

FirstCaribbean International Bank (Bahamas) Limited

Consolidated Financial Statements

For the six months ended April 30, 2005



FIRSTCARIBBEAN
INTERNATIONAL BANK

Chairman's Review

The consolidated net income and operating profit of FirstCaribbean International Bank (Bahamas) Limited for the six months ending April 30, 2005 was \$48.4 million. The operating profit, i.e. net income before integration charges and goodwill amortisation, has improved by \$16.7 million or 52% over the same period last year. Earnings per share (based on operating profit) was 40.3 cents, 14 cents greater than the amount for the same period of last year.

During the latter part of the 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 period compared to \$4.9 million which was recorded last year.

Net interest income for the Bank has increased to \$61 million, which resulted in an increase in the net interest margin for the period to 3.7%. The continual rise in the US fed rate (by 1% since October 31, 2004) has resulted in significantly higher interest being earned from the securities portfolios as well as the US dollar bank placements. Net interest income has risen \$15 million over the same period last year. Operating expenses continued to be prudently managed, increasing by only \$0.3 million over last year, resulting in an 8% improvement in the efficiency ratio (i.e. operating expenses as a percentage of revenues), which reduced to 37%.

The total assets of the Bank grew by 4% or \$130 million from last year to \$3,349 million at April 30, 2005, driven by the growth in residential mortgages of \$109 million. Total deposit liabilities grew by 3% or \$73 million to \$2,770 million as demand deposits increased. The return on assets for the first half of the fiscal year was 2.9%, which is an improvement of 0.9% from last year (before integration and goodwill charges). Likewise, the return on equity (before integration and goodwill charges) improved by 8%, increasing from 20% to 28% for the first six months of the year.

The Directors have declared an interim dividend of 20 cents per share (April 2004 – 15 cents per share), payable on June 30, 2005 to shareholders of record at the close of business on June 24, 2005.

The Bank continues to realise significant improvement in its profitability as market conditions continue to improve and synergies are realised from the integration of the two heritage banks.

Michael K. Mansoor
Chairman

Notes to Consolidated Interim Financial Statements Six Months Ended April 30, 2005

1. Accounting Policies

These consolidated interim financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. The accounting policies used in the preparation of these consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended October 31, 2004.

The consolidated interim financial statements include the accounts of the following wholly owned subsidiaries:

FirstCaribbean International Finance Corporation (Bahamas) Limited
FirstCaribbean International (Bahamas) Nominees Company Limited
FirstCaribbean International Land Holdings (TCI) Limited

2. Prior Period Adjustment

Other assets balance as previously reported at April 30, 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 April 30, 2004 are restated and opening retained earnings for 2004 was reduced accordingly.

Consolidated Balance Sheet BS'000

Assets	Unaudited April 30, 2005	Unaudited April 30, 2004 (Restated)	Audited October 31, 2004
Cash and due from banks	856,718	871,999	864,055
Securities	491,619	502,578	452,145
Loans	1,706,786	1,586,450	1,669,007
Goodwill	187,747	182,804	187,747
Fixed assets	33,066	29,666	35,334
Other assets	72,994	44,960	52,695
Total assets	3,348,930	3,218,457	3,260,983
Liabilities			
Total deposits	2,769,514	2,696,396	2,707,621
Other liabilities	27,574	14,084	28,270
Total liabilities	2,797,088	2,710,480	2,735,891
Equity			
Share capital & reserves	416,464	414,364	414,364
Retained earnings	135,378	93,613	110,728
	551,842	507,977	525,092
Total liabilities and shareholders' equity	3,348,930	3,218,457	3,260,983

Sharon Brown
Director

Terence Hilts
Director

Consolidated Statement of Changes in Shareholders' Equity BS'000

	Share Capital & Reserves	Retained Earnings	Total
Balance at October 31, 2003, as restated	413,664	87,076	500,740
Net income for the period		26,471	26,471
Dividends		(19,234)	(19,234)
Transfer to Statutory Reserve Fund - Turks & Caicos Islands	700	(700)	-
Balance at April 30, 2004	414,364	93,613	507,977
Balance at October 31, 2004	414,364	110,728	525,092
Net income for the period		48,389	48,389
Dividends		(21,639)	(21,639)
Transfer to Statutory Reserve Fund - Turks & Caicos Islands	2,100	(2,100)	-
Balance at April 30, 2005	416,464	135,378	551,842

Consolidated Statement of Cash Flows BS'000

	Unaudited Six Months Ended April 30, 2005	Unaudited Six Months Ended April 30, 2004	Audited Year Ended October 31, 2004
Net cash provided by (used in) operating activities	50,690	(50,209)	(89,680)
Net cash used in financing activities	(21,639)	(19,234)	(37,266)
Net cash used in investing activities	(36,388)	(169,953)	(126,908)
Net decrease in cash and cash equivalents	(7,337)	(239,396)	(253,854)
Cash and cash equivalents, beginning of period	817,993	1,071,847	1,071,847
Cash and cash equivalents, end of period	810,656	832,451	817,993

Consolidated Statement of Income BS'000

	Unaudited Quarter Ended		Unaudited Six Months Ended		Audited Year Ended
	April 30, 2005	April 30, 2004	April 30, 2005	April 30, 2004	October 31, 2004
Total interest income	45,364	36,460	90,619	71,336	153,961
Total interest expenses	(15,000)	(12,266)	(29,620)	(25,389)	(55,108)
Net interest income	30,364	24,194	60,999	45,947	98,853
Non-interest income	9,865	9,427	20,234	20,295	36,907
	40,229	33,621	81,233	66,242	135,760
Non-interest expenses	14,365	15,565	30,164	29,906	65,954
Provision for credit losses	1,140	3,169	2,680	4,615	7,909
	15,505	18,734	32,844	34,521	73,863
Operating profit	24,724	14,887	48,389	31,721	61,897
Integration expenses	-	188	-	306	279
Goodwill amortisation	-	2,482	-	4,944	-
Net income	24,724	12,217	48,389	26,471	61,618
Weighted average number of common shares outstanding for the period	120,216,204	120,216,204	120,216,204	120,216,204	120,216,204
Earnings per share (in cents)	20.6	10.2	40.3	22.0	51.3
Earnings per share, before goodwill and integration expenses (in cents)	20.6	12.4	40.3	26.4	51.5