

# FirstCaribbean International Bank (Jamaica) Limited

## Unaudited Consolidated Financial Statements

For the nine months ended July 31, 2010 (expressed in thousands of Jamaican dollars)



**FIRSTCARIBBEAN**  
INTERNATIONAL BANK

### CHAIRMAN'S REVIEW

FirstCaribbean International Bank (Jamaica) Limited recorded net income after taxation of \$379 million for the nine month period ended July 31, 2010, compared to \$781 million reported for the prior year comparative period.

Total revenues were down year on year by 6%, with increases in net interest income being fully offset by declining non-interest income. Net interest income was up marginally over the prior year by \$51 million, or 2%, mainly due to lower deposit liability volumes and rates, partially offset by lower loan volumes. Non-interest income fell by \$249 million, or 29%, primarily due to lower gains from sale of investment securities and mark to market valuation associated with hedge accounting, as well as lower foreign exchange translation.

Non-interest expenses increased by \$247 million, or 13%, and loan loss expenses rose significantly by \$178 million mainly on corporate loans. While every effort is being made to work with our customers to manage their debt obligations, loan loss expenses have increased as the credit portfolio is impacted by the prevailing economic conditions.

Loan and deposit volumes continue to be adversely affected by the downturn in the level of economic activity. Net loans and advances to customers have declined against the prior year by \$3.1 billion, or 9%, while customer deposits were lower by \$2.1 billion, or 5%.

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 2, 2010

### 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 (Jamaica) Limited, please read FirstCaribbean International Bank (Jamaica) Limited's financial and other reports that are available on the company's website at www.firstcaribbeanbank.com.

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited July 31, 2010	Unaudited July 31, 2009	Audited October 31, 2009
<b>Assets</b>			
Cash and balances with Central Bank	8,669,043	7,498,363	7,814,217
Due from other banks	4,806,779	5,356,397	5,172,697
Investment securities	2,285,931	2,150,150	2,294,308
Government securities purchased under resale agreements	211,482	253,422	252,024
Loans and advances to customers	32,124,002	35,246,533	34,385,404
Property and equipment	636,820	611,305	654,000
Deferred tax assets	128,975	8,590	7,090
Retirement benefit assets	998,603	881,344	874,124
Other assets	1,261,476	1,706,265	1,201,986
<b>Total assets</b>	<b>51,123,111</b>	<b>53,712,369</b>	<b>52,655,850</b>
<b>Liabilities</b>			
Customer deposits	42,064,705	44,214,609	43,900,172
Taxation payable	57,794	166,029	85,938
Deferred tax liabilities	242,279	199,763	216,276
Retirement benefit obligations	35,175	51,627	39,330
Debt securities in issue	—	528,472	—
Other liabilities	1,123,261	1,305,103	1,157,971
<b>Total liabilities</b>	<b>43,523,214</b>	<b>46,465,603</b>	<b>45,399,687</b>
<b>Shareholders' Equity</b>			
Share capital	1,396,667	1,396,667	1,396,667
Reserves	5,424,095	4,573,108	5,473,571
Retained earnings	779,135	1,276,991	385,925
<b>Total equity</b>	<b>7,599,897</b>	<b>7,246,766</b>	<b>7,256,163</b>
<b>Total stockholders' equity and liabilities</b>	<b>51,123,111</b>	<b>53,712,369</b>	<b>52,655,850</b>

**Michael Mansoor**  
Chairman

**Clovis Metcalfe**  
Managing Director

### CONSOLIDATED STATEMENT OF INCOME

	Unaudited Quarter ended July 31, 2010	Unaudited Nine months ended July 31, 2010	Unaudited Quarter ended July 31, 2009	Unaudited Nine months ended July 31, 2009	Audited Year ended October 31, 2009
Interest income	1,092,187	3,420,242	1,304,826	3,945,074	5,220,049
Interest expenses	(265,315)	(943,555)	(474,043)	(1,519,637)	(1,919,876)
<b>Net interest income</b>	<b>826,872</b>	<b>2,476,687</b>	<b>830,783</b>	<b>2,425,437</b>	<b>3,300,173</b>
Non-interest income	141,676	620,197	219,103	868,823	1,056,706
<b>Total revenues</b>	<b>968,548</b>	<b>3,096,884</b>	<b>1,049,886</b>	<b>3,294,260</b>	<b>4,356,879</b>
Non-interest expenses	(652,421)	(2,174,823)	(659,093)	(1,927,942)	(2,600,733)
Loan loss impairment	(315,790)	(363,691)	(114,553)	(185,001)	(448,859)
	(968,211)	(2,538,514)	(773,646)	(2,112,943)	(3,049,592)
<b>Income before taxation</b>	<b>337</b>	<b>558,370</b>	<b>276,240</b>	<b>1,181,317</b>	<b>1,307,287</b>
Taxation	3,373	(179,776)	(96,673)	(399,896)	(420,629)
<b>Net income for the period</b>	<b>3,710</b>	<b>378,594</b>	<b>179,567</b>	<b>781,421</b>	<b>886,658</b>
Attributable to equity holders of the parent	3,710	378,594	179,567	781,421	886,658
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	1.4	142.5	67.6	294.0	333.6

### 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
<b>Balance as at November 1, 2008</b>	265,757	1,396,667	12,833	2,096,667	1,776,163	45,522	360,230	20,832	5,708,914	738,229	6,447,143
Total comprehensive (loss)/income	—	—	—	—	—	—	—	18,202	18,202	781,421	799,623
Transfer to loan loss reserve	—	—	—	—	—	—	242,659	—	242,659	(242,659)	—
<b>Balance as at July 31, 2009</b>	<b>265,757</b>	<b>1,396,667</b>	<b>12,833</b>	<b>2,096,667</b>	<b>1,776,163</b>	<b>45,522</b>	<b>602,889</b>	<b>39,034</b>	<b>5,969,775</b>	<b>1,276,991</b>	<b>7,246,766</b>
<b>Balance as at November 1, 2009</b>	265,757	1,396,667	12,833	2,146,667	2,616,163	45,522	602,889	49,497	6,870,238	385,925	7,256,163
Total comprehensive (loss)/income	—	—	—	—	—	—	—	(34,860)	(34,860)	378,594	343,734
Transfer to loan loss reserve	—	—	—	—	—	—	(14,616)	—	(14,616)	14,616	—
<b>Balance as at July 31, 2010</b>	<b>265,757</b>	<b>1,396,667</b>	<b>12,833</b>	<b>2,146,667</b>	<b>2,616,163</b>	<b>45,522</b>	<b>588,273</b>	<b>14,637</b>	<b>6,820,762</b>	<b>779,135</b>	<b>7,599,897</b>

### 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, 2009. 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

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Quarter ended July 31, 2010	Unaudited Nine months ended July 31, 2010	Unaudited Quarter ended July 31, 2009	Unaudited Nine months ended July 31, 2009	Audited Year ended October 31, 2009
<b>Net income for the period</b>	<b>3,710</b>	<b>378,594</b>	<b>179,567</b>	<b>781,421</b>	<b>886,658</b>
<b>Other comprehensive income</b>					
Net gains/ (losses) on available-for-sale investment securities, net of taxes	13,215	(34,860)	81,499	18,202	28,665
<b>Total comprehensive income for the period, net of tax</b>	<b>16,925</b>	<b>343,734</b>	<b>261,066</b>	<b>799,623</b>	<b>915,323</b>
<b>Attributable to equity holders of the parent</b>	<b>16,925</b>	<b>343,734</b>	<b>261,066</b>	<b>799,623</b>	<b>915,323</b>

### CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Nine months ended July 31, 2010	Unaudited Nine months ended July 31, 2009	Audited Year ended October 31, 2009
Net cash provided by operating activities	1,135,768	1,727,389	2,801,331
Net cash used in investing activities	(1,054,746)	(2,675,185)	(2,725,161)
Net cash provided by/ (used) in financing activities	—	28,522	(606,253)
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>81,022</b>	<b>(919,274)</b>	<b>(530,083)</b>
Effect of exchange rate changes on cash and cash equivalents	(267,431)	1,070,955	1,054,506
<b>Cash and cash equivalents, beginning of period</b>	<b>7,938,287</b>	<b>7,413,864</b>	<b>7,413,864</b>
<b>Cash and cash equivalents, end of period</b>	<b>7,751,877</b>	<b>7,565,546</b>	<b>7,938,287</b>

### SEGMENT REPORT

JULY 31, 2010	Retail & Wealth Management	Corporate Investment Banking	Treasury Sales & Trading	Other	Group
External revenues	1,642,999	1,709,570	632,935	54,935	4,040,439
Revenues from other segments	(12,157)	(797,239)	931,075	(121,679)	—
<b>Total revenues</b>	<b>1,630,842</b>	<b>912,331</b>	<b>1,564,010</b>	<b>(66,744)</b>	<b>4,040,439</b>
<b>Segment result</b>	<b>(184,997)</b>	<b>364,816</b>	<b>1,212,981</b>	<b>(834,430)</b>	<b>558,370</b>
Taxation					(179,776)
<b>Net income for the period</b>					<b>378,594</b>
Segment assets	12,870,210	19,453,490	18,993,161	(322,725)	50,994,136
Unallocated assets					128,975
<b>Total assets</b>					<b>51,123,111</b>
Segment liabilities	23,980,012	6,368,476	15,063,000	(2,188,347)	43,223,141
Unallocated liabilities					300,073
<b>Total liabilities</b>					<b>43,523,214</b>
<b>Other segment items:</b>					
Capital expenditure	42,015	717	—	56,585	99,317
Depreciation	52,748	591	3,514	41,741	98,594
Loan loss expenses	107,469	256,222	—	—	363,691

### JULY 31, 2009

	Retail & Wealth Management	Corporate Investment Banking	Treasury Sales & Trading	Other	Group
External revenues	1,789,346	2,021,879	879,209	123,463	4,813,897
Revenues from other segments	(168,797)	(689,579)	1,138,201	(279,825)	—
<b>Total revenues</b>	<b>1,620,549</b>	<b>1,332,300</b>	<b>2,017,410</b>	<b>(156,362)</b>	<b>4,813,897</b>
<b>Segment result</b>	<b>(234,237)</b>	<b>695,546</b>	<b>1,394,555</b>	<b>(674,547)</b>	<b>1,181,317</b>
Taxation					(399,896)
<b>Net income for the period</b>					<b>781,421</b>
Segment assets	13,491,470	22,045,544	18,522,235	(355,470)	53,703,779
Unallocated assets					8,590
<b>Total assets</b>					<b>53,712,369</b>
Segment liabilities	23,052,313	14,603,426	10,422,056	(1,977,984)	46,099,811
Unallocated liabilities					365,792
<b>Total liabilities</b>					<b>46,465,603</b>
<b>Other segment items:</b>					
Capital expenditure	41,276	235	1,808	103,204	146,523
Depreciation	43,483	657	3,849	32,873	80,862
Loan loss expenses	140,477	44,524	—	—	185,001

#### Notes:

1) Other comprises all functional groups, excluding treasury sales and trading, that supports the Bank's lines of business. These functional groups hold items in the statements of income and financial position that are not directly attributable to the lines of business and include eliminations. These revenues and expenses of the functional groups are generally allocated to the lines of business.

2) Transactions between segments are on normal commercial terms and conditions.

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.

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.

The Group's operations are located solely in Jamaica.

#### Transactions affecting year on year comparisons

##### Debt securities in issue

The Bank redeemed its issued debt securities in October 2009.