

FirstCaribbean International Bank LIMITED

Chairman's Review & Financial Statements

for the nine months ended July 31, 2004

Chairman's Review

For the Quarter ended July 31, 2004

I am pleased to advise that the Bank achieved strong financial results in the third quarter, contributing to a positive year-over-year financial performance.

Return on equity on a cash basis was 12.7% annualised for the period and cash earnings per share were 5.3 cents, an increase of 7% over the prior year period,

Excluding integration-related costs of \$12.1 million, net income for the period was \$80.7 million. Excluding non-recurring deal-related items in 2003, the year-over-year profit increase is 11%.

During the period the Bank achieved strong growth in loans, particularly in mortgages and consumer loans. In total, loans increased by \$163 million for the third quarter and \$317 million from October 2003. The Bank continued to effectively manage and monitor its expenses and credit risk, achieving a reduction in total expenses (excluding integration costs) over the prior period of \$0.8 million, despite the additional costs of depreciating the Bank's new core technology platform,

The Bank opted to early adopt IFRS 3 Business combinations, IAS 36 (revised 2004) Impairment of Assets and IAS 38 (revised 2004) Intangible Assets. The effect of these adoptions are 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 the current fiscal. As a result, the third quarter's results reflect a reversal of goodwill amortised over the previous two quarters.

We have completed the integration of the two predecessor technology platforms and have now commenced the work of streamlining our processes to ensure greater efficiency and control. We again thank our customers for their support during this period of unprecedented change and transformation. Our management remains fully committed to providing the best level of customer service possible.

We believe that the trends reflected in our results are positive and that we are on track to achieve our financial and strategic targets.

Michael K. Mansoor
Chairman

CONSOLIDATED BALANCE SHEET USD'000

	Unaudited Quarter ended July 31, 2004	Unaudited Quarter ended July 31, 2003	Audited October 31, 2003
Assets			
Cash, balances with Central Banks and other banks	3,228,631	3,476,602	3,484,593
Trading securities	261,882	198,077	169,746
Loans and advances	3,877,352	3,509,031	3,560,258
Investment securities	1,196,877	734,849	774,130
Property and equipment	148,203	114,462	137,197
Other assets	229,858	143,310	176,881
Goodwill	301,275	305,609	301,275
	<u>9,244,078</u>	<u>8,481,940</u>	<u>8,604,080</u>
	=====		=====
Liabilities			
Total deposits	7,389,036	7,204,087	7,256,094
Other liabilities	663,593	191,226	219,494
	<u>8,052,629</u>	<u>7,395,313</u>	<u>7,475,588</u>
Minority interest	<u>17,734</u>	<u>16,142</u>	<u>17,035</u>
Equity			
Share/assigned capital & reserves	990,282	911,387	949,040
Retained earnings	183,433	159,098	162,418
	<u>1,173,715</u>	<u>1,070,485</u>	<u>1,111,457</u>
	<u>9,244,078</u>	<u>8,481,940</u>	<u>8,604,080</u>
	=====		=====

Note: audited results have been converted to US\$ at an exchange rate of US\$1=BBD\$2

CONSOLIDATED STATEMENT OF INCOME USD'000

	Unaudited Quarter ended July 31, 2004	Unaudited Quarter ended July 31, 2003	Unaudited Period ended July 31, 2004	Unaudited Period ended July 31, 2003	Audited October 31, 2003
Total interest income	99,638	100,395	289,487	294,730	385,436
Total interest expenses	<u>(32,044)</u>	<u>(39,737)</u>	<u>(93,351)</u>	<u>(105,923)</u>	<u>(130,218)</u>
Net interest income	67,594	60,658	196,136	188,806	255,218
Non-interest expenses	<u>30,004</u>	<u>29,633</u>	<u>88,440</u>	<u>85,601</u>	<u>114,594</u>
	<u>97,598</u>	<u>90,291</u>	<u>284,576</u>	<u>274,407</u>	<u>369,812</u>
Non-interest expenses	63,563	57,523	180,053	171,668	227,352
Integration/restructuring costs	5,159	5,784	12,133	15,710	18,880
Provision for credit losses	<u>2,604</u>	<u>5,791</u>	<u>9,533</u>	<u>18,754</u>	<u>19,958</u>
	<u>71,326</u>	<u>69,098</u>	<u>201,719</u>	<u>206,132</u>	<u>266,189</u>
Operating profit	26,272	21,193	82,857	68,275	103,622
Goodwill amortisation	(7,928)	3,964	-	11,892	15,856
Taxation	<u>4,653</u>	<u>203</u>	<u>11,699</u>	<u>4,954</u>	<u>12,816</u>
Minority interest	29,547	17,026	71,158	51,429	74,951
Net Income	<u>941</u>	<u>1,909</u>	<u>2,528</u>	<u>2,981</u>	<u>3,850</u>
	<u>28,606</u>	<u>15,117</u>	<u>68,630</u>	<u>48,448</u>	<u>71,100</u>
	=====	=====	=====	=====	=====
Average number of common shares outstanding (000's)	1,525,131	1,546,621	1,527,874	1,542,191	1,544,097
Net income per common share in cents					
-basic	1.9	1.0	4.5	3.1	4.6
-diluted	1.7	0.9	4.0	2.8	4.1

-cash earnings 1.7 1.6 5.3 4.9 6.9

*Cash earnings represent earnings before goodwill amortisation and integration charges

Note: Audited results have been converted to US\$ at an exchange rate of US\$1=BBD\$2

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY USD'000

	Share Capital	Reserves	Retained Earnings	Total Equity
Balance at October 31, 2002	1,274,762	(391,049)	110,650	994,363
Net income for the period	-	-	48,448	48,448
Dividends	-	-	(19,333)	(19,333)
Proceeds from rights issue	44,461	-	-	44,461
Issue of shares	4,052	-	-	4,052
Foreign currency translation	-	(5,983)	-	(5,983)
Available-for-sale investments securities net fair value gains, net of tax	-	4,477	-	4,477
Balance at July 31, 2003	<u>1,323,275</u>	<u>(392,555)</u>	<u>139,765</u>	<u>1,070,485</u>
Balance at October 31, 2003	1,323,269	(374,229)	162,418	1,111,457
Net income for the period	-	-	68,630	68,630
Re-purchase of non-voting ordinary shares	(25,920)	-	(38,148)	(25,920)
Dividends on ordinary shares	-	-	(9,467)	(38,148)
Transfer to reserves	-	9,467	-	-
Foreign currency translation	-	(832)	-	(832)
Available-for-sale investments securities net fair value gains, net of tax	-	58,527	-	58,527
Balance at July 31, 2004	<u>1,297,349</u>	<u>(307,067)</u>	<u>183,433</u>	<u>1,173,715</u>

Note: Audited results have been converted to US\$ at an exchange rate of US\$1=BBD\$2

CONSOLIDATED STATEMENT OF CASH FLOWS USD'000

	Unaudited Quarter ended July 31, 2004	Unaudited Quarter ended July 31, 2003	Audited October 31, 2003
Net cash from/(used in) operating activities	316,971	126,913	(573,101)
Net cash (used in)/from financing activities	(64,068)	25,129	(46,763)
Net cash (used in)/from investing activities	(514,883)	234,139	205,695
Net (decrease)/increase in cash and cash equivalents for the period	(261,980)	372,460	(414,169)
Effects of exchange rate changes on cash and cash equivalents	(2,828)	(13,719)	(7,076)
Cash and cash equivalents, beginning of period	<u>1,913,605</u>	<u>2,334,849</u>	<u>2,334,849</u>
Cash and cash equivalents, end of period	<u>1,648,796</u>	<u>2,707,309</u>	<u>1,913,605</u>

Note: Audited results have been converted to US\$ at an exchange rate of US\$1=BBD\$2

John Eaton, Director

Charles Pink, Director