FirstCaribbean International Bank (Jamaica) Limited

Condensed Consolidated Financial Statements

For the three months ended January 31, 2007 (expressed in thousands of Jamaican dollars)

FIRSTCARIBBEAN INTERNATIONAL BANK

CHAIRMAN'S REVIEW
For the three months ended January 31, 2007

I am pleased to report that FirstCaribbean International Bank Jamaica recorded net income after taxation (NIAT) of $228.2 million for the first quarter ended January 31, 2007 compared to $135.9 million for the comparable period in the previous year. Included in these results, were the impact of a change in policy, as detailed in the notes to these financial statements, which resulted in a one-time gain of $54.9 million (net of taxes) and the impact of a change in accounting estimate which resulted in additional depreciation of $5.3 million. Excluding these items, comparable earnings increased by $42.6 million or 31.4% over the first quarter of 2006. This increased performance was driven primarily by the growth in our loan portfolio.

Total revenues amounted to $785 million, reflecting a $174.4 million or 28.6% increase over the similar period in the prior year. In spite of the continuing fall in domestic interest rates, net interest income for the three months ended January 31, 2007 increased by $148.2 million or 31.6% due to the growth in our loan volumes. Non-interest expenses were $112.8 million or 28.6% above the prior year (excluding the impact of the one-off gain), due to the expansion of our branch and ABM networks, the impact of the change in the estimated useful lives of capitalised software development costs and general increases in staff and other costs.

Despite the increase in earnings, annualised return on stockholders' equity was 18.1% compared to 18.0% for the same period last year due to the US$20 million (J$1.3 billion) capital injected during the second quarter in the previous year. Earnings per share were 86 cents compared to 70 cents for the three months ended January 31, 2006.

Total assets stood at $39.6 billion as at January 31, 2007 compared to $24.1 billion as at January 31, 2006. Loans and advances to customers amounted to $29 billion and continue to experience above-market growth rates with a twelve-month loan growth of $13.3 billion or 84.8%. We are satisfied with the quality of the loan portfolio as the ratio of non-performing loans to total loans has continued to decline and remains well below the average for commercial banks in Jamaica.

As at January 31, 2007 Stockholders' Equity stood at $5.1 billion reflecting a 66.7% increase over the prior year's balance of $3.1 billion. Given the Bank's decision to inject capital and transfer $460 million from Retained Earnings to Statutory Reserve Fund to support the continuing growth of the business, your Board recommends that no dividend be paid for the first quarter ended January 31, 2007.

We thank our customers, employees and other stakeholders for your continued support.

Michael K. Mansoor
Chairman

CONSOLIDATED BALANCE SHEET (J$'000)
AS AT JANUARY 31, 2007

	Unaudited January 31, 2007	Restated Unaudited January 31, 2006	Audited October 31, 2006
Assets			
Cash and balances with Central Bank	3,607,824	3,251,934	3,059,962
Loans and advances to banks	3,016,597	2,107,720	2,097,051
Other assets	910,716	249,479	358,821
Investment securities	1,740,886	1,618,948	1,463,207
Government securities purchased under resale agreements	194,292	165,937	674,745
Loans and advances to customers	28,951,292	15,669,413	24,269,003
Property, plant and equipment	431,009	370,303	450,008
Deferred tax assets	19	1,417	3,105
Retirement benefit assets	748,824	638,457	722,141
Total assets	39,601,459	24,073,608	33,098,043
Liabilities			
Customer deposits	33,187,991	20,488,598	27,028,807
Other liabilities	806,355	192,334	704,535
Taxation payable	287,166	76,056	222,086
Deferred tax liabilities	162,068	115,040	132,105
Retirement benefit obligations	53,416	140,317	135,418
Total liabilities	34,496,996	21,012,345	28,222,951
Stockholders' Equity			
Share capital and reserves	4,605,594	2,193,724	4,144,393
Retained earnings	498,869	867,539	730,699
Total equity	5,104,463	3,061,263	4,875,092
Total stockholders' equity and liabilities	39,601,459	24,073,608	33,098,043

Michael Mansoor
Chairman

Milton Brady
Managing Director

CONSOLIDATED CHANGES IN STOCKHOLDERS' EQUITY

	Number of Shares ('000)	Share Capital J$'000	Capital Reserve J$'000	Statutory Reserve Fund J$'000	Retained Earnings Reserves J$'000	Building Society's Reserves J$'000	Loan Loss Reserves J$'000	Fair Value Reserves J$'000	Total Share Capital & Reserves J$'000	Retained Earnings J$'000	Total Equity J$'000
Balance as restated November 1, 2005, see note 11	193,333	96,667	12,833	156,667	1,776,163	45,522	103,322	2,550	2,193,724	731,594	2,925,318
Net income as restated, see note 11	–	–	–	–	–	–	–	–	–	135,945	135,945
Transfer to statutory reserve fund	–	–	–	–	–	–	–	–	–	–	–
Transfer to loan loss reserve	–	–	–	–	–	–	–	–	–	–	–
MTM fair value of available-for-sale investment	–	–	–	–	–	–	–	–	–	–	–
Dividends	–	–	–	–	–	–	–	–	–	–	–
Balance as restated January 31, 2006	193,333	96,667	12,833	156,667	1,776,163	45,522	103,322	2,550	2,193,724	867,539	3,061,263
Balance as at November 1, 2006	265,757	1,396,667	12,833	696,667	1,776,163	45,522	188,919	27,622	4,144,393	730,699	4,875,092
Net income	–	–	–	–	–	–	–	–	–	228,170	228,170
Transfer to statutory reserve fund	–	–	–	460,000	–	–	–	–	460,000	(460,000)	–
Transfer to loan loss reserve	–	–	–	–	–	–	–	–	–	–	–
MTM fair value of available-for-sale investment	–	–	–	–	–		–	1,201	1,201	–	1,201
Dividends	–	–	–	–	–	–	–	–	–	–	–
Balance as at January 31, 2007	265,757	1,396,667	12,833	1,156,667	1,776,163	45,522	188,919	28,823	4,605,594	498,869	5,104,463

CONSOLIDATED STATEMENT OF INCOME (J$'000)
THREE MONTHS ENDED JANUARY 31, 2007

	Unaudited Year to date January 31, 2007	Unaudited Year to date January 31, 2006	Audited Year ended October 31, 2006
Interest income	967,098	691,643	3,136,062
Interest expenses	(349,181)	(221,926)	(999,821)
Net interest income	617,917	469,717	2,136,241
Non-interest income	167,075	140,912	611,880
Total revenues	784,992	610,629	2,748,121
Non-interest expenses	425,062	394,415	1,728,082
Loan loss impairment	27,849	15,811	98,417
	452,911	410,226	1,826,499
Income before taxation	332,081	200,403	921,622
Taxation	(103,911)	(64,458)	(296,920)
Net income for the period	228,170	135,945	624,702
Weighted average number of common shares outstanding (000's)	265,757	193,333	244,724
Net income per common shares in cents	85.9	70.3	255.3

CONSOLIDATED STATEMENT OF CASH FLOWS (J$'000)

	Unaudited Year to date January 31, 2007	Unaudited Year to date January 31, 2006	Audited Year ended October 31, 2006
Net cash provided by/(used in) operating activities	1,090,356	(1,170,477)	(2,425,607)
Net cash provided by/(used in) investing activities	187,630	(145,506)	(639,836)
Net cash provided by financing activities	–	–	1,300,000
Net increase/(decrease) in cash and cash equivalents	1,277,986	(1,315,983)	(1,765,443)
Effect of exchange rate changes on cash and cash equivalents	59,011	47,235	138,661
Cash and cash equivalents, beginning of period	3,419,791	5,046,573	5,046,573
Cash and cash equivalents, end of period	4,756,788	3,777,825	3,419,791

FirstCaribbean International Bank (Jamaica) Limited

Condensed Consolidated Financial Statements

For the three months ended January 31, 2007 (expressed in thousands of Jamaican dollars)

FIRSTCARIBBEAN INTERNATIONAL BANK

SEGMENT FINANCIAL INFORMATION (J$'000)

	Retail Banking	Corporate Banking	International Banking	Capital Markets & Other Financial Banking	Eliminations	Group
January 31, 2007						
External revenues	375,534	519,543	5,932	233,164	–	1,134,173
Revenues from other segments	176,736	(55,122)	5,093	(66,564)	(60,143)	–
Total revenues	552,270	464,421	11,025	166,600	(60,143)	1,134,173
Segment result	89,577	267,479	6,573	(31,548)	–	332,081
Taxation						(103,911)
Net income for the period						228,170
Segment assets	20,373,050	19,020,742	279,298	2,943,299	(3,005,949)	39,601,440
Unallocated assets						19
Total assets						39,601,459
Segment liabilities	16,587,223	16,908,454	275,438	2,918,596	(2,641,949)	34,047,762
Unallocated liabilities						449,234
Total liabilities						34,496,996
Other segment items:						
Capital expenditure	1,067	246	–	13,814	–	15,127
Depreciation	4,051	96	–	30,222	–	34,369
Loan loss expenses	19,113	8,736	–	–	–	27,849

	Retail Banking	Corporate Banking	International Banking	Capital Markets & Other Financial Banking	Eliminations	Group
January 31, 2006						
External revenues	288,409	330,794	–	213,352	–	832,555
Revenue from other segments	235,699	(33,238)	–	(169,550)	(32,911)	–
Total revenues	524,108	297,556	–	43,802	(32,911)	832,555
Segment result	125,679	205,347	–	(130,623)	–	200,403
Taxation						(64,458)
Net income for the period						135,945
Segment assets	18,778,696	8,037,648	–	(1,140,289)	(1,603,864)	24,072,191
Unallocated assets						1,417
Total assets						24,073,608
Segment liabilities	14,952,921	7,211,478	–	225,714	(1,568,864)	20,821,249
Unallocated liabilities						191,096
Total liabilities						21,012,345
Other segment items:						
Capital expenditure	2,235	150	–	14,440	–	16,825
Depreciation	3,137	94	–	19,418	–	22,649
Loan loss expenses	9,910	5,901	–	–	–	15,811

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. **Basis of Preparation**
These financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS) and have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities held for trading and all derivative contracts.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from these estimates.

2. **Consolidation**
The consolidated financial statements include the financial statements of the Bank and its subsidiary. All significant inter-company transactions have been eliminated. The Bank and its subsidiary are referred to as the "Group".

3. **Interest Income and Expense**
Interest income and expense are recognised in the statement of revenue and expenses for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price. Interest income includes coupons earned on fixed income investments and accrued discount or premium on treasury bills and other discounted instruments.

Where collection of interest income is considered doubtful, or payment is outstanding for more than 90 days, the banking regulations stipulate that interest should be taken into account on the cash basis. IFRS requires that when loans become doubtful of collection, they are written down to their recoverable amounts and interest income is thereafter recognised based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount. However, such amounts under IFRS are considered to be immaterial.

4. **Fee and Commission Income**
Fees and commission income are recognised on the accrual basis. Loan origination fees, for loans which are probable of being drawn down, are deferred together with related direct cost and recognised as an adjustment to the effective yield on the loan.

Fees and commission arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction. Asset management fees related to investment funds are recognised ratably over the period the service is provided.

5. **Foreign Currencies**
Foreign currency balances outstanding at the balance sheet date are translated at the rates of exchange ruling on that date. Transactions in foreign currencies during the year are converted at the rates of exchange ruling on the dates of those transactions. Gains and losses arising from fluctuations in exchange rates are included in the statement of revenue and expenses.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)

6. **Investments**
The Group classifies its investment securities into the following two categories: held to maturity and available for sale. Management determines the appropriate classification of Investments at the time of purchase.

Investments purchased on the secondary market which are intended to be held to maturity, are classified as such. These investments are initially recorded at cost, and are subsequently measured at amortised cost.

Unquoted equity securities for which fair values cannot be measured reliably are recognised at cost less impairment.

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

7. **Loans and Provision for Impairment Losses**
Loans are stated net of unearned income and provision for credit losses.

Loans are recognised when cash is advanced to borrowers. They are initially recorded at cost, which is the cash given to originate the loan, and are subsequently measured at amortised cost using the effective interest rate method.

A provision for loan impairment is established if there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms of loans. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of loans.

8. **Segment Financial Information**
The Group operates four main lines of business organised along customer segments Retail, Corporate, International Banking (introduced in 2006) and Capital Markets & Other Financial Services.

Funds are ordinarily allocated between segments, resulting in funding costs transfers disclosed in operating income. Interest charged for these funds is based on the Group's funds transfer pricing model.

Transactions between the business segments are on normal commercial terms and conditions.

The Group's operations are located solely in Jamaica.

9. **Change in Policy**
Effective January 1, 2007 certain changes to the Group's policy re: benefit schemes were made which resulted in the recognition of a curtailment gain of $54.9 million (net of taxes).

10. **Change in Accounting Estimate**
Effective November 1, 2007, the Group changed its estimate on the useful life of software which resulted in an increase in the depreciation charge for the first quarter of 2007 in the amount of $7.9 million.

11. **Loan Fee Deferrals**
In accordance with IAS 18 Revenue, loan fee income, which would have been considered to be an integral part of the effective interest rate of the financial instruments, was deferred and recognised as an adjustment to the effective interest yield on loans. This adjustment was applied retrospectively, and as such, the comparative statements for 2005 were restated. Opening retained earnings for 2005 has been reduced by $108.2 million net of deferred income taxes, which is the amount of the adjustment relating to periods prior to 2005. The 2006 previously published comparatives have also been reduced by $13.5 million to reflect this adjustment. The effects are tabulated below.

	$'000
The effect on the income statement for the three months ended January 31, 2006 was as follows:	
Net income for the period attributable to stockholders as previously reported	149,431
Adjusted for:	
Decrease in non-interest income	(20,148)
Decrease in taxation	6,662
Net income for the period attributable to stockholders as restated	135,945
Earnings per share as previously reported	77 cents
Earnings per share as restated	70 cents
The effect on the balance sheet as at January 31, 2006 was as follows:	
Total assets as previously reported	24,073,121
Adjusted for:	
Increase in deferred tax assets	487
Total assets as restated	24,073,608
Total liabilities as previously reported	20,890,197
Adjusted for:	
Increase in other liabilities	182,411
Decrease in deferred tax liabilities	(60,263)
Total liabilities as restated	21,012,345
Total stockholders' equity as previously reported	3,182,924
Adjusted for:	
Decrease in retained earnings	(121,661)
Total stockholders' equity as restated	3,061,263