

FirstCaribbean International Bank (JAMAICA) LIMITED

Chairman's Review & Financial Statements

for the nine months ended July 31, 2003

Chairman's Review

The Group reported net profit after tax of \$308.8 million for the nine months ended July 31, 2003 compared to \$151.9 million for the similar period in 2002. This performance represents an improvement of 103.3% over the prior year, and is primarily due to total revenues increasing by \$248.6 million (21.1%).

Whereas management is proud of the results, we are nevertheless cognizant that the performance is largely due to revaluation gains and increases in local currency interest rates, neither of which is expected to continue in the foreseeable future. Some of our key drivers of business performance such as asset growth and expense ratios continue to warrant our attention, so as to ensure sustainable profit growth.

Foreign currency earnings for the period were \$234.7 million and accounted for 50% of the increase in total revenue. Another contributing factor was Net Interest Income, which at \$914.8 million for the nine months ended July 31, 2003 had improved by \$106.8 million (13%). The upturn resulted from increased loan volumes and higher yields on investment securities.

Return on Equity was 25% compared to 14%, and Earnings per share was \$1.60 compared to 79

cents, for the same period in the prior year.

Total loans increased by \$1.3 billion or 25.6% over the same period last year, and stood at \$6.6 billion as at July 31, 2003. Our performance in this area of our operations reflects the impact of a more aggressive position taken by the bank. At the end of the third quarter deposit balances were \$15.8 billion, \$1.3 billion (7.4%) lower than at the end of the corresponding quarter last year. Further improvements are expected as we have begun to capitalize on the benefits of the merger of the Caribbean operations of CIBC and Barclays Bank PLC.

FirstCaribbean is successfully implementing the integration program across the region, which includes re-branding and implementation of a standard technology platform over a two-year period. The impact of the integration program is already accruing benefits to all of our key stakeholders.

Michael K. Mansoor
Chairman

CONSOLIDATED BALANCE SHEET (J\$'000)

	Unaudited July 31, 2003	Unaudited July 31, 2002	Audited October 31, 2002
Assets			
Cash resources	7,370,138	9,048,845	7,930,259
Securities	2,337,659	1,761,396	2,135,521
Government securities purchased under resale agreement	470,940	1,397,641	1,385,790
Loans	6,603,589	5,232,717	5,159,805
Net investment in leases	27,310	46,750	41,223
Fixed assets	193,173	323,963	233,861
Other assets	791,610	1,049,304	643,702
Acceptances, guarantees and letters of credit, as per contra	418,565	457,742	405,771
	<u>18,212,984</u>	<u>19,318,358</u>	<u>17,935,932</u>

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Liabilities			
Total deposits	15,807,457	17,079,818	15,742,973
Other liabilities	193,387	280,771	283,108
Acceptances, guarantees and letters of credit, as per contra	418,565	457,742	405,771
	<u>16,419,409</u>	<u>17,818,331</u>	<u>16,431,852</u>
Shareholders' Equity			
Share capital & reserves	1,274,477	1,250,477	1,250,477
Retained earnings	519,098	249,550	253,603
	<u>1,793,575</u>	<u>1,500,027</u>	<u>1,504,080</u>
	18,212,984	19,318,358	17,935,932
	=====	=====	=====

CONSOLIDATED STATEMENT OF CASH FLOWS (J\$'000)

	Unaudited Year To Date Nine Months ended July 31,2003	Unaudited Year To Date Nine Months ended July 31,2002	Audited Year ended October
31,2002			
Net cash provided by operating activities	674,346	219,951	226,561
Net cash (used in)/provided by investing activities	(1,117,767)	718,423	850,050
Net cash used in financing activities	<u>(116,700)</u>	<u>(392,796)</u>	<u>(1,649,619)</u>

Net (decrease)/increase in cash and cash equivalents	(560,121)	545,578	(573,008)
Cash and cash equivalents, beginning of year	7,930,259	8,503,267	8,503,267
Cash and cash equivalents, end of period	<u>7,370,138</u>	<u>9,048,845</u>	<u>7,930,259</u>

CONSOLIDATED STATEMENT OF INCOME (J\$'000)

Audited	Unaudited	Unaudited	Unaudited	Unaudited
Year ended	Quarter ended	Year To Date	Quarter ended	Year To Date
October 31,2002	July 31,2003	July 31,2003	July 31,2002	July 31,2002
Total interest income 2,210,867	585,077	1,588,925	575,210	1,671,207
Total interest expenses <u>(1,124,141)</u>	<u>(224,077)</u>	<u>(674,112)</u>	<u>(284,327)</u>	<u>(863,217)</u>
Net interest income 1,086,726	361,000	914,813	290,883	807,990
Non-interest income <u>481,444</u>	<u>186,530</u>	<u>513,986</u>	<u>133,103</u>	<u>372,201</u>
1,568,170	547,530	1,428,799	423,986	1,180,191
Non-interest expenses 1,209,771	318,690	959,139	323,185	918,139

Provision for credit losses <u>49,634</u>	<u>14,215</u>	<u>45,142</u>	<u>18,046</u>	<u>53,937</u>
	<u>332,905</u>	<u>1,004,281</u>	<u>341,231</u>	<u>972,076</u>
1,259,405 Income before taxation and exceptional items 308,765	214,625	424,518	82,755	208,115
Exceptional items (122,951)	0	0	0	0
Taxation <u>(29,842)</u>	<u>(62,119)</u>	<u>(115,690)</u>	<u>(27,238)</u>	<u>(56,196)</u>
Net Income 155,972	152,506	308,828	55,517	151,919
=====	=====	=====	=====	=====
Average number of common shares outstanding (000's) 193,333	193,333	193,333	193,333	193,333
Net income per common share in cents 80.7	78.9	159.7	28.7	78.6

Michael Mansoor
Chairman

Raymond Campbell
Country Manager

CONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY

Total		Number of Shares ('000)	Share Capital J \$ '000	Earnings Reserve J \$ '000	Capital Reserve J \$ '000	Bldg.	Society
Capital & Reserves J \$ '000	Retained Earnings J\$ '000					Retained Reserve Fund J \$ '000	
Balance at November 1, 2001		193,333	96,667	932,163	19,458	156,667	45,522
1,250,477	116,964						
Net income for the period							
- 151,919							
Transfer to retained earnings reserve							
-							
Dividends							
- (19,333)							
Balance at July 31, 2002		193,333	96,667	932,163	19,458	156,667	45,522
1,250,477	249,550						
=====							
Balance at November 1, 2002		193,333	96,667	932,163	19,458	156,667	45,522
1,250,477	253,603						
Net income for the period							
- 308,828							
Transfer to retained earnings reserve							
24,000 24,000							
Dividends							
- (19,333)							
Balance at July 31, 2003		193,333	96,667	956,163	19,458	156,667	45,522
1,274,477	519,098						

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