FirstCaribbean International Bank (JAMAICA) LIMITED

Chairman's Review & Financial Statements

for the nine months ended July 31, 2004

Chairman's Review

FirstCaribbean International Bank Jamaica Group closed the third quarter with net profit after taxation of $290.2 million for the nine months ended July 31, 2004. This result represents a 6% reduction from the $308.8 million recorded at the end of the third quarter in the prior year.

Total revenue increased by $127.2 million (8.9%) compared to the similar period in the previous year. Net interest income increased by $239.3 million (26%) over the nine months ended July 31, 2003 primarily as a result of higher loan volumes. This performance was offset by a reduction in non-interest income by $112.1 million (21.8%) due to lower foreign exchange earnings, and an increase in non-interest expenses, which grew by 13.2% or $133.6 million due to higher administrative costs.

Return on shareholders' equity was 16.8% for the nine months period in comparison to 22.6% for the same period in the prior year; earnings per share was $1.50 compared to $1.60 for the period ended July 31, 2003.

Total assets amounted to $20.5 billion as at July 31, 2004 and surpassed the balance as at July 31, 2003 by $2.4 billion or 13%. Loans stood at $8.2 billion as at July 31, 2004, an increase of $1.6 billion or 24.8% over the balance at the end of the third quarter last year. Deposits recorded a $1.4 billion (8.8%) growth and closed the quarter ended July 31, 2004 at $17.2 billion.

We have commenced the work of streamlining our processes to ensure greater efficiency and control. We thank our customers for their continued support as we focus on implementing new sales channels. Our management remains fully committed to providing the best level of customer service possible and improving shareholders' return.

Michael K. Mansoor
Chairman

CONSOLIDATED BALANCE SHEET (J$'000)

AS AT JULY 31, 2004

Assets	**Unaudited July 31, 2004**	**Restated July 31, 2003**	**Audited October 31, 2003**
Cash resources	7,680,484	7,370,138	7,673,416
Securities	2,636,305	2,337,659	2,659,287
Government securities purchased under resale agreement	206,210	470,940	412,797
Loans	8,239,902	6,603,589	7,061,581
Net investment in leases	20,289	27,310	25,632
Fixed assets	326,341	193,173	286,313
Other assets	1,392,069	1,135,966	1,252,632
	20,501,600	18,138,775	19,371,658
Liabilities			
Total deposits	17,201,728	15,807,457	16,561,713
Other liabilities	842,652	358,364	642,956
	18,044,380	16,165,821	17,204,669
Shareholders' Equity			

Share capital & reserves	1,724,477	1,274,477	1,274,477
Retained earnings	732,743	698,477	892,512
	2,457,220	1,972,954	2,166,989
	20,501,600	18,138,775	19,371,658

Michael Mansoor
Chairman

Raymond Campbell
Director

CONSOLIDATED CHANGES IN SHAREHOLDERS'EQUITY

	Number of Shares ('000)	Share Capital J$'000	Capital Reserve J$'000	Statutory Reserve Fund J$'000	Retained Earnings Reserve J$'000	Bldg. 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 for the period								308,828
Transfer to retained earnings reserve					24,000		24,000	(24,000)
Dividends								(19,333)
Balance at July 31, 2003	193,333	96,667	19,458	156,667	956,163	45,522	1,274,477	698,477
Balance at November 1, 2003	193,333	96,667	19,458	156,667	956,163	45,522	1,274,477	892,512
Net income for the period							-	290,231
Transfer to retained earnings reserve					450,000		450,000	(450,000)
Dividends							-	
Balance at July 31, 2004	193,333	96,667	19,458	156,667	1,406,163	45,522	1,724,477	732,743

CONSOLIDATED STATEMENT OF INCOME (J$'000)

QUARTER ENDED JULY 31,2004

	Unaudited Quarter ended July 31, 2004	Unaudited Year To Date July 31, 2004	Unaudited Quarter ended July 31, 2003	Restated Year To Date July 31, 2003	Audited Year ended October 31, 2003
Total interest income	575,244	1,786,133	584,884	1,595,650	2,242,306
Total interest expenses	(207,426)	(625,280)	(218,808)	(674,112)	(886,998)
Net interest income	367,818	1,160,853	366,076	921,538	1,355,308
Non-interest income	146,703	401,867	186,530	513,986	635,727
Total Revenue	514,521	1,562,720	552,606	1,435,524	1,991,035
Non-interest expenses	358,855	1,107,218	323,766	965,864	1,290,900
Provision for credit losses	12,257	37,404	14,214	45,142	14,049
Restructuring/Integration Costs	0	0	0	0	(10,463)
	371,112	1,144,622	337,980	1,011,006	1,294,486
Income before taxation	143,409	418,098	214,626	424,518	696,549
Taxation	(45,262)	(127,867)	(62,120)	(115,690)	(193,686)
Net Income	98,147	290,231	152,506	308,828	502,863
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	50.8	150.1	78.9	159.7	260.1

CONSOLIDATED STATEMENT OF CASH FLOWS (J$'000)

	Unaudited Nine months end July 31, 2004	Restated Nine months ended July 31, 2003	Audited Year ended October 31, 2003
Net cash (used in) / provided by operating activities	(60,807)	(1,027,068)	(752,884)
Net cash (used in) / provided by investing activities	(170,109)	350,706	(33,444)
Net cash provided by / (used in) financing activities	150,946	(84,567)	114,910
Net decrease in cash and cash equivalents	(79,970)	(760,928)	(671,418)
Cash and cash equivalents, beginning of period	5,894,342	6,565,760	6,565,760
Cash and cash equivalents, end of period	5,814,372	5,804,832	5,894,342

SEGMENT FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF INCOME (J$'000)

For the nine months ended

July 31, 2004

	Financial Services	Investment Management Services	Consol Elimin.	Group
Net Revenues	1,464,574	98,146	-	1,562,720
Operating Expenses	(1,073,204)	(71,418)	-	(1,144,622)
Profit before taxation	391,370	26,728	-	418,098
Income Tax				(127,867)
Net Profit				290,231
Segment Assets	20,501,411	424,266	(424,077)	20,501,600
Segment Liabilities	18,087,159	344,553	(387,332)	18,044,380

July 31, 2003

	Financial Services	Investment Management Services	Consol Elimin.	Group
Net Revenues	1,280,497	155,028	-	1,435,525
Operating Expenses	(942,342)	(68,665)	-	(1,011,007)
Profit before taxation	338,155	86,363	-	424,518
Income Tax				(115,690)
Net Profit				308,828
Segment Assets	18,123,078	51,321	(35,624)	18,138,775
Segment Liabilities	16,169,950	(5,250)	1,121	16,165,821

Other segment items:				
Capital expenditure	86,456	138	-	86,594
Depreciation	44,490	1,526	-	46,016

Other segment items:				
Capital expenditure	7,394	33	-	7,427
Depreciation	44,951	2,559	-	47,510

NOTES

1. Basis of preparation

The financial statements for the nine months ended July 31, 2004 have 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 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 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.

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, 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 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.

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 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. 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.