FirstCaribbean International Bank (Jamaica) Limited

Consolidated Financial Statements

For the year ended October 31, 2004 (expressed in Jamaican dollars)

FIRSTCARIBBEAN INTERNATIONAL BANK

Chairman's Review

FirstCaribbean International Bank Jamaica Group for the 12 months ended October 31, 2004, recorded Net Income after Tax of J$381.2 million compared to J$502.9 million for the previous year. The reduction of J$121.7 million or 24% was largely as a result of increased operating costs and reduced foreign currency earnings.

Return on shareholders' equity was 16% compared to 26% for the preceding fiscal year and earnings per share was $1.97 compared to $2.60 for the previous year.

Total assets as at October 31, 2004 amounted to $20.1 billion and exceeded the balance as at October 31, 2003 by $732.8 million (3.8%). Loans and leases stood at $8.5 billion as at October 31, 2004, an increase of 19.4% or $1.4 billion over the balance as at year ended October 31, 2003. Deposits increased to $16.6 billion.

Given the decision to increase the statutory capital of the bank by $450 million, your Board recommends that no dividend be paid for the year ended October 31, 2004.

On behalf of the Board, I would like to thank our customers, management and staff for their support during a challenging year.

Michael K. Mansoor
Chairman

CONSOLIDATED BALANCE SHEET (J$'000) AS AT OCTOBER 31, 2004

Assets	Audited October 31, 2004	Audited October 31, 2003
Cash resources	7,246,192	7,673,416
Investments Securities	2,255,759	2,659,287
Government securities purchased under resale agreement	551,229	412,797
Loans, less provision for impairment	8,448,607	7,061,581
Net investment in leases	16,431	25,632
Other assets	665,560	843,362
Retirement benefit assets	493,600	409,270
Property, plant and equipment	427,083	286,313
Total Assets	20,104,461	19,371,658
Liabilities		
Deposits	16,645,586	16,561,713
Other liabilities	604,304	344,439
Taxation payable	78,071	64,526
Deferred tax liabilities	124,110	152,180
Retirement benefit obligations	104,224	81,811
Total Liabilities	17,556,295	17,204,669
Stockholders' Equity		
Share capital and reserves	1,784,488	1,274,477
Retained earnings	763,679	892,512
	2,548,166	2,166,989
	20,104,461	19,371,658

Michael Mansoor
Chairman

Raymond Campbell
Director

CONSOLIDATED STATEMENT OF INCOME (J$'000) YEAR ENDED OCTOBER 31, 2004

	Quarter ended October 31, 2004	Audited Year To Date October 31, 2004	Quarter ended October 31, 2003	Audited Year ended October 31, 2003
Interest income	588,888	2,375,021	646,656	2,242,306
Interest expenses	(204,842)	(830,122)	(212,886)	(886,998)
Net interest income	384,046	1,544,899	433,770	1,355,308
Non-interest income	115,947	517,814	121,741	635,727
Total Revenue	499,993	2,062,713	555,511	1,991,035
Non-interest expenses	352,446	1,459,664	325,036	1,290,900
Provision for credit losses	(20,123)	17,281	(31,093)	14,049
Restructuring/Integration Costs	51,209	51,209	0	(10,463)
	383,532	1,528,154	293,943	1,294,486
Income before taxation	116,461	534,559	261,568	696,549
Taxation	(25,515)	(153,382)	(77,996)	(193,686)
Net Income	90,946	381,177	183,572	502,863
Arage number of common shares outstanding (000's)	193,333	193,333	193,333	193,333
Net income per common share in cents	47.0	197.2	95.0	260.1

CONSOLIDATED STATEMENT OF CASH FLOWS (J$'000)

	Audited Year ended October 31, 2004	Audited Year ended October 31, 2003
Net cash used in operating activities	(703,607)	(1,602,775)
Net cash provided by investing activities	51,866	331,971
Net cash used in financing activities	-	(19,333)
Net decrease in cash and cash equivalents	(651,741)	(1,290,137)
Effect of exchange rate changes on cash and cash equivalents	136,839	618,719
Cash and cash equivalents, beginning of year	5,894,342	6,565,760
Cash and cash equivalents, end of year	5,379,440	5,894,342

1. Basis of preparation
These financial statements have been prepared in conformity with International Reporting Financial 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 subsidiaries. All significant inter-company transactions have been eliminated. The Bank and its subsidiaries are referred to as the "Group".

3. Interest income and expense
Interest income and expense are recognized 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 recognized 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 recognized on the accrual basis. Loan origination fees, for loans which are probable of being drawn down, are deferred together with related direct cost and recognized 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 recognized on completion of the underlying transaction. Asset management fees related to investment funds are recognized 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.

6. Investments
The Group classifies its investment securities into the following two categories: held-to-maturity and originated debts. Management determines the appropriate classification of Investments at the time of purchase.

Government or other securities, which are purchased directly from the issuer, are classified as originated debts. These include bonds and treasury bills. They are initially recorded at cost, which is the cash given to originate the debt, and are subsequently measured at amortised cost.

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.

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. Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

9. Fiduciary activities
Assets and income arising from fiduciary activities together with related undertakings to return such assets to customers are excluded from these financial statements where the Bank or its subsidiaries act in a fiduciary capacity such as nominee, trustee or agent.

10. Deferred income taxes
Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

11. Employee benefits
(i) Pension asset
The Group operates a defined benefit pension plan. The asset in respect of the defined benefit pension plan is the difference between the present value of the defined benefit obligation at the balance sheet date and the fair value of plan assets, adjusted for unrecognised actuarial gains/losses and past service cost.

The defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit Method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using interest rates on government securities which have terms to maturity approximating the terms of the related liability. The pension benefit is based on the best consecutive five years' earnings in the last ten years of employment and the charge representing the net periodic pension cost less employee contributions, is included in staff costs.

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to the pension plan are charged or credited to income over the service lives of the related employees.

(ii) Other post-retirement obligations
The Group provides post-retirement health care benefits to its retirees.

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Consolidated Financial Statements

For the year ended October 31, 2004 (expressed in Jamaican dollars)

(continued)

CONSOLIDATED CHANGES IN STOCKHOLDERS' EQUITY YEAR ENDED OCTOBER 31, 2003

	Number of Shares ('000)	Share Capital J$'000	Capital Reserve J$'000	Statutory Reserve Fund J$'000	Retained Earnings Reserve J$'000	Loan Loss Reserve J$'000	Blgd. Society General Reserve J$'000	Total Share Capital & Reserves J$'000	Retained Earnings J$'000
Balance at November 1, 2002	193,333	96,667	19,458	156,667	932,163	-	45,522	1,250,477	432,982
Net income	-	-	-	-		-	-	-	502,863
Transfer to retained earnings reserve	-	-	-	-	24,000	-	-	24,000	(24,000)
Dividends	-	-	-	-		-	-	-	(19,333)
Balance at October 31, 2003	193,333	96,667	19,458	156,667	956,163	-	45,522	1,274,477	892,512
Net income	-	-	-	-	-	-	-	-	381,177
Transfer to retained earnings reserve		-	-	-	450,000	-	-	450,000	(450,000)
Transfer to loan loss reserve		-	-	-	-	60,011	-	60,011	(60,011)
Dividends		-		-	-	-	-	-	-
Balance at October 31, 2004	193,333	96,667	19,458	156,667	1,406,163	60,011	45,522	1,784,488	763,679

The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for defined benefit pension plans. These obligations are valued annually by independent qualified actuaries.

(iii) Employee entitlements
Employee entitlements to annual leave and other benefits are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave and other benefits as a result of services rendered by employees up to the balance sheet date.

12. Segment Financial Information
The Group is organised into two main business segments:

(a) Financial Services–This incorporates retail and corporate banking services.

(b) Investment Management Services– This includes investments and pension fund management and the administration of trust accounts.

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

The Group's operations are located solely in Jamaica.

13. Comparative information
Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.

SEGMENT FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF INCOME (J$'000)

For the year ended

October 31, 2004

	Financial Services	Investment Management Services	Consol Elimin.	Group
Net Revenues	1,943,077	119,636	-	2,062,713
Operating Expenses	(1,440,965)	(87,189)	-	(1,528,154)
Profit before taxation	502,112	32,447	-	534,559
Income Tax				(153,382)
Net Profit				381,177
Segment Assets	20,146,196	440,735	(482,470)	20,104,461
Segment Liabilities	17,645,236	356,784	(445,725)	17,556,295
Other segment items:				
Capital expenditure	214,874	270	-	215,144
Depreciation	71,750	2,039	-	73,789

October 31, 2003

	Financial Services	Investment Management Services	Consol Elimin.	Group
Net Revenues	1,811,476	179,559	-	1,991,035
Operating Expenses	(1,202,146)	(92,340)	-	(1,294,486)
Profit before taxation	609,330	87,219	-	696,549
Income Tax				(193,686)
Net Profit				502,863
Segment Assets	19,375,758	126,241	(130,341)	19,371,658
Segment Liabilities	17,234,297	63,968	(93,596)	17,204,669
Other segment items:				
Capital expenditure	124,720	524	-	125,244
Depreciation	67,661	3,435	-	71,096

The above information is also available at our website **www.firstcaribbeanbank.com**