

FirstCaribbean International Bank (Jamaica) Limited

Consolidated Financial Statements

For the Nine Months ended July 31, 2008 (expressed in thousands of Jamaican dollars)



FIRSTCARIBBEAN
INTERNATIONAL BANK

CHAIRMAN'S REVIEW

FirstCaribbean International Bank (Jamaica) Limited recorded net income after taxation (NIAT) of \$636 million for the nine month period ended July 31, 2008, compared to \$649 million for the prior year period. The prior year's comparative included a one-time gain of \$82 million (\$54 million net of tax) in relation to changes of policy in health benefits.

The Group was unable to claim hedge accounting for certain interest rate hedges and the related loss in this nine month period was \$127 million (\$85 million net of tax). Excluding these two one-off items, NIAT increased by \$126 million or 21.2% over the prior year's comparative. The Bank's core business segments continue to perform according to expectations.

Net interest income for the nine months ended July 31, 2008 was \$2,248 million, representing an increase of \$367 million or 19.5% over prior period. Total revenues for the nine months were \$2,649 million compared to \$2,513 million for the comparable period in 2007. Excluding the loss related to the hedge accounting, core revenues increased by \$264 million or 10.5% over the prior period. Non-interest expenses increased by \$139 million or 9.4%.

Total assets stood at \$48,574 million as at July 31, 2008 compared to \$40,538 million as at July 31, 2007. Loans and advances to customers amounted to \$32,157 million reflecting a year on year growth of \$3,191 million or 11.0%. We are satisfied with the quality of our loan portfolio. Customer deposits amounted to \$39,491 million, reflecting an increase of \$6,892 million or 21.1%.

As at July 31, 2008 Stockholders' Equity stood at \$6,170 million registering a 12.0% increase over the prior year's balance of \$5,511 million. In the first quarter, the Board approved the transfer of \$470 million from Retained Earnings to Statutory Reserve Fund to strengthen our capital base and increase our lending capacity. In order to support the continued growth of business, the Board recommended that no dividend be paid for the quarter.

The Board, management and staff will continue to monitor the economic conditions and take the necessary steps to ensure that the interests of all our stakeholders are promoted in these circumstances.

I thank our customers, employees, shareholders and other stakeholders for their contribution and continued support.

Michael K. Mansoor
Chairman

September 8, 2008

FORWARD-LOOKING STATEMENT DISCLOSURE

This report contains forward-looking statements, including statements about our financial condition, results of operations, earnings outlook, asset quality trends and profitability. Forward looking statements provide management's current expectations or forecasts of future events and, by their nature, are subject to assumptions, risks and uncertainties. Although management believes that the expectations and forecasts reflected in these forward-looking statements are reasonable, actual results could differ materially from those contained in or implied by such forward-looking statements due to a variety of factors including: (1) changes in interest rates; (2) changes in trade, monetary or fiscal policy; (3) changes in general economic conditions, or in the condition of the local economies in which we have significant operations or assets, which could, among other things, materially impact credit quality trends and our ability to generate loans; (4) increased competitive pressure among financial services companies; (5) the inability to successfully execute strategic initiatives designed to grow revenues and/or manage expenses; (6) consummation of significant business combinations or divestitures; (7) operational or risk management failures due to technological or other factors; (8) heightened regulatory practices, requirements or expectations; (9) new legal obligations or restrictions or unfavourable resolution of litigation; (10) adverse capital markets conditions; (11) disruption in the economy and general business climate as a result of terrorist activities or military actions; and (12) changes in accounting or tax practices or requirements. Forward-looking statements are not guarantees of future performance and should not be relied upon as representing management's views as of any subsequent date. We do not assume any obligation to update these forward-looking statements. For further information regarding FirstCaribbean International Bank Limited, please read FirstCaribbean International Bank Limited's financial and other reports that are available on the company's website at www.firstcaribbeanbank.com.

CONSOLIDATED BALANCE SHEET

	Unaudited July 31, 2008	Restated Unaudited July 31, 2007	Audited October 31, 2007
Assets			
Cash and balances with Central Bank	9,133,501	4,650,656	4,782,173
Loans and advances to banks	2,850,826	2,893,958	1,505,349
Other assets	1,440,939	1,104,654	1,500,359
Investment securities	1,315,577	1,409,764	924,855
Government securities purchased under resale agreements	239,387	225,228	212,077
Loans and advances to customers	32,156,669	28,965,712	31,409,506
Property, plant and equipment	513,575	485,928	502,565
Deferred tax assets	6,302	—	4,499
Retirement benefit assets	916,794	802,189	829,800
Total assets	48,573,570	40,538,089	41,671,183
Liabilities			
Customer deposits	39,490,709	32,599,062	33,523,005
Other liabilities	924,106	530,388	652,101
Taxation payable	169,424	59,324	81,681
Deferred tax liabilities	194,517	226,269	218,430
Retirement benefit obligations	67,729	53,795	76,090
Debt securities in issue	1,557,225	1,558,127	1,502,217
Total liabilities	42,403,710	35,026,965	36,053,524
Stockholders' Equity			
Share capital and reserves	5,123,826	4,618,758	4,738,001
Retained earnings	1,046,034	892,366	879,658
Total equity	6,169,860	5,511,124	5,617,659
Total stockholders' equity and liabilities	48,573,570	40,538,089	41,671,183

Michael K. Mansoor
Chairman

Milton Brady
Managing Director

CONSOLIDATED STATEMENT OF INCOME

	Unaudited Quarter ended July 31, 2008	Unaudited Nine months ended July 31, 2008	Unaudited Quarter ended July 31, 2007	Restated Unaudited Nine months ended July 31, 2007	Audited Year ended October 31, 2007
Interest income	1,286,740	3,668,289	1,099,147	3,110,825	4,348,608
Interest expenses	(459,027)	(1,420,564)	(471,691)	(1,230,446)	(1,748,674)
Net interest income	827,713	2,247,725	627,456	1,880,379	2,599,934
Non-interest income	160,888	401,177	283,829	632,299	681,559
Total revenues	988,601	2,648,902	911,285	2,512,678	3,281,493
Non-interest expenses	(556,777)	(1,616,714)	(489,247)	(1,477,623)	(2,009,620)
Loan loss impairment	(8,354)	(87,840)	(36,519)	(86,543)	(122,293)
	(565,131)	(1,704,554)	(525,766)	(1,564,166)	(2,131,913)
Income before taxation	423,470	944,348	385,519	948,512	1,149,580
Taxation	(141,581)	(307,972)	(128,758)	(299,510)	(378,457)
Net income for the period	281,889	636,376	256,761	649,002	771,123
Weighted average number of common shares outstanding (000's)	265,757	265,757	265,757	265,757	265,757
Net income per common share in cents	106.1	239.5	96.6	244.2	290.2

CONSOLIDATED CHANGES IN STOCKHOLDERS' EQUITY

	Number of Shares	Share Capital	Capital Reserve	Statutory Reserve Fund	Retained Earnings Reserve	Building Society's Reserve	Loan Loss Reserve	Fair Value Reserve	Total Share Capital & Reserves	Retained Earnings	Total Equity
Balance as restated November 1, 2006	265,757	1,396,667	12,833	696,667	1,776,163	45,522	188,919	27,622	4,144,393	703,364	4,847,757
Net income	—	—	—	—	—	—	—	—	—	649,002	649,002
Transfer to statutory reserve fund	—	—	—	460,000	—	—	—	—	460,000	(460,000)	—
MTM fair value of available-for-sale investment	—	—	—	—	—	—	—	14,365	14,365	—	14,365
Balance as at July 31, 2007	265,757	1,396,667	12,833	1,156,667	1,776,163	45,522	188,919	41,987	4,618,758	892,366	5,511,124
Balance as at November 1, 2007	265,757	1,396,667	12,833	1,156,667	1,776,163	45,522	323,748	26,401	4,738,001	879,658	5,617,659
Net income	—	—	—	—	—	—	—	—	—	636,376	636,376
Transfer to statutory reserve fund	—	—	—	470,000	—	—	—	—	470,000	(470,000)	—
MTM fair value of available-for-sale investment	—	—	—	—	—	—	—	(84,175)	(84,175)	—	(84,175)
Balance as at July 31, 2008	265,757	1,396,667	12,833	1,626,667	1,776,163	45,522	323,748	(57,774)	5,123,826	1,046,034	6,169,860

The above information is available at our website www.firstcaribbeanbank.com

CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Nine months ended July 31, 2008	Restated Unaudited Nine months ended July 31, 2007	Audited Year ended October 31, 2007
Net cash provided by/(used in) operating activities	6,321,445	(259,528)	(2,139,862)
Net cash (used in)/provided by investing activities	(597,561)	401,173	830,078
Net cash provided by financing activities	—	1,500,000	1,500,000
Net increase in cash and cash equivalents	5,723,884	1,641,645	190,216
Cash and cash equivalents, beginning of period	3,610,007	3,419,791	3,419,791
Cash and cash equivalents, end of period	9,333,891	5,061,436	3,610,007

SEGMENT REPORTING

July 31, 2008	Retail Banking	Corporate Banking	Others	Unallocated Support Unit Costs	Eliminations	Group
External revenues	1,335,597	2,179,942	913,195	(359,268)	—	4,069,466
Revenues from other segments	192,988	(131,574)	216,490	—	(277,904)	—
Total revenues	1,528,585	2,048,368	1,129,685	(359,268)	(277,904)	4,069,466
Segment result	199,544	1,335,692	131,574	(722,462)	—	944,348
Taxation	—	—	—	—	—	(307,972)
Net income for the period	—	—	—	—	—	636,376
Segment assets	21,549,324	23,997,782	7,218,977	—	(4,198,815)	48,567,268
Unallocated assets	—	—	—	—	—	6,302
Total assets	21,549,324	23,997,782	7,218,977	—	(4,198,815)	48,573,570
Segment liabilities	15,231,728	19,601,398	11,034,426	—	(3,827,783)	42,039,769
Unallocated liabilities	—	—	—	—	—	363,941
Total liabilities	15,231,728	19,601,398	11,034,426	—	(3,827,783)	42,403,710
Other segment items:						
Capital expenditure	20,341	349	80,794	—	—	101,484
Depreciation	27,835	442	59,587	—	—	87,864
Loan loss expenses	56,737	31,103	—	—	—	87,840

July 31, 2007

External revenues	1,412,472	1,712,813	749,930	(132,091)	—	3,743,124
Revenues from other segments	129,744	(139,402)	210,108	—	(200,450)	—
Total revenues	1,542,216	1,573,411	960,038	(132,091)	(200,450)	3,743,124
Segment result	265,038	955,205	246,976	(518,707)	—	948,512
Taxation	—	—	—	—	—	(299,510)
Net income for the period	—	—	—	—	—	649,002
Segment assets	21,994,793	19,127,689	2,761,014	—	(3,345,407)	40,538,089
Unallocated assets	—	—	—	—	—	—
Total assets	21,994,793	19,127,689	2,761,014	—	(3,345,407)	40,538,089
Segment liabilities	15,059,674	16,363,814	6,299,291	—	(2,981,407)	34,741,372
Unallocated liabilities	—	—	—	—	—	285,593
Total liabilities	15,059,674	16,363,814	6,299,291	—	(2,981,407)	35,026,965
Other segment items:						
Capital expenditure	64,326	407	82,567	—	—	147,300
Depreciation	23,289	290	83,627	—	—	107,206
Loan loss expenses	70,368	26,519	(10,344)	—	—	86,543

NOTES TO THE CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying unaudited condensed financial statements of FirstCaribbean International Bank (Jamaica) Limited (the Group) should be read in conjunction with the International Financial Reporting Standards (IFRS) consolidated financial statements and notes thereto for the year ended October 31, 2007. For a description of the Group's significant accounting policies, see Note 2 of the aforementioned consolidated financial statements.

Certain financial information, which is normally included in annual financial statements prepared in accordance with IFRS, but not required for interim reporting purposes, has been condensed or omitted. Certain reclassifications have been made to the prior period's financial statements to conform to the current period's presentation. These condensed consolidated financial statements reflect, in the opinion of management, all adjustments that are necessary for a fair presentation of the condensed consolidated financial statements for the interim periods presented.

The results of operations for interim periods are not necessarily indicative of results of the entire year.

In preparing these condensed consolidated financial statements, management is required to make estimates and assumptions which affect amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

TRANSACTIONS AFFECTING YEAR ON YEAR COMPARISONS

Change in post retirement medical benefits

Effective January 1, 2007 certain changes to the Group's health benefit scheme were made which resulted in the recognition of a curtailment gain of \$82.2 million (\$53.9 million net of tax) in prior year.

Hedge accounting

At the end of last fiscal, a review of the Group's hedge accounting revealed that one of the criteria was not fully met and this resulted in an adjustment to the 2007 results and a restatement of the 2006 results. As a consequence, the July 31, 2007 comparative numbers have been restated to reflect this adjustment. Opening retained earnings for 2007 has been reduced by \$27.3 million, total assets were reduced by \$44.7 million, total liabilities were reduced by \$14.9 million and net income by \$2.5 million.

For the nine month period, the loss due to hedge ineffectiveness was \$127.5 million (\$85.0 million net of tax). The Group has reinstated these hedges from an accounting perspective. In addition, certain hedges were not fully effective during the period.

Segment reporting

During the first quarter of 2008, as part of our customer segmentation, certain assets and liabilities associated income and expenses previously classified as Premier Banking within the Retail Segment were transferred to the Wealth Management Segment, which is included in Others.

The Group's operations are located solely in Jamaica.