FIRSTCARIBBEAN INTERNATIONAL BANK (JAMAICA)

LIMITED

Chairman's Review

For the year ended October 31, 2003

FirstCaribbean Jamaica Group closed the year with a record net profit after tax of $502.9 million compared to $168.7 million last year. The years result was $334 million (198%) greater than the prior year. This performance is as a result of a 25% increase in total revenue due to higher investment yields in addition to revaluation gains.

The financial statements presented are compliant with International Financial Reporting Standards (IFRS) - which were adopted as at November 1, 2002. The financial effects of adopting IFRS, which amounted to $179 million, are reflected in the Statement of Changes to Shareholders' Equity. The comparative results for year ended October 31, 2002 have been appropriately restated.

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. The key drivers of business performance such as balance sheet growth and expense management continue to warrant our attention, to ensure sustainable profit growth. Management continues to implement cost containment measures, and have achieved some success with expenses showing 2% reduction over 2002.

Net Interest Income totaled $1,355 million, which was $268 million or 24.7% above the prior year, due to increased yields on investments. Total revenue included foreign currency earnings of $274 million, which accounted for 36% of the increase in total revenue.

Total loans stood at $7,087 million as at October 31, 2003 and surpassed the prior year end's balance by $1.9 billion or 36.3 %. Customers Deposits grew by a modest 5 % or $781 million over the prior year.

Return on Equity was 26% compared to 10.5% for the comparable period last year, and Earnings Per Share was $2.60 compared to 87 cents for the preceding year.

An interim dividend of 10 cents was paid in August 2003. Given the composition of this year's profits and the decision to increase the capital of the bank, your Board recommends that no additional dividend be paid for the year ended October 31, 2003.

During 2004 we expect to deliver significantly improved customer service levels with investment in new channels, training programmes and aggressive sales campaigns.

Despite the various challenges experienced during the year we were able to deliver good performance for which we thank our loyal customers, employees and shareholders.

Michael K Mansoor
Chairman

CONSOLTDATED BALANCE SHEET (J$000)

	Audited October 31, 2003	**Restated October 31,2002**
Cash resources	7,673,416	7,930,259
Securities	2,659,287	2,135,521
Government securities purchased		

under resale agreement	412,797	1,385,790
Loan	7,061,581	5,159,805
Net investment in leases	25,632	41,223
Fixed assets	286,313	233,861
Other assets	1,252,632	988,059
	19,371,658	17,874,517
Liabilities		
Total deposits	16,561,713	15,742,973
Other liabilities	612,956	448,095
	17,204,669	16,191,058
Shareholders' Equity		
Share capital & reserves	1,274,477	1,230,477
Retained earnings	892512	432,992
	2,166,989	1,633,459
	19,371,658	17,874,517
	============	============

Michael Mansoor
Chairman

Raymond Campbell
Director

CONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY

	Retained	Bldg. Society	Total
Share			

	Number of Shares ('000)	Share Capital ('000)	Earnings Reserve ('000)	Capital Reserve ('000)	Reserve Fund ('000)	General Reserve & ('000)	Capital Reserves ('000)	Retained Earnings ('000)
Balance at October 31, 2001 previously reported	193,333	96,667	932,163	19,458	156,667	45,522	1,250,477	116,964
Effect of adoption of International Financial Reporting Standards								
IAS 19 - Employee Benefit								166,607
Balance at October 31, 2001 as restated	193,333	96,667	932,163	19,458	156,667	45,522	1,250,477	283,571
Restated Net Income for the period**							-	168,744
Transfer to retained earnings reserve							-	-
Dividends							-	(19,333)
Balance at October 31, 2002 as rest	**193,333**	**96,667**	**932,163**	**19,458**	**156,667**	**45,522**	**1,250,477**	**432,982**
Net incorne for the period							-	502,863
Transfer to retained earnings reserve			24,000				24,000	(24,000)

Dividends
- (19,333)

Balance at October 31, 2003 193,333 96,667 956,163 19,458 156,667 45,522 1,274,477 892,512

==

**Net income for 2002 was adjusted by $12,772,000 for IAS 19.

CONSOLIDATED STATEMENT OF INCOME (J$'000)

	Audited		**Restated**	
	Quarter ended October 31, 2003	**Year Ended October 31, 2003**	**Quarter ended October 31, 2002**	**Year Ended October 31, 2002**
Total interest income	653,391	2,242,306	539,660	2,210,967
Total interest expenses	(212,886)	(886,998)	(260,924)	(1,124,141)
Net interest income	440,495	1,355,308	278,736	1,086,726
Non-interest income	121,741	635,727	109,243	481,444
	562,236	1,991,035	387,979	1,568,170
Non-interest expmses	331,761	1,290,900	271,719	1,189,858
Provision for credit losses	(31,093)	14,049	(4,303)	49,634
Restructuring/Integration Costs	(10,463)	(10,463)	122,951	122,951
	290,205	1,294,486	390,367	1,362,443
Income before taxation	272,031	696,549	(2,388)	205,727

Taxation	(77,996)	(193,686)	19,213	(36,983)
Net Income	194,035	502,863	16,825	168,744
Average number of common shares outstanding (000's)	**193,333**	**193,333**	**193,333**	**193,333**
Net income per common share in cents	**100.4**	**260.1**	**8.7**	**87.3**

CONSOLIDATED STATEMENT OF CASH FLOWS (J$' 000)

	Audited Year Ended October 31, 2003	**Restated Year Ended October 31,2002**
Net Cash Used in operating activities	(752,884)	(704,437)
Net cash Provided by investing activities	(33,444)	212,142
Net cash (used in)/provided by financing activities	114,910	4,597
Net decrease in cash and cash equivalents	(671,418)	(487,698)
Cash and cash equivalents, beginning of year	6,565,760	7,053,458
Cash and cash equivalent, end of year	5,894,342	6,565,760

CONSOLEDATED STATEMENT OF INCOME (J'$000)

For the year ended

	October 31, 2003			
	Financial Services	**Investment Management Services**	**Consol. Ellimin.**	**Group**
Net Revenues	1,811,478	179,659	-	1,991,035
Operating Expenses	(1,202,148)	(92,340)		(1,294,486)
Profit before taxation	809,330	87,219	-	896,549
Income Tax				(193,686)
Net Profit				502,863
Segment Assets	19,375,760	126,241	(130,343)	19,371,658
Segment Liabilities	17,234,299	63,968	(93,598)	17,204,669
Other segment Items:				
Capital expenditure	124,720	524		125,244
Depreciation	67,661	3,435		71,096

	October 31, 2002			
	Financial Services	**Investment Management Services**	**Consol. Ellimin.**	**Group**
Net Revenues	1,332,796	235,374	-	1,568,170
Operating Expenses	(1,266,380)	(96,063)	-	(1,362,443)
Profit before taxation	66,416	139,311	-	205,727
Income Tax				(36,983)
Net Profit				168,744
Segment Assets	15,937,797	1,983,589	(46,849)	17,874,517
Segment Liabilities	14,641,686	1,559,476	(10,104)	16,191,058
Other segment Items:				
Capital expenditure	45,615	239	-	45,854
Depreciation	113,607	6,253	-	119,660

NOTES

1. Basis of preparation

The financial statements for the year ended 31 October 2003 haye been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and comparative information has been restated to conform with the provisions of IFRS.

The effects of adopting IFRS on equity and net profit as previously reported are detailed in the Consolidated Statement of Changes In Shareholders' Equity.

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. Actual results could differ from those estimates.

2. Investments

The Group classifies investment securities into the following two categories: hold -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 including any transaction costs, 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.

3. 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 including any transaction costs, and are subsequently measured at amortised cost

A provision for loan impairment is established if there is objective evidence that the Group will not be able to collect at 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.

4. 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.

Employee entitlements to annual leave and other benefits are recognised 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.

5. 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.

6. Pension asset and other post-retirement 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 tile balance sheet date and the fair value of plan assets, adjusted for unrecognised acturial 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. 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.

7. 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.