

FirstCaribbean International Bank (Bahamas) Limited



FIRST CARIBBEAN
INTERNATIONAL BANK

Consolidated Financial Statements

For the Quarter ended January 31, 2005 (expressed in Bahamas dollars)

Chairman's Review of the Results
For the quarter ended January 31, 2005

The consolidated net income and operating profit of FirstCaribbean International Bank (Bahamas) Limited for the quarter ending January 31, 2005 was \$23.7 million. The operating profit, i.e. net income before integration charges and goodwill amortisation, was \$6.8 million or 41% greater than the \$16.8 million for the same period last year. Earnings per share (based on operating profit) was 19.7 cents, 6 cents greater than the amount for the same period of last year.

The Bank has increased its net interest income to \$30.6 million, which resulted in an increase in the net interest margin for the quarter to 3.7%. The gradual rise in the US prime rate resulted in higher interest earned from the securities portfolios.

During the latter part of last fiscal year, the Bank adopted Accounting Rules which do not require goodwill to be amortised to expense. Consequently, there is no amortisation expense for this quarter whereas \$2.5 million was recorded last year.

The total assets of the Bank grew by 2.1% or \$68.5 million to \$3,282 million at January 31, 2005. Similarly, total deposit liabilities grew by 2.4% or \$64 million to \$2,729 million. The return on assets for the first quarter was 2.9%, which is an improvement of 0.8% from last year (before integration and goodwill charges). Likewise the return on equity (before integration and goodwill charges) improved by 6.5%, increasing from 21.5% to 28% for the quarter.

The first quarter of this fiscal year has shown significant improvement in the performance of the Bank. Having completed the full integration of the two heritage banks during last fiscal year, we are looking forward to a successful year as we realise the synergies from this integration along with the improving market conditions.

Michael K. Mansoor
Chairman

CONSOLIDATED BALANCE SHEET

| B\$'000 | Unaudited January 31, 2005 | Unaudited January 31, 2004 (Restated) | Audited October 31, 2004 |
|--------------------------|-------------------------------|---|-----------------------------|
| Assets | | | |
| Cash and due from banks | 844,372 | 1,107,175 | 864,055 |
| Securities | 481,719 | 247,090 | 452,145 |
| Loans | 1,690,860 | 1,571,811 | 1,669,007 |
| Goodwill | 187,747 | 185,285 | 187,747 |
| Fixed assets | 36,242 | 28,953 | 35,334 |
| Other assets | 41,088 | 71,284 | 52,695 |
| | 3,282,028 | 3,211,598 | 3,260,983 |
| Liabilities | | | |
| Total deposits | 2,728,785 | 2,664,412 | 2,707,621 |
| Other liabilities | 26,125 | 51,426 | 28,270 |
| | 2,754,910 | 2,715,838 | 2,735,891 |
| Equity | | | |
| Share capital & reserves | 416,464 | 413,664 | 414,364 |
| Retained earnings | 110,654 | 82,096 | 110,728 |
| | 527,118 | 495,760 | 525,092 |
| | 3,282,028 | 3,211,598 | 3,260,983 |

(Name)
Director

(Name)
Director

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| B\$000's | Share Capital and Reserves \$ | Retained Earnings \$ | Total \$ |
|---|----------------------------------|-------------------------|-------------|
| Balance at October 31, 2003, as restated | 413,664 | 87,076 | 500,740 |
| Net income for the period | | 14,254 | 14,254 |
| Dividends | | (19,234) | (19,234) |
| Balance at January 31, 2004 | 413,664 | 82,096 | 495,760 |
| Balance at October 31, 2004 | 414,364 | 110,728 | 525,092 |
| Net income for the period | | 23,665 | 23,665 |
| Dividends | | (21,639) | (21,639) |
| Transfer to Statutory Reserve Fund — Turks & Caicos Islands | 2,100 | (2,100) | — |
| Balance at January 31, 2005 | 416,464 | 110,654 | 527,118 |

Note: Prior Period Adjustment — Other assets balance as previously reported at January 31, 2004 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 January 31, 2004 are restated and opening retained earnings for 2004 was reduced accordingly.

CONSOLIDATED STATEMENT OF INCOME

| B\$'000 | Unaudited Three Months Ended January 31, 2005 | Unaudited Three Months Ended January 31, 2004 | Audited Year Ended October 31, 2004 |
|-----------------------------|---|---|---|
| Total interest income | 45,255 | 34,876 | 153,961 |
| Total interest expenses | (14,620) | (13,123) | (55,108) |
| Net interest income | 30,635 | 21,753 | 98,853 |
| Non-interest income | 10,369 | 10,868 | 36,907 |
| | 41,004 | 32,621 | 135,760 |
| Non-interest expenses | 15,799 | 14,341 | 65,954 |
| Provision for credit losses | 1,540 | 1,446 | 7,909 |
| | 17,339 | 15,787 | 73,863 |
| Operating profit | 23,665 | 16,834 | 61,897 |
| Integration expenses | — | 118 | 279 |
| Goodwill amortisation | — | 2,462 | — |
| Net income | 23,665 | 14,254 | 61,618 |

| | | | |
|---|-------------|-------------|-------------|
| Weighted average number of common shares outstanding for the period | 120,216,204 | 120,216,204 | 120,216,204 |
| Earnings per share (in cents) | 19.7 | 11.9 | 51.3 |
| Earnings per share, before goodwill and integration expenses (in cents) | 19.7 | 14.0 | 51.5 |

CONSOLIDATED STATEMENT OF CASH FLOWS

| B\$'000 | Unaudited Three Months Ended January 31, 2005 | Unaudited Three Months Ended January 31, 2004 | Audited Year Ended October 31, 2004 |
|--|---|---|---|
| Net cash (used in) provided by operating activities | 33,188 | (71,963) | (89,680) |
| Net cash used in financing activities | (21,639) | (19,234) | (37,266) |
| Net cash (used in) provided by investing activities | (31,232) | 86,977 | (126,908) |
| Net decrease in cash and cash equivalents | (19,683) | (4,220) | (253,854) |
| Cash and cash equivalents, beginning of period | 817,993 | 1,071,847 | 1,071,847 |
| Cash and cash equivalents, end of period | 798,310 | 1,067,627 | 817,993 |