

2. Summary of significant accounting policies (continued)

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.

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.

Share capital

Shares issued for cash are accounted for at the issue price less any transaction costs associated with the issue. Shares issued as consideration for the purchase of assets or a business, are recorded at the market price on the date of the issue.

Dividends on ordinary shares

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

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. Interest income on impaired loans is recognised, according to the terms of the loan contract, to the extent that it is deemed recoverable.

Fee and commission income

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Loan origination fees for loans, which are probable of being drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective yield on the loan. Commission and fees arising from negotiating, or participating in the negotiation of a transaction for a third party, such as the acquisition of loans, shares or other securities or the purchase or sale of business, are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts. Asset management fees related to investment funds are recognised over the period the service is provided. The same principle is applied for wealth management, financial planning and custody services that are continuously provided over an extended period of time.

(expressed in thousands of Bahamian dollars)

2. Summary of significant accounting policies (continued)

Foreign exchange income

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

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 external customers and whose revenue, results or assets are 10% or more of all the segments are reported separately.

3. Cash and due from banks

	2004 $	2003 $
Cash	22,915	22,443
Deposits with Central Bank – non-interest bearing	50,955	54,516
Due from other banks	790,185	1,034,436
Cash and due from banks	864,055	1,111,395
Mandatory reserve deposits with Central Bank	(46,062)	(39,548)
Cash and cash equivalents	817,993	1,071,847

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, 2004 the reserve requirement amounted to $46,062 (2003: $39,548).

The effective yield on cash resources during the year was 1.9% (2003: 1.5%).

4. Trading securities

	2004 $	2003 $
Other debt securities	273,295	169,746
	273,295	169,746

The effective yield on trading securities ranged from 1.1% to 8.9%.

(expressed in thousands of Bahamian dollars)

5. Loans and advances

	2004 $	2003 $
Mortgages	740,062	628,315
Personal loans	270,208	247,339
Business loans	704,354	660,835
	1,714,624	1,536,489
Less: provisions for impairment		
specific provisions for credit risk	(36,269)	(31,477)
general provisions for inherent risk	(9,348)	(7,907)
	1,669,007	1,497,105

The average interest rate earned during the year on loans and advances was 7.3% (2003: 7.2%).

Movement in provisions for impairment is as follows:

	Specific credit risk provision $	Inherent risk provision $
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)
Doubtful debt expense	(6,104)	(1,805)
Recoveries of bad and doubtful debts	(289)	–
Bad debts written off	1,601	364
Balance, October 31, 2004	(36,269)	(9,348)

The aggregate amount of non-performing loans amounted to $102,555 as at October 31, 2004 (2003: $113,589).

(expressed in thousands of Bahamian dollars)

6. Other assets

	2004 $	2003 $
Accrued interest receivable	17,164	14,261
Due from related parties	4,650	73
Other accounts receivable	16,580	23,827
Prepayments and deferred items	1,134	778
Pensions assets (note 18)	13,167	14,610
	52,695	53,549

7. Investment securities

	2004 $	2003 $
Originated debt		
Issued or guaranteed by Government	178,850	164,959
	178,850	164,959

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 0.2% to 9.5% (2003: 4.6% to 9.0%).

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

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

8. Property, plant and equipment

	Land and buildings $	Equipment, furniture and vehicles $	Leasehold Improvements $	Total 2004 $
Cost				
Balance, beginning of year	20,822	22,737	10,311	53,870
Purchases	5,148	4,459	3	9,610
Disposals	–	(154)	–	(154)
Balance, end of year	25,970	27,042	10,314	63,326
Accumulated depreciation				
Balance, beginning of year	5,165	15,708	4,198	25,071
Depreciation	463	1,936	534	2,933
Disposals	–	(12)	–	(12)
Balance, end of year	5,628	17,632	4,732	27,992
Net book values				
End of year	20,342	9,410	5,582	35,334
Beginning of year	15,657	7,029	6,113	28,799

9. Goodwill

	2004 $	2003 $
Gross amount of goodwill at beginning of year	198,217	196,966
Adjustment made during the year	(10,470)	1,251
Gross amount of goodwill at end of year	187,747	198,217
Goodwill accumulated amortisation at beginning of year	10,470	615
Amortisation during the year	–	9,855
Adjustment made during the year	(10,470)	–
Goodwill accumulated amortisation at end of year	–	10,470
Goodwill balance at end of year	**187,747**	**187,747**

(expressed in thousands of Bahamian dollars)

10. Deposits

	Payable on demand	Payable after notice	Payable at a fixed date	2004 $	2003 $
Individuals	138,211	158,647	686,707	983,565	927,325
Business and Governments	660,436	12,408	999,616	1,672,460	1,644,677
Banks	11,927	–	39,669	51,596	98,895
	810,574	171,055	1,725,992	2,707,621	2,670,897

The effective rate of interest on deposits was 1.9% during the year (2003: 1.9%).

11. Other liabilities

	2004 $	2003 $
Accounts payable and accruals	2,149	12,957
Accrued interest	14,964	12,068
Restructuring provision (note 17)	2,011	6,883
Other post-retirement medical benefits (note 18)	9,064	7,998
Other	82	1,757
	28,270	41,663

12. Share capital

	Number of shares	$
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
Share capital at October 31, 2004	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.

(expressed in thousands of Bahamian dollars)

13. Capital and reserves

	2004 $	2003 $
Share capital (note 12)	477,230	477,230
Reverse acquisition reserve	(63,566)	(63,566)
Statutory reserve – Turks and Caicos Islands	700	–
Total capital and reserves at end of year	414,364	413,664

At October 11, 2002, the equity of the Bank 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 comprised 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.

In accordance with the Banking (Amendment) Ordinance 2002 of the Turks and Caicos Islands, the Bank is required to maintain a Statutory Reserve Fund of not less than the amount of its assigned capital. Where it is less than the assigned capital, the Bank is required to annually transfer 25% of its net profit earned from its TCI operations to this fund. During the year the Bank assigned $24 million of capital to the TCI operations and transferred $700 from retained earnings to the statutory reserve fund.

14. Interest income

	2004 $	2003 $
Loans and advances	118,235	112,210
Securities	17,338	11,194
Cash and due from banks	18,388	14,484
	153,961	137,888

15. Non-interest income

	2004 $	2003 $
Fees and commissions	27,220	31,025
Foreign exchange	9,687	8,605
	36,907	39,630

(expressed in thousands of Bahamian dollars)

16. Other operating expenses

	2004 $	2003 $
Staff costs	35,042	33,098
Other operating expenses	16,611	12,925
Property and equipment expenses	11,368	10,984
Depreciation	2,933	2,504
	65,954	59,511

17. Restructuring provision

	2004 $	2003 $
Balance at beginning of the year	6,883	10,209
Charged to income statement during the year	–	(1,112)
Net asset adjustment on acquisition	–	996
Utilised during the year	(4,872)	(3,210)
Balance at end of year	2,011	6,883

Amount recognised in the income statement for the year:

	2004 $	2003 $
Decrease in restructuring provision	–	(1,112)
Other integration expenses	279	1,289
	279	177

As a result of the merger in 2002, restructuring costs were estimated and recognised as a restructuring provision in the prior periods. During fiscal year 2004 only $4,872 of this provision was utilised. The remaining provision represents estimated third party costs and is expected to be fully utilised during fiscal year 2005.

18. Employee post-retirement obligations

The Bank has insured and group health plans and several pension schemes, which are noncontributory, 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.

(expressed in thousands of Bahamian dollars)

18. Employee post-retirement obligations (continued)

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

	Defined Benefit Pension Plans		Post-Retirement Medical Benefits	
	2004	**2003**	**2004**	**2003**
	$	**$**	**$**	**$**
Fair value of plan assets	44,240	76,390	–	–
Present value of funded obligations	(48,512)	(55,652)	(15,507)	(7,997)
	(4,272)	20,738	(15,507)	(7,997)
Unrecognised actuarial gain	17,439	(6,128)	6,443	(1)
Net asset/(liability) in the balance sheet	13,167	14,610	(9,064)	(7,998)

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	
	2004	**2003**	**2004**	**2003**
	$	**$**	**$**	**$**
Current service costs	3,200	3,435	663	497
Interest cost	3,330	3,320	753	484
Expected return on plan assets	(4,769)	(5,872)	–	–
Net amount included in staff cost	1,761	883	1,416	981
Actual return on plan assets	4,770	4,130	–	–

(expressed in thousands of Bahamian dollars)

18. 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	
	2004	2003	2004	2003
	$	$	$	$
Balance at the beginning of the year	14,610	14,823	(7,998)	(7,148)
Charge for the year	(1,763)	(883)	(1,416)	(981)
Contributions paid	320	670	350	131
Balance at the end of the year	13,167	14,610	(9,064)	(7,998)

The principal actuarial assumptions used were:

	2004	2003
Defined benefit pension plans		
Discount rate	7.0%	6.4%
Expected return on plan assets	8.5%	7.9%
Future salary increases	5.5%	4.9%
Future pension increases	1.8%	2.9%
Post-retirement medical benefits		
Discount rate	6.7%	6.4%
Premium escalation rate	5.7%	5.4%
Existing retiree age	64	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 previously participated in the defined-benefit scheme of the Barclays Bank (1951) pension plan (“the Barclays plan”). In January 2004, following the completion of the combination of the various plans, the active members of the Barclays plan elected to transfer into a defined benefit pension scheme in the new entity (“the FirstCaribbean plan”).

(expressed in thousands of Bahamian dollars)

18. Employee post-retirement obligations (continued)

During the year Barclays Bank PLC transferred to the FirstCaribbean plan assets sufficient to fully fund a ten-year contribution holiday in respect of the employees of the former Barclays Bank. The fair value of the plan assets included in these consolidated financial statements includes the amount that Barclays Bank PLC transferred to the FirstCaribbean plan which was determined on the basis of an actuarial valuation.

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

19. Related party transactions

Interest income includes $17.5 million (2003: $17.2 million) and interest expense includes $3.9 million (2003: $4.4 million) earned from and paid to related entities.

In the normal course of business the parent companies provide banking and support services, for which $2.3 million (2003: $3.3 million) was charged during the period.

Deposits maintained with other CIBC and Barclays entities amounted to $699 million (2003: $1,028 million).

Non-interest income includes $10 million (2003: $10 million) from Barclays Bank PLC as an incentive for the Bank to retain its placement balance with Barclays Capital.

20. 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:

	2004	**2003**
	$	**$**
Contingent liability on letters of credit	9,897	35,179
Loan commitments	254,717	214,243
Contingent liability on guarantees and indemnities	7,757	11,722
	272,371	261,144

(expressed in thousands of Bahamian dollars)

20. Contingent liabilities and commitments (continued)

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.

21. Future rental commitments under operating leases

The Bank held leases on buildings for extended periods. The future rental commitments under these leases were as follows:

	2004 $	2003 $
Not later than 1 year	2,706	2,800
Later than 1 year and less than 5 years	8,504	10,240
Later than 5 years	2,640	1,612
	13,850	14,652

22. 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.

	2004 $	2003 $
Net profit attributable to shareholders	61,618	48,549
Weighted average number of ordinary shares in issue	120,216	119,812
Basic earnings per share (expressed in cents per share)	51.3	40.5

23. 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:

(expressed in thousands of Bahamian dollars)

23. Segmented information (continued)

	2004			2003		
	Total Income	Total Expenses	Operating Profit	Total Income	Total Expenses	Operating Profit
Turks & Caicos	12,446	(4,055)	8,391	11,221	(8,373)	2,848
Bahamas	123,314	(69,808)	53,506	116,003	(60,270)	55,733
	135,760	(73,863)	61,897	127,224	(68,643)	58,581

	2004 $	2003 $
Total operating profit	61,897	58,581
Restructuring & integration charges	(279)	(177)
Goodwill amortisation	–	(9,855)
Net income	61,618	48,549

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:

	2004			2003		
	Operating Assets	Operating Liabilities	Capital Expenditure	Operating Assets	Operating Liabilities	Capital Expenditure
Turks & Caicos	174,841	340,953	6,955	276,756	287,996	5,275
Bahamas	2,810,366	2,366,668	28,379	2,666,449	2,382,901	23,524
	2,985,207	2,707,621	35,334	2,943,205	2,670,897	28,799

Off balance sheet financial instruments:

	2004 $	2003 $
Turks & Caicos	69,794	16,942
Bahamas	202,577	244,202
	272,371	261,144

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 and 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 contract 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 Bank requires margin deposits from counterparties.

24. Use of financial instruments (continued)

b) Credit risk (continued)

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.

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 than 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.

(expressed in thousands of Bahamian dollars)

24. Use of financial instruments (continued)

c) Currency risk (continued)

Concentrations of assets, liabilities and off balance sheet items:

	BAH $	US $	Other	Total
As at October 31, 2004				
Assets				
Cash resources	133,196	511,133	219,726	864,055
Trading securities	–	273,295	–	273,295
Loans and advances	1,148,004	513,261	7,742	1,669,007
Investments securities	146,534	32,316	–	178,850
Other assets	43,422	9,273	–	52,695
Goodwill	187,747	–	–	187,747
Property, plant and equipment	24,912	9,682	740	35,334
Total assets	1,683,815	1,348,960	228,208	3,260,983
Liabilities				
Deposits	1,235,608	1,246,172	225,841	2,707,621
Other liabilities	15,013	12,466	791	28,270
Total liabilities	1,250,621	1,258,638	226,632	2,735,891
Net on balance sheet position	433,194	90,322	1,576	525,092
Off balance sheet net notional position	8,428	8,872	354	17,654
Credit commitments	93,771	160,946	–	254,717
As at October 31, 2003				
Total assets	1,472,850	1,533,193	207,257	3,213,300
Total liabilities	1,073,295	1,450,356	188,909	2,712,560
Net on balance sheet position	399,555	82,837	18,348	500,740
Off balance sheet net notional position	10,736	36,150	15	46,901
Credit commitments	118,927	95,316	–	214,243

(expressed in thousands of Bahamian dollars)

24. Use of financial instruments (continued)

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 of Directors 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 Bank into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date.

Maturities of assets and liabilities

	1-3 months $	3-12 months $	1-5 years $	Over 5 years $	Total $
As at October 31, 2004					
Assets					
Cash and due from banks	691,216	172,839	–	–	864,055
Trading securities	273,295	–	–	–	273,295
Loans and advances	255,808	186,097	518,718	708,384	1,669,007
Investments securities	15,573	6,471	53,935	102,871	178,850
Other assets	39,447	–	–	13,248	52,695
Goodwill	2,463	7,389	39,408	138,487	187,747
Property, plant and equipment	–	–	–	35,334	35,334
Total assets	1,277,802	372,796	612,061	998,324	3,260,983

(expressed in thousands of Bahamian dollars)

24. Use of financial instruments (continued)

e) Liquidity risk (continued)

	1-3 months $	3-12 months $	1-5 years $	Over 5 years $	Total $
Liabilities					
Deposits	1,644,616	340,655	5,712	716,638	2,707,621
Other liabilities	3,856	24,193	–	221	28,270
Total liabilities	1,648,472	364,848	5,712	716,859	2,735,891
Net on balance sheet position	(370,670)	7,948	606,349	281,465	525,092
Off balance sheet net notional position	–	17,654	–	–	17,654
Credit commitments	19,571	235,146	–	–	254,717
As at October 31, 2003					
Total assets	1,257,421	352,045	442,473	1,161,361	3,213,300
Total liabilities	2,340,724	363,284	5,554	2,998	2,712,560
Net on balance sheet position	(1,083,303)	(11,239)	436,919	1,158,363	500,740
Off balance sheet net notional position	–	46,901	–	–	46,901
Credit commitments	15,580	198,663	–	–	214,243

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.

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.

24. Use of financial instruments (continued)

f) Fair values of financial assets and liabilities

Due from other banks

Due from other banks includes interbank 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 of Directors meeting held December 17, 2004, a final dividend of $0.18 per share amounting to $21,638,917 (2003: $0.16 per share, amounting to $19,234,593) in respect of 2004 net income was proposed and declared. The consolidated financial statements for the year ended October 31, 2004 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, 2005.

27. Subsequent event

Subsequent to October 31, 2004, the Bank entered into a sales agreement for the sale of its office building located on Bay Street, Nassau, Bahamas and a leaseback of a portion of the building from which the branch will continue to operate. This transaction is expected to be completed by January 2005.

28. Prior period adjustment

Other assets balance as reported at October 31, 2003 and 2002 included a receivable amount of $1.9 million representing the overpayment of remittances to Barclays PLC for periods prior to the combination of CIBC Bahamas and Barclays Bahamas. At the time of the combination, the overpayment was accounted for in the net asset valuation and therefore the other assets balances were incorrectly stated. In accordance with IFRS, the balances for October 31, 2003 are restated and opening retained earnings for 2003 was reduced accordingly.

29. Reclassification

Certain balances on the consolidated balance sheet, including goodwill and other assets, as well as certain notes to the consolidated financial statements have been reclassified to conform to the presentation in the current year.

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 2004 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 April 8, 2005 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 British Colonial Hilton, Victoria Room, Number One Bay Street, Nassau, The Bahamas.

This financial year of FirstCaribbean International Bank (Bahamas) Limited began on November 1, 2003 and ended October 31, 2004. References in this proxy statement to the year 2004 or financial 2004 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 14, 2005, 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 authorised 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 14, 2005 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 14, 2005 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. Mark Teversham will not be standing for re-election at the Meeting.

The Board of Directors held seven (7) meetings in 2004.

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.

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 $1,500.00 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 2004.

Senior Management Compensation

The senior management of the Company received aggregate compensation amounting to $873,366 in the financial year 2004.

Indebtedness of Management

There is a total indebtedness of approximately B$1,964,226 due to the Company from members of the senior management and directors. This represents loans and mortgages.

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, Doctor's Hospital Health System Ltd	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
Jan-Arne Farstad	Executive Director, International Banking	2004	Nil

FirstCaribbean International Bank (Bahamas) Limited Information Circular

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.

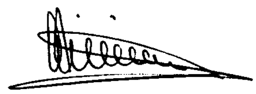
Arrangements will be made for one or more representatives of the proposed auditors to attend the meeting.

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 14, 2005.

Michael Mansoor
Chairman



Teresa S. Williams
Corporate Secretary

Proxy Form

The undersigned ____________ (please print) of_______________________ (please print) being a shareholder of FirstCaribbean International Bank (Bahamas) Limited ("the Company") hereby appoints Mr. Michael M. Mansoor, or failing him, Sharon E. Brown, or instead or either of them, ___________________ or __________________as proxy of the undersigned to attend and vote at the Annual General Meeting of Shareholders ("the meeting") of the Company to be held on 8th April, 2005 and at any adjournment thereof, notice of the meeting, together with the accompanying financial statements and the Information Circular having been received by the undersigned, and on behalf of the undersigned to vote as specifically directed below.

1. Specified in the accompanying Information Circular:

Michael Mansoor, Chairman	VOTE FOR ☐	WITHHOLD FROM VOTING ☐
Sharon Brown	VOTE FOR ☐	WITHHOLD FROM VOTING ☐
Terence Hilts	VOTE FOR ☐	WITHHOLD FROM VOTING ☐
Willie Moss	VOTE FOR ☐	WITHHOLD FROM VOTING ☐
Teresa Butler	VOTE FOR ☐	WITHHOLD FROM VOTING ☐
G. Diane Stewart	VOTE FOR ☐	WITHHOLD FROM VOTING ☐
Jan-Arne Farstad	VOTE FOR ☐	WITHHOLD FROM VOTING ☐
J.W.P. Krukowski	VOTE FOR ☐	WITHHOLD FROM VOTING ☐

2. To vote for or withhold from voting on the appointment of Auditors of the Company and to authorize the Directors to fix their remuneration:

VOTE FOR ☐ WITHHOLD FROM VOTING ☐

3. To vote in their discretion upon any other business which may properly come before the meeting or any adjournment thereof.

The undersigned revokes any prior proxies to vote the shares covered by this proxy.

This proxy is solicited on behalf of the Management of the Company and will be voted as directed in the spaces provided above or, if no direction is given it will be voted in the affirmative for each of the above proposals.

Dated this .... day of ....A.D., 2005

Corporate Seal ....

Notes:
The persons named in this proxy are Officers of the Company. Each shareholder submitting the proxy shall have the right to appoint a person or company to represent him/her at the meeting other than the persons designated above. To exercise this right, the shareholder may insert the name of the desired representative in the blank space provided and strike out the other names or may submit another appropriate proxy.

In order for this form of proxy or other appropriate forms of proxy to be valid, it must be signed and should be dated by the shareholder or the shareholder's attorney. The signature should be exactly the same as the name in which the shares are registered. The proxy must be sent by mail or hand delivered to the offices of CIBC Trust (Bahamas) Limited, Registrar and Transfer Agents, Goodman's Bay Corporate Centre, West Bay Street, no later than 4 p.m. on the last business day immediately preceding the date of the meeting. If this form of proxy is received undated but otherwise properly executed, it will for all purposes be deemed to be dated 7th April, 2005.