

# First Caribbean International Bank Limited

For the three months ended January 31, 2004

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## Chairman's Review

I am pleased to advise that despite challenging economic conditions your Bank has achieved solid results both in terms of profit and loan growth during the first fiscal quarter. Additionally, major progress continues to be made against our blueprint for integrating the two heritage banks.

The integration program, which includes re-branding and implementing a standard technology platform across the region, is on track to be completed by mid-year. We continue to hold to a tight implementation schedule, while staying within budget and exceeding synergy targets.

Integration is a very exacting and demanding undertaking and in certain instances has affected customer experience. We thank our customers for keeping faith with us during this exercise. We believe that we have made considerable progress in this area and we remain totally committed to the proposition that our customers must receive the best quality service possible.

In terms of financial results, excluding goodwill amortization (a non-cash item) of \$7.9 million and integration-related costs of \$6.9 million, net income for the quarter was \$52.8 million. This result was \$2.8 million or 6% higher than in Q1/2003, and is 12% higher if one excludes non-recurring items from the comparison.

Loans have grown by \$240 million over the quarter, a reversal of the declining trend seen throughout much of fiscal 2003.

The rigorous credit management practices of the Bank continue, with the required provision for credit losses declining by \$3.0 million from the prior year despite difficult credit conditions.

Return on equity on a cash basis was 12.9% annualized for the first quarter and cash earnings per share were 3.4 cents, which is flat with the prior year.

We believe that the successful completion of the integration of the Bank and the further realization of synergies will impact the performance of the Bank in 2004. We also expect that market conditions will continue to improve in many of our markets thereby promoting sustained growth in loan aggregates and profitability.

Michael K. Mansoor  
Chairman

**CONSOLIDATED BALANCE SHEET BBD'000**

	Unaudited Quarter ended January 31,2004	Unaudited Quarter ended January 31,2003	Audited October 31,2003
<b>Assets</b>			
Cash, balances with Central Banks and other banks	6,936,739	6,733,064	6,969,186
Trading securities	272,016	415,153	339,492
Loans and advances	7,359,537	7,443,359	7,120,515
Investment securities	1,510,303	1,590,261	1,548,259
Property and equipment	262,472	260,116	274,305
Other assets	439,366	339,031	353,764
Goodwill	594,621	627,073	602,549
	<u>17,384,054</u>	<u>17,408,057</u>	<u>17,208,160</u>
<b>Liabilities</b>			
Total deposits	14,812,119	14,882,691	14,512,188
Other liabilities	317,203	371,927	438,988
	<u>15,129,322</u>	<u>15,254,618</u>	<u>14,951,176</u>
Minority interest	<u>33,991</u>	<u>35,599</u>	<u>34,070</u>
<b>Equity</b>			
Share/assigned capital & reserves	1,895,994	1,861,093	1,898,079
Retained earnings	324,747	256,747	324,835
	<u>2,220,741</u>	<u>2,117,840</u>	<u>2,222,914</u>

17,384,054

17,408,057

17,208,160

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**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY BBD'000**

	Share Capital	Reserves	Retained Earnings	Total Equity
<b>Balance at October 31, 2002</b>	2,549,524	(782,098)	221,300	1,988,726
Net income for the period			35,477	35,447
Proceeds from rights issue	88,922			88,922
Foreign currency translation		(4,304)		(4,304)
Available-for-sale investments securities - net fair value gains, net of tax 9,349		9,049		9,049
<b>Balance at January 31, 2003</b>	<u>2,638,446</u>	<u>(777,353)</u>	<u>256,747</u>	<u>2,117,840</u>
<b>Balance at October 31, 2003</b>	2,646,537	(748,458)	324,835	2,222,914
Net income for the period			38,074	38,074
Re-purchase of non-voting ordinary shares	(51,839)			(51,839)
Dividends on ordinary shares			(38,162)	(38,162)
Foreign currency translation		(694)		(694)
Available-for-sale investments securities - net fair value gains, net of tax		50,448		50,448
<b>Balance at January 31, 2004</b>	<u>2,694,698</u>	<u>(698,704)</u>	<u>324,747</u>	<u>2,220,741</u>

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**CONSOLIDATED STATEMENT OF INCOME BBD'000**

	Unaudited Quarter ended January 31, 2004	Unaudited Quarter ended January 31, 2003	Audited October 31, 2003
Total interest income	189,497	194,920	770,871
Total interest expenses	(62,221)	(65,024)	(260,435)
Net interest income	127,276	129,896	510,436
Non-interest income	57,648	59,158	229,187
	<u>184,924</u>	<u>189,054</u>	<u>739,623</u>
Non-interest expenses	115,936	118,206	454,704
Integration/restructuring costs	6,860	6,691	37,760
Provision for credit losses	9,867	12,847	39,915
	<u>132,663</u>	<u>137,744</u>	<u>532,379</u>
Operating profit	52,261	51,310	207,244
Goodwill amortisation	7,928	7,928	31,712
Taxation	4,498	6,969	25,631
	<u>39,835</u>	<u>36,413</u>	<u>149,901</u>
Minority interest	1,761	966	7,701
Net Income	<u>38,074</u>	<u>35,447</u>	<u>142,200</u>
	=====	=====	=====
Average number of common shares outstanding (000's)	1,533,360	1,517,910	1,544,097

Net income per common share in cents			
-basic	2.5	2.3	9.2
-diluted	2.2	2.1	8.3
-cash earnings*	3.4	3.3	13.7

\* Cash earnings represent earnings before goodwill amortisation and integration

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**CONSOLIDATED STATEMENT OF CASH FLOWS BBD'000**

	Unaudited Quarter ended January 31,2004	Unaudited Quarter ended January 31,2003	Audited October 31,2003
Net cash used in operating activities	(80,355)	154,870	(1,146,201)
Net cash used in financing activities	(51,839)	88,922	(93,526)
Net cash from/(used in) investing activities	96,432	297,619	411,390
Net decrease in cash and cash equivalents for the period	(35,762)	541,411	(828,337)
Effects of exchange rate changes on cash and cash equivalents	(854)	(10,501)	(14,151)
Cash and cash equivalents, beginning of period	<u>3,827,209</u>	<u>4,669,697</u>	<u>4,669,697</u>
Cash and cash equivalents, end of period	<u>3,790,593</u>	<u>5,200,606</u>	<u>3,827,209</u>