FirstCaribbean International Bank (Jamaica) Limited

(Formerly CIBC Jamaica Limited)

Notes to the Financial Statements 31 October 2004

1. Identification and Activities

FirstCaribbean International Bank (Jamaica) Limited (the Bank), which was incorporated and is domiciled in Jamaica, is a 94.80% (2003 - 94.62%) subsidiary of FirstCaribbean International Bank Limited, a Bank incorporated and domiciled in Barbados, which itself is an associated company of Barclays Bank PLC and Canadian Imperial Bank of Commerce. The registered office of the Bank is located at 23-27 Knutsford Boulevard, Kingston 5.

The Bank is licensed and these financial statements are prepared in accordance with the Banking Act, 1992 and the Banking (Amendment) Act, 1997.

The Bank is listed on the Jamaica Stock Exchange.

The Bank's susbsidiaries, which were incorporated and are domiciled in Jamaica, are as follows:

Subsidiaries	Principal Activities	Holding	Financial Year End
FirstCaribbean International Securities Limited	Investment and Pension Fund Management	100%	31 October
FirstCaribbean International Building Society	Mortgage Financing	100%	31 October

These financial statements are presented in Jamaican dollars (J$).

2. Significant Accounting Policies

The principal financial accounting policies adopted in the preparation of these consolidated financial statements are set out below:

(a) 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 those estimates.

(b) 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".

(c) Investments
The Group classifies its investment securities into the following two main 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 including any transaction costs, and are subsequently measured at amortised cost using the effective interest rate method.

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 using the effective interest rate method, less any provision for impairment.

Unquoted equity securities for which fair values cannot be measured reliably are recognioed at cost less impairment.

A financial asset is considered impaired if its carrying amount exceeds its estimated recoverable amount. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the original effective interest rate.

All purchases and sales of investment securities are recognised at settlement date.

(d) Investment in subsidiaries
Investments by the Bank in subsidiaries are stated at cost.

(e) Sale and repurchase agreements and lending of securities
Securities sold under agreements to repurchase (repurchase agreements) and securities purchased under agreements to resell (reverse repurchase agreements) are treated as collateralised financing transactions. The difference between the sale/purchase and repurchase/resale price is treated as interest and accrued over the life of the agreements using the effective yield method.

(f) Derivatives
Derivative instruments are initially recognized in the balance sheet at cost (including transaction costs) and subsequently are remeasured at their fair value. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate. Derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Changes in the fair value of derivatives held for trading are included in net trading income. Derivative transactions which, while providing effective economic hedges under the Group's risk management positions, do not qualify for hedge accounting under the specific rules in IAS 39 are treated as derivatives held for trading with fair value gains and losses reported in income.

(g) Loans and provision for impairment losses
Loans are stated net of unearned income and provision for impairment.

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 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.

The provision for loan impairment also covers losses where there is objective evidence that probable losses are present in components of the loan portfolio at the balance sheet date. These have been estimated based upon historical patterns of losses in each component, the credit rating allocated to the borrowers and the current economic climate in which the borrowers operate.

A loan is classified as impaired when, in management's opinion there has been a deterioration in credit quality to the extent that there is no longer reasonable assurance of timely collection of the full amount of principal and interest. As required by statutory regulations, if a payment on a loan is contractually 90 days in arrears, the loan will be classified as impaired, if not already classified as such. Any credit card loan that has a payment that is contractually 180 days in arrears is written-off.

When a loan is classified as impaired, recognition of interest in accordance with the terms of the original loan ceases, and interest is taken into account on the cash basis. Jamaica banking regulations require that interest on non-performing loans be taken into account on the cash basis. IFRS requires the increase in the present value of impaired loans due to the passage of time to be reported as interest income. The difference between the Jamaican regulatory basis and IFRS was assessed to be immaterial.

Statutory and other regulatory loan loss reserve requirements that exceed these amounts are dealt with in a non-distributable loan loss reserve as an appropriation of unappropriated profits.

(h) Leases

(i) As Lessee

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

(ii) As Lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease in a manner which reflects a constant periodic rate of return on the net investment in the lease.

(i) 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 be 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

Group companies provide post-retirement health care benefits to their 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.

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

(j) Employee share ownership plan
The Bank has an Employee Share Ownership Plan (ESOP) for certain eligible employees. The Bank currently pays all the administrative and other expenses of the Plan. The employees' maximum contribution ranges from 2-6% of regular earnings, based on years of service with the Bank. The Bank contributes 50 cents for each dollar contributed to the Plan by the employees. This benefit is recorded in salaries and staff benefits expense in the statement of revenue and expenses with a corresponding accrual in expenses and other liabilities in the balance sheet.

(k) Computer software developments
Costs associated with maintaining computer software programmes are recognized as an expense as incurred. Expenditure that enhances or extends the benefits of computer software programmes beyond their original specifications and lives is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognized as an asset are amortised using the straight line method over a period of five years.

(l) Property, plant and equipment
Land and buildings are shown at deemed cost, less subsequent depreciation for buildings. Under IFRS 1, a first time adopter may elect to use a previous GAAP revaluation of an item of property, plant and equipment as its deemed cost. The Group elected to apply this provision. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

The Group's property, plant and equipment, with the exception of freehold land on which no depreciation is provided, are depreciated using the straight line method to write down the cost of such assets to their residual values over their estimated useful lives as follows:

Buildings	2.5%
Leasehold improvements	10% or over the life of the lease
Furniture & fixtures	6.7%-14.29%
Computer equipment and software	20%-50%

Motor vehicles	20%

Property, plant and equipment are reviewed periodically for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. Repairs and renewals are charged to the income statement when the expenditure is incurred.

(m) 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.

(n) 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.

The principal temporary differences arise from depreciation of property, plant and equipment, revaluation of certain financial assets and liabilities and provisions for pensions and other post retirement benefits and any allowance for impairment losses.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(o) Interest income and expense

Interest income and expense are recognised 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 recoverabe 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.

(p) Income under finance leases

Income under finance leases is recognised in a manner, which produces a constant rate of return on the net investment in leases.

(q) Fee and commission income

Fee and commission income are recognised 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 commissions 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.

(r) 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.

Exchange differences resulting from the settlement of transactions at rates different from those at the dates of the transactions and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in the statement of revenue and expenses.

(s) Fiduciary activities

Assets and income arising thereon 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.

(t) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition including cash and balances with Bank of Jamaica (excluding statutory reserves) and accounts with other banks (Note 3).

(u) Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services which is subject to risks and rewards that are different from those of other segments. The group is organised into two main segments:

(i) Financial services - This incorporates retail and corporate banking services.

(ii) Investment management services - This incorporates investment management, pension fund management and trustee.

Segments with a majority of revenue earned from external customers and whose revenue, result or assets are 10% or more of all the segments are reported separately.

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

3. Cash Resources

	The Group		The Bank	
	2004	2003	2004	2003
	J$'000	J$'000	J$'000	J$'000
Cash	185,339	182,067	185,337	182,066
Deposit with Central Bank - interest bearing	2,547,672	2,981,257	2,547,672	2,981,257
Deposit with Central Bank - non-interest bearing	866,004	810,741	856,706	805,665
Other money market placements	3,647,177	3,699,351	4,044,177	3,699,351
Cash resources	7,246,192	7,673,416	7,633,892	7,668,339
Mandatory reserve deposits with Central Bank (Note 35)	(1,866,752)	(1,779,074)	(1,857,453)	(1,773,997)
Cash and cash equivalents	5,379,440	5,894,342	5,776,439	5,894,342

Under section 14 (i) of both the Banking Act, 1992 and the Financial Institutions Act, 1992, respectively, and section 13 of the Bank of Jamaica (Building Societies) Regulations, 1995, the Group and the Bank are required to place deposits with The Bank of Jamaica ("Central Bank") which are held substantially on a non-interest-bearing basis as a cash reserve; accordingly, these amounts are not available for investment or other use by the Group and the Bank. These reserves represent the required rates 9% (2003 - 9%) of the Bank's prescribed liabilities.

Effective 15 January 2003, the Bank was required by the Bank of Jamaica (BOJ) under Section 28A of the Bank of Jamaica Act, to maintain with the Central Bank, a special deposit wholly in the form of cash, representing 5% of the Bank's prescribed liabilities. The special deposit maintained with the Central Bank at year end was $466,378,000 (2003 - $436,412,000). Interest at a rate of 6% per annum is earned on this deposit.

Included in other money market placements are deposits with ultimate parent company of J$160,228,000 (2003 - J$226,496,000) for the Group and J$127,632,000 (2003 - J$226,496,000) for the Bank.

4. Investments Securities

(i) Held to Maturity Securities - at Amortised Cost

	The Group		The Bank	
	2004	2003	2004	2003
	J$'000	J$'000	J$'000	J$'000
Securities issued or guaranteed by Government				
Treasury bills	-	304,838	-	304,838
Debentures	220,378	1,507,509	199,378	1,434,842
Debt securities	906,821	821,424	906,821	808,860
Local registered stocks	651,912	-	643,034	-
	1,779,111	2,633,771	1,749,233	2,548,540

(ii) Held to Maturity Securities - Originated Loans

	The Group		The Bank	
	2004	2003	2004	2003
	J$'000	J$'000	J$'000	J$'000
Securities issued or guaranteed by Government				
Treasury bills	315,865	-	315,865	-
Debentures	110,000	-	110,000	-
Local registered stocks	33,561	-	33,561	-
	459,426	-	459,426	-

(iii) Available for Sale Securities - at Fair Value

	The Group		The Bank	
	2004	2003	2004	2003
	J$'000	J$'000	J$'000	J$'000
Balance at beginning of year	25,516	30,135	25,516	30,135
Disposals	(8,294)	(4,619)	(8,294)	(4,619)
	17,222	25,516	17,222	25,516
Balance at end of year	2,255,759	2,659,287	2,225,881	2,574,056

5. Government Securities Purchased Under Resale Agreements

The Group and the Bank enter into reverse repurchase agreements collateralised by Government of Jamaica securities. These agreements may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations.

	The Group		The Bank	
	2004	2003	2004	2003
	J$'000	J$'000	J$'000	J$'000
Government securities purchased under resale agreements	551,229	412,797	158,767	316,470
	551,229	412,797	158,767	316,470

6. Loans, Less Provision for Impairment

	The Group		The Bank	
	2004	2003	2004	2003
	J$'000	J$'000	J$'000	J$'000
Mortgages	1,283,644	665,190	-	-
Personal loans	2,996,323	2,131,776	2,996,323	2,131,776
Business loans	4,310,160	4,393,100	4,310,160	4,393,100
	8,590,127	7,190,066	7,306,483	6,524,876
Less: Provision for impairment	(141,520)	(128,485)	(133,839)	(123,005)
Balance at end of year	8,448,607	7,061,581	7,172,644	6,401,871

The Bank entered into two interest rate swap agreements for loans effective September 2004 and October 2004, respectively, with Barclays Capital as follows:

Swap 1 - The Bank pays 6.5% per annum fixed and receives 3.17% plus three month US dollar LIBOR on a notional amount of US$4,700,000 every quarter commencing September 2004 and ending September 2009.

Swap 2 - The Bank pays 7.5% per annum fixed and receives 4.18% plus US dollar LIBOR on a notional amount of US$2,370,000 monthly commencing October 2004 and ending October 2011.

The combined fair value of these interest rate swaps at 31 October 2004 is negative US$25,000.

The movement in the provision for impairment on loans during the year is as follows:

	The Group		The Bank	
	2004	2003	2004	2003
	J$'000	J$'000	J$'000	J$'000
Balance at beginning of year	128,485	97,249	123,015	92,149
Provided during the year	17,281	14,049	15,267	14,959
Amounts recovered	6,517	17,187	6,330	15,897
Amounts written off	(10,763)	-	(10,763)	-
Balance at end of year	141,520	128,485	133,839	123,005

These comprise:-

	The Group		The Bank	
	2004	2003	2004	2003
	J$'000	J$'000	J$'000	J$'000
Specific provision	83,018	45,905	77,795	44,648
General provision	58,502	82,580	56,044	78,357

As at 31 October 2004 loans with principal balances outstanding of J$224,712,000 (2003 - J$435,919,000) for the Group and J$212,760,000 (2003 - J$426,223,000) for the Bank were in non-performing status.

The provision for credit losses determined under Bank of Jamaica regulatory requirements is as follows:

	The Group		The Bank	
	2004	2003	2004	2003
	J$'000	J$'000	J$'000	J$'000
Specific provision	113,845	45,905	110,631	44,648
General provision	87,686	82,580	74,908	78,357
	201,531	128,485	185,539	123,005
Excess of regulatory provision over IFRS provision reflected in non-distributable loan loss reserve (Note 18)	60,011	-	51,700	-

7. Net Investment in Leases

	The Group and the Bank	
	2004	2003
	J$'000	J$'000
Total minimum lease payments receivable	19,025	32,562
Unearned income	(2,561)	(6,060)
	16,464	26,502
Less: Provision for impairment losses	(33)	(870)
	16,431	25,632

Future minimum lease payments are receivable as follows:

	2004	2003
	J$'000	J$'000
2004	-	22,628
2005	7,947	8,867
2006	2,818	1,067
2007	8,260	-
	19,025	32,562

8. Other Assets

	The Group		The Bank	
	2004	2003	2004	2003
	J$'000	J$'000	J$'000	J$'000
Cheques and other items in transit, net	157,268	270,280	170,774	282,137
Interest receivable	345,625	464,529	326,620	450,209
Prepayments and deferred items	39,816	34,244	37,238	27,703
Due from subsidiary	-	-	-	40,000
Due from affiliates	5,800	5,800	5,800	5,800
Withholding tax	71,391	50,425	71,391	50,425
Other	45,660	18,084	21,465	1,296
	665,560	843,362	633,288	857,570

9. Retirement Benefits

Amounts recognised in the balance sheet:

	The Group		The Bank	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Pension scheme	493,600	409,270	442,140	364,450
Other post retirement benefits	(104,224)	(81,811)	(92,929)	(72,856)

(a) Pension Scheme

The Group operates a pension scheme covering all permanent employees. The pension benefit is based on the best five consecutive years earnings in the last ten years, multiplied by the years of credited service. The assets of the plan are held independently of the Group's assets in a separate trustee fund. The scheme is valued by independent actuaries annually using the Projected Unit Credit Method. The latest actuarial valuation was carried out as at 31 October 2004.

The amounts recognised in the balance sheet are determined as follows:

	The Group		The Bank	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Fair value of plan assets	1,187,050	910,740	1,093,680	815,430
Present value of funded obligations	(561,250)	(390,440)	(517,110)	(349,580)
Unrecognised actuarial gains	(132,200)	(111,030)	(134,430)	(101,400)
Asset in the balance sheet	493,600	409,270	442,140	364,450

Pension plan assets include the Bank's and its parent company's ordinary stock units with a fair value of $10,000,000 (2003 - $10,280,144).

The amounts recognised in the statement of revenue and expenses are as follows:

	The Group		The Bank	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Current service cost, net of employee contributions	25,100	18,060	23,130	16,170
Interest cost	69,010	49,020	63,580	43,890
Expected return on plan assets	(171,710)	(123,840)	(158,200)	(110,880)
Included in staff costs (Note 25)	(77,600)	(56,760)	(71,490)	(50,820)

The actual return on plan assets for the Group was $261,770,000 (2003: $119,540,000) and the Bank $264,850,000 (2003 - $107,030,000).

Movement in the asset recognised in the balance sheet:

	The Group		The Bank	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
At 1 November	409,270	346,490	364,450	308,240
Total income	77,600	56,760	71,490	50,820
Contributions paid	6,730	6,020	6,200	5,390
At 31 October	493,600	409,270	442,140	364,450

The principal actuarial assumptions used were as follows:

	The Group and The Bank	
	2004	2003
Discount rate	12.5%	14.0%
Expected return on plan assets	13.0%	16.0%
Future salary increases	10.0%	10.0%
Future pension increases	4.5%	6.0%

(b) Retirement Benefit Obligation

In addition to pension benefits, the Bank offers medical and life insurance benefits that contribute to the health care and life insurance coverage of employees and beneficiaries after retirement. The method of accounting and frequency of valuations are similar to those used for the defined benefit pension scheme.

In addition to the assumptions used for the pension scheme, the main actuarial assumption is a long-term increase in health costs of 11.5% per year (2003 - 13%).

The amounts recognised in the balance sheet are as follows:

	The Group		The Bank	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Present value of unfunded obligations	105,221	77,697	94,210	69,642
Unrecognised actuarial (losses)/gains	(997)	4,114	(1,281)	3,214
Liability in the balance sheet	104,224	81,811	92,929	72,856

The amounts recognised in the statement of revenue and expenses are as follows:

	The Group		The Bank	
	2004	2003	20o4	2003
	$'000	$'000	$'000	$'000
Current service cost	10,186	7,361	9,120	6,597
Interest cost	12,805	8,978	11,470	8,020

Total included in staff costs (Note 25)	22,991	16,339	20,590	14,617

Movements in the amounts recognised in the balance sheet:

Liability at beginning of year	81,811	65,959	72,856	58,675
Total expense, as above	22,991	16,339	20,590	14,617
Contributions paid	(578)	(487)	(517)	(436)
Liability at end of year	104,224	81,811	92,929	72,856

10. Property, Plant and Equipment

The Group

	Land J$'000	Buildings J$'000	Leasehold Improvements J$'000	Furniture, Computer Equipment and Motor Vehicles J$'000	Total J$'000
Cost -					
1 November 2003	3,900	46,106	74,452	544,279	668,737
Additions	-	-	4,550	210,594	215,144
Disposals	-		-	(7,529)	(7,529)
31 October 2004	3,900	46,106	79,002	747,344	876,352
Accumulated Depreciation -					
1 November 2003	-	12,508	57,646	312,270	382,424
Charge for the year	-	1,153	4,120	68,516	73,789
Relieved on disposals	-	-	-	(6,944)	(6,944)
31 October 2004	-	13,661	61,766	373,842	449,269
Net Book Value -					
31 October 2004	3,900	32,445	17,236	373,502	427,083
31 October 2003	3,900	33,598	16,806	232,009	286,313

The Bank

	Land J$'000	Buildings J$'000	Leasehold Improvements J$'000	Furniture, Computer Equipment and Motor Vehicles J$'000	Total J$'000
Cost -					
1 November 2003	3,900	46,106	74,407	522,669	647,082
Additions	-	-	4,418	210,376	214,794
Disposals	-	-	-	(7,529)	(7,529)
31 October 2004	3,900	46,106	78,825	725,516	854,347
Accumulated Depreciation -					
1 November 2003	-	12,508	57,646	295,311	365,465
Charge for the year	-	1,153	4,120	66,397	71,670
Relieved on disposals	-	-	-	(6,944)	(6,944)
31 October 2004	-	13,661	61,766	354,764	430,191
Net Book Value -					
31 October 2004	3,900	32,445	17,059	370,752	424,156
31 October 2003	3,900	33,598	16,761	227,358	281,617

Included in the table above are amounts totaling $14,430,000 (2003 - $14,430,000) for the Group and the Bank representing the revalued amount of land and buildings which has been used as the deemed cost of these assets under the provision of IFRS 1.

Subsequent additions and other property, plant and equipment are shown at cost.

11. Customers' Deposits

	The Group		The Bank	
	2004	2003	2004	2003
	J$'000	J$'000	J$'000	J$'000
Individuals	9,317,841	7,922,289	8,726,494	7,445,225
Business and Government	7,141,319	8,392,635	7,048,780	8,333,819
Banks	186,426	246,789	219,021	279,430
	16,645,586	16,561,713	15,994,295	16,058,474

12. Other Liabilities

	The Group		The Bank	
	2004	2003	2004	2003
	J$'000	J$'000	J$'000	J$'000
Interest payable	60,943	58,844	50,723	52,806
Due to parent company	329,993	91,582	17,197	71,846
Withholding tax	5,061	-	-	-
Other	208,307	194,013	174,872	162,781
	604,304	344,439	242,792	287,433

13. Deferred Taxation

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of:

30% for FirstCaribbean International Building Society
33 1/3% for the Bank and FirstCaribbean International Securities Limited.

The movement in the deferred tax income tax account is as follows:

	The Group 2004 J$'000	The Group 2003 J$'000	The Bank 2004 J$'000	The Bank 2003 J$'000
Balance as at 1 November	152,180	87,946	136,459	75,523
(Credit)/charge to statement of revenue and expense	(28,070)	63,362	(21,969)	60,056
Other	-	872	-	873
Balance as at 31 October	124,110	152,180	114,483	136,452

Deferred income tax assets and liabilities are attributable to the following items:

	The Group 2004 $'000	The Group 2003 $'000	The Bank 2004 $'000	The Bank 2003 $'000
Deferred income tax assets				
Decelerated tax depreciation	140	4,233	-	3,701
Impairment loan losses	737	880	-	-
Employee benefits and restructuring costs	65,557	30,970	60,714	29,668
Other temporary differences	9,494	1,777	8,002	1,777
	75,928	37,860	68,716	35,146
Deferred income tax liabilities				
Pensions and other post retirement benefits	164,083	133,010	147,380	121,362
Unrealised exchange gain	6,479	43,500	6,479	43,501
Allowance for loan impairment	2,806	2,741	2,806	2,741
Other temporary differences	-	10,707	-	3,994
Accelerated tax depreciation	26,670	82	26,534	-
	200,038	190,040	183,199	171,598
Net deferred tax liability	124,110	152,180	114,483	136,452

Deferred income tax liabilities have not been provided for on the withholding and other taxes that would be payable on the undistributed earnings of certain subsidiaries to the extent that such earnings are permanently reinvested. Such earnings totalled $155,024,000 at 31 October 2004 (2003 - $146,713,000).

14. Share Capital and Reserves

	The Group		The Bank	
	2004	2003	2004	2003
	J$'000	J$'000	J$'000	J$'000
Share Capital				
Authorised -				
200,000,000 Ordinary shares of J$0.50 each	100,000	100,000	100,000	100,000
Issued and fully paid -				
193,333,332 Ordinary stock units of J$0.50 each	96,667	96,667	96,667	96,667
Reserves				
Capital reserves (Note 15)	19,458	19,458	12,833	12,833
Statutory reserve fund (Note 16)	156,667	156,667	121,667	121,667
Retained earnings reserves (Note 17)	1,406,163	956,163	1,340,666	890,666
Loan loss reserve (Note 18)	60,011	-	51,700	-
Building Society reserve (Note 19)	45,522	45,522	-	-
	1,687,821	1,177,810	1,526,866	1,025,166
Total share capital and reserves at end of the year	1,784,488	1,274,477	1,623,533	1,121,833

15. Capital Reserves

	The Group 2004	The Group 2003	The Bank 2004	The Bank 2003
	J$'000	J$'000	J$'000	J$'000
Comprised of:				
Unrealised -				
Capitalisation of retained earnings in subsidiary	5,000	5,000	-	-
Surplus on revaluation of premises	6,188	6,188	5,493	5,493
Arising on consolidation	930	930	-	-
	12,118	12,118	5,493	5,493
Realised -				
Profit on sale of property, plant and equipment	7,340	7,340	7,340	7,340
Balance at end of year	19,458	19,458	12,833	12,833

16. Statutory Reserve Fund

	The Group 2004	The Group 2003	The Bank 2004	The Bank 2003
	J$'000	J$'000	J$'000	J$'000
Balance at beginning of year	156,667	156,667	121,667	96,667
Transfer of reserves from subsidiary (Note 26)	-	-	-	25,000
Balance at end of the year	156,667	156,667	121,667	121,667

The fund is maintained in accordance with the Banking Act 1992, for the Bank and The Bank of Jamaica (Building Societies) Regulations, 1995 for FirstCaribbean International Building Society. These require that minimum prescribed percentages of net profit be transferred to the reserve fund until the amount in the fund is not less than paid up share capital.

17. Retained Earnings Reserve

	The Group		The Bank	
	2004	2003	2004	2003
	J$'000	J$'000	J$'000	J$'000
Balance at beginning of year	956,163	932,163	890,636	722,863
Transfer of reserves from subsidiary (Note 26)	-	-	-	167,803
Other transfers	450,000	24,000	450,000	-
Balance at end of the year	1,406,163	956,163	1,340,666	890,666

Sections 2 of the Banking Act 1992, the Financial Institutions Act and the Bank of Jamaica (Buiding Societies) Regulations, 1995 permit the transfer of any portion of net profit to a retained earnings reserve. This reserve constitutes a part of the capital base for the purpose of determining the maximum level of deposit liabilities and lending to customers.

Transfers to the retained earnings reserve are made at the discretion of the Board; such transfers nust be notified to the Bank of Jamaica.

18. Loan Loss Reserve

This is a non-distributable reserve representing the excess of the provision for credit losses deternined using the Bank of Jamaica's regulatory requirements over the amount determined under IFRS (Note 6).

19. Building Society Reserve

	The Group		The Bank	
	2004	2003	2004	2003
	J$'000	J$'000	J$'000	J$'000
Balance at beginning of year	45,522	45,522	-	-
Transfers	-	-	-	-
Balance at end of the year	45,522	45,522	-	-

In accordance with the Income Tax Act, FirstCaribbean International Building Society may transfer amounts from retained earnings to a general reserve on a tax free basis until this reserve equals 5% of prescribed assets.

20. Dividends

	2004 J$'000	2003 J$'000
Interim dividend for 2003 at J$0.10 per stock unit - gross	-	19,333
	-	19,333

21. Net Interest Income

	The Group 2004 J$'000	The Group 2003 J$'000	The Bank 2004 J$'000	The Bank 2003 J$'000
Loans	1,398,222	1,088,017	1,243,433	982,043
Securities	498,575	486,547	464,529	279,189
Other	478,224	667,742	499,027	666,076
	2,375,021	2,242,306	2,206,989	1,927,308
Interest expense	(830,122)	(886,998)	(767,249)	(725,642)
	1,544,899	1,355,308	1,439,740	1,201,666

22. Non-interest Income

	The Group 2004 J$'000	The Group 2003 J$'000	The Bank 2004 J$'000	The Bank 2003 J$'000
Net fees and commissions	324,058	318,643	215,527	223,142
Net foreign exchange trading income	146,805	274,256	146,916	254,053
Other	46,951	42,828	46,951	41,791
	517,814	635,727	409,394	518,986

23. Non-interest Expense

	The Group		The Bank	
	2004	2003	2004	2003
	J$'000	J$'000	J$'000	J$'000
Employee compensation and benefits (Note 25)	673,280	565,181	626,289	516,210
Depreciation	73,789	71,096	71,671	67,598
Occupancy costs	166,638	147,661	157,507	139,382
Other	545,957	506,962	472,034	437,138
	1,459,664	1,290,900	1,327,501	1,160,328

24. Net Foreign Exchange Trading Income

Foreign exchange net trading income includes gains and losses arising from foreign currency trading activities.

25. Employee Compensation and Benefits

	The Group		The Bank	
	2004	2003	2004	2003
	J$'000	J$'000	J$'000	J$'000
Wages and salaries	617,785	483,897	578,281	438,975
Statutory contributions	59,403	56,002	57,930	54,491
Pension costs (Note 9)	(77,600)	(56,760)	(71,490)	(50,820)
Other post retirement benefits (Note 9)	22,991	16,339	20,590	14,617
Staff welfare	50,701	65,703	40,978	58,947
	673,280	565,181	626,289	516,210

Number of persons employed at end of the year:

	The Group		The Bank	
	2004	2003	2004	2003
	No.	No.	No.	No.
Full-time	359	349	337	322
Part-time	115	91	112	89
	474	440	449	411

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26. Purchase of Banking Assets and Liabilities from Subsidiary

During 2003, the Bank purchased the assets and liabilities relating to the deposit taking activities of its subsidiary, FirstCaribbean International Securities Limited (formerly FirstCaribbean International Trust and Merchant Bank Limited). The purchase was made pursuant to Section 29G of the Banking Act - the Standard of Best Practice - Management or Investment of Customers' Funds. The Standard requires that activities relating to the management or investment of customers' funds be separated from deposit taking activities.

Assets and liabilities purchased were as follows:

	J$'000
Assets	
Cash resources	219,534
Investments	1,211,038
Loans and leases, after provision for impairment	29,772
Other assets	60,644
	1,520,988
Liabilities	
Customers' deposits	(1,083,741)
Other liabilities	(2,080)
	(1,085,821)
Negative goodwill on purchase of banking assets and liabilities of subsidiary	435,167
	==========

Negative goodwill was restated as follows:

Negative goodwill as previously reported	242,364
Effect of reserve fund and retained earnings reserve related to assets and liabilities purchased	192,803
Negative goodwill as restated	435,167
	==========

27. Profit before Taxation

Profit before taxation is stated after charging:

	The Group		The Bank	
	2004	2003	2004	2003
	J$'000	J$'000	J$'000	J$'000
Depreciation and amortization	73,789	71,096	71,670	67,598
Directors' emoluments -				
Fees	2,232	31	1,488	11
Management remuneration	23,210	15,830	14,957	12,611
Management fees (Note 33)	139,752	125,810	106,546	91,861
Restructuring costs	51,209	(10,463)	55,216	(7,270)
Auditors' remuneration	5,223	5,100	3,687	3,300

28. Taxation

(a) The taxation charge is based on the profit for the year adjusted for taxation purposes and comprises:

	The Group		The Bank	
	2004	2003	2004	2003
	J$'000	J$'000	J$'000	J$'000
Income tax at 33 1/3%	178,569	130,324	147,838	102,781
Prior year under provision	2,883	-	1,449	-
Deferred income tax	(28,070)	63,362	(21,968)	60,056
	153,382	193,686	127,319	162,837

Income tax is calculated at the rate of 33 1/3% for the Bank and FirstCaribbean International Securities Limited and at 30% for FirstCaribbean International Building Society.

(b) Reconciliation of theoretical tax charge to effective tax charge

	The Group 2004 $'000	The Group 2003 $'000	The Bank 2004 $'000	The Bank 2003 $'000
Profit before taxation	534,559	696,549	451,150	987,802
Tax calculated at 33 1/3%	178,186	232,183	150,383	329,267
Effect of different tax rate applicable to mortgage financing subsidiary	(1,699)	(1,890)	-	-
Prior year under/(over) provision	2,883	(15)	1,450	6
Gain on purchase of net banking assets not subject to tax (Note 26)	-	-	-	(145,055)
Income not subject to tax - tax free investments	(34,328)	(32,819)	(34,328)	(23,579)
Expenses not deductible for tax purposes	1,062	354	1,010	354
Net effect of other charges and allowances	7,278	4,127	8,804	1,844
Income tax expense	153,382	193,686	127,319	162,837

29. Net Profit

	2004 J$'000	2003 J$'000
The net profit is dealt with as follows in the financial statements of:		
The Bank	323,831	824,965
Subsidiaries	57,346	(322,102)
	381,177	502,863

30. Earnings Per Stock Unit

The calculation of earnings per ordinary 50 cents stock unit is based on the net profit for the year of J$381,177,000 (2003 - J$502,863,000) and 193,333,000 ordinary stock units in issue for both years.

31. Fair Value of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. However, market prices are not available for a significant number of the financial assets and liabilities held and issued by the Group. Therefore, for financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at balance sheet dates.

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

(i) the fair value of liquid assets and other assets maturing within one year is assumed to approximate their carrying amounts. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities;

(ii) the fair value of demand deposits and savings accounts with no specific maturity is assumed to be the amount payable on demand at the balance sheet date;

(iii) the fair value of variable rate financial instruments is assumed to approximate their carrying amounts;

(iv) the fair value of investments classified as originated loans is assumed to be equal to the amortized cost using the effective yield method.

(v) the fair value of fixed rate loans is estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans. For match-funded loans the fair value is assumed to be equal to their carrying value, as gains and losses offset each other. Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair values as the impact of credit risk is recognised separately by deducting the amount of the provisions for impairment from both book and fair values.

The following tables set out the fair values of the financial instruments of the Group and the Bank using the above-mentioned valuation methods and assumptions.

The Group

	Carrying value 2004 J$'000	Fair value 2004 J$'000	Carrying value 2003 J$'000	Fair value 2003 J$'000
Financial Assets				
Cash resources	7,246,192	7,246,192	7,673,416	7,673,416
Investments	2,255,759	2,330,760	2,659,287	2,862,607
Government securities purchased under resale agreements	551,229	554,804	412,797	462,103
Loans	8,448,607	8,448,607	7,061,581	7,061,581
Net investment in leases	16,431	16,431	25,632	25,632
Other assets	665,560	665,560	843,362	843,362
Financial Liabilities				
Deposits	16,645,586	16,645,586	16,561,713	16,561,713
Other liabilities	604,304	604,304	344,439	344,439
Taxation payable	78,071	78,071	64,526	64,526

The Bank

	Carrying value 2004 J$'000	Fair value 2004 J$'000	Carrying value 2003 J$'000	Fair value 2003 J$'000
Financial Assets				
Cash resources	7,633,892	7,633,892	7,668,339	7,668,339
Investments	2,225,881	2,296,325	2,574,056	2,786,495
Investments in subsidiaries	36,745	1,834,676	36,745	975,248
Government securities purchased under resale agreements	158,767	159,288	316,470	316,470
Loans	7,172,644	7,172,644	6,401,871	6,401,871
Net investment in leases	16,431	16,431	25,632	25,632
Other assets	633,288	633,288	857,570	857,570
Financial Liabilities				
Deposits	15,994,295	15,994,295	16,058,474	16,058,474
Other liabilities	242,792	242,792	287,433	287,433

Taxation payable	68,386	68,386	64,307	64,307

Deposits
The fair value of deposits which are payable on demand or notice are assumed to be equal to their carrying values. Fixed rate deposits payable on a fixed date are determined by discounting the contractual cash flows, using market interest rates currently offered for deposits with similar terms and risks.

32. Financial Risk Management

(a) Interest rate risk
The following tables summarize carrying amounts of balance sheet assets, liabilities and equity in order to arrive at the Group's interest rate gap based on earlier of contractual re-pricing or maturity dates.

The Group

	Immediately Rate Sensitive(1) 2004 J$'000	Within 3 Months 2004 J$'000	3 to 12 Months 2004 J$'000	1 to 5 Years 2004 J$'000	Over 5 Years 2004 J$'000	Non Rate Sensitive 2004 J$'000	Total J$'000
Cash resources	702,977	4,080,618	386,000	-	-	2,076,597	7,246,192
Investments (2)							
-Held to maturity /original loans	-	199,449	916,138	895,680	227,270	-	2,238,537
-Available for sale	-	-	-	-	-	17,222	17,222
Government securities purchased under resale agreements							
- Originated debts	20,000	220,201	311,028	-	-	-	551,229
Loans	493,943	120,857	255,702	3,861,636	3,688,986	27,483(3)	8,448,607
Net investment in leases	-	-	7,336	9,095	9,095	-	16,431
Other assets	-	-	-	-		665,560(4)	665,560
Retirement benefit asset						493,600	493,600
Property, plant and equipment	-	-	-	-	-	427,083	427,083

Total assets	1,216,920	4,621,125	1,876,204	4,766,411	3,916,256	3,707,545	20,104,461
Customers' deposits	9,858,311	2,510,614	1,366,685	172,171	117,112	2,620,693	16,645,586
Other liabilities	-	-	-	-	-	604,304	604,304
Taxation payable	-	-	-	-	-	78,071	78,071
Retirement benefit obligation	-	-	-	-	-	104,224	104,224
Deferred taxation	-	-	-	-	-	124,110	124,110
Total liabilities	9,858,311	2,510,614	1,366,685	172,171	117,112	3,531,402	17,556,295
Total Interest rate sensitivity gap	(8,641,391)	2,110,511	509,519	4,594,240	3,799,144	-	-
Cumulative gap	(8,641,391)	(6,530,880)	(6,021,361)	(1,427,121)	2,372,023	-	-
As at 31 October 2003							
Total Interest rate sensitivity gap	(6,291,371)	367,704	469,654	3,520,459	2,877,464	-	-
Cumulative gap	(6,291,371)	(5,923,667)	(5,454,013)	(1,933,554)	943,910	-	-

The Bank

	Immediately Rate Sensitive(1) 2004 J$'000	Within 3 Months 2004 J$'000	3 to 12 Months 2004 J$'000	1 to 5 Years 2004 J$'000	Over 5 Years 2004 J$'000	Non Rate Sensitive 2004 J$'000	Total 2004 J$'000
Cash resources	1,099,977	4,080,618	386,000	-	-	2,067,297	7,633,892
Investments (2)							
-Held to maturity	-	199,499	912,138	869,802	227,270	-	2,208,659
-Available for sale	-	-	-	-	-	17,222	17,222
Investment in subsidiaries	-	-	-	-	-	36,745	36,745
Government securities purchased under resale agreements							
- Originated debts	-	158,767	-	-	-	158,767	
Loans	493,106	90,998	229,218	3,679,722	2,652,117	27,483(3)	7,172,644
Net investment in leases	-	-	7,336	9,095	-	-	16,431
Other assets	-	-	-	-	-	633,288(4)	633,288
Retirement benefit asset	-	-	-	-	-	442,140	442,140
Property, plant and							

equipment	-	-	-	-	-	424,156	424,156
Total assets	1,593,083	4,529,832	1,534,692	4,558,619	2,879,387	3,628,331	18,743,944
Customers' deposits	9,858,311	1,987,289	1,274,147	170,371	83,484	2,620,693	15,994,295
Other liabilities	-	-	-		-	242,792	242,792
Taxation payable	-	-	-	-	-	68,386	68,386
Retirement benefit obligation	-	-	-	-	-	92,929	92,929
Deferred taxation	-	-	-	-	-	114,483	114,483
Total liabilities	9,858,311	1,987,289	1,274,147	170,371	83,484	3,139,283	16,512,885
Total interest rate sensitivity gap	(8,265,228)	2,542,543	260,545	4,388,248	2,795,903	-	-
Cumulative gap	(8,265,228)	(5,722,685)	(5,462,140)	(1,073,892)	1,722,011	-	-
As at 31 October 2003							
Total interest rate sensitivity gap	(6,087,859)	516,617	417,655	3,474,666	2,285,269	-	-
Cumulative gap	(6,087,859)	(5,571,242)	(5,153,587)	(1,678,921)	606,348	-	-

(1)This represents those financial instruments whose interest rates change concurrently with a change in the underlying interest rate basis, for example base rate loans.
(2) This includes financial instruments such as equity investments.
(3) This includes impaired loans.
(4) This includes non-financial instruments.

Average effective yields by the earlier of the contractual re-pricing or maturity dates:

The Group
2004

	Immediately Rate Sensitive	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
	%	%	%	%	%	%
Cash resources	-	6.23	17.50	-	-	7.16
Investments(1)	-	20.53	15.12	16.03	14.48	16.02
Government securities purchased under resale agreements	-	12.97	8.24	-	-	9.56
Loans (2)	39.95	19.71	17.57	15.53	22.06	17.60
Net investment in leases	-	-	32.94	24.78	-	26.61
Deposits (3)	4.88	8.85	8.92	3.28	11.78	8.72

The Bank
2004

	Immediately Rate Sensitive	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
	%	%	%	%	%	%
Cash resources	-	6.23	17.50	-	-	7.16
Investments(1) - held to maturity	-	35.10	14.85	15.10	14.68	15.77
Investments(1) - originated loans	-	14.49	16.06	20.34	-	14.89
Government securities purchased under resale agreements						
- held to maturity	-	15.33	16.20	-	-	15.80
- originated debts	-	18.13	19.62	-	-	19.22
Loans (2)	39.95	19.70	17.37	15.43	24.91	12.62
Net investment in leases	-	-	32.94	24.78	-	26.61
Deposits(3)	4.88	7.62	8.79	3.19	10.00	4.70

Average effective yields by the earlier of the contractual re-pricing or maturity dates:

The Group
2003

	Immediately Rate Sensitive	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
	%	%	%	%	%	%
Cash resources	3.88	13.14	28.78	-	-	11.50
Investments(1)	-	25.46	20.42	16.00	16.31	17.75
Government securities purchased under resale agreements	15.30	22.00	31.00	-	-	28.00
Loans (2)	38.34	26.05	12.58	13.79	26.66	20.33
Net investment in leases	-	-	32.94	24.78	-	26.61
Deposits (3)	4.94	8.95	9.30	2.40	-	5.91

The Bank
2003

	Immediately Rate Sensitive	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
	%	%	%	%	%	%
Cash resources	3.88	13.14	28.78	-	-	11.50
Investments(1)	-	25.46	20.77	15.53	16.31	17.77
Government securities purchased under resale agreements	15.30	24.76	30.25	-	-	28.10
Loans (2)	38.34	26.05	12.78	13.80	30.11	20.81
Net investment in leases	-	-	32.94	24.78	-	26.61
Deposits (3)	4.75	8.65	9.17	2.18	-	5.69

(1)Yields are based on book values and contractual interest rates adjusted for amortisation of premiums and discounts. Yields on tax exempt investments have not been computed on a taxable basis.
(2) Yields are based on book values, net of allowance for credit losses and contractual interest rates.
(3) Yields are based on contractual interest rates.

(b) Credit exposures

The Group and the Bank takes on exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk is inherent in traditional banking products - loans, commitments to lend and contracts to support counterparties' obligations to third parties such as letters of credit. Positions in tradeable assets such as bonds also carry credit risk.

The Group and the Bank structure the levels of credit risk it undertakes by placing limits on theamount of risk accepted in relation to one borrower, or groups of borrowers, and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review.

Exposure to credit risk is managed through regular analysis of the ability of the borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees.

The following table summarizes the credit exposure of the Group and the Bank to businesses and government by sector:

The Group

	Loans and Leases	Acceptances, Guarantees and Letters of Credit	Total 2004	Total 2003
	J$'000	J$'000	J$'000	J$'000
Agriculture, fishing and mining	207,571	7,320	214,891	81,628
Construction and real estate	1,384,859	59,581	1,444,440	1,318,721
Distribution	1,220,624	130,035	1,350,659	107,810

Electricity, gas and water	4,339	1,000	5,339	1,276,238
Financial institutions	307,557	500	308,057	38,338
Government and public utilities	623,395	-	623,395	837,413
Manufacturing and production	277,234	20,681	297,915	230,418
Personal	2,949,644	95,652	3,045,296	2,273,327
Professional and other services	649,377	86,201	735,578	696,005
Tourism and entertainment	810,673	4,410	815,083	27,874
Transport, storage and communication	171,318	120,607	291,925	734,478
Total	8,606,591	525,987	9,132,578	7,622,250
Provision for losses			(141,553)	(129,355)
			8,991,025	7,492,895

The Bank

	Loans and Leases J$'000	Acceptances, Guarantees and Letters of Credit J$'000	Total 2004 J$'000	Total 2003 J$'000
Agriculture, fishing and mining	207,571	7,320	214,891	81,628
Construction	126,004	59,581	185,585	680,866
Distribution	1,212,184	130,035	1,342,219	99,087
Electricity, gas and water	4,339	1,000	5,339	1,276,238
Financial institutions	307,557	500	308,057	38,338
Government and public utilities	623,395	-	623,395	837,413
Manufacturing and production	270,141	20,681	290,822	223,173
Personal	2,949,644	95,652	3,045,296	2,273,327
Professional and other services	640,384	86,201	726,585	686,346
Tourism and entertainment	810,673	4,410	815,083	26,892
Transport, storage and communication	171,055	120,607	291,662	733,752
Total	7,322,947	525,987	7,848,934	6,957,060
Provision for losses			(133,872)	(123,875)
			7,715,062	6,833,185

(c) Foreign exchange risk

The Group recognizes foreign currency risk on transactions that are denominated in a currency other than the Jamaican dollar. The main currencies giving rise to this risk are the United States dollar, Canadian dollar and the British Pound Sterling.

The Group ensures that the net exposure is kept to an acceptable level by matching foreign assets with liabilities as far as possible. Net current foreign currency assets were as follows:

	The Group		The Bank	
	2004	2003	2004	2003
	'000	'000	'000	'000
United States dollar	8,353	5,470	8,159	5,395
Canadian dollar	361	358	361	358
Pound Sterling	211	178	211	178

(d) Liquidity risk
The Group and the Bank are exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw downs and guarantees. The group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty.

The tables below analyse assets and liabilities of the Group and the Bank into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities are fundamental to the management of the Group and the Bank. It is unusual for banks ever to be completely matched since business transacted is often of uncertain term and of different types. An unrnatched position potentially enhances profitability, but can also increase the risk of loss.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and the Bank and its exposure to changes in interest rates and exchange rates.

The Group

	Up to 1 Month 2004 J$'000	1 to 3 Months 2004 J$'000	3 to 12 Months 2004 J$'000	1 to 5 Years 2004 J$'000	Over 5 Years 2004 J$'000	No specific maturity 2004 J$'000	Total 2004 J$'000
Cash resources	702,977	4,080,618	386,000	-	-	2,076,597	7,246,192
Investments							
- Held to maturity	-	199,449	916,138	895,680	227,270	-	2,238,537
- Available for sale	-	-	-	-	-	17,222	17,222
Government securities purchased under resale agreements	20,000	220,201	311,028	-	-	-	551,229
Loans	493,943	120,857	255,702	3,861,636	3,688,986	27,483	8,448,607
Net investment in leases	-	-	7,336	9,095	-		16,431
Other assets	-	-	-	-	-	665,560(4)	665,560
Retirement benefit asset	-	-		-	-	493,600	493,600
Property, plant and equipment	-	-	-	-	-	427,083	427,083
Total assets	1,216,920	4,621,125	1,876,204	4,766,411	3,916,256	3,707,545	20,104,461
Customers' deposits	10,281,264	2,087,661	1,366,685	172,171	117,112	2,620,693	16,645,586
Other liabilities	-	-	-	-	-	604,304	604,304
Taxation payable	-	-	-	-	-	78,071	78,071
Retirement benefit obligation	-			-	-	104,224	104,224
Deferred taxation	-		-	-	-	124,110	124,110
Total liabilities	10,281,264	2,087,661	1,366,685	172,171	117,112	3,531,402	17,556,295
Net liquidity gap	(9,064,344)	2,533,464	509,519	4,594,240	3,799,144	176,143	2,548,166
As at 31 October 2003							
Total Assets	3,161,316	2,633,963	2,336,664	4,602,214	2,912,550	3,724,951	19,371,658
Total Liabilities	(9,452,687)	(2,266,259)	(1,867,010)	(1,081,093)	(35,748)	(2,501,872)	17,204,669
Net liquidity gap	(6,291,371)	367,704	469,654	3,521,121	2,876,802	1,223,079	2,166,989

The Bank

	Up to 1 Month 2004 J$'000	1 to 3 Months 2004 J$'000	3 to 12 Months 2004 J$'000	1 to 5 Years 2004 J$'000	Over 5 Years 2004 J$'000	No specific maturity 2004 J$'000	Total 2004 J$'000
Cash resources	1,099,977	4,080,618	386,000	-	-	2,067,297	7,633,892
Investments							
- Held to maturity	-	199,449	912,138	869,802	227,270		2,208,659
- Available for sale	-	-	-	-	-	17,222	17,222
Investment in subsidiary	-	-	-		-	36,745	36,745
Government securities purchased under resale agreements							
- Originated debts	-	158,767	-	-	-		158,767
Loans	493,106	90,998	229,218	3,679,722	2,652,117		37,172,644
Net investment in leases	-	-	7,336	9,095	-		16,431
Other assets	-	-	-	-	-	633,288(4)4,633,288	
Retirement benefit asset	-	-	-	-	-	442,140	442,140
Property, plant and equipment	-	-	-		-	424,156	424,156
Total assets	1,593,083	4,529,832	1,534,692	4,558,619	2,879,387		18,743,944
Customers'deposits	9,858,311	1,987,289	1,274,147	170,371	83,484		15,994,295
Other liabilities	-	-	-	-	-	242,792	242,792
Taxation payable	-	-	-	-	-	68,386	68,386
Retirement benefit obligation	-	-	-	-	-	92,929	92,929
Deferred taxation	-	-	-	-	-	114,483	114,483
Total liabilities	9,858,311	1,987,289	1,274,147	170,371	83,484	3,139,283	16,512,885
Net liquidity gap	(8,265,228)	2,542,543	260,545	4,388,248	2,795,903	509,048	2,231,059
As at 31 October 2003							
Total Assets	3,161,316	2,596,425	2,220,704	4,542,092	2,285,269	3,720,944	18,526,750
Total Liabilities	(9,249,175)	(2,079,808)	(1,803,049)	(1,067,426)	-	(2,420,064)	(16,619,522)
Net liquidity gap	6,087,859	516,617	417,655	3,474,666	2,285,269	1,300,880	1,907,228

(e) Market risk

Market risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security, its issuer or factors affecting all securities traded in the market. The Group and the Bank manages its risk through the Assets and Liabilities Committee which carries out extensive research and monitors the price movement of securities on the local and international market.

(f) Cash flow risk
Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount.

The Group and the Bank manages this risk by ensuring, as far as possible, that financial assets and liabilities are matched to mitigate any significant adverse cash flows.

33. Related Party Transactions

In the ordinary course of business, the Group provides to its connected persons normal banking services on terms similar to those offered to persons not connected to the Group.

Transactions with connected parties are as follows: -

	The Group		The Bank	
	2004 J$'000	2003 J$'000	2004 J$'000	2003 J$'000
Transactions and balances with FirstCaribbean International Bank Limited:				
Management fees paid	139,752	125,810	106,546	91,861
Dividend paid	-	15,834	-	15,834
Net (payable)/receivable balance	(329,993)	(91,582)	(17,197)	(71,846)
Transactions and balances with other FirstCaribbean entities:				
Interest expense	26,977	16,938	58,548	23,607
Deposits by other FirstCaribbean entities	983,200	1,406,475	1,015,796	1,439,116
Due from Subsidiary	-	-	397,000	40,000

Transactions and balances with				
Associated entities:				
Due from CIBC entities	5,800	5,800	5,800	5,800
Deposits with CIBC entities	744,588	205,500	744,588	205,500
Transactions and balances with directors:				
Loans outstanding	32,754	27,264	10,900	6,018
Deposits with FirstCaribbean entities	13,477	3,527	13,369	3,527
Interest income	2,931	1,469	801	728
Interest expense	-	153	-	153

34. Fiduciary Activities

The Group provides custody, trustee, corporate administration, investment management and advisory services to third parties which involve the Group making allocation and purchase and sale decisions in relation to a wide range of financial instruments. Those assets that are held in a fiduciary capacity are not included in these financial statements. At the balance sheet date, the Group had investment custody accounts amounting to approximately J$27,768,396,000 (2003 - J$21,860,872,000).

35. Commitments

(i) Lease
The Bank has obligations under long-term non-cancellable leases for buildings. Future minimum lease payments for such commitments for each of the five succeeding years and thereafter are as follows:

	2004 J$'000	2003 J$'000
Year ending October 31:		
2004	-	93,817
2005	105,557	99,208
2006	112,569	105,419
2007	127,631	402,972
2008 and thereafter	371,612	-

(ii) Other

The following table indicates the contractual amounts of the Group's off-balance sheet financial instruments that commit it to extend credit to customers.

	2004	2003
	J$'000	J$'000
Guarantees and banker's acceptances	271,271	247,172
Letters of credit	254,716	158,510
Commitments to extend credit:		
Mortgages	422,764	280,020
Other loans	1,345,130	577,603
	2,293,881	1,263,305

The Bank's contractual amounts of off-balance sheet instruments that commit it to extend credit to customers are as follows:

	2004	2003
	J$'000	J$'000
Guarantees and banker's acceptances	271,271	247,172
Letters of credit	254,716	158,510
Commitments to extend credit	1,345,130	577,603
	1,871,117	983,285

36. Pledged Assets

Mandatory reserve deposits are held by the Bank of Jamaica in accordance with statutory requirements. These deposits are not available to finance the Group's and the Bank's day to day operations and are as follows:

The Group

	Asset		Related Liability	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Statutory reserves at Bank of Jamaica (Note 3)	1,866,752	1,779,074	-	-
Securities (see note below)	110,000	60,000	-	-
	1,976,752	1,839,074	-	-

	The Bank			
	Asset		Related Liability	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Statutory reserves at Bank of Jamaica (Note 3)	1,857,453	1,773,997	-	-
Securities (see note below)	110,000	60,000	-	-
	1,967,453	1,833,997	-	-

The Bank of Jamaica holds as security certificates of deposit and treasury bills against possible shortfalls in the operating account.

37. Contingencies

The Bank and its Subsidiaries, because of the nature of their businesses, are subject to various threatened or filed legal actions. At 31 October 2004 material claims filed amounted to approximately J$ 2,052,068,000 (2003 - J$2,051,208,000). The majority of this amount relates to a specific counter claim of approximately J$1,990,456,000, filed by a former customer against the Bank. This counter claim is as a result of an action brought against the former customer by the Bank for approximately J$291,761,000. The directors have been advised that the counter claim is totally without merit. Although the amount of the ultimate exposure, if any, cannot be determined at this time, the directors are of the opinion, based upon the advice of counsel, that the final outcome of threatened or filed suits will not have a material adverse effect on the financial position of the Group.

38. 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.

The Group's operations are located solely in Jamaica.

2004

	Financial Services J$'000	Investment Management Services J$'000	Consolidation Elimination	Group J$'000
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 expense				(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

2003

	Financial Services J$'000	Investment Management Services J$'000	Consolidation Elimination	Group J$'000
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 expense				(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