Get There. Together.

FirstCaribbean International Bank

(Jamaica Limited)

Annual Report 2005

Vision

To create the Caribbean's number one financial services institution.

First for Customers

First for Employees

First for Shareholders

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Notice of Meeting

Annual General Meeting

Notice is hereby given that the Thirtieth Annual General Meeting of the FirstCaribbean International Bank (Jamaica) Limited will be held at the Courtleigh Hotel and Suites situated at 85 Knutsford Boulevard, Kingston 5, on Wednesday, May 31, 2006 at 9:00 a.m. for the following purposes:

Resolution 1

To receive the Report of the Directors and the audited accounts for the year ended October 31, 2005.

Resolution 2

That Mr. Milton Brady retiring by rotation and being eligible for re-election be and is hereby re-elected a Director of the Company.

That Mr. Peter McConnell retiring by rotation and being eligible for re-election be and is hereby re-elected a Director of the Company.

Resolution 3

To appoint Auditors and to authorise the Directors to fix their remuneration.

Resolution 4

To fix the remuneration of the Directors, or to determine the manner in which such remuneration is to be fixed.

Resolution 5

To transact any other business that may be transacted at an Annual General Meeting.

BY ORDER OF THE BOARD OF DIRECTORS

Allison C. Rattray (Mrs.)
Corporate Secretary
FirstCaribbean International Bank (Jamaica) Limited
April 28, 2006

In accordance with Section 130 of the Companies Act, a shareholder entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote in his stead. A Proxy need not be a shareholder of the Company.

Enclosed is a Proxy Form, for your convenience, which must be lodged at the Company's registered office at least 48 hours before the time appointed for holding the meeting. The Proxy Form should bear the stamp duty of J$100 before being signed. The stamp duty may be paid by adhesive stamp(s) to be cancelled by the person executing the Proxy.

Get There. Together.

Fulfilling the Promise

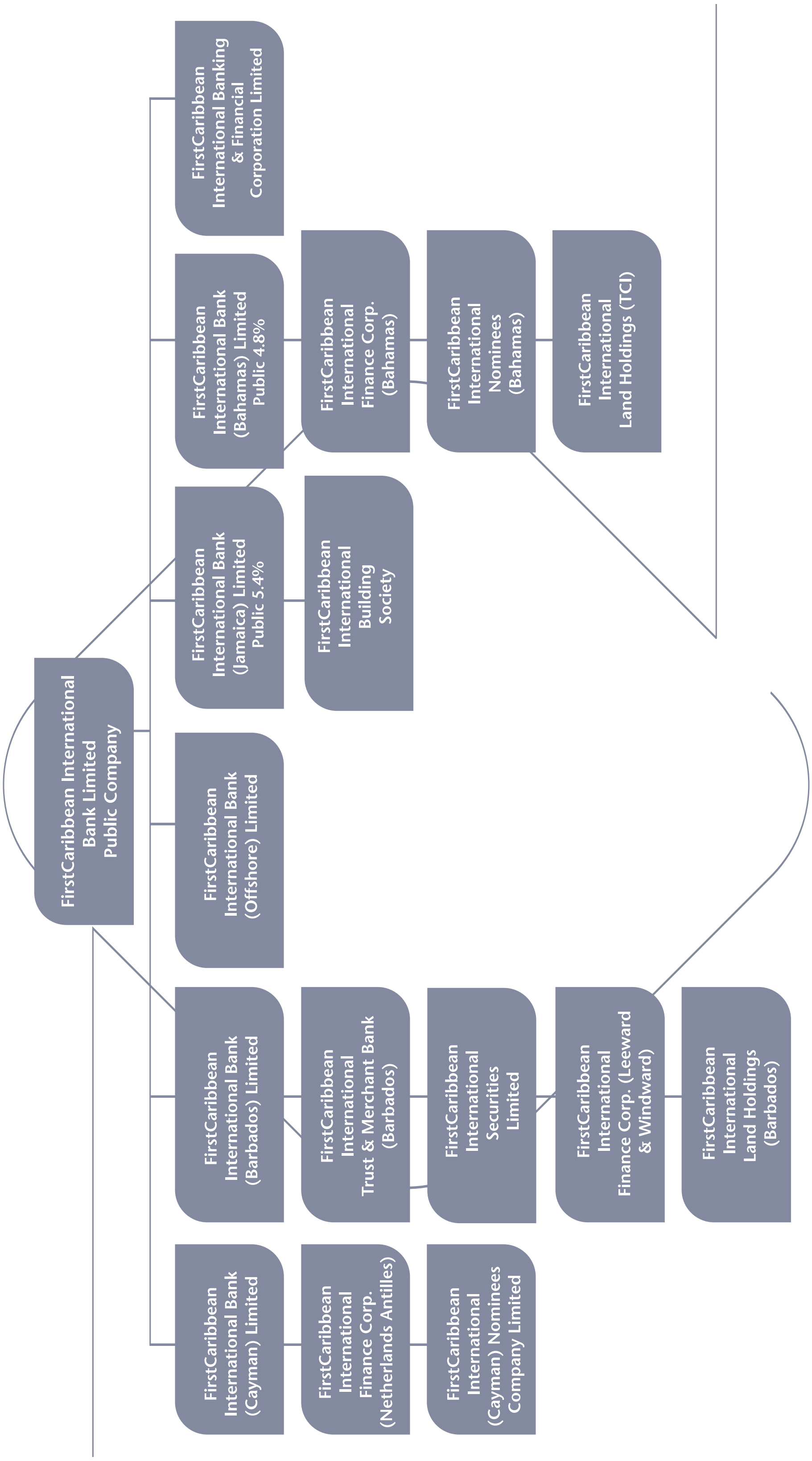
In a year free of integrating activities and mostly spared from natural upheavals, 2005 can perhaps be regarded as FirstCaribbean's first year of "normal" operations. And what a year it has been.

Several precedent-setting achievements have cemented FirstCaribbean's position as the leading bank in the region. In all spheres of endeavour – financial, operational, social – FirstCaribbean has excelled spectacularly.
The year 2005 has shown just what we can do as a financial entity and corporate citizen for the Caribbean.

Most importantly, we have made impressive strides this year in solidifying our "Helpful Partner" approach and fulfilling our new brand promise to customers and to the Caribbean that we will "Get There. Together."

Branch Network

Ownership Structure



Main Branch Locations

Main Branches and Centres

Half Way Tree
PO Box 219
78 Half Way Tree Road
Kingston 10
Tel: (876) 926-7400
Fax: (876) 929-1413

King Street
PO Box 43
1 King Street
Kingston
Tel: (876) 922-6120-9
Fax: (876) 922-5330

Lluidas Vale Agency
Lluidas Vale
St. Catherine
Tel: (876) 903-6404

Mandeville
PO Box 57
Main Street
Mandeville
Tel: (876) 962-2619
Fax: (876) 962-9348

Manor Park
Manor Park Plaza
Constant Spring
Kingston 8
Tel: (876) 969-2708
Fax: (876) 969-6280

May Pen
50 Main Street
May Pen
Tel: (876) 986-2578
Fax: (876) 986-4940

Montego Bay
59 James Street
Montego Bay
Tel: (876) 952-4045/6
Fax: (876) 952-4815

New Kingston
PO Box 403
23-27 Knutsford Boulevard
Kingston 5
Tel: (876) 929-9310
Fax: (876) 968-1969

Newport West
6-12 Newport West Centre
Kingston 11
Tel: (876) 923-4821
Fax: (876) 923-6757

Ocho Rios
PO Box 111
Ocean Village Shopping Centre
Ocho Rios
Tel: (876) 974-2824
Fax: (876) 974-5515

Port Antonio
4 West Street
Port Antonio
Tel: (876) 993-2708
Fax: (876) 993-2221

Twin Gates
Twin Gates Shopping Centre
Kingston 10
Tel: (876) 926-1288
Fax: (876) 926-3056

Financial Centres

Corporate Banking Centre
23-27 Knutsford Boulevard
Kingston 5
Tel: (876) 929-9310
Fax: (876) 929-7751

FirstCaribbean International Building Society
PO Box 403
23-27 Knutsford Boulevard
Kingston 5
Tel: (876) 935-4714
Fax: (876) 929- 9247

FirstCaribbean International Securities Limited
PO Box 162
23-27 Knutsford Boulevard
Kingston 5
Tel: (876) 935-4606
Fax: (876) 926-1025

Card Services Centre
1 King Street
Kingston
Tel: (876) 922-5331
Fax: (876) 228-3996

Board of Directors

Seated, from left:

Milton Brady
Managing Director – Jamaica

Albert Webb

Standing, from left:

Peter McConnell

Michael Mansoor – Chairman

Anthony Bell

Christopher Bovell

Directors, Senior Management and Advisors

Board of Directors
Michael Mansoor – Chairman
Milton C. Brady – Managing Director
Anthony J. Bell
Christopher Bovell
Horace Cobham
Peter D. McConnell
Albert Webb
Professor Neville Ying

Legal Advisors
Dunn Cox
Myers Fletcher & Gordon

Corporate Secretary
Allison C. Rattray

Registrar & Transfer Agent
FirstCaribbean International Securities Ltd.

Registered Office
23-27 Knutsford Boulevard

Auditors
PricewaterhouseCoopers

Audit Committee
Ronald Lalonde – Chairman
Allan Fields
Teresa Butler
Sir Fred Gollop
David Ritch
Christopher Bovell
John Eaton
J. Gonzalez-Robatto

Country Management Committee
Milton Brady
Country Manager

Andrea E. Adams
Finance Manager

Stacy Adams
Administration & Marketing Manager

Jennifer Brown
Head of Operations – Central Caribbean

Jennifer Carty-Peart
Director – Capital Markets

Phillip Freckleton
Technical Architect – Infrastructure

Clovis Metcalfe
Head of Corporate Banking

Allison Rattray
Corporate Secretary

Henry Reid
Human Resources Director – Central Caribbean

Lenworth Tracey
General Manager – FirstCaribbean
International Building Society Limited

Robert Wright
AGM Channel Management & Service Excellence

Chairman's Report

I am happy to report that 2005 was a successful year for the Bank. The Board of Directors is confident that the Bank is well on its way to fulfilling its mandate – to be First for Customers, First for Employees, First for Shareholders. The Board is also satisfied that adequate steps are being taken to enhance the Bank's capacity for growth and profitability.

The Bank's Net Profit of J$482.8 million for the year ended October 31, 2005 represented a 26.7% improvement over 2004, driven in part by the strong growth in our loan portfolio. Total revenue increased by J$174.6 million over the preceding year, partly attributable to the J$135.4 million gained on the sale of FirstCaribbean International Securities Limited to FirstCaribbean International Bank (Barbados) Limited in the second quarter.

Shareholders will be aware of the fact that we are committed to increasing the capital base of the Bank and that at a special meeting of the shareholders on January 31, 2006 it was agreed that FirstCaribbean International Bank Limited would increase its investment in the Bank by US$20 million. These funds were injected on February 15, 2006. The Directors continue to be of the view that no dividend should be paid at this time because of the drive to increase the capital base in order to support the continuing growth in our business.

These results reflect the general economic conditions and opportunities in Jamaica. The economy has improved since the exogenous shocks of 9/11 and activity levels in the construction, infrastructure and tourism sectors appear to be trending positively.

Governance

We continue to place significant emphasis upon our quality of Governance, especially as the Bank has been growing in stature and size. We have strengthened the Bank's Risk and Control framework through the introduction of numerous new risk tools and policies, all of which we designed to enable the organisation to effectively anticipate, identify and remediate the risks we take.

These tools and policies have been introduced through the office of the new Chief Risk Officer, and our expertise spans Credit, Market, Operational, Portfolio and Compliance. At Group level, we have professionals leading our Legal, Regulatory, and Internal Audit functions. These functions as well as our local-based Risk Committee, Legal and Corporate Security functions have led to further improvements in the control of our business, and this is evident from the Bank's performance in the areas of credit and non-credit losses. Our overarching focus on risk management and mitigation is supported by the expertise and commitment of our senior executives across the Group.

At the same time, we are pleased to have enhanced the quality and depth of the relationships we have with our regulators in 2005. This ensures continued confidence in the Bank's legal and regulatory capabilities, as well as compliance with applicable laws and regulations.

The Board

The Board of Directors, comprising six experienced, distinguished professionals, has established a collegiate camaraderie and rapport which enhances its deliberations in meaningful ways and facilitates better levels of engagement relating to the Bank's affairs.

At our quarterly meetings, the Board examines and assesses in a comparative and detailed manner across the Strategic Business Units and Segmented Lines of Business outputs from the Committees for Finance and Change, Risk and Conduct, Audit and Governance and Human Resources and Pensions.

Our People

We remain committed to developing our people to meet the task of satisfying our customers and delivering strong financial performances. The establishment of the FirstCaribbean University, our ongoing commitment to learning and development programmes and our initiation of CareerFirst, the graduate recruitment programme in association with the University of the West Indies, tangibly demonstrate the Bank's belief in the promotion and advancement of our staff at the highest levels.

Our employee benefits continue to be generous and empowering – we are especially proud of the Employee Share Purchase Plan, which actively encourages ownership by our employees, so they may enjoy a wider sharing of the profits they help create.

At the Group level, we have added five new Caribbean nationals to our Executive Leadership Team. Gerard Borely, Oliver Jordan, our Managing Director Milton Brady, Lloyd Samaroo and Ian Chinapoo join their compatriots and the experienced international professionals who are at the helm of the Bank's management. Their addition should be a source of particular pride and inspiration for all our people.

Outlook for 2006

We have chosen to focus during this phase of our growth and development on consolidation and leveraging our strengths to produce even more impressive results for all stakeholders. The expansion of our branch and ABM network, the introduction of our international mortgage product in the Jamaican market and at Group level, the acquisition of ABN AMRO Curaçao's operation present exciting new opportunities.

Your Board and management will focus on the primary contributors to the Bank's overall performance in 2006: a robust control environment, continued improvement in customer satisfaction and operation efficiency, sustained quality loan growth and a continued reduction in non-performing loans.

I thank our customers, our employees and the directors of FirstCaribbean International Bank (Jamaica) Limited for their support and contribution during the year. The Bank is well poised to realise its promise and potential.

Michael Mansoor
Chairman

Group Chief Executive Officer's Report

Regional Financial Performance

I closed my 2004 Report by laying down a challenge as we completed Integration of two into one: "We have invested. Now it is time to yield."

In 2005 we have yielded. Massively.

Net Income After Tax (NIAT) at US$257.9 million was 191% up on 2004's US$88.5 million.

The gain on the sale of the Group's no-longer strategic investment in Republic Bank was US$117.4 million, achieved at a very healthy exit P/E of 20.

Excluding this one-off gain, NIAT was US$140.5 million, still an extremely creditable 59% up on 2004.

Rising US interest rates assisted our cause, but the main driver of this growth in profits was doing more business with customers whilst showing excellent control of Costs and Risk in the form of Provisions for Credit Losses.

The key customer business aggregates showed excellent growth.

Loans grew 17% to US$4.6 billion, having risen 10% in 2004. The group is gaining market share in almost all its main markets. Growth was broadly spread across SBUs and geographies.

Deposits grew 5% to US$7.7 billion. This figure needs to be considered against a context where the Group is not looking to grow its deposits actively in many major markets, given continuing excess liquidity. Offshore deposits showed pleasing growth within this number.

Costs were flat in 2005 at US$262.2 million, a tremendous result showing the benefit of integration synergies. There were US$14 million of restructuring costs in 2004, but similar levels of restructuring expense were incurred in 2005.

With Revenue rising 11.3% to US$429.1 million (excluding the Republic Sale) the Revenue-Cost "jaws" was an extremely healthy +10.9%, powering the profit growth.

Credit Risk Provisions were US$7.3 million versus US$14.9 million in 2004. Excluding the 2004 Hurricane Ivan provision of US$7.9 million, provisions were flat year on year, despite rapid Loan growth. As a percentage, Loan book provisions in 2005 were an extremely creditable 16 basis points, again proving the Company's business model of conservative credit policies.

Driven by these key business drivers Earnings per Share (EPS) increased from US 5.8 cents in 2004 to US 9.2 cents in 2005 (excluding the Republic gain), a healthy 58.6% increase. Dividends increased 70% at US 4.25 cents per share. Our share price responded to these returns and rose 28% to an average of US$2.05 by year-end.

All in all, this has been a tremendously strong financial performance in 2005.

Strategy

In 2005 we completed rollout of remaining elements of the Five-Year Strategy agreed with the Board in 2003.

The key implementations in 2005 were:

Retail and Cards

- In Q1 2005, completing the rollout of our new Sales and Service focused Organisation Design built around what are now four product businesses in Home Finance, Cards, Consumer Lending and Premier/Asset Management/-Insurance. Each has its own salesforce.
- The completion of rollout of our new Sales tracking and Sales productivity platform, Salesforce.com. This has proved very successful and has consequently been spread into other SBUs.
- Investment in widening our product range in Insurance and Asset Management.
- Completion of hiring of a new leadership team for our Cards business and advancement of our strategy, in particular via Co-Branding with a number of significant partnerships signed.

Corporate

- The rollout of the new Organisation Design developed in 2004, separating Sales and Control/Servicing within Corporate Banking, to bring focus to both.
- The completion of rollout and launch of our new Small Business "Business Banking" offer across 15 countries.
- The rollout of our "Super Lender" model following successful piloting.

International

- The completion of rollout of our new specialised International Mortgage Salesforce and improvements to the product.
- The hiring of a heavyweight Head of Corporate Development for International Banking. After the year-end, we announced our first acquisition in support of developing our International Wealth Management offering, the acquisition subject to regulatory approval, of ABN AMRO's operations in Curaçao. This is a very exciting growth opportunity that we intend to capitalise on and I look forward to welcoming the excellent team in Curaçao to the Group. In recognition of the capability shift this acquisition brings, the International Banking SBU will be renamed International Wealth Management.

Capital Markets

- We completed the acquisition of The Mercantile to enter the crucial Trinidad & Tobago market in January and have been extremely pleased with the rapid growth achieved by Lloyd Samaroo and team.
- We opened a fourth Capital Markets "hub" in The Bahamas late in 2005, adding to the Barbados, Jamaica and Trinidad hubs.
- We continue to recruit high quality investment bankers to grow this business.

Geographic Expansion

- The acquisition of The Mercantile gave us a platform in Trinidad and we have recruited a Corporate team to complement the focus on Capital Markets.

- Curaçao will mark the 17th country of operations for FirstCaribbean and we continue to consider other market entries where we believe our business model can be successful.

Costs

Costs, and pushing on towards our targeted long-term Cost Income ratio of 50%, will be a major focus in 2006.

Customer Service

Significant investments continue to be made in Customer Service via the CustomerFirst programme.

Customer Satisfaction scores, as measured by independent market surveys, have risen significantly during 2005. Nevertheless, there is further to go to achieve our target of First for Service.

Late in 2005, we relaunched the FirstCaribbean Brand, moving to Brand Values of "Helpful Partner" and a Brand Aspiration of "Get There. Together", from the previous "Caribbean Pride. International Strength. Your Financial Partner" which served us well in the Integration phase. We are focused on connecting the internal brand, our people, to the external brand, with significant investments planned in 2006.

People – Employer of Choice

As always, investment in our number one asset has continued. Key developments in 2005 included:

- Under "Investing in our No. 1 Asset," we developed significant new training programmes, including "Foundation First" core process training for frontline and operations staff and a suite of Leadership Training programmes for management and supervisory staff. Investment in Learning and Development again exceeded US$3 million in 2005 and will continue.
- Under "Opportunities for All," we launched a Graduate recruitment scheme, "CareerFirst" and were gratified with the number and quality of applicants.
- Employee satisfaction as measured by independent surveys is the ultimate measure of "Employer of Choice" and this has increased significantly, from already high levels, in 2005.
- Changes in our Executive Leadership Team were several, with Mark Strang and Stuart Gunn returning to CIBC at the end of their secondments. At the end of 2005, Bryan Gaunt and John Riviere will be returning to Barclays and CIBC respectively at the end of their secondments and Francis Lewis will be leaving the bank. Jai Somaratne and Gerard Borely will replace Bryan and John with the other roles not being replaced as we continue our Costs focus. John, Francis and Bryan have made huge contributions to our development – all being to the fore in Integration and the transformation thereafter. Thank you.
- Changes in our Organisation Design to bring greater geographic focus via the creation of geographic operating company SBUs to match the existing segmented SBUs resulted in the creation of new SBU Managing Director roles for Jamaica, Barbados, Cayman and Trinidad & Tobago.

As a result I was delighted to welcome Milton Brady, Oliver Jordan, Tom Crawford and Lloyd Samaroo to the team during 2005. Ian Chinapoo took up Lloyd's old role of Executive Director, Capital Markers. All of these recruits are Caribbean nationals or residents and Oliver, Tom, Ian (and Gerard) represent promotions in FirstCaribbean. It is also good to see the company's "Talent" programme focused on developing high potential individuals coming through.

Control

Control remains a major focus and again, Standard & Poor's reaffirmed our credit rating at A- Stable.

We have invested significantly in further improving Control, People, Processes and Measures via the Group Control Programme led by Richard Pantcheff as Chief Risk Officer.

I am pleased with progress in this area but we have not declared victory and, notwithstanding our Control metrics comparing extremely favourably with peer banks, we believe we can make further strides forward. We will do so in 2006.

Community Partnership

The FirstCaribbean Foundation, and its pledge of 1% of our post-tax profits to Community causes, grows from strength to strength, as illustrated in our Social Annual Report.

I am particularly proud of the Unsung Heroes Programme, now extended to 16 countries and taking root across the Caribbean. "Adopt-a-Cause" has seen FirstCaribbean business units adopting local causes such as Schools and Hospices and working as a team to enhance their local communities. We intend to widen the Programme significantly in 2006.

Thanks go to Francis Lewis who has chaired the Foundation from inception.

This has been a huge year for FirstCaribbean, but it also marks the completion of our first three years as FirstCaribbean. Three years give us a trend and accompanying graphs allow us to see where we stand on Key Performance Indicators.

Again the three-year trends are very positive. Profits (NIAT) have almost doubled in three years, rising from U$77 million in 2002 (the year prior to merger) to US$140.5 million in 2005, a 23% CAGR. We have completed only one very small acquisition in this period. Return on Tangible Equity (RoE) has risen from 7% to 17%. Earnings per Share have risen from US 4.6 cents in 2003 to US 9.2 cents in 2005. Cost Income ratio has fallen from 69% to 61% in 2005. Credit Risk provisions as a percentage of loan book have reduced from 59 bps to 16 bps. The trends are all excellent.

Great companies, however, distinguish themselves by consistency of performance over long periods and consistency is what we are now aiming for.

In summary, this has been a massive year of all-round progress for our Bank.

I am proud of the results achieved over three years by our 3,400 people. I continue to believe we have the most fantastic group of staff. Thank you to all 3,400 : you have been titans. And thank you to our 750,000 customers too, these results highlight your doing more business with us. You have choices. Thank you.

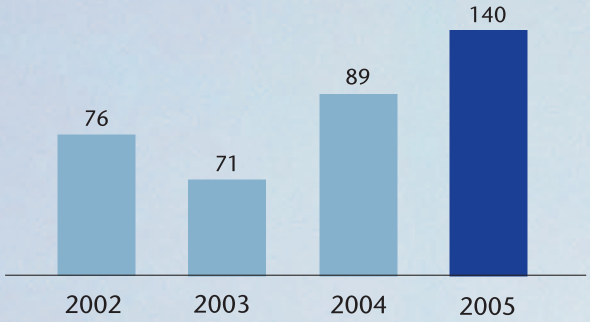
Our challenge in 2006 and beyond is to consolidate and sustain the performance of 2003-5. With 3,400 excellent people, and the support of our customers, we can do this.

Chas Js Pink

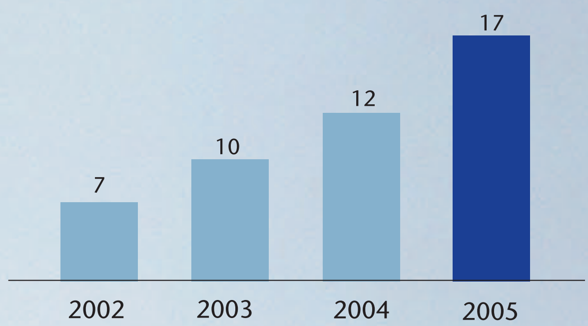
Charles Pink
Chief Executive Officer

2005 Financial Performance

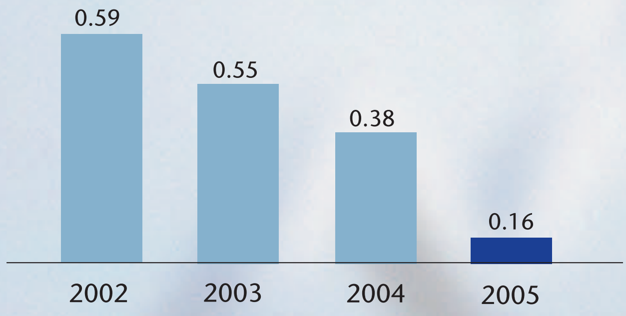
Profits (NIAT)
US$ millions



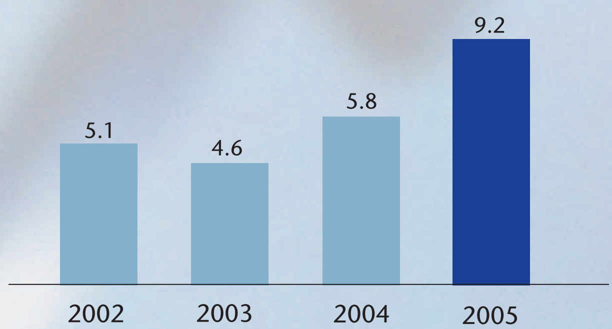
Return on Tangible Equity
Per cent



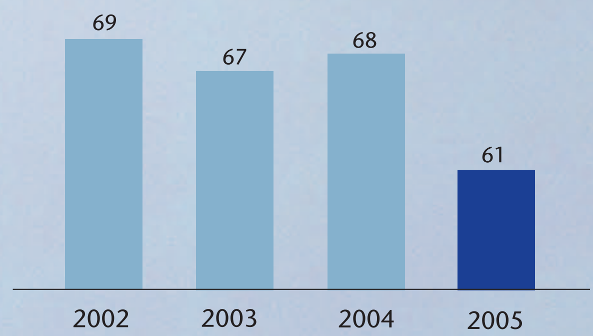
Loan Loss Expenses to Loan Ratio
Per cent



Earnings per Share
US cents



Cost to Income Ratio
Per cent



Jamaica Managing Director's Report

Financial Performance

The year 2005 was a challenging one for FirstCaribbean Jamaica; however, our team was equal to the task, delivering a Net Income (after tax) of J$482.8 million. This represents a 26.7% improvement over the 2004 Net Income after Tax of J$381.2 million. Despite a 230 basis point fall in interest rates during the year, Loan Interest Income rose by 24.8% to J$1,745.2 million, driven primarily by the strong growth in our loan portfolio. Non-Interest Income was J$674.6 million, reflecting a 30.3% increase and included a J$135.4 million gain from the sale of FirstCaribbean International Securities Ltd.

Operating Expenses amounted to J$1,542.5 million, which was flat to the previous year. Management's success in improving operating efficiency is further reflected by the reduction in our Non-Interest Expenses/Total Revenue Ratio to 68.9% from 73.3% in the prior year.

Loans & Leases (net of provisions) was J$13,872.3 million reflecting a 61.1% growth over the prior year; this surpassed the industry growth rate of about 16.0%. Portfolio quality continued the trend of improvement with Non-Performing Loans/Total Loans falling from 2.6% to 1.7%.

Major Successes

In 2005, we introduced our FirstCaribbean Visa Platinum Card which has been well received by our customers. We successfully launched our Internet Banking service and completed our "Customer Day 2" conversion to give greater access and deliver a more competitively priced suite of products to our customers. Finally, we continued our branch-remodelling programme by upgrading our Twin Gates and Mandeville branches and completed an upgrade of our ABMs islandwide to enhance customer experience and create stronger brand awareness.

Major Change Initiatives

During 2005, we undertook several major initiatives. The most significant was the development of a new business strategy to aggressively grow our Corporate, Retail and Capital Markets businesses. We also launched a new line of business – International Banking – applying our experience from other markets in the Caribbean to capitalise on the rapidly growing market for luxury vacation properties in Jamaica.

Our Retail Banking division was restructured, creating separate specialised sales and service operations to drive growth while simultaneously improving customer service. The new model incorporates enhanced market coverage and integrated branch and electronic banking channels.

We also took significant steps to strengthen our Corporate Governance model. These included establishment of a local risk committee with reporting lines to the Group Risk Officer and the Board of Directors as part of an enterprise-wide initiative to sharpen accountability and oversight.

Nurturing Our Communities

In 2005, we contributed in excess of J$8 million to communities and worthy causes throughout Jamaica. William Shagoury was named our 2005 Jamaica Unsung Hero and he went on to cop the runner-up prize in our Regional Unsung Heroes Awards. We are heartened at the public response to this programme, which allows us to uncover many gems within our communities. Our staff fully embraced our "Adopt-a-Cause" programme and continued their volunteerism through their own "Charity thru Lunch" initiative, which last year donated in excess of J$500,000 to needy institutions and individuals in Jamaica.

2006 Business Plans

In 2006, we will continue to aggressively grow our Corporate and Capital Markets business by focusing on financing infrastructure projects and production/manufacturing capacity of international companies operating in Jamaica. Our International Banking unit will co-brand with selected high-profile developers of luxury properties to provide financing to investors who are interested in acquiring second homes in Jamaica.

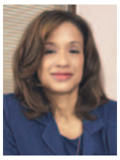
We will grow our Retail business by expanding our market coverage and product range. Our branch network will be extended from the current eleven to fourteen, and our ABM network will be expanded from eleven to twenty-three. Our service channels will be integrated to give greater access to our customers as we leverage our investment to generate greater efficiencies. These initiatives will be supported by a capital injection of US$20 million by our parent bank.

FirstCaribbean will be making significant investments in its people. Our "FoundationsFirst" programme will provide specialist skill training for our employees. Our staff will be encouraged to participate in the Professional Development Programme. In order to deliver on our new "brand promise", we will train staff to meet the new service standards. Finally, we will undertake initiatives to capitalise on opportunities identified by staff in our employee voice (e-Voice) survey.

Appreciation

I wish to thank our team members for their outstanding performance during the year under review. The accomplishments are testimony to our collective efforts in putting our customers first and creating "One Team, One Bank". We look forward to a continuation of your support as we consolidate and leverage the significant investments we have made to create greater value for our stakeholders.

Milton Brady
Managing Director – Jamaica



Allison Rattay

Corporate Secretary

Director's Report

Director's Report

The Directors submit herewith the Group Statement of Revenue, Expenses and Retained Earnings of the Bank and its subsidiaries for the year ended October 31, 2005 together with the Group Balance Sheet and Balance Sheet of the Bank its subsidiaries as at that date.

The Group Statement of Revenue and Expenses shows profit for the year of $627,005,000 from which there was $144,228,000 for taxation, leaving a balance of $482,777,000. On April 20, 2005 FirstCaribbean International Securities Limited was sold to First-Caribbean International (Barbados) Limited. This sale netted a profit of $135,445,000. No dividends were paid for the period November 1, 2004 to October 31, 2005.

During the year Mr. Raymond Campbell resigned as a Director effective February 28, 2005.

At a meeting of the Board of Directors held on April 4, 2006 Professor Neville Ying and Mr. Horace Cobham were appointed Directors subject to Bank of Jamaica's approval. In accordance with the Articles of Association of the Company, the Directors who will retire by rotation at the Annual General Meeting are Mr. Milton Brady and Mr. Peter McConnell and being eligible offer themselves for reelection.

The Auditors, PricewaterhouseCoopers, have signified their willingness to continue in office and offer themselves for re-appointment until the conclusion of the next Annual General Meeting.

Listing of Shares Owned by Directors and Connected Persons
As at October 31, 2005

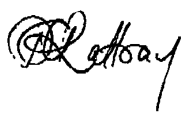
Anthony Bell	NIL
Christopher D.R. Bovell	NIL
Milton Brady	NIL
Michael Mansoor	NIL
Peter D. McConnell	NIL
Worthy Park Estate Limited	NIL
Albert W. Webb (Nominee)	33

TEN LARGEST SHAREHOLDERS
As at October 31, 2005

1.	FirstCaribbean International Bank Limited	183 274 047	94.80%
2.	Ideal Group Corporation	1 068 497	0.55%
3.	FirstCaribbean International Bank Limited A/C C1191	714 082	0.37%
4.	Albert Gordon	562 481	0.29%
5.	Ideal Portfolio Services Limited	467 882	0.25%
6.	Neil McLaren	166 662	0.09%
7.	Mayberry Investments Ltd. A/C 09022	151 415	0.08%
8.	West Indies Trust Company A/C 92	154 998	0.08%
9.	George Murray	133 326	0.07%
10.	Ideal Finance Corporation Limited	100 500	0.06%

PAR VALUE OF SHARES $0.50

By Order of the Board



Allison C. Rattray (Mrs.)
Corporate Secretary/Legal Counsel

Management's Discussion and Analysis of Operating Results and Financial Condition

OVERVIEW

Select Highlights

	2005	2004	2003	2002
Net income before taxation (J$'000)	$627,005	$534,559	$696,549	$205,727
Net income after taxation (J$'000)	$482,777	$381,177	$502,863	$168,744
Earnings per share (cents)	250.0	197.0	260.0	87.0
Return on average equity	17.3%	16.2%	26.1%	10.5%
Non-interest expenses to income ratio	68.9%	73.2%	64.3%	83.7%

Performance Overview

FirstCaribbean International Bank Jamaica Group recorded net profit after taxation of J$482.8 million for the financial year ended October 31, 2005 compared to J$381.2 million for the preceding year. The improvement of J$101.6 million or 26.7% was mainly attributable to the J$135.4 million gain on sale of the subsidiary FirstCaribbean International Securities Limited to FirstCaribbean International Bank (Barbados) Ltd; this gain was reduced by the J$31.6 million or 2.1% increase of non-interest expenses.

Net interest income totalled J$1,562.7 million for the year ended October 31, 2005 and represented an increase of J$17.8 million or 1.2%. This performance was primarily as a result of the significant growth of the loan portfolio offset by reduced volumes and yields from cash placements and investment securities and the fall of interest expense.

Return on average stockholders' equity was reported at 17.3% in comparison to 16.2% for the prior year. Earnings per share were J$2.50 compared to J$1.97 reported for year ended October 31, 2004.

Asset Growth and Quality

The Group's total assets amounted to J$23,530 million as at October 31, 2005, the main contributor for the J$3,425 million or 17% increase was the exceptional growth in loans and leases of J$5,230 million or 61.1%. However, this performance was offset by reductions for cash resources by J$760.3 million and investment securities, including Government securities purchased under resale agreements, by J$1,258.0 million which were utilised in funding the significant loan growth. The quality of the loan portfolio continues to improve reflected by gross impaired loans increasing by a mere 4.9% or $11 million to J$235.7 million. Customers' deposits stood at J$19,863.6 million as at October 31, 2005 registering a growth of 18.9% or J$3,160.7 million.

The commercial bank's total assets stood at J$22,463.5 million compared to J$18,743.9 million for the preceding year. Loans and leases amounted to J$11,744.1 million, growing by J$4,431.8 million or 60.5% with business loans responsible for 82% of the increase. The quality of the loan portfolio continues to improve with the reduction of gross impaired loans by J$6 million to total $206.7 million and represented 1.7% of total gross loans as at October 31, 2005 compared to 2.9% for the previous year end.

The Building Society continued its impressive growth performance, reaching the J$2 billion loan mark during the financial year. The above-market mortgage loan growth of J$827.8 million or 64.1% was the contributing factor for total assets exceeding the prior year by J$858.2 million or 61.2%. Gross impaired loans represented 1.4% of gross loans compared to 0.9% as at October 31, 2004.

Assets Under Administration

With the sale of the subsidiary FirstCaribbean International Securities Limited the Assets Under Administration amounted to nil compared to J$27.8 billion as at October 31, 2004. Assets under management were included in assets under administration and amounted to J$1.6 billion as at October 31, 2004. Assets administered for institutions and assets under custody for individuals were also included. As these assets were held in a fiduciary capacity and were not owned by FirstCaribbean International Securities

Limited, they were not included on the balance sheet in the preceding year.

Shareholders' Issues

Share price decreased by J$4.11 to end the year at J$17.39 compared to J$21.50 per share at the close of the previous year. Book value per share increased to J$15.69 from J$13.18 reported for the prior year. Given the Bank's decision to transfer J$370 million from Retained Earnings to Statutory Capital in order to support the continuing strong growth of the business, no dividend was paid for the year ended October 31, 2005.

Economic Environment

For the calendar year ended December 31, 2005 the economy achieved real Gross Domestic Product growth of approximately 1.8%. The sectors showing positive growth were construction (7.6%), hotels, restaurants & clubs (4.5%), electricity & water (4.2%), mining (2.7%), transport, storage & communications (2.1%) and real estate & business services (2%).

Inflation rate recorded for the period October 2004 to October 2005 was 15.9% relative to 12.3% for the comparable period in the previous year. Inflation rate for the government's fiscal year to October 2005 was 10.9% (2004 – 8.3%) and 12.5% for the calendar period January to October 2005 (January-October 2004 – 10.4%).

Net International Reserves amounted to US$2,078.99 million, increased by US$252.33 million or 13.8% and represented 20.58 weeks of imports of goods and services as at October 31, 2005 (2004 – US$1,826.66 million and 18.19 weeks). Foreign currency deposits grew by 8.4% for the period November 2004 to October 2005 compared to 14.91% for the similar period in the prior year. Foreign currency deposits stood at US$2,023.12 million as at October 31, 2005 (2004 – US$1,867.23 million). The Jamaican dollar remained relatively stable as the exchange rate depreciated by 3.3% compared to 2.38% for the prior year. The spot market weighted average selling rate traded at J$63.9330 as at October 31, 2005 (2004 – J$61.8817).

FINANCIAL STATEMENT REVIEW
Total Revenue

Total revenue for the year ended October 31, 2005 amounted to J$2,237.3 million and recorded an increase of J$174.6 million or 8.5% over the comparable preceding year. Despite the improvement of loan interest income by J$347 million (24.8%) driven by higher loan volumes, interest income from investment securities and cash placements fell by J$340.3 million (34.8%) due to reduced yields and volumes resulting in interest income being relatively flat when compared to the prior year. Interest expense declined by J$11.1 million (1.3%) as a result of reduced cost of funds and lower average balances for customers' deposits held during the year. Non-interest income inclusive of the J$135.4 million gained on the sale of the subsidiary was above the prior year by J$156.8 million or 30.3%.

Net interest income and margin

Net interest income consists of interest and dividends earned on assets less interest paid on customers' deposits and other debt obligations.

The 61.1% year over year increase in loan volumes was the main contributor for the J$347 million or 24.8% increase in loan interest income. However, this performance was offset by a reduction in earnings from cash placements and investment securities as yields fell by approximately 200 basis points in addition to reduced volumes by J$2,018.4 million or 19.7%. Cost of funds declined with the introduction of a tiered interest rate structure for savings deposits in the second half of the year. Overall net interest income increased by J$17.8 million (1.2%) to total J$1,562.7 million for the year ended October 31, 2005.

Net interest margin, which represents the net interest spread earned on its net assets, fell by 60 basis points to 7.2% from 7.8% for the previous year as a result of falling interest rates.

Non-interest income

Non-interest income includes all revenues not classified as interest income.

Non-interest income excluding the gain on sale of the subsidiary increased by J$21.3 million or 4.1% to close the year at J$539.2 million. This performance was directly due to increases in commissions and fees from core businesses by J$87.2 million (38.5%) offset by the reduction in foreign currency earnings and loss of earnings from the Securities Company after the sale totalling J$65.9 million (22.6%).

Non-interest income excluding the gain on sale of the subsidiary, represented 25.7% of total revenue, compared to 25.1% for 2004.

Balance Sheet
J$(000)

	2005	2004	2003	2002
Assets				
Cash resources	6,591,062	7,351,408	7,673,416	7,930,259
Investment securities	1,503,643	2,331,756	2,659,287	2,135,521
Government securities purchased under resale agreements	135,357	565,253	412,797	1,385,790
Loans & Leases	13,872,301	8,612,667	7,087,213	5,201,028
Other assets	1,427,335	1,243,377	1,538,945	1,221,919
	23,529,689	20,104,461	19,371,658	17,874,517
Liabilities and stockholders' equity				
Customers' deposits	19,863,646	16,702,965	16,561,713	15,742,973
Other liabilities	632,550	853,330	642,956	448,085
Stockholders' equity	3,033,493	2,548,166	2,166,989	1,683,459
	23,529,689	20,104,461	19,371,658	17,874,517

Non-interest expenses

Non-interest expenses exclude interest expenses, provision for credit losses and income taxes.

Non-interest expenses were higher than the corresponding period in the prior year by J$31.6 million or 2.1% primarily due to increased employee compensation and benefits by J$20.5 million (3.1%), depreciation charge by J$19.9 million (26.9%) following the upgrade of computer equipment and software in the prior year, occupancy costs by J$8.7 million, other costs by J$33.6 million (6.2%) offset by the reduction of Integration/Restructuring charges by J$51.2 million. Management continues to review and implement additional cost containment measures to reduce the 68.9% (73.4% excluding the gain on sale of subsidiary) reported for non-interest expense as a percentage of gross revenue compared to 73.3% for the preceding year.

Total Assets

Total assets as at October 31, 2005 stood at J$23,529.7 million, reflecting growth of J$3,425.2 million or 17% above the preceding year. Loans & Leases were responsible for an increase of J$5,259.6 million or 61.1% reduced by the fall in Cash Placements and Investment Securities by J$2,018.4 million or 19.7%.

Cash resources

Cash resources consist of cash, interest-bearing short-term deposits and deposits with the Central Bank held for statutory reserve purposes as well as special short-term interest-bearing deposits/investments with the Central Bank.

Cash resources decreased by $760.4 million or 10.3% to close the year at J$6,591.1 million and were comprised of special short-term interest bearing deposits with the Central Bank and other financial institutions.

Investments

The investment securities portfolio consists primarily of short-term investments including treasury bills and other government-guaranteed debt instruments. These are held to meet liquidity requirements and to take advantage of investment opportunities.

Investment securities, including government securities purchased under resale agreements, amounted to J$1,639 million as at October 31, 2005 and were below the prior year's balance by J$1,258 million or 43.4%.

Loans & Leases

The above market average performance of J$5,259.6 million or 61.1% increase stemmed from growth in business loans by J$3,655 million or 84.8%, followed by mortgages which grew by J$835.8 million or 65.1% and personal loans by J$813.6 million or 27.2%. Loans & leases ended the year at J$13,872.3 million.

Deposits

Customers' deposits totalled J$19,863.6 million as at October 31, 2005 which was above the prior year by J$3,160.7 million or 18.9% as funding from businesses, government and other banks improved by J$1,796.2 million or 24.5% and deposits from individuals increased by J$1,358.2 million or 14.6%.

Capital Strength

Total prescribed statutory capital as at October 31, 2005 was J$2,029.5 million compared to J$1,659.5 million for the preceding year after the transfers of J$300 million and J$70 million from Retained Earnings to the Retained Earnings Reserve Fund for the Commercial Bank and the Building Society, respectively. Capital strength provides protection to depositors and creditors, which allows the Bank and the Building Society to undertake profitable business opportunities as they arise and helps to maintain favourable credit ratings. Internal policies require that marketplace and regulatory expectations for capital strength be met, as well as internal measures of required capital, which are based on sophisticated risk management techniques.

Strategic Business Units and Functions

Retail Banking

Julian Murillo

Executive Director–Retail Banking

Retail Banking

Growth, the result of a revitalised business

New channels, refurbished branches, revitalised staff with renewed service focus and wider products and solutions for our customers were only some of the key deliverables to our customers in what was another year of great progress in our Retail business.

The financial results were once again outstanding and for the third consecutive year, we achieved "double digit" growth in overall profitability, driven largely by commensurate growth in the core Retail loan portfolio and an increase of 30% in overall new customer business.

Our mortgage portfolio continued to grow at a pace that is unparalleled and we are, once again, well ahead of our competitor banks in our larger markets such as The Bahamas, Cayman and Barbados. We are now truly seen as the leading provider of home finance solutions across the region, providing a distinct product offering which aims to give our customers more than just a mortgage – to attain fulfilment of their dreams.

We also made significant strides in both our Consumer Finance and Credit Card businesses where our innovative sales and promotional activities bore fruit against a background of tightening competition across most of our markets.

Customer First

At the end of 2004, we embarked on an ambitious goal to change our Retail sales and service delivery model. The essence of this revitalisation was to create a more nimble and flattened organisational design where our staff would be empowered to determine and deliver complete solutions to our customers. This transformation landed remarkably well and the smoothness with which we transitioned such a large part of our business to a more customer-focused model is a testament to the quality of our frontline employees and the leadership team.

The end result is that we now have dedicated and proactive sales specialists who can readily apply their skills to meet their customers' needs. Our significant lift in new customer business is key evidence of the success of our revitalised business model.

In our branches, we also sought to change the branch service experience by empowering our Branch Managers to own and lead the challenge of enhanced customer experience. We implemented a strong programme of core customer service standards, supported by leader-led daily coaching of our frontline teams. The results of this have been very positive and the overall improvement programme also involves the use of heavy and frequent customer feedback mechanisms, aptly recognising that we must listen to our customers to improve the way we serve them.

New Products and Services

In late 2004, we began the process of providing new product capabilities, in particular in insurance and asset management. I am delighted to report that we met all our 2005 strategic objectives in these areas and we are now providing insurance and asset management services in most of our countries of operation, packaged with our other products and sold through our frontline sales specialists. This is at the heart of our wider strategy to deliver holistic and lifetime solutions for our customers and we are squarely on that path now.

In our Credit Card business, we continued to differentiate ourselves from the competition by providing new and innovative solutions. Through partnering with other organisations and businesses, we are now in the process of launching several co-branded card offerings with distinct and added benefits to cardholders. In 2005, we also introduced the VISA Platinum card across the region, further evidence that we are committed to delivering cutting-edge products to our customers. With these developments, our Cards business is now poised for significant expansion in the years to come.

We also continued with the rollout of our Premier Banking service, going into new markets such as Belize, and this has met great success on the whole. Premier Banking will receive increased focus in 2006 as we continue to develop this offering to world-class levels. To support this key objective, I am also pleased to advise that all of our Account Managers have received training and certification in financial planning. This added capability in our people will be our main differentiator.

Our Internet and Telephone Banking services got off to a good start in 2005 with increasing levels of subscription throughout the year. Later in the year, we added new features and functionality such as online bill payment and, more recently, international wire payments. These added benefits now clearly establish our electronic channel offerings as best in class.

In 2006, our expectations for growth, service improvement and people development continue to be high as we leverage the transformational changes and successes of 2005. We expect to continue to provide an exciting and differentiated experience for our customers.

Our success in 2005 is a credit and testament to the commitment and diligence of our staff and I take this opportunity to extend my thanks to all, whether on the front line facing our customers or alongside as support staff. Our people made it possible.

Capital Markets

Ian Chinapoo

Executive Director–Capital Markets

Capital Markets

Intellectual capital our competitive advantage

The 2004/05 financial year can aptly be described as one of growth and transformation. The acquisition of The Mercantile Banking & Financial Corporation was completed in January 2005 and this established FirstCaribbean's presence in the Trinidad & Tobago market. Not only was the entry into this market a significant accomplishment for FirstCaribbean, but also specifically for Capital Markets as it facilitated a key strategic objective, i.e. to establish our Capital Markets headquarters in Trinidad (at Briar Place in St. Clair). We have also launched physical operations in The Bahamas. So our planned regional network is now complete.

The Regional Network and Team

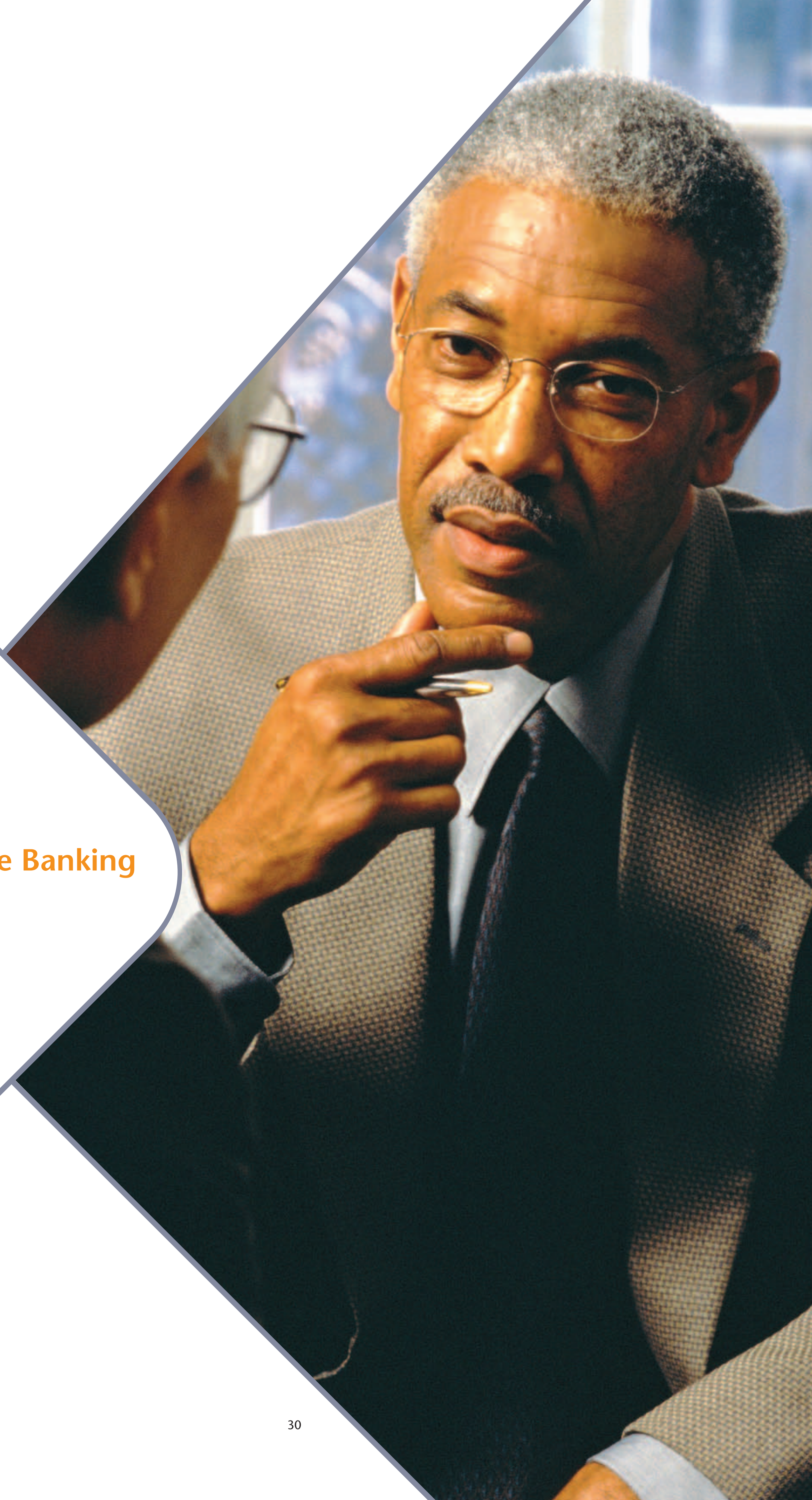
To optimise resources and secure the best regional coverage, Capital Markets is serving the region through four main offices in (i) Jamaica, which also covers the Cayman Islands and Belize, (ii) Bahamas, also covering BVI and Turks & Caicos, (iii) Trinidad, also covering Guyana and Suriname, and (iv) Barbados, also covering the OECS and Netherlands Antilles. To support our coverage model we've expanded the team so that dedicated professionals support each territory. In so doing, we've carefully selected from the best in the industry. Indeed, our team's intellectual capital is a key source of competitive advantage, which will certainly benefit our customers and distinguish FirstCaribbean in the market. Already the synergies of the team are being demonstrated through the build-up/building of a significant transaction pipeline.

The Deals Pipeline

During the year, we won and executed on mandates; significant not only because of deal size, but also on account of their creative financial structures. These transactions reflect our key competencies in structured finance and our ability to deliver by leveraging the strengths of the wider Bank. The transactions were the first of their kind and capture the essence of what we can bring to the market and the niche we can fill. As we work toward strengthening our existing pipeline, we are confident that in the new financial year we will benefit from, and augment, the momentum created last year.

The Way Forward

Although we have made much progress in the past year, there is more work to be done. In particular, the build-up/building of support systems and infrastructure is a continuous process. We must equip our team with the necessary resources and support. Indeed, we face unique challenges as Capital Markets is a new business line and Trinidad is a new territory. For these reasons, I cannot sufficiently underscore the value of our team, in which I have total confidence. At the close of this year, Mr. Lloyd Samaroo hands over the responsibility for Capital Markets to me in order to focus on his role as Managing Director of the Trinidad & Tobago subsidiary. I recognise that holding the reigns of Capital Markets at this juncture is no easy task, but I am excited and honoured by the appointment. I look forward to leading our team of high-quality professionals and I have no doubt in our abilities to forge ahead successfully.



Corporate Banking

Horace Cobham

Executive Director–Corporate Banking

Corporate Banking

Growth through meeting our customers' expectations

The focus of the Corporate Strategic Business Unit (SBU) is on corporate and small business customers. We provide a wide range of financial services to our 38,000 plus Small Business and 12,000 Corporate accounts across 16 countries. Corporate SBU is organised in a functional structure with cross-border responsibilities and has over 240 employees.

With the Integration of two banks into one bank solidly behind us, in 2005 we were able to return our undivided attention to our customers. We rolled out our new value-enhancing Corporate Organisation Model, delivered improved customer-service – as measured by opinion surveys of our customers – and in the process, delivered strong financial results.

Customer Value

We rolled out a new Corporate Organisation Model that had as its single objective, enhancing "Customer Value". Key customer-value enhancing elements were:

- Sales and Service effectiveness.
- Industry Expertise
- Dedicated Small Business Banking offering

Designed into the model was a new sales approach with enhanced sales leadership capability through training, tools and internal processes. During the year, we hired a new Director, Sales and Service to drive these priorities.

An important feature of our new sales approach is the creation of the Corporate Finance Group, which delivers increased industry expertise capability region-wide, in Tourism, Real Estate, Leasing, Wholesale/Retail Distribution, Trade Finance and Correspondent Banking. This group has already led and/or supported a number of large, complex, multi-jurisdictional transactions and delivered acknowledged value-added financial solutions to our customers in the process.

We also launched our new Small Business offering in all the markets we serve. Small Business customers no longer have to compete with larger businesses for a relationship manager's time. We now have dedicated Small Business professionals at branch locations convenient to our Small Business customers. Through technology, innovation and focused staff training programmes we aim to be the bank of choice for Small Business in the region.

This new approach to Small Business is already paying dividends. Small Business lending volumes are strong with approved transactions up 50%. Customer loyalty ratings in this key market improved in 2005 and we intend to drive customer satisfaction ratings higher through technology and our decentralised, dedicated Small Business team approach to this market segment.

Performance

Despite aggressive competition, we successfully defended and grew our market-leading position. Corporate's performance was characterised by:

- Continued leading and increasing market share position
- Strong loan growth
- Improved income and operating profit

During the year, we strengthened our position in the markets in which we operate. With market shares of over 20% in all major markets except Jamaica, we reinforced our market leading position in all markets through increased lending to corporate customers. In Jamaica in particular, we grew our business volumes by 64%, most coming from new customers to FirstCaribbean.

For the second consecutive year, sanctioned loans topped US$1 billion and for the first time, loan disbursements reached approximately US$1 billion. Our loan portfolio is solid and well diversified and asset quality remains high. At year-end, Corporate lending stood at US$2.6 billion, an increase of 14.5% year over year. Impaired loans as a percentage of total loans, already relatively low, improved as a result of a 20% decline in the impaired loan portfolio.

Corporate achieved record profitability in 2005, with an operating profit of $120 million, a 43% contribution to the Bank's overall performance. Besides robust loan growth, all the other key profit drivers reflected positive trends. Net interest income grew 29%, fees & commissions were up 26%, deposits grew by over 15% while expenses were well contained.

2005 was truly a successful year for the Corporate SBU. We thank our Corporate and Small Business clients for their continued loyalty and the Corporate team for their dedication and commitment to meeting the expectations of our customers.

Going Forward

We finished the year with a very favourable pipeline of transactions and we will focus on converting them to value-added financial solutions for our customers.

As a result of globalisation and the increasing sophistication of our customers, the capital markets are becoming increasingly important to large corporate customers for meeting their financing needs. We will provide integrated financial solutions through our combined Corporate and Capital Markets capabilities to meet the expectations of our customers.

We will continue to strengthen our Small Business offer through a streamlined application process to achieve turnaround for new loan requests within 48 hours. We will enhance our Corporate employee reward and recognition programmes to ensure that we continue to recognise the outstanding contributions made by our employees.

Our focus will be on understanding customer needs. Through technology, innovation and a focused employee skills development programme, we will continue to improve our service level to our customers, create greater opportunities for higher business volumes, higher market shares and continued growth and profitability.

We aim to deliver value for our customer!

International Banking

Executive Director–International Banking

International Banking

International Wealth Management arrives

The year 2005 was marked by notable achievements across the entire spectrum of our International Business:

Business Growth

International deposits grew by nearly 10% and amounted to $3.222 billion at year-end, whilst the international loan book registered a 35% net increase and reached $135 million. The deposit business grew in all our five International Banking Centres with Turks & Caicos and Cayman Islands leading the way. The growth in the loan book was mainly attributable to the success of our International Mortgage products, which was also well spread in geographical terms with Barbados, The Bahamas and Turks & Caicos Islands showing the highest growth rates.

Announced Acquisition

On November 23, 2005 we announced our intention to acquire ABN AMRO's international banking and asset management business in Curaçao, Netherlands Antilles, subject to regulatory approvals. This transaction will create one of the Region's leading providers of International Banking Services – the business is already the largest International banking operation in Curaçao with assets of about $1 billion and assets under administration of more than $600 million. This business provides a wide range of wealth management and banking services to international private and corporate clients and to the trust and fund services industry. The Curaçao organisation is particularly recognised for its competence in wealth management, asset management and cash management. The Curaçao business will be run as a sixth International Banking Centre in addition to our existing ones in The Bahamas, the Cayman Islands, Barbados, the British Virgin Islands and the Turks & Caicos Islands.

Product Enhancements

November also marked the introduction of our automated straight-through processing capability for international payments, which is compatible with our improved Internet Banking Services and particularly suitable for our international private and corporate clientele. We believe this represents one of the best international payment solutions available anywhere and we intend to market this product with vigour. The introduction of automated international payment processing will allow us to enhance our cash management offering even further in coming months with capabilities for notional pooling/zero balance accounts, concentration accounts, overnight investment products—all tied in with our Internet offering. Our Curaçao acquisition will also allow us to provide improved cash management and asset management products and services to our clients elsewhere.

Industry Specialisation

In an increasingly complex and fast-paced world, we recognise the importance of specialised product offerings and staff dedicated to distinct industry segments. We are, therefore, dedicating specialist staff to industry segments such as captive insurers, fund managers, trading companies, etc., in order to service these segments better. The International Mortgage area is already being led by a "product champion" across all Caribbean countries and "product champions" will be introduced similarly for captive insurers, fund managers, trading companies, etc, shortly. The "product champions" will work closely with their geographically-based colleagues in our six International Banking Centres.

Service Quality

We monitor our service levels carefully, both through our daily contact with clients and through independent client surveys. In the latter category, we are pleased to note that clients report improved service satisfaction with our products, services and staff. Such improvements result in higher client loyalty, which is what we ultimately strive for. We wish to thank those of our clients who participated in the independent client surveys – your feedback is invaluable.

Rebranding

As our stated intent last year, we have focused this past year on migrating our International Banking business towards a broader wealth management business model. With our acquisition in Curaçao, the moment to rebrand has arrived. Therefore, going forward, we will refer to our business segment as FirstCaribbean International Wealth Management, which is both a better reflection of where we now are and of where we are headed. In the past year, we have shown ourselves capable of growing our wealth management business both organically as well as through acquisition and it is our intent to continue to grow by both means in the future. For our clients, this will bring better advice through personal relationship management with value-adding products and services.

Human Resources

Executive Director–Human Resources

Human Resources

Living Our Brand

This financial year FirstCaribbean International Bank Limited continued to focus on building our organisational capability. The continuing success of our business is directly linked to the quality of our leadership, the quality of our teams and the overall motivation and commitment of our people. At FirstCaribbean, we are learning that success comes from integrating the high-quality frameworks and initiatives that deliver excellent leadership and high performance.

The tools, basic training and focus on resourcing excellence, have combined in the last year to buttress even further the bench strength of our Bank's leadership. Our experience is also telling us that we are beginning to deliver an Employee brand that is aligned with our larger goal of "Employer of Choice" in the region. The signals for this are plain to see in our internal employee opinion survey, which continues to rate our employee satisfaction higher than our peer group in the region. Equally, the response to employment opportunities in our business is very positive.

We have fulfilled our mandate and promise this year to formally celebrate the "FirstPartnership" with all the Trade Unions we work with in the region. This is an important relationship for our Bank and we are continuing to enrich this with a mutual commitment to measuring the principles which we agreed upon for this year. This continues to be a living partnership that is providing experience and learning for all parties concerned, inclusive of the wider business and union community. FirstCaribbean does not take this lightly and, again, publicly acknowledges all the Unions in our Partnership that have worked with us, not only to bring us to the point of formal signing, but in working through, on a day-to-day basis, the many communication and consultation requirements of our Members and the Bank.

In this financial year, we worked hard to manage the people costs in the Bank. This is a very significant task since we are committed to our Employer of Choice vision and equally committed to ensuring that our costs get to a competitive cost to income ratio of 50%. We have some way to go on this and continued focus on this area will be necessary to reach our targets.

A very significant development for us this year has been the development and connections made with our relaunched Brand Promise "Get There. Together" and our internal employee brand. This was shared and tested with all of our employees in the latter part of this year with very positive results. This initiative will combine with the Learning and Development agenda to make FirstCaribbean the most successful bank in the region in delivering a differentiated and superior customer experience.

Our strategy allowed us to welcome Trinidad & Tobago into the FirstCaribbean family and has opened new doors to business and a wealth of talent that resides in that market. This will be an ongoing feature of FirstCaribbean as we continue to grow.

We at FirstCaribbean are truly learning how to build "One Team, One Bank." While it may be early in this journey, we are unearthing as we go an energy and commitment from our people that will not only drive business results but will lead us closer to our Mission of First for Employees, First for Customers, resulting in First for Shareholders.

Our Human Resources Leadership Team of Dr Kerry Higgs, Vivian Hinds, Jacqueline Floro-Forde, Geoffrey King, Marco Nozicka, Neil Brennan and Debbie Kellett have again delivered an outstanding agenda. We thank them and wish them continued success.

Marketing

Francis Lewis

Executive Director–Marketing

Marketing

Success through teamwork

The year 2005 has been a very successful one. Our Marketing Teams have contributed significantly to this achievement. Performance such as this is only possible due to the multiple, consistent efforts of many professionals.

Corporate & Internal Communications

The Corporate and Internal Communications team has delivered an outstanding 2005 performance, meeting the set publicity targets. Of significant note has been the development of our PR Network, in which we have a PR Contractor/Resource in each of our 16 operating countries. This network is a first for any pan-regional organisation and its positive impact has been appreciated by our Country Heads. Exposure for the Bank through the print and electronic media is up sharply, with positive impressions outstripping negative articles by more than 20 to 1. This team also continues to give strong support to the various banking segments through campaign support and event management. One of its major achievements for the year has been the management of the Sponsorship and Community Relations programme through the FirstCaribbean Foundation. The Bank's flagship programme, Unsung Heroes, was launched in all 16 countries this year, and once again attracted a panel of eminent Caribbean persons, chaired by Sir Shridath Ramphal, to judge the programme. Its Social Annual Report received an award from the International Association of Business Communicators' Caribbean chapter.

Internal Communications performance has also been strong. At present, we use over two dozen "Communications Vehicles" to reach and engage with our staff and managers. More importantly, the recent Internal Communications staff survey confirmed the impact this work has had; over 81% of our staff spend time reading our monthly in-house magazine, Caribbean Pride, and over 95% of staff regularly use the intranet, which was created by this team. Other Internal Communications vehicles also scored highly with staff. The Web Comms. team has performed very well and has received special commendations for their work on the e-channels project.

Research, Product Development, Pricing & Channel Management

This team has established rigorous, effective systems for product, pricing and channel management, in which we undertake periodic product reviews to optimise value delivered and profitability. They also carry out new product development to anticipate customer needs and their innovation brings great products to market. Our Pricing function works with our business and country heads to manage interest rates, tariffs and fees to optimise customer value and profit, and reinforce our competitiveness and positioning. Our Channel Managers continually refine ways for our customers to engage with us and for us to serve them conveniently, cost-effectively and well.

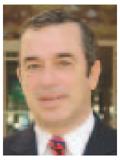
The Research, Product, Pricing and Channel team has delivered a strong 2005 performance. They delivered an aggressive research agenda. Customer satisfaction is important to us. In this regard, we undertake a range of continuous customer surveys, mystery shopping and benchmarking surveys of both our operations and our competitors'. We track customer satisfaction, market share and economic forecasting deeply. The team's Product & Pricing Reviews, aimed at enhancing margins and minimising revenue leakage, have exceeded targets.

Product development support for campaigns has been excellent, as evidenced by the multiple successful campaigns of the last year. Channel Management Performance has been very good, notably Jamaica's channel conversion and the development of our signature "e-channels", Internet and Telephone Banking.

Marketing Operations & Brand Development

This team has delivered an excellent 2005 performance. Working with our internal clients, they have created and launched multiple campaigns to support sales and business development in the Retail, Credit Card, Corporate, Capital Markets and International Banking segments. They have worked at a break-neck pace, typically rolling out one or two campaigns or major initiatives per month. Particularly impressive has been the adaptation and customisation of advertising and promotions to each of our major markets and to smoothly dovetail simultaneous campaigns. This team has conceived and implemented market-leading integrated communication campaigns that visibly and innovatively support our selling efforts. They have consistently achieved a Communications Effectiveness Index in excess of 70% – a powerful accomplishment.

Of particular note in 2005 has been the deepening of the FirstCaribbean Brand. The team has conceptualised, designed, tested and implemented a new Brand Promise and a new "look and feel" by creating entirely new suites of brand advertising for branch, press, radio and, for the first time, TV and outdoor media. This new Brand Campaign was launched in August and initial tracking research is most heartening – it appears we have a winner! This FirstCaribbean brand is now fully established in the region and this team has achieved a very respectable Brand Health Index in excess of 70%, after only three years.



Juan Corral

Chief Operating Officer

Operations & Technology

At the heart of our delivery capabilities

During this year, we have enthusiastically dedicated our energy to organise, plan and execute a renewed set of capabilities that are consistent with our unique single integrated technology platform and that allow for material improvements in processing efficiency, productivity, control and customer service.

Accountability and Ownership

Organising our team in a manner that allows for seamless delivery of products, while also operating in full compliance with each country's laws and regulations, has been our primary objective. We did this at the same time that we were increasing our product offering by adding very relevant technology features and functions in a continuous improvement change programme that places FirstCaribbean at the forefront of innovation.

In Operations, we function with three Regional Processing Centres (RPCs) and 13 Local Processing Centres (LPCs) in 16 countries. We have aligned each RPC with the LPCs that are geographically and legally associated with it and established end-to-end accountability and ownership for processes. This has resulted in material improvements in the quality of processing. Our Technology structure operates primarily out of the three largest hubs (Barbados, The Bahamas and Jamaica) where we keep the best resources to serve our network, maximising our ability to run the platforms and execute a diverse set of enhancements to products and systems.

Trust and Control

We are cognisant of the fact that our customers expect that we exercise care, diligence and control of the transactions that are required from us. Making sure that each member of our staff is adequately trained and coached about controlling banking transactions in every phase of our processes has been one of our most relevant goals in the period. This is one thing that our customers will value as they are giving us one of their most precious assets: their trust!

Our processes are designed for utilisation of manual and automated controls in each product as well as rigorous disciplines in the protection of our customer information and the utilisation of world-class security for customer data and transaction execution.

Daily Efficiency and Productivity in Banking

We are striving to ensure that every transaction is processed with flawless execution, with emphasis in completeness, timeliness, accuracy and speed. This is a long journey but we will be relentlessly pursuing the highest quality in the delivery of our services and we have the backing of our entire team in doing this.

Technology Delivery

During this fiscal period we have been able to deliver to the business a set of enhancements in our platforms that have provided new capabilities in the areas of compliance, regulatory reporting, business continuity, payments, information security, encryption, new Automated Banking Machines and many others.

By the time this report is published, all of our customers will be able to utilise our new E-Payments platform within our Internet Banking offer. This has been a major undertaking and one that will allow all of our customers to pay their credit cards, transfer money to another FirstCaribbean customer in their home country, pay their utility bills online and, most importantly, send and receive international transfers in all currencies with straight-through processing efficiency, which means that the process is automated in its entirety, except for those countries where there are exchange controls – in which case there is a single manual intervention to obtain the necessary approvals.

And we will deliver this for all our 16 countries at the same time!

Chief Risk Officer

Risk Report

Improved Risk Management

Further to the substantial refocusing of our Risk Management function in 2004, the Bank has concentrated still further on developing and deepening its Risk and Control capabilities in 2005. In particular, we have delivered substantive improvements in the tools and methodologies employed by the Bank in controlling its risks, whilst at the same time deepening the focus of risk governance in the organisation. The purpose of these changes has been to establish the risk tolerances of the organisation, provide a means of identifying current and emerging risks, and to make risk management effective within the daily life of all of our staff.

At the same time as delivering these improvements to the infrastructure of our risk management, our teams in Credit, Receivables Management, Portfolio Management, Market Risk, Operational Risk, and Compliance have been delivering increasing value to the organisation as critical enablers of driving growth in our loan portfolios, whilst simultaneously minimising the risk of loss.

With all of the Risk Management teams reporting to one Chief Risk Officer since June 2005, it has also been possible to derive greater synergies between the various risk teams and promote an enterprise-wide approach to managing existing and emerging risks.

Enhanced Recovery Solutions

The results of the activities in 2005 have been very good. Our loan portfolios continue to grow and loan quality has not deteriorated. Our recovery of impaired and non-performing portfolios has improved still further on the excellent results of 2004. We took the opportunity to integrate all impaired loan management and recovery into one team (Receivables Management), which has created synergy and enhanced recovery rates.

At the same time, we reorganised the governance of Risk Management within the Bank, creating a Risk Committee for each of the Strategic Business Units, chaired by the respective Managing Director. Representatives from the risk teams now meet monthly with the senior leadership of the business unit in order to identify risks in the business and propose and/or track remediation. Through this process, business has taken ownership of its risks and responsibility for remediation through solutions delivered in partnership with the specialist expertise in the Risk Management teams.

This in turn is leading to the development of an enterprise-wide risk reporting database, which enables risks to be identified in a transparent and rational way, thus facilitating speedy recognition and resolution. It also greatly enhances the ability of the organisation to set and monitor its risk tolerance and allow these to play their proper role in determining and delivering the strategy of the Bank.

New Business; Better Performance

We have greatly welcomed the opportunity afforded to us in 2005 to develop our lending portfolio in Trinidad & Tobago and also to support the increasingly successful penetration of the Capital Markets team in their chosen markets. Unlike 2004, our portfolios this year have, thankfully, not been unduly affected by hurricanes and we have therefore not been required to extend the moratorium on loan and interest repayments, which was necessary in 2004 as a result of Hurricane Ivan.

Goal-Setting for Higher Standards

Our focus for 2006 will be continuing to support the growth strategies of our business, so that sustainable revenue streams and diverse portfolios prevail. In 2005, we were able to support all the major business lines of the Bank in their quest for quality growth, as well as in internal reorganisation and refocus, in the case of Corporate Banking and Retail Banking.

Our strategic risk focus in 2006 now turns to enhancing our loan portfolio management capabilities, as well as increasing our focus on Basel II, as we embed the improved Risk Management policies, tools, and methodologies throughout our entire organisation. Our goal is to achieve this whilst, at all times, supporting the growth of a quality lending portfolio and management of operational, market, and compliance risks to a high standard.

Financial Statements 2005

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
Scotiabank Centre
Duke Street
PO Box 372
Kingston Jamaica
Telephone (876) 922 6230
Facsimile (876) 922 7581

To the Members of
FirstCaribbean International Bank (Jamaica) Limited

We have audited the financial statements set out on pages 43 to 93, and have received all the information and explanations which we considered necessary. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, proper accounting records have been kept and the financial statements, which are in agreement therewith, give a true and fair view of the state of affairs of the Bank and the Group as at 31 October 2005 and of the results of operations, changes in equity and cash flows of the Bank and the Group for the year then ended, and have been prepared in accordance with International Financial Reporting Standards and comply with the provisions of the Jamaican Companies Act applicable to banking companies.

PricewaterhouseCoopers

Chartered Accountants
Kingston, Jamaica
26 January, 2006

Group Balance Sheet

As at October 31, 2005
(expressed in thousands of Jamaican dollars)

	Notes	2005 $'000	2004 $'000
ASSETS			
Cash resources	3	**6,591,062**	7,351,408
Investment securities	4	**1,503,634**	2,331,756
Government securities purchased under resale agreements	5	**135,357**	565,253
Loans, less provision for impairment	6	**13,863,062**	8,596,236
Net investment in leases	7	**9,239**	16,431
Other assets	8	**429,673**	322,694
Retirement benefit asset	9	**618,410**	493,600
Property, plant and equipment	10	**378,436**	427,083
Deferred taxation	13	**816**	—
		23,529,689	20,104,461
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Customers' deposits	11	**19,863,646**	16,702,965
Other liabilities	12	**308,129**	546,925
Taxation payable		**17,147**	78,071
Retirement benefit obligations	9	**135,400**	104,224
Deferred taxation	13	**171,874**	124,110
		20,496,196	17,556,295
Stockholders' Equity			
Share capital and reserves	14	**2,193,724**	1,784,488
Retained earnings		**839,769**	763,678
		3,033,493	2,548,166
		23,529,689	20,104,461

Approved by the Board of Directors on 26 January 2006 and signed on its behalf by:

M.C. Brady
Director

M.K. Mansoor
Director

A. J. A. Bell
Director

A. C. Rattray
Secretary

Group Statement of Changes in Stockholders' Equity

For the year ended October 31, 2005
(expressed in thousands of Jamaican dollars)

	Notes	Share capital $'000	Reserves $'000	Retained earnings $'000	Total $'000
Balance at 31 October 2003		96,667	1,177,810	892,512	2,166,989
Net profit		—	—	381,177	381,177
Transfer to retained earnings reserve	18	—	450,000	(450,000)	—
Transfer to loan loss reserve	19	—	60,011	(60,011)	—
Balance at 31 October 2004		96,667	1,687,821	763,678	2,548,166
Net profit		—	—	482,777	482,777
Transfer of realised reserves on sale of subsidiary		—	(6,625)	6,625	—
Fair value gains recognised directly in equity	16	—	2,550	—	2,550
Transfer to retained earnings reserve	18	—	370,000	(370,000)	—
Transfer to loan loss reserve	19	—	43,311	(43,311)	—
Balance at 31 October 2005		96,667	2,097,057	839,769	3,033,493

Group Statement of Revenue and Expenses

For the year ended October 31, 2005
(expressed in thousands of Jamaican dollars)

	Notes	2005 $'000	2004 $'000
Interest Income		**2,381,655**	2,375,021
Interest Expense		**(818,989)**	(830,122)
Net Interest Income	21	**1,562,666**	1,544,899
Non-Interest Income	22	**539,162**	517,814
Gain on Sale of Subsidiary	24	**135,445**	—
		2,237,273	2,062,713
Non-Interest Expenses	25	**(1,542,480)**	(1,459,664)
Impairment Losses on Loans		**(67,788)**	(17,281)
Integration/Restructuring Charges		**—**	(51,209)
		(1,610,268)	(1,528,154)
Profit before Taxation	27	**627,005**	534,559
Taxation	28	**(144,228)**	(153,382)
NET PROFIT		**482,777**	381,177
EARNINGS PER STOCK UNIT	30	**$2.50**	$1.97

Group Statement of Cash Flows

For the year ended October 31, 2005
(expressed in thousands of Jamaican dollars)

	Notes	2005 $'000	2004 $'000
Cash Flows from Operating Activities			
Profit before taxation		**627,005**	534,559
Adjustments to reconcile profit to net cash used in operating activities:			
Impairment losses on loans		**67,788**	17,281
Gain on disposal of property, plant and equipment		**(1,253)**	(1,330)
Gain on disposal of subsidiary		**(135,445)**	—
Depreciation		**93,642**	73,789
Interest income		**(2,381,655)**	(2,375,021)
Interest expense		**818,989**	830,122
Unrealised foreign exchange gains		**(6,291)**	(19,326)
		(917,220)	(939,926)
Changes in operating assets and liabilities:			
Loans		**(5,335,257)**	(1,404,307)
Customers' deposits		**3,154,397**	83,873
Net investment in leases		**7,192**	9,201
Retirement benefit asset		**(165,140)**	(84,330)
Retirement benefit obligation		**40,457**	22,413
Other assets		**(115,388)**	58,898
Other liabilities		**(51,302)**	140,253
Statutory reserves with Bank of Jamaica		**322,551**	(87,678)
		(3,059,710)	(2,201,603)
Interest received		**2,430,695**	2,406,834
Interest paid		**(813,066)**	(828,023)
Income tax paid		**(154,589)**	(167,906)
Net cash used in operating activities		**(1,596,670)**	(790,698)
Cash Flows from Investing Activities			
Investment securities, net		**773,352**	403,528
Government securities purchased under resale agreements, net		**92,728**	(138,432)
Net cash inflow on sale of subsidiary		**214,338**	—
Additions to property, plant and equipment		**(48,328)**	(215,144)
Proceeds from disposal of property, plant and equipment		**3,129**	1,914
Net cash provided by investing activities		**1,035,219**	51,866
Net decrease in cash and cash equivalents		**(561,451)**	(738,832)
Effect of exchange rate changes on cash and cash equivalents		**123,997**	136,839
Cash and cash equivalents at beginning of year		**5,484,027**	6,086,020
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	3	**5,046,573**	5,484,027

Balance Sheet

For the year ended October 31, 2005
(expressed in thousands of Jamaican dollars)

	Notes	2005 $,000	2004 $'000
ASSETS			
Cash resources	3	**7,729,462**	7,741,731
Investment securities	4	**1,493,119**	2,300,542
Investments in subsidiaries		**35,000**	36,745
Government securities purchased under resale agreements	5	**48,230**	167,680
Loans, less provision for impairment	6	**11,744,109**	7,305,091
Net investment in leases	7	**9,239**	16,431
Other assets	8	**427,847**	309,428
Retirement benefit asset	9	**598,720**	442,140
Property, plant and equipment	10	**377,744**	424,156
		22,463,470	18,743,944
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Customers' deposits	11	**19,147,368**	16,041,454
Other liabilities	12	**255,760**	195,633
Taxation payable		**6,272**	68,386
Retirement benefit obligations	9	**131,080**	92,929
Deferred taxation	13	**171,874**	114,483
		19,712,354	16,512,885
Stockholders' Equity			
Share capital and reserves	14	**1,968,732**	1,623,533
Retained earnings		**782,384**	607,526
		2,751,116	2,231,059
		22,463,470	18,743,944

Approved by the Board of Directors on 26 January 2006 and signed on its behalf by:

M.C. Brady
Director

M.K. Mansoor
Director

A. J. A. Bell
Director

A.C. Rattray
Secretary

Statement of Changes in Stockholders' Equity

For the year ended October 31, 2005
(expressed in thousands of Jamaican dollars)

	Notes	Share capital $'000	Reserves $'000	Retained earnings $'000	Total $'000
Balance at 31 October 2003		96,667	1,025,166	785,395	1,907,228
Net profit		—	—	323,831	323,831
Transfer to retained earnings reserve	18	—	450,000	(450,000)	—
Transfer to loan loss reserve	19	—	51,700	(51,700)	—
Balance at 31 October 2004		96,667	1,526,866	607,526	2,231,059
Net profit		—	—	517,507	517,507
Fair value gains recognised directly in equity	16	—	2,550	—	2,550
Transfer to retained earnings reserve	18	—	300,000	(300,000)	—
Transfer to loan loss reserve	19	—	42,649	(42,649)	—
Balance at 31 October 2005		96,667	1,872,065	782,384	2,751,116

Statement of Revenue and Expenses

For the year ended October 31, 2005
(expressed in thousands of Jamaican dollars)

	Notes	2005 $'000	2004 $'000
Interest Income		**2,183,728**	2,206,989
Interest Expense		**(759,849)**	(767,249)
Net Interest Income	21	**1,423,879**	1,439,740
Non-Interest Income	22	**493,963**	409,394
Gain on Sale of Subsidiary	24	**228,255**	—
		2,146,097	1,849,134
Non-Interest Expenses	25	**(1,453,734)**	(1,327,501)
Impairment Losses on Loans		**(57,113)**	(15,267)
Integration/Restructuring Charges		—	(55,216)
		(1,510,847)	(1,397,984)
Profit before Taxation	27	**635,250**	451,150
Taxation	28	**(117,743)**	(127,319)
NET PROFIT		**517,507**	323,831

Statement of Cash Flows

For the year ended October 31, 2005
(expressed in thousands of Jamaican dollars)

	Notes	2005 $'000	2004 $'000
Cash Flows from Operating Activities			
Profit before taxation		**635,250**	451,150
Adjustment to reconcile profit to net cash (used in)/provided by operating activities:			
Impairment losses on loans		**57,113**	15,267
Gain on disposal of property, plant and equipment		**(1,269)**	(1,330)
Gain on sale of subsidiary		**(228,255)**	—
Depreciation		**92,738**	71,670
Interest income		**(2,183,728)**	(2,206,989)
Interest expense		**759,849**	767,249
Unrealised foreign exchange gains		**(6,309)**	(19,437)
		(874,611)	(922,420)
Changes in operating assets and liabilities:			
Loans		**(4,499,494)**	(786,040)
Customers' deposits		**3,094,218**	(64,179)
Net investment in leases		**7,192**	9,201
Retirement benefit asset		**(156,580)**	(77,690)
Retirement benefit obligations		**38,151**	20,073
Other assets		**(117,807)**	100,693
Other liabilities		**(57,200)**	(159,960)
Statutory reserves at Bank of Jamaica		**330,196**	(83,456)
		(2,235,935)	(1,963,778)
Interest received		**2,232,529**	2,246,068
Interest paid		**(748,514)**	(769,332)
Income tax paid		**(122,466)**	(145,208)
Cash used in operating activities		**(874,386)**	(632,250)
Cash Flows from Investing Activities			
Government securities purchased under resale agreements ,net		**112,656**	157,703
Investment securities, net		**771,057**	348,174
Proceeds from sale of subsidiary		**230,000**	—
Additions to property, plant and equipment		**(47,996)**	(214,794)
Proceeds from disposal of property, plant and equipment		**2,939**	1,915
Net cash provided by investing activities		**1,068,656**	292,998
Net increase/(decrease) in cash and cash equivalents		**194,270**	(339,252)
Effect of exchange rate changes on cash and cash equivalents		**123,997**	136,839
Cash and cash equivalents at beginning of year		**5,883,649**	6,086,062
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	3	**6,201,916**	5,883,649

Notes to the Financial Statements

For the year ended October 31, 2005
(expressed in thousands of Jamaican dollars)

1. **Identification and Activities**

FirstCaribbean International Bank (Jamaica) Limited (the Bank), which was incorporated and is domiciled in Jamaica, is a 94.80% (2004 – 94.80%) 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 subsidiaries, which are 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

Effective April 30, 2005, the Bank sold its entire shareholding in FirstCaribbean International Securities Limited to FirstCaribbean International Bank (Barbados) Limited (Note 24).

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

2. **Summary of 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".

2. **Significant Accounting Policies (continued)**

(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 recognised 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 recognised 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.

2. Significant Accounting Policies (continued)

(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.

2. Significant Accounting Policies (continued)

(i) Employee benefits

(i) Pension plans

The Group operates a defined contribution plan and a defined benefit plan, the assets of which are generally held in separate trustee-administered funds. The pension plans are funded by payments from employees and by Group, taking into account the recommendations of independent qualified actuaries.

A defined contribution plan is a plan under which the Group pays fixed contributions into a separate fund. The Group has no legal or constructive obligation beyond paying these contributions. These contributions are charged to the statement of revenue and expenses in the period to which they relate.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation. 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

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.

2. Significant Accounting Policies (continued)

(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 recognised 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 recognised 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 on transition to IFRS on 1 November 2002. 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	Shorter of lease life or 10%
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.

2. Significant Accounting Policies (continued)

(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 recoverable amounts and interest income is thereafter recognised 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 recognised 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 recognised on completion of the underlying transaction. Asset management fees related to investment funds are recognised ratably over the period the service is provided.

2. Summary of Significant Accounting Policies (continued)

(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.

(expressed in thousands of Jamaican dollars)

3. Cash Resources

	The Group		The Bank	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Cash	**231,986**	185,339	**231,984**	185,337
Deposit with Central Bank — interest bearing	**2,042,235**	2,547,672	**2,042,235**	2,547,672
Deposit with Central Bank — non-interest bearing	**929,836**	866,004	**912,893**	856,706
Other money market placements	**3,345,172**	3,647,177	**4,492,172**	4,044,177
Cash resources	**6,549,229**	7,246,192	**7,679,284**	7,633,892
Interest receivable	**41,833**	105,216	**50,178**	107,839
	6,591,062	7,351,408	**7,729,462**	7,741,731
Mandatory reserve deposits with Central Bank (Note 36)	**(1,544,489)**	(1,867,381)	**(1,527,546)**	(1,858,082)
Cash and cash equivalents	**5,046,573**	5,484,027	**6,201,916**	5,883,649

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% (2004 - 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 1% (2004 – 5%) of the Bank's prescribed liabilities. The special deposit maintained with the Central Bank at year end was $96,002,000 (2004 – $466,378,000). 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$3,069,000 (2004 – $160,228,000) for the Group and Nil (2004 – J$127,632,000) for the Bank.

4. Investment Securities

(i) Held to Maturity Securities — at Amortised Cost

	The Group		The Bank	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Securities issued or guaranteed by Government				
Debentures	**154,850**	220,378	**144,850**	199,378
Debt securities	**475,785**	909,707	**475,785**	909,707
Local registered stocks	**412,778**	651,912	**412,778**	643,034
	1,043,413	1,781,997	**1,033,413**	1,752,119

(expressed in thousands of Jamaican dollars)

4. Investment Securities (continued)

(ii) Originated Loans — at Amortised Cost

	The Group		The Bank	
	2005 $'000	**2004 $'000**	**2005 $'000**	**2004 $'000**
Securities issued or guaranteed by Government				
Treasury bills	**288,501**	315,865	**288,501**	315,865
Debentures	**85,000**	110,000	**85,000**	110,000
Local registered stocks	**33,556**	33,561	**33,556**	33,561
	407,057	459,426	**407,057**	459,426

(iii) Available for Sale Securities — at Fair Value

	The Group		The Bank	
	2005 $'000	**2004 $'000**	**2005 $'000**	**2004 $'000**
Balance at beginning of year	**14,336**	22,630	**14,336**	22,630
Disposals	—	(8,373)	—	(8,373)
Fair value and foreign exchange gains	**2,568**	79	**2,568**	79
	16,904	14,336	**16,904**	14,336
Balance at end of year	**1,467,374**	2,255,759	**1,457,374**	2,225,881
Interest receivable	**36,260**	75,997	**35,745**	74,661
	1,503,634	2,331,756	**1,493,119**	2,300,542

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	
	2005 $'000	**2004 $'000**	**2005 $'000**	**2004 $'000**
Government securities purchased under resale agreements	**130,264**	551,229	**46,111**	158,767
Interest receivable	**5,093**	14,024	**2,119**	8,913
	135,357	565,253	**48,230**	167,680

(expressed in thousands of Jamaican dollars)

6. Loans, Less Provision for Impairment

	The Group		The Bank	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Mortgages	**2,119,411**	1,283,644	**—**	—
Personal loans	**3,809,947**	2,996,323	**3,809,947**	2,996,323
Business loans	**7,965,155**	4,310,160	**7,965,155**	4,310,160
	13,894,513	8,590,127	**11,775,102**	7,306,483
Less: Provision for impairment	**(178,437)**	(141,520)	**(160,077)**	(133,839)
	13,716,076	8,448,607	**11,615,025**	7,172,644
Interest receivable	**146,986**	147,629	**129,084**	132,447
	13,863,062	8,596,236	**11,744,109**	7,305,091

In 2004 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$3,760,000 (2004 – US$4,700,000) every quarter commencing September 2004 and ending September 2009.

Swap 2 — The Bank pays 7.75% per annum fixed and receives 4.18% plus US dollar LIBOR on a notional amount of US$2,227,000 (2004 – US$2,370,000) monthly commencing October 2004 and ending October 2011.

The combined fair value of these interest rate swaps at 31 October 2005 is positive US$182,000 (2004 – negative US$25,000).

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

	The Group		The Bank	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Balance at beginning of year	141,520	128,485	133,839	123,005
Provided during the year	67,741	17,281	57,066	15,267
Amounts recovered	8,529	6,517	8,525	6,330
Amounts written off	(39,353)	(10,763)	(39,353)	(10,763)
Balance at end of year	178,437	141,520	160,077	133,839
These comprise:-				
Specific provision	109,076	83,018	96,454	77,795
General provision	69,361	58,502	63,623	56,044

As at 31 October 2005, loans with principal balances outstanding of J$235,703,000 (2004 – J$224,712,000) for the Group and J$206,715,000 (2004 – J$212,760,000) for the Bank were in non-performing status.

(expressed in thousands of Jamaican dollars)

6. Loans, Less Provision for Impairment (continued)

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

	The Group		The Bank	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Specific provision	**144,314**	113,845	**137,965**	110,631
General provision	**137,445**	87,686	**116,461**	74,908
	281,759	201,531	**254,426**	185,539
Excess of regulatory provision over IFRS provision reflected in non-distributable loan loss reserve (Note 19)	**103,322**	60,011	**94,349**	51,700

7. Net Investment in Leases

	The Group and the Bank	
	2005 $'000	2004 $'000
Total minimum lease payments receivable	**12,936**	19,025
Unearned income	**(3,617)**	(2,561)
	9,319	16,464
Less: Provision for impairment losses	**(80)**	(33)
	9,239	16,431

Future minimum lease payments are receivable as follows:

	2005 $'000	2004 $'000
2005	—	7,947
2006	**7,229**	2,818
2007	**2,108**	8,260
2008	**2,006**	—
2009	**1,593**	—
	12,936	19,025

(expressed in thousands of Jamaican dollars)

8. Other Assets

	The Group		The Bank	
	2005 $'000	**2004 $'000**	**2005 $'000**	**2004 $'000**
Cheques and other items in transit, net	**270,834**	157,268	**271,638**	170,775
Prepayments and deferred items	**7,380**	27,549	**7,135**	27,101
Due from parent company	**65,820**	—	**65,820**	—
Due from affiliates	—	5,800	—	5,800
Withholding tax	**63,882**	71,391	**63,882**	71,391
Other	**21,757**	60,686	**19,372**	34,361
	429,673	322,694	**427,847**	309,428

9. Retirement Benefits

Amounts recognised in the balance sheet:

	The Group		The Bank	
	2005 $'000	**2004 $'000**	**2005 $'000**	**2004 $'000**
Pension scheme	**618,410**	493,600	**598,720**	442,140
Other post retirement benefits	**(135,400)**	(104,224)	**(131,080)**	(92,929)

(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 2005.

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

	The Group		The Bank	
	2005 $'000	**2004 $'000**	**2005 $'000**	**2004 $'000**
Fair value of plan assets	**1,353,480**	1,187,050	**1,310,380**	1,093,680
Present value of funded obligations	**(502,410)**	(561,250)	**(486,410)**	(517,110)
Unrecognised actuarial gains	**(232,660)**	(132,200)	**(225,250)**	(134,430)
Asset in the balance sheet	**618,410**	493,600	**598,720**	442,140

At 31 October 2005, pension plan assets include the parent company's ordinary stock units with a fair value of $7,622,000. At 31 October 2004, pension plan assets included the Bank's and its parent company's ordinary stock units with a fair value of $10,000,000.

(expressed in thousands of Jamaican dollars)

9. Retirement Benefits (continued)

(a) Pension Scheme (continued)

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

	The Group		The Bank	
	2005 $'000	**2004 $'000**	**2005 $'000**	**2004 $'000**
Current service cost, net of employee contributions	**24,720**	25,100	**26,230**	23,130
Interest cost	**66,560**	69,010	**64,440**	63,580
Expected return on plan assets	**(178,460)**	(171,710)	**(172,780)**	(158,200)
Actuarial gains recognised during the year	**(77,960)**	—	**(74,470)**	—
Included in staff costs (Note 26)	**(165,140)**	(77,600)	**(156,580)**	(71,490)

The actual return on plan assets for the Group was $244,000,000 (2004: $261,770,000) and the Bank $227,000,000 (2004 – $264,850,000).

Movement in the asset recognised in the balance sheet:

	The Group		The Bank	
	2005 $'000	**2004 $'000**	**2005 $'000**	**2004 $'000**
At 1 November	**493,600**	409,270	**442,140**	364,450
Total income	**165,140**	77,600	**156,580**	71,490
Contributions paid	—	6,730	—	6,200
Elimination on sale of subsidiary	**(40,330)**	—	—	—
At 31 October	**618,410**	493,600	**598,720**	442,140

The principal actuarial assumptions used were as follows:

	The Group and The Bank	
	2005	**2004**
Discount rate	12.0%	12.5%
Expected return on plan assets	13.5%	13.0%
Future salary increases	10.0%	10.0%
Future pension increases	4.0%	4.5%

For the year ended 31 October 2005, plan assets, pension obligations and actuarial gains and losses were allocated to each entity based on the number of permanent employees. In prior years, plan assets, pension obligations and actuarial gains and losses were allocated to each entity based on contributions paid.

(expressed in thousands of Jamaican dollars)

9. **Retirement Benefits (continued)**

(b) **Retirement Benefit Obligation**

In addition to pension benefits, the Group 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 10.0% per year (2004 – 11.5%).

The amounts recognised in the balance sheet are as follows:

	The Group		The Bank	
	2005 $'000	**2004 $'000**	**2005 $'000**	**2004 $'000**
Present value of unfunded obligations	**32,210**	105,221	**31,180**	94,210
Unrecognised actuarial losses/(gains)	**103,190**	(997)	**99,900**	(1,281)
Liability in the balance sheet	**135,400**	104,224	**131,080**	92,929

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

	The Group		The Bank	
	2005 $'000	**2004 $'000**	**2005 $'000**	**2004 $'000**
Current service cost	**2,619**	10,186	**1,670**	9,120
Interest cost	**8,620**	12,805	**8,351**	11,470
Actuarial losses recognised in year	**30,360**	—	**29,240**	—
Total included in staff costs (Note 26)	**41,599**	22,991	**39,261**	20,590
Movements in the amounts recognised in the balance sheet:				
Liability at beginning of year	**104,224**	81,811	**92,929**	72,856
Total expense, as above	**41,599**	22,991	**39,261**	20,590
Contributions paid	**(1,142)**	(578)	**(1,110)**	(517)
Elimination on sale of subsidiary	**(9,281)**	—	—	—
Liability at end of year	**135,400**	104,224	**131,080**	92,929

(expressed in thousands of Jamaican dollars)

10. Property, Plant and Equipment

	The Group				
	Land $'000	**Buildings $'000**	**Leasehold Improvements $'000**	**Furniture Computer Equipment and Motor Vehicles $'000**	**Total $'000**
Cost —					
1 November 2004	3,900	46,106	79,002	747,344	876,352
Additions	—	1,709	7,376	39,243	48,328
Disposals	—	—	—	(9,290)	(9,290)
Elimination on sale of subsidiary	—	—	(132)	(18,355)	(18,487)
31 October 2005	3,900	47,815	86,246	758,942	896,903
Accumulated Depreciation —					
1 November 2004	—	13,661	61,766	373,842	449,269
Charge for the year	—	1,171	4,257	88,214	93,642
Relieved on disposals	—	—	—	(7,414)	(7,414)
Elimination on sale of subsidiary	—	—	—	(17,030)	(17,030)
31 October 2005	—	14,832	66,023	437,612	518,467
Net Book Value —					
31 October 2005	3,900	32,983	20,223	321,330	378,436
31 October 2004	3,900	32,445	17,236	373,502	427,083

(expressed in thousands of Jamaican dollars)

10. Property, Plant and Equipment (continued)

	The Bank				
	Land $'000	**Buildings $'000**	**Leasehold Improvements $'000**	**Furniture Computer Equipment and Motor Vehicles $'000**	**Total $'000**
Cost —					
1 November 2004	3,900	46,106	78,825	725,516	854,347
Additions	—	1,709	7,376	38,911	47,996
Disposals	—	—	—	(7,683)	(7,683)
31 October 2005	3,900	47,815	86,201	756,744	894,660
Accumulated Depreciation —					
1 November 2004	—	13,661	61,766	354,764	430,191
Charge for the year	—	1,171	4,257	87,310	92,738
Relieved on disposals	—	—	—	(6,013)	(6,013)
31 October 2005	—	14,832	66,023	436,061	516,916
Net Book Value —					
31 October 2005	3,900	32,983	20,178	320,683	377,744
31 October 2004	3,900	32,445	17,059	370,752	424,156

Included in the table above are amounts totaling $14,430,000 (2004— $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 on transition to IFRS on 1 November 2002.

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

11. Customers' Deposits

	The Group		The Bank	
	2005 $'000	**2004 $'000**	**2005 $'000**	**2004 $'000**
Individuals	**10,676,014**	9,317,841	**10,077,874**	8,726,494
Business and Government	**8,700,575**	7,141,319	**8,584,176**	7,048,780
Banks	**423,393**	186,426	**426,463**	219,021
	19,799,982	16,645,586	**19,088,513**	15,994,295
Interest payable	**63,664**	57,379	**58,855**	47,159
	19,863,646	16,702,965	**19,147,368**	16,041,454

(expressed in thousands of Jamaican dollars)

12. Other Liabilities

	The Group		The Bank	
	2005	**2004**	**2005**	**2004**
	$'000	**$'000**	**$'000**	**$'000**
Due to parent company	**14,671**	329,993	—	17,197
Withholding tax	**5,905**	5,061	—	—
Other	**287,553**	211,871	**255,760**	178,436
	308,129	546,925	**255,760**	195,633

13. Deferred Taxation

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 33 1/3% for the Bank and FirstCaribbean International Securities Limited, and 30% for FirstCaribbean International Building Society.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities. The amounts determined after appropriate setting off are as follows:

	The Group		The Bank	
	2005	**2004**	**2005**	**2004**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax assets	**816**	—	—	—
Deferred tax liabilities	**(171,874)**	(124,110)	**(171,874)**	(114,483)
	(171,058)	(124,110)	**(171,874)**	(114,483)

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

	The Group		The Bank	
	2005	**2004**	**2005**	**2004**
	$'000	**$'000**	**$'000**	**$'000**
Balance as at 1 November	**124,110**	152,180	**114,483**	136,452
Charge/(credit) to statement of revenue and expenses	**55,984**	(28,070)	**57,391**	(21,969)
Elimination on sale of subsidiary	**(9,036)**	—	—	—
Balance as at 31 October	**171,058**	124,110	**171,874**	114,483

(expressed in thousands of Jamaican dollars)

13. Deferred Taxation (continued)

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

	The Group		The Bank	
	2005	**2004**	**2005**	**2004**
	$'000	**$'000**	**$'000**	**$'000**
Deferred income tax assets				
Accelerated depreciation	—	140	—	—
Impairment loan losses	**1,721**	737	—	—
Employee benefits and restructuring costs	**56,902**	65,557	**54,957**	60,714
Other temporary differences	**5,151**	9,494	**2,000**	8,002
	63,774	75,928	**56,957**	68,716
Deferred income tax liabilities				
Pensions	**205,480**	164,083	**199,573**	147,380
Unrealised exchange gain	**2,103**	6,479	**2,103**	6,479
Allowance for loan impairment	**2,806**	2,806	**2,806**	2,806
Accelerated tax depreciation	**24,443**	26,670	**24,349**	26,534
	234,832	200,038	**228,831**	183,199
Net deferred tax liability	**171,058**	124,110	**171,874**	114,483

Deferred income tax liabilities have not been provided for on the withholding and other taxes that would be payable on the undistributed earnings of subsidiaries to the extent that such earnings are permanently reinvested. Such earnings totaled $57,386,000 at 31 October 2005 (2004 — $155,024,000).

(expressed in thousands of Jamaican dollars)

14. Share Capital and Reserves

	The Group		The Bank	
	2005 $'000	2004 $'000	2005 $'000	2004 $'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)	**12,833**	19,458	**12,833**	12,833
Fair value reserve – available for sale investments (Note 16)	**2,550**	—	**2,550**	—
Statutory reserve fund (Note 17)	**156,667**	156,667	**121,667**	121,667
Retained earnings reserves (Note 18)	**1,776,163**	1,406,163	**1,640,666**	1,340,666
Loan loss reserve (Note 19)	**103,322**	60,011	**94,349**	51,700
Building Society reserve (Note 20)	**45,522**	45,522	—	—
	2,097,057	1,687,821	**1,872,065**	1,526,866
Total share capital and reserves at end of the year	**2,193,724**	1,784,488	**1,968,732**	1,623,533

15. Capital Reserves

	The Group		The Bank	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Comprised of:				
Unrealised —				
Capitalisation of earnings in subsidiary	—	5,000	—	—
Surplus on revaluation of premises	**5,493**	6,188	**5,493**	5,493
Arising on consolidation	—	930	—	—
	5,493	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	**12,833**	19,458	**12,833**	12,833

(expressed in thousands of Jamaican dollars)

16. Fair Value Reserves — Available For Sale Investments

	The Group		The Bank	
	2005 $'000	**2004 $'000**	**2005 $'000**	**2004 $'000**
Balance at beginning of year	—	—	—	—
Fair value gains on available for sale investments during the year	**2,550**	—	**2,550**	—
Balance at end of the year	**2,550**	—	**2,550**	—

17. Statutory Reserve Fund

	The Group		The Bank	
	2005 $'000	**2004 $'000**	**2005 $'000**	**2004 $'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.

18. Retained Earnings Reserve

	The Group		The Bank	
	2005 $'000	**2004 $'000**	**2005 $'000**	**2004 $'000**
Balance at beginning of year	**1,406,163**	956,163	**1,340,666**	890,666
Transfer from retained earnings	**370,000**	450,000	**300,000**	450,000
Balance at end of the year	**1,776,163**	1,406,163	**1,640,666**	1,340,666

Sections 2 of the Banking Act 1992, the Financial Institutions Act and the Bank of Jamaica (Building 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 must be notified to the Bank of Jamaica.

(expressed in thousands of Jamaican dollars)

19. Loan Loss Reserve

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

20. Building Society Reserve

	The Group		The Bank	
	2005	**2004**	**2005**	**2004**
	$'000	**$'000**	**$'000**	**$'000**
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.

21. Net Interest Income

	The Group		The Bank	
	2005	**2004**	**2005**	**2004**
	$'000	**$'000**	**$'000**	**$'000**
Loans	**1,745,199**	1,398,222	**1,493,266**	1,243,433
Securities	**327,053**	498,575	**303,621**	464,529
Other	**309,403**	478,224	**386,841**	499,027
	2,381,655	2,375,021	**2,183,728**	2,206,989
Interest expense	**(818,989)**	(830,122)	**(759,849)**	(767,249)
	1,562,666	1,544,899	**1,423,879**	1,439,740

22. Non-interest Income

	The Group		The Bank	
	2005	**2004**	**2005**	**2004**
	$'000	**$'000**	**$'000**	**$'000**
Net fees and commissions	**351,321**	324,058	**306,104**	215,527
Net foreign exchange trading income	**138,009**	146,805	**138,027**	146,916
Other	**49,832**	46,951	**49,832**	46,951
	539,162	517,814	**493,963**	409,394

(expressed in thousands of Jamaican dollars)

23. Net Foreign Exchange Trading Income

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

24. Gain on Sale of Subsidiary

Effective 30 April 2005, the Bank sold its entire shareholding in FirstCaribbean International Securities Limited to FirstCaribbean International Bank (Barbados) Limited.

Assets and liabilities sold were as follows:

	The Group
	$'000
Assets	
Cash resources	15,662
Investment securities	17,583
Government securities purchased under resale agreements	328,237
Other assets	9,021
Taxation recoverable	5,421
Retirement benefit asset	40,330
Property, plant and equipment	1,457
	417,711
Liabilities	
Other liabilities	304,839
Deferred taxation	9,036
Retirement benefit obligation	9,281
	323,156
Net Assets	94,555
Sales proceeds, net	(230,000)
Gain on Sale of Subsidiary	(135,445)
Sales proceeds, net	230,000
Less: Cash and cash equivalents in subsidiary sold	15,662
Net cash inflow on sale of subsidiary	214,338

	The Bank
	$'000
Sales proceeds, net	230,000
Cost of investment in subsidiary	(1,745)
Gain on Sale of Subsidiary	228,255

(expressed in thousands of Jamaican dollars)

25. Non-interest Expenses

	The Group		The Bank	
	2005	**2004**	**2005**	**2004**
	$'000	**$'000**	**$'000**	**$'000**
Employee compensation and benefits (Note 26)	**693,905**	673,280	**662,838**	626,289
Depreciation	**93,642**	73,789	**92,738**	71,671
Occupancy costs	**175,373**	166,638	**168,495**	157,507
Other	**579,560**	545,957	**529,663**	472,034
	1,542,480	1,459,664	**1,453,734**	1,327,501

26. Employee Compensation and Benefits

	The Group		The Bank	
	2005	**2004**	**2005**	**2004**
	$'000	**$'000**	**$'000**	**$'000**
Wages and salaries	**642,272**	617,785	**612,201**	578,281
Statutory contributions	**64,940**	59,403	**61,496**	57,930
Pension costs —				
Defined benefit plan (Note 9)	**(165,140)**	(77,600)	**(156,580)**	(71,490)
Defined contribution plan	**5,552**	956	**5,391**	858
Other post retirement benefits (Note 9)	**41,599**	22,991	**39,621**	20,590
Staff welfare	**90,315**	49,745	**86,342**	40,120
Redundancy	**14,367**	—	**14,367**	—
	693,905	673,280	**662,838**	626,289

Number of persons employed at end of the year:

	The Group		The Bank	
	2005	**2004**	**2005**	**2004**
	No	**No**	**No**	**No**
Full-time	397	359	382	337
Part-time	74	115	74	112
	471	474	456	449

(expressed in thousands of Jamaican dollars)

27. Profit before Taxation

Profit before taxation is stated after charging:

	The Group		The Bank	
	2005 $'000	**2004 $'000**	**2005 $'000**	**2004 $'000**
Depreciation and amortisation	**93,642**	73,789	**92,738**	71,670
Directors' emoluments –				
Fees	**1,489**	2,232	**1,489**	1,488
Management remuneration	**23,754**	23,210	**15,394**	14,957
Terminal gratuity	**7,476**	—	**7,476**	—
Management fees	**131,589**	139,752	**108,668**	106,546
Restructuring costs	—	51,209	—	55,216
Auditors' remuneration —				
Current year	**7,249**	5,223	**5,576**	3,687
Prior year	**1,230**	—	**1,230**	—

28. Taxation

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

	The Group		The Bank	
	2005 $'000	**2004 $'000**	**2005 $'000**	**2004 $'000**
Current income tax	**87,806**	178,569	**59,907**	147,838
Prior year under provision	**438**	2,883	**445**	1,450
Deferred income tax	**55,984**	(28,070)	**57,391**	(21,969)
	144,228	153,382	**117,743**	127,319

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.

(expressed in thousands of Jamaican dollars)

28. Taxation (continued)

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

	The Group		The Bank	
	2005 $'000	**2004 $'000**	**2005 $'000**	**2004 $'000**
Profit before taxation	**627,005**	534,559	**635,250**	451,150
Tax calculated at 33 1/3%	**209,002**	178,186	**211,750**	150,383
Effect of:				
Different tax rate applicable to mortgage financing subsidiary	**(2,316)**	(1,699)	—	—
Prior year under provision	**438**	2,883	**445**	1,450
Gain on sale of subsidiary	**(45,149)**	—	**(76,085)**	—
Tax free investment income	**(21,146)**	(34,328)	**(21,146)**	(34,328)
Expenses not deductible for tax purposes	**858**	1,062	**858**	1,010
Other charges and allowances	**2,541**	7,278	**1,921**	8,804
Income tax expense	**144,228**	153,382	**117,743**	127,319

29. Net Profit

	2005 $'000	**2004 $'000**
The net profit is dealt with as follows in the financial statements of:		
The Bank	**517,507**	323,831
Subsidiaries	**58,080**	57,346
Post acquisition earnings of subsidiary sold during the year	**(92,810)**	—
	482,777	381,177

30. Earnings Per Stock Unit

The calculation of earnings per ordinary stock unit is based on the net profit for the year of J$482,777,000 (2004 – J$381,177,000) 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.

(expressed in thousands of Jamaican dollars)

31. Fair Value of Financial Instruments (continued)

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 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.

(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 amortised 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	**Fair Value**	**Carrying Value**	**Fair Value**
	2005 $'000	**2004 $'000**	**2005 $'000**	**2004 $'000**
Financial Assets				
Cash resources	**6,591,062**	6,591,062	**7,351,408**	7,351,408
Investments	**1,503,634**	1,552,305	**2,331,756**	2,406,757
Government securities purchased under resale agreements	**135,357**	135,255	**565,253**	568,828
Loans	**13,863,062**	13,863,062	**8,596,236**	8,596,236
Net investment in leases	**9,239**	9,239	**16,431**	16,431
Other assets	**429,673**	429,673	**322,694**	322,694
Financial Liabilities				
Customer deposits	**19,863,646**	19,863,646	**16,702,965**	16,702,965
Other liabilities	**308,129**	308,129	**546,925**	546,925

(expressed in thousands of Jamaican dollars)

31. Fair Value of Financial Instruments (continued)

	The Bank			
	Carrying Value	Fair Value	Carrying Value	Fair Value
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Financial Assets				
Cash resources	**7,729,462**	7,729,462	**7,741,731**	7,741,731
Investments	**1,493,119**	1,541,673	**2,300,542**	2,370,986
Investments in subsidiaries	**35,000**	317,377	**36,745**	1,834,676
Government securities purchased under resale agreements	**48,230**	48,024	**167,680**	168,201
Loans	**11,744,109**	11,744,109	**7,305,091**	7,305,091
Net investment in leases	**9,239**	9,239	**16,431**	16,431
Other assets	**427,847**	427,847	**309,428**	309,428
Financial Liabilities				
Customer deposits	**19,147,368**	19,147,368	**16,041,454**	16,041,454
Other liabilities	**255,760**	255,760	**195,633**	195,633

(expressed in thousands of Jamaican dollars)

32. Financial Risk Management

(a) Interest rate risk

The following tables summarise 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) 2005 $'000	Within 3 Months 2005 $'000	3 to 12 Months 2005 $'000	1 to 5 Years 2005 $'000	Over 5 Years 2005 $'000	Non-Rate Sensitive 2005 $'000	Total 2005 $'000
Cash resources	176,800	5,224,296	309,000	—	—	880,966	6,591,062
Investments(2)							
– Held to maturity	—	93,341	215,684	225,123	541,084	—	1,075,232
– Originated debt	—	241,948	144,550	25,000	—	—	411,498
– Available for sale	—	—	—	—	—	16,904	16,904
Government securities purchased under resale agreements							
– Originated debts	49,002	35,039	51,316	—	—	—	135,357
Loans	1,221,019	525,206	450,289	5,307,233	6,359,107	208 (3)	13,863,062
Net investment in leases	—	—	4,729	4,510	—	—	9,239
Other assets	—	—	—	—	—	429,673 (4)	429,673
Retirement benefit asset	—	—	—	—	—	618,410	618,410
Property, plant and equipment	—	—	—	—	—	378,436	378,436
Deferred taxation	—	—	—	—	—	816	816
Total assets	1,446,821	6,119,830	1,175,568	5,561,866	6,900,191	2,325,413	23,529,689
Customers' deposits	10,650,083	2,482,826	1,043,598	2,738,295	339,007	2,609,837	19,863,646
Other liabilities	—	—	—	—	—	308,129	308,129
Taxation payable	—	—	—	—	—	17,147	17,147
Retirement benefit obligation	—	—	—	—	—	135,400	135,400
Deferred taxation	—	—	—	—	—	171,874	171,874
Total liabilities	10,650,083	2,482,826	1,043,598	2,738,295	339,007	3,242,387	20,496,196
Total interest rate sensitivity gap	(9,203,262)	3,637,004	131,970	2,823,571	6,561,184	—	—
Cumulative gap	(9,203,262)	(5,566,258)	(5,434,288)	(2,610,717)	3,950,467	—	—
As at 31 October 2004							
Total interest rate sensitivity gap	(8,641,391)	2,110,510	509,519	4,594,240	3,799,145	—	—
Cumulative gap	(8,641,391)	(6,530,881)	(6,021,362)	(1,427,122)	2,372,023	—	—

(expressed in thousands of Jamaican dollars)

32. Financial Risk Management (continued)

(a) Interest rate risk (continued)

	The Bank						
	Immediately Rate Sensitive (1)	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Rate Sensitive	Total
	2005 $'000	2005 $'000	2005 $'000	2005 $'000	2005 $'000	2005 $'000	2005 $'000
Cash resources	176,800	6,379,641	309,000	—	—	864,021	7,729,462
Investments (2)							
– Held to maturity	—	82,826	215,684	225,123	541,084	—	1,064,717
– Originated debt	—	241,948	144,550	25,000	—	—	411,498
– Available for sale	—	—	—	—	—	16,904	16,904
Investment in subsidiaries	—	—	—	—	—	35,000	35,000
Government securities purchased under resale agreements							
– Originated debts	—	30,065	18,165	—	—	—	48,230
Loans	1,221,019	495,617	434,951	5,270,081	4,322,233	208 (3)	11,744,109
Net investment in leases	—	—	4,729	4,510	—	—	9,239
Other assets	—	—	—	—	—	427,847 (4)	427,847
Retirement benefit asset	—	—	—	—	—	598,720	598,720
Property, plant and equipment	—	—	—	—	—	377,744	377,744
Total assets	1,397,819	7,230,097	1,127,079	5,524,714	4,863,317	2,320,444	22,463,470
Customers' deposits	10,180,077	2,366,322	964,741	2,736,495	289,896	2,609,837	19,147,368
Other liabilities	—	—	—	—	—	255,760	255,760
Taxation payable	—	—	—	—	—	6,272	6,272
Retirement benefit obligation	—	—	—	—	—	131,080	131,080
Deferred taxation	—	—	—	—	—	171,874	171,874
Total liabilities	10,180,077	2,366,322	964,741	2,736,495	289,896	3,174,823	19,712,354
Total interest rate sensitivity gap	(8,782,258)	4,863,775	162,338	2,788,219	4,573,421	—	—
Cumulative gap	(8,782,258)	(3,918,483)	(3,756,145)	(967,926)	3,605,495	—	—
As at 31 October 2004							
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	—	—

(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.

(expressed in thousands of Jamaican dollars)

32. **Financial Risk Management (continued)**

(a) **Interest rate risk (continued)**

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

	The Group					
	2005					
	Immediately Rate Sensitive %	Within 3 Months %	3 to 12 Months %	1 to 5 Years %	Over 5 Years %	Total %
Cash resources	—	6.91	13.86	—	—	7.29
Investments[(1)] — held to maturity	—	17.31	20.42	12.55	14.63	14.88
Investments[(1)] — originated loans	—	14.99	14.62	14.93	—	14.85
Government securities purchased under resale agreements	12.45	13.03	14.07	—	—	13.21
Loans[(2)]	36.88	10.23	11.55	15.68	17.16	17.88
Net investment in leases	—	—	24.61	25.48	—	25.38
Customer deposits[(3)]	2.46	9.12	8.66	5.20	10.09	4.39

	The Bank					
	2005					
	Immediately Rate Sensitive %	Within 3 Months %	3 to 12 Months %	1 to 5 Years %	Over 5 Years %	Total %
Cash resources	—	6.91	13.86	—	—	7.29
Investments[(1)] — held to maturity	—	17.31	20.42	12.55	14.63	14.88
Investments[(1)] — originated loans	—	14.99	14.62	14.93	—	14.85
Government securities purchased under resale agreements	—	13.13	14.13	—	—	13.51
Loans[(2)]	36.88	10.04	11.48	15.68	18.54	18.54
Net investment in leases	—	—	24.61	25.48	—	25.38
Customer deposits[(3)]	2.09	9.07	8.52	5.20	10.00	3.56

(expressed in thousands of Jamaican dollars)

32. Financial Risk Management (continued)

(a) Interest rate risk (continued)

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	19.88
Net investment in leases	—	—	32.94	24.78	—	26.61
Customer 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 loans	—	18.13	19.62	—	—	19.22
Loans(2)	39.95	19.70	17.37	15.43	24.91	20.68
Net investment in leases	—	—	32.94	24.78	—	26.61
Customer deposits(3)	4.88	7.62	8.79	3.19	10.0	4.70

(expressed in thousands of Jamaican dollars)

32. Financial Risk Management (continued)

(a) Interest rate risk (continued)

(1) Yields are based on book values and contractual interest rates adjusted for amortisation of premiums and discounts.
(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 take 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 the amount 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 summarises the credit exposure of the Group and the Bank to businesses and government by sector:

	The Group			
	Loans and Leases $'000	Acceptances Guarantees and Letters of Credit $'000	Total 2005 $'000	Total 2004 $'000
Agriculture, fishing and mining	216,119	3,633	**219,752**	214,891
Construction and real estate	2,653,915	157	**2,654,072**	1,444,440
Distribution	1,923,952	39,282	**1,963,134**	1,350,659
Electricity, gas and water	3,513	1,035	**4,548**	5,339
Financial institutions	298,624	500	**299,124**	308,057
Government and public entities	837,796	—	**837,796**	623,395
Manufacturing and production	500,827	6,845	**507,672**	297,915
Personal	3,712,025	281,362	**3,993,387**	3,045,296
Professional and other services	774,917	1,163,890	**1,938,807**	735,578
Tourism and entertainment	2,597,692	47,667	**2,645,359**	815,083
Transport, storage and communication	384,452	135,134	**519,686**	291,925
Total	13,903,832	1,679,505	**15,583,337**	9,132,578
Provision for losses			**(178,517)**	(141,553)
			15,404,820	8,991,025

(expressed in thousands of Jamaican dollars)

32. Financial Risk Management (continued)

(b) Credit exposures (continued)

	The Bank			
	Loans and Leases $'000	**Acceptances Guarantees and Letters of Credit $'000**	**Total 2005 $'000**	**Total 2004 $'000**
Agriculture, fishing and mining	216,119	3,633	**219,752**	214,891
Construction	557,523	157	**557,680**	185,585
Distribution	1,915,959	39,282	**1,955,241**	1,342,219
Electricity, gas and water	3,513	1,035	**4,548**	5,339
Financial institutions	298,624	500	**299,124**	308,057
Government and public entities	837,796	—	**837,796**	623,395
Manufacturing and production	493,918	6,845	**500,763**	290,822
Personal	3,712,025	281,362	**3,993,387**	3,045,296
Professional and other services	766,935	1,163,890	**1,930,825**	726,585
Tourism and entertainment	2,597,692	47,667	**2,645,359**	815,083
Transport, storage and communication	384,317	135,134	**519,451**	291,662
Total	11,784,421	1,679,505	**13,463,926**	7,848,934
Provision for losses			**(160,157)**	(133,872)
			13,303,769	7,715,062

(expressed in thousands of Jamaican dollars)

32. Financial Risk Management (continued)

(d) Liquidity risk (continued)

	The Group						
	Up to 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	No Specific Maturity	Total
	2005 $'000	2005 $'000	2005 $'000	2005 $'000	2005 $'000	2005 $'000	2005 $'000
Cash resources	176,800	5,224,296	309,000	—	—	880,966	6,591,062
Investments							
– Held to maturity	—	93,341	215,684	225,123	541,084	—	1,075,232
– Originated debt	—	241,948	144,550	25,000	—	—	411,498
– Available for sale	—	—	—	—	—	16,904	16,904
Government securities purchased under resale agreements	49,002	35,039	51,316	—	—	—	135,357
Loans	1,221,019	525,206	450,289	5,307,233	6,359,107	208	13,863,062
Net investment in leases	—	—	4,729	4,510	—	—	9,239
Other assets	—	—	—	—	—	429,673	429,673
Retirement benefit asset	—	—	—	—	—	618,410	618,410
Property, plant and equipment	—	—	—	—	—	378,436	378,436
Deferred taxation	—	—	—	—	—	816	816
Total assets	1,446,821	6,119,830	1,175,568	5,561,866	6,900,191	2,325,413	23,529,689
Customers' deposits	10,650,083	2,482,826	1,043,598	2,738,295	339,007	2,609,837	19,863,646
Other liabilities	—	—	—	—	—	308,129	308,129
Taxation payable	—	—	—	—	—	17,147	17,147
Retirement benefit obligation	—	—	—	—	—	135,400	135,400
Deferred taxation	—	—	—	—	—	171,874	171,874
Total liabilities	10,650,083	2,482,826	1,043,598	2,738,295	339,007	3,242,387	20,496,196
Net liquidity gap	(9,203,262)	3,637,004	131,970	2,823,571	6,561,184	(916,974)	3,033,493
As at 31 October 2004							
Total Assets	1,216,920	4,621,125	1,876,204	4,766,411	3,916,256	3,707,545	20,104,461
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

(expressed in thousands of Jamaican dollars)

32. Financial Risk Management (continued)

(c) Foreign exchange risk

The Group recognises 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	
	2005	**2004**	**2005**	**2004**
	$'000	**$'000**	**$'000**	**$'000**
United States dollar	**12,595**	8,353	**12,595**	8,159
Canadian dollar	**380**	361	**380**	361
Pound Sterling	**321**	211	**321**	211

(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 unmatched 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.

(expressed in thousands of Jamaican dollars)

32. Financial Risk Management (continued)

(d) Liquidity risk (continued)

	The Bank						
	Up to 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	No Specific Maturity	Total
	2005 $'000	2005 $'000	2005 $'000	2005 $'000	2005 $'000	2005 $'000	2005 $'000
Cash resources	1,332,145	5,224,296	309,000	—	—	864,021	7,729,462
Investments							
– Held to maturity	—	82,826	215,684	225,123	541,084	—	1,064,717
– Originated debt	—	241,948	144,550	25,000	—	—	411,498
– Available for sale	—	—	—	—	—	16,904	16,904
Investment in subsidiary	—	—	—	—	—	35,000	35,000
Government securities purchased under resale agreements							
– Originated debts	—	30,065	18,165	—	—	—	48,230
Loans	1,221,019	495,617	434,951	5,270,081	4,322,233	208	11,744,109
Net investment in leases	—	—	4,729	4,510	—	—	9,239
Other assets	—	—	—	—	—	427,847	427,847
Retirement benefit asset	—	—	—	—	—	598,720	598,720
Property, plant and equipment	—	—	—	—	—	377,74	377,744
Total assets	2,553,164	6,074,752	1,127,079	5,524,714	4,863,317	2,320,444	22,463,470
Customers' deposits	10,180,077	2,366,322	964,741	2,736,495	289,896	2,609,837	19,147,368
Other liabilities	—	—	—	—	—	255,760	255,760
Taxation payable	—	—	—	—	—	6,272	6,272
Retirement benefit obligation	—	—	—	—	—	131,080	131,080
Deferred taxation	—	—	—	—	—	171,874	171,874
Total liabilities	10,180,077	2,366,322	964,741	2,736,495	289,896	3,174,823	19,712,354
Net liquidity gap	(7,626,913)	3,708,430	162,338	2,788,219	4,573,421	(854,379)	2,751,116
As at 31 October 2004							
Total Assets	1,593,083	4,529,832	1,534,692	4,558,619	2,879,387	3,648,331	18,743,944
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

(expressed in thousands of Jamaican dollars)

32. Financial Risk Management (continued)

(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 and balances with connected parties are as follows:

	The Group		The Bank	
	2005 $'000	**2004 $'000**	**2005 $'000**	**2004 $'000**
Transactions and balances with FirstCaribbean International Bank Limited:				
Management fees paid	**131,500**	139,752	**108,669**	106,546
Net (payable)/receivable balance	**51,296**	(329,993)	**65,967**	(17,197)
Transactions and balances with other FirstCaribbean entities:				
Interest expense	**57,963**	26,977	**57,963**	58,548
Deposits by other FirstCaribbean entities	**2,964,375**	983,200	**2,964,375**	1,015,796
Due from subsidiary	—	—	**1,147,000**	397,000
Transactions and balances with Associated entities:				
Due from CIBC entities	**218,020**	5,800	**218,020**	5,800
Deposits with CIBC entities	—	744,588	—	744,588
Deposits with Barclays entities	**2,308,630**	—	**2,308,630**	—
Transactions and balances with directors:				
Loans outstanding	**34,019**	32,754	**1,042**	10,900
Deposits with FirstCaribbean entities	**717**	13,477	**717**	13,369
Interest income	**1,471**	2,931	**226**	801
Interest expense	—	—	—	—

(expressed in thousands of Jamaican dollars)

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$Nil (2004 - J$27,768,396,000).

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:

	2005 $'000	2004 $'000
Year ending October 31:		
2005	—	105,557
2006	**124,424**	112,569
2007	**139,835**	127,631
2008	**117,670**	371,612
2009 and thereafter	**265,879**	—

(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.

	2005 $'000	2004 $'000
Guarantees and banker's acceptances	**1,504,601**	271,271
Letters of credit	**174,904**	254,716
Commitments to extend credit:		
Mortgages	**729,428**	422,764
Other loans	**3,164,250**	1,345,130
	5,573,183	2,293,881

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

	2005 $'000	2004 $'000
Guarantees and banker's acceptances	**1,504,601**	271,271
Letters of credit	**174,904**	254,716
Commitments to extend credit	**3,164,250**	1,345,130
	4,843,755	1,871,117

(expressed in thousands of Jamaican dollars)

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	
	2005	**2004**	**2005**	**2004**
	$'000	**$'000**	**$'000**	**$'000**
Statutory reserves at Bank of Jamaica (Note 3)	**1,544,200**	1,866,752	—	—
Securities (see note below)	**110,000**	110,000	—	—
	1,654,200	1,976,752	—	—

	The Bank			
	Asset		Related Liability	
	2005	**2004**	**2005**	**2004**
	$'000	**$'000**	**$'000**	**$'000**
Statutory reserves at Bank of Jamaica (Note 3)	**1,527,257**	1,857,453	—	—
Securities (see note below)	**110,000**	110,000	—	—
	1,637,257	1,967,453	—	—

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

37. Contingencies

The Bank and its subsidiary, because of the nature of their businesses, are subject to various threatened or filed legal actions. At 31 October 2005 material claims filed amounted to approximately J$2,051,853,000 (2004 — J$2,052,068,000). The majority of this amount relates to a specific counter claim of approximately J$1,990,890,000, 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$302,681,000 (2004 – 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.

(expressed in thousands of Jamaican dollars)

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.

Following the sale of FirstCaribbean International Securities Limited (Note 25), effective 30 April 2005 the Group discontinued its provision of investment management services.

The Group's operations are located solely in Jamaica.

	2005			
	Continuing Segment —	Discontinued Segment —		
	Financial Services	Investment Management Services	Consolidation Elimination	Group
Net revenues	2,274,289	55,793	(92,809)	2,237,273
Operating expenses	(1,569,551)	(40,717)	—	(1,610,268)
Profit before taxation	704,738	15,076	(92,809)	627,005
Income tax expense				(144,228)
Net profit				482,777
Segment assets	24,723,906	—	(1,194,217)	23,529,689
Segment liabilities	21,655,413	—	(1,159,217)	20,496,196
Other segment items:				
Capital expenditure	48,304	24	—	48,328
Depreciation	92,911	731	—	93,642

(expressed in thousands of Jamaican dollars)

38. Segment Financial Information (continued)

	2004			
	Continuing Segment —	Discontinued Segment —		
	Financial Services	Investment Management Services	Consolidation Elimination	Group
Net revenues	1,943,077	119,636	—	2,062,713
Operating expenses	(1,440,965)	(87,189)	—	(1,528,154)
Profit before taxation	502,112	32,447		534,559
Income tax 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

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CONSOLIDATED STATEMENTS OF INCOME

J$(000)	2005	2004	2003	2002	2001
Interest income	2,381,655	2,375,021	2,242,306	2,210,867	2,206,269
Interest expense	(818,989)	(830,122)	(886,998)	(1,124,141)	(1,128,316)
Net interest income	1,562,666	1,544,899	1,355,308	1,086,726	1,077,953
Non-interest income	539,162	517,814	635,727	481,444	482,922
Gain on sale of subsidiary	135,445	—	—	—	—
Non-interest expenses	(1,542,480)	(1,459,664)	(1,290,900)	(1,189,858)	(1,187,513)
Provision for credit losses	(67,788)	(17,281)	(14,049)	(49,634)	(23,852)
Integration/restructuring charges	—	(51,209)	10,463	(122,951)	—
Net income before income taxes	627,005	534,559	696,549	205,727	349,510
Income taxes	(144,228)	(153,382)	(193,686)	(36,983)	(97,721)
NET INCOME	**482,777**	**381,177**	**502,863**	**168,744**	251,789

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CONDENSED CONSOLIDATED BALANCE SHEETS

J$(000)	2005	2004	2003	2002	2001
ASSETS					
Cash Resources	6,591,062	7,351,408	7,673,416	7,930,259	8,503,267
Investments	1,503,634	2,331,756	2,659,287	2,135,521	2,045,050
Government securities purchased under resale agreements	135,357	565,253	412,797	1,385,790	1,562,388
Loans					
Mortgages	2,119,411	1,283,644	665,190	492,400	461,317
Personal	3,809,947	2,996,323	2,131,776	1,348,073	798,236
Business	7,965,155	4,310,160	4,393,100	3,416,581	4,659,180
Less: Allowance for Credit Losses	(178,437)	(141,520)	(128,485)	(97,249)	(74,092)
Interest receivable (1)	146,986	147,629	—	—	—
Net investment in leases	9,239	16,431	25,632	41,223	22,623
Other Assets	1,048,899	816,294	1,252,632	988,058	1,075,531
Property, plant and equipment	378,436	427,083	286,313	233,861	395,622
	23,529,689	**20,104,461**	**19,371,658**	**17,874,517**	**19,449,122**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits Individuals	10,676,014	9,317,841	7,922,289	10,252,998	11,042,883
Businesses and governments	8,700,575	7,141,319	8,392,635	5,247,839	6,119,531
Banks	423,393	186,426	246,789	242,136	233,381
Interest payable (1)	63,664	57,379	—	—	—
Other liabilities	632,550	853,330	642,956	448,085	519,279
Shareholders' equity					
Share Capital & Reserves	2,193,724	1,784,488	1,274,477	1,250,477	1,250,477
Retained Earnings	839,769	763,678	892,512	432,982	283,571
	23,529,689	**20,104,461**	**19,371,658**	**17,874,517**	**19,449,122**

(1) For years 2001 to 2003 interest receivable and interest payable are included in Other Assets and Other Liabilities respectively.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

J$(000)	2005	2004	2003	2002	2001
Balance at beginning of year	2,548,166	2,166,989	1,683,459	1,534,048	1,167,852
Net Income	482,777	381,177	502,863	168,744	251,789
Fair value of equity investment	2,550				
Effect of Transition to IFRS	-	-	-	-	166,607
Dividends	-	-	(19,333)	(19,333)	(52,200)
Balance at end of year	3,033,493	2,548,166	2,166,989	1,683,459	1,534,048

PROFITABILITY	2005	2004	2003	2002	2001
Return on common equity	17.3%	16.2%	26.1%	10.5%	18.6%
Tax rate	23.0%	28.7%	27.8%	18.0%	28.0%

REVENUE AND EXPENSES AS A PERCENTAGE OF AVERAGE ASSETS

Net interest income	7.16%	7.83%	7.28%	5.82%	6.18%
Provision for credit losses	0.31%	0.09%	0.08%	0.27%	0.14%
Non-interest income	2.47%	2.62%	3.41%	2.58%	2.77%
Non-interest expenses	7.07%	7.40%	6.93%	6.38%	6.81%
Income taxes	0.66%	0.78%	1.04%	0.20%	0.56%
Net income – return on assets	2.21%	1.93%	2.70%	0.90%	1.44%

CREDIT QUALITY	2005	2004	2003	2002	2001
Allowance for credit losses to gross impaired loans	75.7%	63.0%	29.5%	45.7%	34.4%
Gross impaired loans ($'000s)	235,703	224,712	435,920	212,605	215,140
Net impaired loans ($'000s)	57,266	83,192	307,435	115,356	141,048
Net impaired loans to total net loans & leases	0.4%	1.0%	4.3%	2.2%	2.4%

LIQUIDITY	2005	2004	2003	2002	2001
Cash resources to total assets	28.0%	36.6%	39.6%	44.4%	43.7%
Securities to total assets	7.0%	14.4%	15.9%	19.7%	18.5%

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CAPITAL AND RELATED	2005	2004	2003	2002	2001
Average common shareholders' equity ($000's)	2,790,830	2,357,578	1,925,224	1,608,754	1,350,950
Average assets ($000's)	21,817,075	19,738,060	18,623,088	18,661,820	17,449,946
Average assets to average common equity	7.8	8.4	9.7	11.6	12.9
PRODUCTIVITY AND RELATED					
Non-interest expenses to revenue ratio	73.4%	73.2%	64.3%	83.7%	76.1%
Full-time equivalent employees	455	474	485	467	467
Number of branches	11	12	12	12	12
Number of automated banking machines	11	11	11	11	10

COMMON SHARES	2005	2004	2003	2002	2001
Number of outstanding (000's)	193,333	193,333	193,333	193,333	193,333
Average number outstanding (000's)					
basic	193,333	193,333	193,333	193,333	193,333
fully diluted	193,333	193,333	193,333	193,333	193,333
PER COMMON SHARE INFORMATION					
Net income					
basic	$2.50	$1.97	$2.60	$0.87	$1.30
fully diluted	$2.50	$1.97	$2.60	$0.87	$1.30
Price					
close	$17.39	$21.50	$8.00	$8.49	$7.50
Dividends					
per share	$0.00	$0.00	$0.10	$0.10	$0.27
yield	0.0%	0.0%	1.2%	1.2%	3.6%
payout ratio	0.0%	0.0%	3.8%	11.5%	20.7%
Price to earnings ratio	$6.96	$10.90	$3.08	$9.73	$5.76
Book value	$15.69	$13.18	$11.21	$8.71	$7.93
Price to book value	$1.11	$1.63	$0.71	$0.98	$0.95

Proxy Form

I/We, ____

in the parish of ____________________________ being a member/members of the above-named

company, hereby appoint_________________________of ____________________________

or failing him ____________________________of __________________________________

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on the 31st day of May, 2006 and at any adjournment thereof.

Dated this __________day of ______________________2006.

Name of shareholder(s) of the Company_____________________________________

Signature____

Name(s) of signatory in block capitals____

Please indicate with an "X" in the spaces below how you wish your proxy to vote on the Resolutions referred to. If no indication is given the proxy will exercise his or her discretion as to how he or she votes or whether he or she abstains from voting.

	FOR	AGAINST
Resolution 1		
Resolution 2 a. Milton Brady b. Peter McConnell		
Resolution 3		
Resolution 4		
Resolution 5		

Notes:

1. A member is entitled to appoint a proxy of his choice.
2. In the case of joint holders, the signature of any holder is sufficient, but the name of all joint holders should be stated.
3. If the appointer is a Corporation, this form must be under its Common Seal or under the name of an officer of the Corporation duly authorised in this behalf.
4. To be valid, this form must be completed and deposited with the Secretary, FirstCaribbean International Bank (Jamaica) Limited, 23-27 Knutsford Boulevard, Kingston 5, at least 48 hours before the time appointed for holding the Meeting or adjourned Meeting.
5. An adhesive stamp of One Hundred Dollars (J$100) must be affixed to the form and cancelled by the Appointer at the time of the signing.

FIRSTCARIBBEAN INTERNATIONAL BANK (JAMAICA) LIMITED ANNUAL REPORT 2005

Anguilla

Antigua & Barbuda

The Bahamas

Barbados

Belize

British Virgin Islands

The Cayman Islands

Dominica

Grenada & Carriacou

Jamaica

The Netherlands Antilles

St. Kitts & Nevis

St. Lucia

St. Vincent & the Grenadines

Trinidad & Tobago

Turks & Caicos Islands

www.firstcaribbeanbank.com

FirstCaribbean International Bank