FirstCaribbean International Bank (Jamaica) Limited

Consolidated Financial Statements

For the Quarter ended April 30, 2006 (expressed in thousands of Jamaican dollars)

FIRSTCARIBBEAN
INTERNATIONAL BANK

CHAIRMAN'S REVIEW

For the six months ended April 30, 2006

FirstCaribbean International Bank Jamaica recorded net income after taxation (NIAT) of $294.2 million for the six months ended April 30, 2006 compared to $251.1 million for the corresponding period in the previous year. The increase of $43.1 million or 17.2% was driven by the growth in our core businesses. The 2005 first half results included $135.4 million gained on the sale of FirstCaribbean International Securities Limited. Excluding this amount, NIAT increased by 154.4%.

Total revenue amounted to $1.3 billion, reflecting a $204.2 million or 18.7% increase over the same period in the prior year and was mainly attributable to the growth in our loan volumes. Non-interest income for the comparable period last year included the aforementioned $135.4 million. Excluding this gain, non-interest income increased by $74.4 million or 30.5% year over year. Non-interest expenses amounted to $824.7 million, an increase of $38.1 million or 4.8%.

Despite the increased earnings, the annualised return on stockholders' equity fell from 18.9% to 15.5% due to the US$20 million (J$1.3 billion) capital injected during the second quarter. Earnings per weighted average number of shares were $1.32 compared to $1.30 for the six months ended April 30, 2005.

Total assets stood at $26.6 billion as at April 30, 2006 compared to $20.7 billion as at April 30, 2005. Loans and leases amounted to $16.9 billion and continue to experience above-market growth rates with a twelve-month loan growth of $6.9 billion or 70.0%. We are satisfied with the quality of the loan portfolio. Non-performing loans amounted to $290.8 million or 1.7% of total loans compared to $230.7 million (2.3% of total loans) as at April 30, 2005. Customers' deposits grew by $3.9 billion or 22.0% to $21.5 billion.

Given the Bank's decision to inject capital and transfer $540 million from Retained Earnings to Statutory Reserve Fund to support the continuing growth of the business, your Board recommends that no dividend be paid for the half year ended April 30, 2006.

We thank our customers, employees and other stakeholders for their continued support.

Michael K. Mansoor
Chairman

CONSOLIDATED BALANCE SHEET

As at April 30, 2006

	Unaudited April 30, 2006	Unaudited April 30, 2005	Audited October 31, 2005
Assets			
Cash resources	**6,103,122**	6,663,926	6,591,062
Investment securities	**1,460,331**	2,026,805	1,503,634
Government securities purchased under resale agreement	**170,706**	202,370	135,357
Loans, less provision for impairment	**16,827,533**	9,919,742	13,863,062
Net investment in leases	**47,208**	8,191	9,239
Other assets	**989,202**	966,225	429,673
Taxation recoverable	—	31,321	—
Deferred Tax Assets	**3,007**	—	816
Retirement benefit assets	**658,505**	495,435	618,410
Property, plant and equipment	**358,660**	421,907	378,436
Total assets	**26,618,274**	20,735,922	23,529,689
Liabilities			
Customers' deposits	**21,498,921**	17,616,749	19,863,646
Other liabilities	**61,714**	77,257	308,129
Taxation payable	**107,220**	—	17,147
Deferred tax liabilities	**184,041**	136,508	171,874
Retirement benefit obligations	**138,730**	106,150	135,400
Total liabilities	**21,990,626**	17,936,664	20,496,196
Stockholders' Equity			
Share capital and reserves	**4,033,724**	2,147,863	2,193,724
Retained earnings	**593,924**	651,395	839,769
	4,627,648	2,799,258	3,033,493
Total shareholders' equity and liabilities	**26,618,274**	20,735,922	23,529,689

Michael K. Mansoor
Chairman

Milton Brady
Managing Director

CONSOLIDATED CHANGES IN STOCKHOLDERS' EQUITY

	Number of Shares ('000)	Share Capital J$'000	Capital Reserve J$'000	Statutory Reserve Fund J$'000	Retained Earnings Reserve J$'000	Building Society's Reserve J$'000	Loan Loss Reserve J$'000	Fair Value Reserve J$'000	Total Share Capital & Reserves J$'000	Retained Earnings J$'000	Total Equity J$'000
Balance at November 1, 2004	193,333	96,667	19,458	156,667	1,406,163	45,522	60,011	—	1,784,488	763,678	2,548,166
Net income	—	—	—	—	—	—	—	—	—	251,092	251,092
Transfer of realised reserves on sale of subsidiary	—	—	(6,625)	—	—	—	—	—	(6,625)	6,625	—
Transfer to retained earnings reserve	—	—	—	—	370,000	—	—	—	370,000	(370,000)	—
Dividends	—	—	—	—	—	—	—	—	—	—	—
Balance at April 30, 2005	193,333	96,667	12,833	156,667	1,776,163	45,522	60,011	—	2,147,863	651,395	2,799,258
Balance at November 1, 2005	193,333	96,667	12,833	156,667	1,776,163	45,522	103,322	2,550	2,193,724	839,769	3,033,493
Net income	—	—	—	—	—	—	—	—	—	294,155	294,155
Capital injection	72,424	1,300,000	—	—	—	—	—	—	1,300,000	—	1,300,000
Transfer to statutory reserve fund	—	—	—	540,000	—	—	—	—	540,000	(540,000)	—
Dividends	—	—	—	—	—	—	—	—	—	—	—
Balance at April 30, 2006	265,757	1,396,667	12,833	696,667	1,776,163	45,522	103,322	2,550	4,033,724	593,924	4,627,648

CONSOLIDATED STATEMENT OF INCOME

Six Months Ended April 30, 2006

	Unaudited Quarter ended April 30, 2006	Unaudited Six months ended April 30, 2006	Unaudited Quarter ended April 30, 2005	Unaudited Six months ended April 30, 2005	Unaudited Year ended October 31, 2005
Interest income	727,007	1,418,650	554,714	1,116,746	2,381,655
Interest expenses	(220,996)	(442,922)	(201,099)	(406,268)	(818,989)
Net interest income	506,011	975,728	353,615	710,478	1,562,666
Non-interest income	157,026	318,086	120,926	243,663	539,162
Gain on sale of subsidiary	—	—	135,445	135,445	135,445
Total Revenue	663,037	1,293,814	609,986	1,089,586	2,237,273
Non-interest expenses	430,277	824,692	363,591	786,576	1,542,480
Provision for credit losses	20,508	36,319	4,763	9,439	67,788
	450,785	861,011	368,354	796,015	1,610,268
Income before taxation	212,252	432,803	241,632	293,571	627,005
Taxation	(67,528)	(138,648)	(31,575)	(42,479)	(144,228)
Net Income	144,724	294,155	210,057	251,092	482,777
Weighted average number of common shares outstanding (000's)	254,364	223,343	193,333	193,333	193,333
Net income per weighted common share in cents	56.9	131.7	108.7	129.9	249.7

CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months ended April 30, 2006	Unaudited Six months ended April 30, 2005	Audited Year ended October 31, 2005
Net cash used in operating activities	**(1,945,330)**	(988,683)	(1,596,670)
Net cash (used in)/provided by investing activities	**(22,239)**	478,208	1,035,219
Net cash provided by financing activities	**1,300,000**	—	—
Net decrease in cash and cash equivalents	**(667,569)**	(510,475)	(561,451)
Effect of exchange rate changes on cash and cash equivalents	**82,749**	4,425	123,997
Cash and cash equivalents, beginning of period	**5,046,573**	5,484,027	5,484,027
Cash and cash equivalents, end of period	**4,461,753**	4,977,977	5,046,573

FirstCaribbean International Bank (Jamaica) Limited

Consolidated Financial Statements (continued)

For the Quarter ended April 30, 2006 (expressed in thousands of Jamaican dollars)

FIRSTCARIBBEAN INTERNATIONAL BANK

SEGMENT FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF INCOME

For the six months ended

April 30, 2006

	Continuing Segment Financial Services	**Discontinued Segment** Investment Management Services	Consol Elimin.	Group
Net Revenues	1,293,814	—	—	1,293,814
Operating Expenses	(861,011)	—	—	(861,011)
Profit before taxation	432,803	—	—	432,803
Income Tax				(138,648)
Net Profit				294,155
Segment Assets	28,273,373	—	(1,655,099)	26,618,274
Segment Liabilities	23,281,725	—	(1,291,099)	21,990,626
Other segment items:				
Capital expenditure	28,244	—	—	28,244
Depreciation	45,534	—	—	45,534

April 30, 2005

	Continuing Segment Financial Services	**Discontinued Segment** Investment Management Services	Consol Elimin.	Group
Net Revenues	1,126,603	55,793	(92,810)	1,089,586
Operating Expenses	(755,298)	(40,717)	—	(796,015)
Profit before taxation	371,305	15,076	—	293,571
Income Tax				(42,479)
Net Profit				251,092
Segment Assets	21,526,832	—	(790,910)	20,735,922
Segment Liabilities	18,692,574	—	(755,910)	17,936,664
Other segment items:				
Capital expenditure	39,921	24	—	39,945
Depreciation	41,967	731	—	42,698

NOTES

1. Basis of preparation

These financial statements have been prepared in conformity with International Financial Reporting 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 these estimates.

2. Consolidation

The consolidated financial statements include the financial statements of the Bank and its subsidiary.
All significant inter-company transactions have been eliminated. The Bank and its subsidiary are referred to as the "Group".

3. 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.

4. Fee and commission income

Fees 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 commission 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.

5. 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.

6. Investments

The Group classifies its investment securities into the following two categories: held-to-maturity and originated debts. Management determines the appropriate classification of Investments at the time of purchase.

Government or other securities, which are purchased directly from the issuer, are classified as originated debts. These include bonds and treasury bills. They are initially recorded at cost, which is the cash given to originate the debt, and are subsequently measured at amortised cost.

Investments purchased on the secondary market which are intended to be held to maturity are classified as such. These investments are initially recorded at cost, and are subsequently measured at amortised cost.

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

7. Loans and provision for impairment losses

Loans are stated net of unearned income and provision for credit losses.

Loans are recognised when cash is advanced to borrowers. They are initially recorded at cost, which is the cash given to originate the loan, and are subsequently measured at amortised cost 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.

8. 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.

9. Fiduciary activities

Assets and income arising from fiduciary activities together with related undertakings to return such assets to customers are excluded from these financial statements where the Bank and its subsidiary act in a fiduciary capacity such as nominee, trustee or agent.

10. 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.

11. Employee benefits

(i) Pension plans

The Group operates a defined contribution plan and a defined benefit pension plan, the assets of which are generally held in separate trustee-administered funds. The pension plans are funded by payments from employees and by the 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 income 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

The Group provides post-retirement health care benefits to its retirees. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for defined benefit pension plans. These obligations are valued annually by independent qualified actuaries.

(iii) Employee entitlements

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

(iv) Defined contribution plan

In addition to the defined benefit plan, the Group operates a defined contribution plan for employees hired after September 30, 2002.

12. Segment financial Information

The Group is organised into two main business segments:

(a) Financial Services — This incorporates retail banking, corporate banking, and capital market services.

(b) Investment Management Services – This includes investments and pension fund management and the administration of trust accounts. This subsidiary was sold on April 29, 2005.

Transactions between the business segments are on normal commercial terms and conditions.

The Group's operations are located solely in Jamaica.

13. Comparative information

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.