

# FirstCaribbean International Bank (Bahamas) Limited

## Consolidated Financial Statements

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



**FIRSTCARIBBEAN**  
INTERNATIONAL BANK

### Chairman's Review of the results for the year ended October 31, 2004

The consolidated net income of FirstCaribbean International Bank (Bahamas) Limited for the fiscal year ended October 31, 2004 was \$61.6 million. Operating profit, i.e. net income before integration charges and goodwill amortisation, was \$61.9 million and increased by \$3.3 million or 5.7% over the operating profit of last fiscal year. Earnings per share, before integration charges and goodwill amortisation, increased by 2.6 cents from last year, to 51.5 cents for this fiscal year.

The Bank opted to early adopt International Financial Reporting Standards 3 — Business combinations, International Accounting Standards 36 (revised 2004) — Impairment of Assets and International Accounting Standards 38 (revised 2004) — Intangible Assets. The effect of these adoptions is that Goodwill ceases to be amortised effective November 1, 2003 and is now subject to an annual impairment test. This year's test has been completed and revealed no impairment in goodwill for this year. As a result, there is no goodwill amortisation expense for this fiscal year compared to \$9.8 million last year. As a consequence of this change, along with the \$3.3 million improvement in operating profit, the Bank's net income for the year increased by \$13.1 million to \$61.6 million.

The Bank's net interest income for the year rose by \$11.2 million over last year's net interest income to \$98.8 million, with interest income increasing by \$16 million as loan balances increased \$172 million resulting from the continual growth in residential mortgages and business loans. The net interest margin of the bank improved by 0.3% over last fiscal year, to 3.1% for the year ending October 31, 2004.

General expenses for this year were higher than last year's level, as operating expenses including additional depreciation taken on the upgraded systems increased along with employee-related expenses. Despite this, the Bank's efficiency ratio, i.e. expenses as a percentage of revenue, of 48.6%, was maintained below the 50% benchmark.

The total assets of the Bank at October 31, 2004 were \$3,261 million, \$48 million greater than last year-end. The continued growth in loans and deposits brought total loans to \$1,669 million and total deposits to \$2,708 million at year-end. The return on assets for this year was 1.9% and the return on equity was 19.2%.

The Directors have declared a final dividend of 18 cents per share payable on January 7, 2005 to shareholders of record at the close of business on December 29, 2004. The total dividends for the year amount to 33 cents per share compared to 31 cents last year.

We are pleased that we have successfully completed the integration of our technology platform as well as the consolidation of our branches to create 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 year of change and we look forward to enhancing our operational procedures next year and delivering superior customer service.

Michael K. Mansoor  
Chairman

### Consolidated Balance Sheet B\$'000

Assets	Audited	Audited
	October 31, 2004	October 31, 2003 (Restated)
Cash and due from banks	864,055	1,111,395
Securities	452,145	334,705
Loans	1,669,007	1,497,105
Goodwill	187,747	187,747
Fixed assets	35,334	28,799
Other assets	52,695	53,549
	<u>3,260,983</u>	<u>3,213,300</u>
<b>Liabilities</b>		
Total deposits	2,707,621	2,670,897
Other liabilities	28,270	41,663
	<u>2,735,891</u>	<u>2,712,560</u>
<b>Equity</b>		
Share capital & reserves	414,364	413,664
Retained earnings	110,728	87,076
	<u>525,092</u>	<u>500,740</u>
	<u>3,260,983</u>	<u>3,213,300</u>

**Note: Restatement** — 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.

Sharon Brown  
Director

Terence Hills  
Director

### Consolidated Statement of Changes in Shareholders Equity B\$'000

	Share Capital & Reserves	Retained Earnings	Total
<b>Balance at October 31, 2002, as restated</b>	409,262	56,559	465,821
Net income for the period		48,549	48,549
Dividends		(18,032)	(18,032)
Net proceeds from rights issue	4,402		4,402
	<u>413,664</u>	<u>87,076</u>	<u>500,740</u>
<b>Balance at October 31, 2003</b>	413,664	87,076	500,740
Net income for the period		61,618	61,618
Dividends		(37,266)	(37,266)
Transfer to Statutory Reserve Fund - Turks & Caicos Islands	700	(700)	-
	<u>414,364</u>	<u>110,728</u>	<u>525,092</u>

**Note: Restatement** — 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.

### Consolidated Statement of Cash Flows B\$'000

	Audited Year Ended October 31, 2004	Audited Year Ended October 31, 2003
Net cash (used in) provided by operating activities	(89,680)	26,479
Net cash used in financing activities	(37,266)	(13,630)
Net cash (used in) provided by investing activities	(126,908)	18,599
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	<u>817,993</u>	<u>1,071,847</u>

### Consolidated Statement of Income B\$'000

	Unaudited Quarter Ended		Audited Year Ended	Audited Year Ended
	October 31, 2004	October 31, 2003	October 31, 2004	October 31, 2003
Total interest income	42,668	32,490	153,961	137,888
Total interest expenses	(13,833)	(10,624)	(55,108)	(50,294)
Net interest income	28,835	21,866	98,853	87,594
Non-interest income	7,919	10,473	36,907	39,630
	<u>36,754</u>	<u>32,339</u>	<u>135,760</u>	<u>127,224</u>
Non-interest expenses	20,004	14,889	65,954	59,511
Provision for credit losses	1,819	2,926	7,909	9,132
	<u>21,823</u>	<u>17,815</u>	<u>73,863</u>	<u>68,643</u>
Operating profit	14,931	14,524	61,897	58,581
Integration expenses	(244)	(359)	279	177
Goodwill amortisation	0	2,463	0	9,855
Net income	<u>15,175</u>	<u>12,420</u>	<u>61,618</u>	<u>48,549</u>

Weighted average number of common shares outstanding for the period	120,216,204	120,100,419	120,216,204	119,812,066
Earnings per share (in cents)	12.6	10.3	51.3	40.5
Earnings per share, before goodwill and integration expenses (in cents)	12.4	12.1	51.5	48.9

The above information is also available at our website [www.firstcaribbeanbank.com](http://www.firstcaribbeanbank.com)