

FirstCaribbean International Bank (Bahamas) Limited



FIRSTCARIBBEAN INTERNATIONAL BANK

Consolidated Financial Statements

For the six months ended April 30, 2004
(expressed in Bahamas dollars)

Chairman's Review of the Results For the six months ended April 30, 2004

The consolidated net income of FirstCaribbean International Bank (Bahamas) Limited for the six months ended April 30, 2004 was \$31.7 million before integration charges and goodwill amortisation. After these charges, consolidated net income was \$26.5 million for the first half of fiscal 2004 compared to \$24.1 million for the same period last year. Earnings per share before integration charges and goodwill amortisation was 26 cents and after these charges amounted to 22 cents. This is an increase of 2 cents and 1.8 cents respectively over last year.

The Bank's net interest income for the first half of this fiscal year rose by 2.2% over the same period last year to \$45.9 million. Interest income increased by \$2.3 million as net loan balances increased by \$52.3 million or 3.5% over last year as a result of significant growth in residential mortgages and business loans. Non-interest revenue increased by \$1.2 million over last year to \$20.3 million as higher fees and commissions were collected.

General expenses were kept at the same level as last year, which resulted in a 1.5% improvement in the Bank's efficiency ratio of expenses as a percentage of revenue, from 46.7% last year to 45.1%.

The total assets of the Bank at April 30, 2004 were \$3,220 million, \$70

million greater than last year. Total deposit liabilities also rose above last year's level by \$78.5 million to \$2,696 million. The return on assets for the first half of the year was 1.6% and the return on equity (before integration and goodwill charges) was 19.9%.

The Directors have declared an interim dividend of 15 cents per share (April 2003 – 15 cents per share) payable on July 16, 2004 to shareholders of record at the close of business on July 12, 2004.

These financial results are generally in line with our estimates for 2004 and are accordingly deemed satisfactory. We are pleased to report that we have successfully completed the integration of our technology platform and are well on the way to creating one bank with a unified set of policies, systems, products and practices. This is a significant accomplishment and is the result of the diligence, competence and commitment of our staff.

We thank our customers for their continuing loyalty during this time of change.

Michael K. Mansoor - Chairman

FIRSTCARIBBEAN INTERNATIONAL BANK (BAHAMAS) LIMITED CONSOLIDATED BALANCE SHEET (B\$'000)

	Unaudited April 30, 2004	Unaudited April 30, 2003	Audited October 31, 2003
Assets			
Cash resources	871,999	1,017,902	1,111,395
Securities	502,578	329,107	334,705
Loans	1,586,450	1,534,123	1,497,105
Goodwill	182,804	191,423	187,747
Fixed assets	29,666	26,490	28,799
Other assets	46,860	50,820	55,449
	<u>3,220,357</u>	<u>3,149,865</u>	<u>3,215,200</u>
Liabilities			
Total deposits	2,696,396	2,617,834	2,670,897
Other liabilities	14,084	40,223	41,663
	<u>2,710,480</u>	<u>2,658,057</u>	<u>2,712,560</u>
Equity			
Share capital & reserves	414,364	409,262	413,664
Retained earnings	95,513	82,546	88,976
	<u>509,877</u>	<u>491,808</u>	<u>502,640</u>
	<u>3,220,357</u>	<u>3,149,865</u>	<u>3,215,200</u>

Director

Director

FIRSTCARIBBEAN INTERNATIONAL BANK (BAHAMAS) LIMITED CONSOLIDATED STATEMENT OF INCOME (B\$'000)

	Unaudited Quarter Ended		Unaudited Six Months Ended		Audited Year Ended
	April 30, 2004	April 30, 2003	April 30, 2004	April 30, 2003	October 31, 2003
Total interest income	36,460	36,342	71,336	69,023	137,888
Total interest expenses	(12,266)	(12,492)	(25,389)	(24,063)	(50,294)
Net interest income	24,194	23,850	45,947	44,960	87,594
Non-interest income	9,427	9,770	20,295	19,080	39,630
	<u>33,621</u>	<u>33,620</u>	<u>66,242</u>	<u>60,040</u>	<u>127,224</u>
Non-interest expenses	15,565	15,153	29,906	29,893	59,511
Provision for credit losses	3,169	3,736	4,615	4,972	9,132
	<u>18,734</u>	<u>18,889</u>	<u>34,521</u>	<u>34,865</u>	<u>68,643</u>
Operating profit	14,887	14,731	31,721	29,175	58,581
Integration expenses	188	(279)	306	160	177
Goodwill amortisation	2,482	2,464	4,944	4,928	9,855
Net income	<u>12,217</u>	<u>12,546</u>	<u>26,471</u>	<u>24,087</u>	<u>48,549</u>
Weighted average number of common shares outstanding for the period	120,216,204	119,463,600	120,216,204	119,463,600	119,812,066
Earnings per share (in cents)	10.2	10.5	22.0	20.2	40.5
Earnings per share, before goodwill and integration expenses (in cents)	12.4	12.3	26.4	24.4	48.9

FIRSTCARIBBEAN INTERNATIONAL BANK (BAHAMAS) LIMITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (B\$'000)

	Share Capital & Reserves	Retained Earnings	Total
Balance at October 31, 2002	409,262	58,459	467,721
Net income for the period		24,087	24,087
Dividends		-	-
Balance at April 30, 2003	<u>409,262</u>	<u>82,546</u>	<u>491,808</u>
Balance at October 31, 2003	413,664	88,976	502,640
Net income for the period		26,471	26,471
Dividends		(19,234)	(19,234)
Transfer to Statutory Reserve Fund - TCI	700	(700)	-
Balance at April 30, 2004	<u>414,364</u>	<u>95,513</u>	<u>509,877</u>

FIRSTCARIBBEAN INTERNATIONAL BANK (BAHAMAS) LIMITED CONSOLIDATED STATEMENT OF CASH FLOWS (B\$'000)

	Unaudited Six Months Ended April 30, 2004	Unaudited Six Months Ended April 30, 2003	Audited Year Ended October 31, 2003
Net cash (used in) provided by operating activities	(50,209)	(86,689)	26,479
Net cash used in financing activities	(19,234)	-	(13,630)
Net cash (used in) provided by investing activities	(169,953)	26,909	18,599
Net (decrease) increase in cash and cash equivalents	(239,396)	(59,780)	31,448
Cash and cash equivalents, beginning of period	1,071,847	1,077,682	1,040,399
Cash and cash equivalents, end of period	<u>832,451</u>	<u>1,017,902</u>	<u>1,071,847</u>