FirstCaribbean International Bank Jamaica Limited

Financial Statements

For the year ended October 31, 2007 (Expressed in thousands of Jamaican dollars)

FIRSTCARIBBEAN INTERNATIONAL BANK

CHAIRMAN'S REVIEW

For the year ended October 31, 2007

FirstCaribbean International Bank (Jamaica) Limited recorded net income after taxation (NIAT) of $771 million for the year ended October 31, 2007, representing an increase of $182 million or 31% over the prior year's NIAT of $589 million. Included in these results, as highlighted in the notes to these financial statements, were a one-time gain of $55 million (net of taxes), and the impact of a change in accounting estimate which resulted in additional depreciation charges of $32 million. Excluding these items, NIAT increased by $159 million or 27% over the prior year. This improved performance was driven primarily by the growth in our loan portfolio.

During the period, management revised its hedge accounting and as a result net income was reduced by $16 million in the fourth quarter and the prior year restated reducing net income by $36 million. During the last quarter of the year, certain adjustments which related to prior periods were made in order to comply with IFRS.

Net interest income for the year ended October 31, 2007 was $2,600 million, representing an increase of $369 million or 17% over prior year and was due primarily to the aforementioned growth in our loan volumes. Net revenues amounted to $3,281 million, representing a $587 million or 22% increase over prior year. Excluding the impact of the change in policies referred to above, non-interest expenses were $332 million or 19% above the prior year. This increase was mainly attributable to the costs associated with the expansion of our branch and automated banking machine network; the impact of the change in the estimated useful lives of capitalized software development costs; general increases in staff and other costs.

Total assets stood at $41,671 million as at October 31, 2007 compared to $32,804 million as at October 31, 2006. Loans and advances to customers amounted to $31,410 million reflecting a year on year growth of $7,434 million or 31%. We are satisfied with the quality of our loan portfolio. Customer Deposits grew by $6,494 million or 24%.

As at October 31, 2007 Stockholders' Equity stood at $5,618 million reflecting a 16% increase over the prior year's balance of $4,848 million. Given the decision to raise $1,500 million in debt and to transfer $460 million from Retained Earnings to Statutory Reserve Fund to support the continued strong growth of our business, the Board recommends that no dividend be paid for the year.

AWARD

I am pleased to inform our shareholders that for the second consecutive year, the Bank has earned the **Bracken Award** and was named "**Best Bank Jamaica 2007**" by the Financial Times' Banker Magazine. This is the third international award to be earned by FirstCaribbean Jamaica in 2007. The two previous awards for 2007 were "**Best Bank in Jamaica**" from the Global Finance Magazine and the "**Euromoney 2007 Award for Excellence**" from the Euromoney Magazine. I am honoured by this recognition as it confirms that FirstCaribbean is making good progress in achieving its vision of being First for Customers, First for Employees and First for Shareholders.

I thank our customers, employees, shareholders and other stakeholders for their contribution and continued support.

Michael K. Mansoor
Chairman

December 13, 2007

CONSOLIDATED BALANCE SHEET (J$'000)

As at October 31, 2007

	Unaudited October 31, 2007	Restated Audited October 31, 2006
Assets		
Cash and balances with Central Bank	4,782,173	3,059,962
Loans and advances to banks	1,505,349	2,097,051
Other assets	1,500,359	358,821
Investment securities	924,855	1,463,208
Government securities purchased under resale agreements	212,077	674,744
Loans and advances to customers	31,409,506	23,975,393
Property, plant and equipment	502,565	450,008
Deferred tax assets	4,499	3,105
Retirement benefit assets	829,800	722,141
Total assets	**41,671,183**	**32,804,433**
Liabilities		
Customer deposits	33,523,005	27,028,807
Other liabilities	652,101	451,892
Taxation payable	81,681	208,454
Deferred tax liabilities	218,430	132,105
Retirement benefit obligations	76,090	135,418
Debt securities in issue	1,502,217	-
Total liabilities	**36,053,524**	**27,956,676**
Stockholders' Equity		
Share capital and reserves	4,738,001	4,144,393
Retained earnings	879,658	703,364
Total equity	**5,617,659**	**4,847,757**
Total stockholders' equity and liabilities	**41,671,183**	**32,804,433**

Michael Mansoor
Chairman

Milton Brady
Managing Director

CONSOLIDATED STATEMENT OF INCOME (J$'000)

For year ended October 31, 2007

	Unaudited Quarter ended October 31, 2007	Unaudited Year ended October 31, 2007	Unaudited Quarter ended October 31, 2006	Restated Audited Year ended October 31, 2006
Interest income	1,237,783	4,348,608	993,372	3,230,980
Interest expenses	(518,228)	(1,748,674)	(297,689)	(999,821)
Net interest income	**719,555**	**2,599,934**	**695,683**	**2,231,159**
Non-interest income	45,561	681,559	9,386	463,073
Net revenues	**765,116**	**3,281,493**	**705,069**	**2,694,232**
Non-interest expenses	(531,997)	(2,009,620)	(420,562)	(1,728,082)
Loan loss impairment	(35,750)	(122,293)	(39,353)	(98,417)
	(567,747)	(2,131,913)	(459,915)	(1,826,499)
Income before taxation	**197,369**	**1,149,580**	**245,154**	**867,733**
Taxation	(77,714)	(378,457)	(70,981)	(278,957)
Net income for the period	**119,655**	**771,123**	**174,173**	**588,776**
Weighted average number of common shares outstanding (000's)	265,757	265,757	265,757	244,724
Net income per common share in cents	45.0	290.2	65.5	240.6

CONSOLIDATED STATEMENT OF CASH FLOWS (J$'000)

For year ended October 31, 2007

	Unaudited Year ended October 31, 2007	Restated Audited Year ended October 31, 2006
Net cash used in operating activities	(2,425,878)	(2,425,607)
Net cash provided by/(used in) investing activities	830,078	(639,836)
Net cash provided by financing activities	1,500,000	1,300,000
Net decrease in cash and cash equivalents	(95,800)	(1,765,443)
Effect of exchange rate changes on cash and cash equivalents	286,016	138,661
Cash and cash equivalents, beginning of year	3,419,791	5,046,573
Cash and cash equivalents, end of year	**3,610,007**	**3,419,791**

SEGMENT FINANCIAL INFORMATION (J$'000)

For the year ended October 31, 2007

	Retail Banking	Corporate Banking	Other Financial Services	Eliminations	Group
October 31, 2007					
External revenues	1,428,698	2,286,024	1,315,445	-	5,030,167
Revenues from other segments	521,365	(132,652)	(128,905)	(259,808)	0
Total revenues	**1,950,063**	**2,153,372**	**1,186,540**	**(259,808)**	**5,030,167**
Segment result	242,755	1,300,727	(393,902)	-	1,149,580
Taxation					(378,457)
Net income for the year					**771,123**
Segment assets	19,968,096	20,341,565	4,884,923	(3,527,900)	41,666,684
Unallocated assets					4,499
Total assets					**41,671,183**
Segment liabilities	13,932,194	17,847,177	7,137,942	(3,163,900)	35,753,413
Unallocated liabilities					300,111
Total liabilities					**36,053,524**
Other segment items:					
Capital expenditure	80,701	657	124,805	-	206,163
Depreciation	33,191	408	113,141	-	146,740
Loan loss expenses	81,951	50,686	(10,344)	-	122,293

	Retail Banking	Corporate Banking	Other Financial Services	Eliminations	Group
October 31, 2006, restated					
External revenues	1,383,290	1,593,843	716,920	-	3,694,053
Revenues from other segments	811,625	(164,670)	(485,204)	(161,751)	0
Total revenues	**2,194,915**	**1,429,173**	**231,716**	**(161,751)**	**3,694,053**
Segment result	431,535	951,324	(515,126)	-	867,733
Taxation					(278,957)
Net income for the year					**588,776**
Segment assets	19,869,755	14,002,074	1,593,199	(2,663,700)	32,801,328
Unallocated assets					3,105
Total assets					**32,804,433**
Segment liabilities	15,484,499	12,228,724	2,202,594	(2,299,700)	27,616,117
Unallocated liabilities					340,559
Total liabilities					**27,956,676**
Other segment items:					
Capital expenditure	99,858	512	72,665	-	173,035
Depreciation	20,024	283	77,466	-	97,773
Loan loss expenses	59,043	39,374	-	-	98,417

CONSOLIDATED CHANGES IN STOCKHOLDERS' EQUITY

	Number of Shares ('000)	Share Capital J$'000	Capital Reserve J$'000	Statutory Reserve Fund J$'000	Retained Earnings Reserve J$'000	Building Society's Reserve J$'000	Loan Loss Reserve J$'000	Fair Value Reserve J$'000	Total Share Capital & Reserves J$'000	Retained Earnings J$'000	Total Equity J$'000
Balance as restated November 1, 2005	193,333	96,667	12,833	156,667	1,776,163	45,522	103,322	2,550	2,193,724	740,185	2,933,909
Net income	-	-	-	-	-	-	-	-	-	588,776	588,776
Capital injection	72,424	1,300,000							1,300,000		1,300,000
Transfer to statutory reserve fund	-	-	-	540,000	-	-	-	-	540,000	(540,000)	-
Transfer to loan loss reserve	-	-	-	-	-	-	85,597	-	85,597	(85,597)	-
MTM fair value of available-for-sale investment	-	-	-	-	-	-	-	25,072	25,072	-	25,072
Balance as restated October 31, 2006	265,757	1,396,667	12,833	696,667	1,776,163	45,522	188,919	27,622	4,144,393	703,364	4,847,757
Balance as restated November 1, 2006	265,757	1,396,667	12,833	696,667	1,776,163	45,522	188,919	27,622	4,144,393	703,364	4,847,757
Net income	-	-	-	-	-	-	-	-	-	771,123	771,123
Transfer to statutory reserve fund	-	-	-	460,000	-	-	-	-	460,000	(460,000)	-
Transfer to loan loss reserve	-	-	-	-	-	-	134,829	-	134,829	(134,829)	-
MTM fair value of available-for-sale investment	-	-	-	-	-	-	-	(1,221)	(1,221)	-	(1,221)
Balance as at October 31, 2007	265,757	1,396,667	12,833	1,156,667	1,776,163	45,522	323,748	26,401	4,738,001	879,658	5,617,659

NOTES TO THE CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying unaudited condensed financial statements of FirstCaribbean International Bank (Jamaica) Limited (the Group) should be read in conjunction with the International Financial Reporting Standards (IFRS) consolidated financial statements and notes thereto for the year ended October 31, 2006, included in the Company's Annual Report 2006. For a description of the Group's significant accounting policies, see Note 2 of the aforementioned consolidated financial statements.

Certain financial information, which is normally included in annual financial statements prepared in accordance with IFRS, but not required for interim reporting purposes, has been condensed or omitted. Certain reclassifications have been made to the prior period's financial statements to conform to the current period's presentation. These condensed consolidated financial statements reflect, in the opinion of management, all adjustments that are necessary for a fair presentation of the condensed consolidated financial statements for the interim periods presented.

The results of operations for interim periods are not necessarily indicative of results of the entire year.

In preparing these condensed consolidated financial statements, management is required to make estimates and assumptions which affect amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

TRANSACTIONS AFFECTING YEAR ON YEAR COMPARISONS

Change in post retirement medical benefits

Effective January 1, 2007 certain changes to the Group's health benefit scheme were made which resulted in the recognition of a curtailment gain of $54.9 million (net of taxes).

Change in accounting estimates

Effective November 1, 2006, the Group changed its estimate on the useful life of software which resulted in the increase in the depreciation charge for the year in the amount of $31.7 million.

Issuance of debt instruments

The Group issued debt in the second quarter in the amount of $1.5 billion.

Segment reporting

The Group operates the lines of business organized along customer segments but also includes Treasury, Sales and Trading as a reportable segment. The lines of business are:

- *Retail Banking.* Principally providing banking services to individuals and small businesses.
- *Corporate Banking.* Principally providing banking services to corporate and institutional customers.
- *Wealth Management* (formerly International Banking). Principally providing International Mortgages.
- *Capital Markets.* Providing issuers and investors access to larger pools of capital and greater investment opportunities.
- *Treasury, Sales and Trading.* Providing interest rate and foreign exchange products and managing interest rate, foreign exchange and liquidity risk of the Group.
- *Cards.* Providing credit card services to corporate clients, individuals and institutions.

The Wealth Management, Capital Markets, Card, Treasury, Sales and Trading segments have been consolidated and represented in Other Financial Services. Individually the contribution of these segments is less than 10%.

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.

Hedge accounting

During the year, a review of the Group's hedge accounting revealed that one of the criteria was not fully met and this resulted in the restatement of the prior year's results. Opening retained earnings for 2006 was increased by $8.6 million, net income attributable to the equity holders of the Company for 2006 was reduced by $35.9 million with a corresponding reduction in retained earnings, total assets were reduced by $40.9 million, total liabilities reduced by $13.6 million and reserves were reduced by $27.3 million.

	2007 J$'000	2006 J$'000
Opening retained earnings, as previously reported	730,699	731,594
Restatement of hedge accounting	(27,335)	8,591
Opening retained earnings, as restated	703,364	740,185
Net income (includes the impact of the revision)	771,123	588,776
Transfer to statutory reserve fund	(460,000)	(540,000)
Transfer to loan loss reserve	(134,829)	(85,597)
Closing retained earnings	879,658	703,364

The Group's operations are located solely in Jamaica.