

# FirstCaribbean International Bank (Jamaica) Limited

## Unaudited Consolidated Financial Statements

For the quarter ended April 30, 2011 (expressed in thousands of Jamaican dollars)



**FIRSTCARIBBEAN**  
INTERNATIONAL BANK

### CHAIRMAN'S REVIEW

The Bank's results continue to be reflective of the effects of global economic conditions with persistent soft loan demand, and rising costs. Net income for the six months ended April 30, 2011 amounted to \$184 million compared to \$375 million for the comparative period last year. Total operating income improved year on year by 5% primarily due to higher non-interest income, but was fully offset by increases in loan loss impairment and non-interest expenses year on year.

Net interest income rose by 2%, and non-interest income grew by 16% primarily due to higher securities gains and deposit services fee income. Non-interest expenses and loan loss impairment increased by \$405 million over the prior year comparative period.

Stockholders' equity stood at \$7.8 billion as at April 30, 2011, and represented a risk-based capital ratio of 23%, which exceeds the minimum requirement of 10% stipulated by the Bank of Jamaica. This allows the Bank to be positioned to take advantage of future opportunities.

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

June 6, 2011

#### 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<br>April 30, 2011 | Unaudited<br>April 30, 2010 | Audited<br>October 31, 2010 |
|---|-----------------------------|-----------------------------|-----------------------------|
| <b>Assets</b>   |                             |                             |                             |
| Cash and balances with Central Bank                     | 12,445,338                  | 8,144,628                   | 10,952,478                  |
| Due from other banks                                    | 3,275,676                   | 7,519,740                   | 3,504,931                   |
| Investment securities                                   | 2,265,438                   | 2,354,461                   | 2,494,812                   |
| Government securities purchased under resale agreements | 178,751                     | 239,985                     | 226,567                     |
| Loans and advances to customers                         | 30,013,515                  | 33,094,841                  | 31,346,134                  |
| Property and equipment                                  | 710,031                     | 623,472                     | 693,991                     |
| Taxation recoverable                                    | 127,257                     | —                           | 123,096                     |
| Deferred tax assets                                     | 12,108                      | 8,525                       | 16,075                      |
| Retirement benefit assets                               | 1,044,179                   | 920,419                     | 1,012,125                   |
| Other assets  | 654,990                     | 948,952                     | 894,133                     |
| <b>Total assets</b>                                     | <b>50,727,283</b>           | <b>53,855,023</b>           | <b>51,264,342</b>           |
| <b>Liabilities</b>                                      |                             |                             |                             |
| Customer deposits                                       | 41,673,854                  | 45,055,973                  | 41,925,457                  |
| Taxation payable  | 39,389                      | 61,527                      | 95,215                      |
| Deferred tax liabilities                                | 236,286                     | 217,112                     | 211,478                     |
| Derivative financial instruments                        | —                           | 385,912                     | 445,392                     |
| Retirement benefit obligations                          | 35,480                      | 36,560                      | 37,265                      |
| Other liabilities                                       | 892,094                     | 514,969                     | 919,181                     |
| <b>Total liabilities</b>                                | <b>42,877,103</b>           | <b>46,272,053</b>           | <b>43,633,988</b>           |
| <b>Stockholders' Equity</b>                             |                             |                             |                             |
| Share capital   | 1,396,667                   | 1,396,667                   | 1,396,667                   |
| Reserves  | 5,719,509                   | 5,577,557                   | 5,636,585                   |
| Retained earnings                                       | 734,004                     | 608,746                     | 597,102                     |
| <b>Total equity</b>                                     | <b>7,850,180</b>            | <b>7,582,970</b>            | <b>7,630,354</b>            |
| <b>Total stockholders' equity and liabilities</b>       | <b>50,727,283</b>           | <b>53,855,023</b>           | <b>51,264,342</b>           |

**Michael Mansoor**  
Chairman

**Nigel Holness**  
Managing Director

### CONSOLIDATED STATEMENT OF INCOME

|   | Unaudited<br>Quarter ended<br>April 30, 2011 | Unaudited<br>Six months ended<br>April 30, 2011 | Unaudited<br>Quarter ended<br>April 30, 2010 | Unaudited<br>Six months ended<br>April 30, 2010 | Audited<br>Year ended<br>October 31, 2010 |
|---|--|---|--|---|---|
| Interest and similar income                                       | 1,017,113                                    | 2,086,883                                       | 1,153,365                                    | 2,408,683                                       | 4,493,857                                 |
| Interest and similar expenses                                     | (192,385)                                    | (405,107)                                       | (333,105)                                    | (758,868)                                       | (1,158,732)                               |
| <b>Net interest income</b>  | <b>824,728</b>                               | <b>1,681,776</b>                                | 820,260                                      | 1,649,815                                       | 3,335,125                                 |
| Non-interest income   | 304,122                                      | 556,553   | 214,847                                      | 478,520   | 853,125                                   |
| <b>Total operating income</b>                                     | <b>1,128,850</b>                             | <b>2,238,329</b>                                | 1,035,107                                    | 2,128,335                                       | 4,188,250                                 |
| Non-interest expenses   | (896,613)                                    | (1,759,589)                                     | (748,403)                                    | (1,522,402)                                     | (3,368,738)                               |
| Loan loss impairment  | (75,190)                                     | (216,156)                                       | (31,428)                                     | (47,902)  | (297,560)                                 |
|   | (971,803)                                    | (1,975,745)                                     | (779,831)                                    | (1,570,304)                                     | (3,666,298)                               |
| <b>Income before taxation</b>                                     | <b>157,047</b>                               | <b>262,584</b>                                  | 255,276                                      | 558,031   | 521,952                                   |
| Income tax expense  | (48,439)                                     | (78,904)  | (82,722)                                     | (183,149)                                       | (163,288)                                 |
| <b>Net income for the period attributable to equity holders</b>   | <b>108,608</b>                               | <b>183,680</b>                                  | 172,554                                      | 374,882   | 358,664                                   |
| Weighted average number of ordinary stock units in issue ('000's) | 265,757                                      | 265,757   | 265,757                                      | 265,757   | 265,757                                   |
| Net income per ordinary stock unit in cents                       | 40.9   | 69.1  | 64.9   | 141.1   | 135.0                                     |

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

|   | Unaudited<br>Quarter ended<br>April 30, 2011 | Unaudited<br>Six months ended<br>April 30, 2011 | Unaudited<br>Quarter ended<br>April 30, 2010 | Unaudited<br>Six months ended<br>April 30, 2010 | Audited<br>Year ended<br>October 31, 2010 |
|---|--|---|--|---|---|
| <b>Net income for the period</b>  | <b>108,608</b>                               | 183,680   | 172,554                                      | 374,882   | 358,664                                   |
| <b>Other comprehensive income</b>   |  |   |  |   |   |
| Net (losses)/gains on available-for-sale investment securities, net of taxes                | (7,245)                                      | 36,146  | (46,543)                                     | (48,075)  | 15,527                                    |
| <b>Total comprehensive income attributable to equity holders for the period, net of tax</b> | <b>101,363</b>                               | 219,826   | 126,011                                      | 326,807   | 374,191                                   |

### CONSOLIDATED STATEMENT OF CASH FLOWS

|  | Unaudited<br>Six months ended<br>April 30, 2011 | Unaudited<br>Six months ended<br>April 30, 2010 | Audited<br>Year ended<br>October 31, 2010 |
|--|---|---|---|
| Net cash provided by operating activities                    | 895,860   | 3,009,336                                       | 2,773,027                                 |
| Net cash used in investing activities                        | (268,114)                                       | (1,326,146)                                     | (1,610,378)                               |
| Net increase in cash and cash equivalents                    | 627,746   | 1,683,190                                       | 1,162,649                                 |
| Effect of exchange rate changes on cash and cash equivalents | 65,176  | 28,194  | (336,940)                                 |
| <b>Cash and cash equivalents, beginning of period</b>        | <b>8,763,996</b>                                | 7,938,287                                       | 7,938,287                                 |
| <b>Cash and cash equivalents, end of period</b>              | <b>9,456,918</b>                                | 9,649,671                                       | 8,763,996                                 |

### SEGMENT REPORT

|                                  | Retail<br>Banking | Corporate<br>Investment<br>Banking | Administration | Group             |
|----------------------------------|-------------------|------------------------------------|----------------|-------------------|
| <b>April 30, 2011</b>            |                   |                                    |                |                   |
| External revenues                | 1,094,802         | 987,629                            | 561,005        | 2,643,436         |
| Revenues from other segments     | 134,282           | (420,436)                          | 286,154        | —                 |
| <b>Total revenues</b>            | <b>1,229,084</b>  | 567,193                            | 847,159        | 2,643,436         |
| <b>Segment result</b>            | <b>145,589</b>    | 203,267                            | (86,272)       | 262,584           |
| Taxation                         | —                 | —                                  | —              | (78,904)          |
| <b>Net income for the period</b> |                   |                                    |                | <b>183,680</b>    |
| Segment assets                   | 13,594,485        | 16,739,514                         | 20,253,919     | 50,587,918        |
| Unallocated assets               | —                 | —                                  | —              | 139,365           |
| <b>Total assets</b>              |                   |                                    |                | <b>50,727,283</b> |
| <b>Segment liabilities</b>       | <b>24,214,278</b> | 6,124,379                          | 12,262,771     | 42,601,428        |
| Unallocated liabilities          | —                 | —                                  | —              | 275,675           |
| <b>Total liabilities</b>         |                   |                                    |                | <b>42,877,103</b> |
| <b>Other segment items:</b>      |                   |                                    |                |                   |
| Interest Income                  | 1,016,788         | 356,473                            | 713,622        | 2,086,883         |
| Interest Expense                 | 255,833           | 50,415                             | 98,859         | 405,107           |
| Hedging gains/(losses)           | —                 | —                                  | 43,477         | 43,477            |
| Capital expenditure              | 29,622            | 1,867                              | 65,008         | 96,497            |
| Depreciation                     | 35,219            | 333                                | 44,911         | 80,463            |
| Loan loss expenses               | 57,276            | 158,880                            | —              | 216,156           |
| <b>April 30, 2010</b>            |                   |                                    |                |                   |
| External revenues                | 1,111,624         | 1,244,294                          | 531,285        | 2,887,203         |
| Revenues from other segments     | 77,127            | (383,929)                          | 306,802        | —                 |
| <b>Total revenues</b>            | <b>1,188,751</b>  | 860,365                            | 838,087        | 2,887,203         |
| <b>Segment result</b>            | <b>(41,266)</b>   | 576,382                            | 22,915         | 558,031           |
| Taxation                         | —                 | —                                  | —              | (183,149)         |
| <b>Net income for the period</b> |                   |                                    |                | <b>374,882</b>    |
| Segment assets                   | 12,918,941        | 20,529,426                         | 20,398,131     | 53,846,498        |
| Unallocated assets               | —                 | —                                  | —              | 8,525             |
| <b>Total assets</b>              |                   |                                    |                | <b>53,855,023</b> |
| Segment liabilities              | 24,233,772        | 8,143,634                          | 13,616,008     | 45,993,414        |
| Unallocated liabilities          | —                 | —                                  | —              | 278,639           |
| <b>Total liabilities</b>         |                   |                                    |                | <b>46,272,053</b> |
| <b>Other segment items:</b>      |                   |                                    |                |                   |
| Interest Income                  | 1,009,268         | 626,878                            | 772,537        | 2,408,683         |
| Interest Expense                 | 490,524           | 136,944                            | 131,400        | 758,868           |
| Hedging gains/(losses)           | —                 | —                                  | 59,810         | 59,810            |
| Capital expenditure              | 22,534            | 1,745                              | 9,822          | 34,101            |
| Depreciation                     | 34,960            | 416                                | 27,891         | 63,267            |
| Loan loss expenses               | 52,205            | (4,303)                            | —              | 47,902            |

Notes:

1) The Group's operations are organised into two business segments, Retail Banking and Corporate Investment Banking (CIB) which are supported by the functional units within the Administration segment (which includes Finance, HR, Technology and Operations, Treasury, Risk and Other).

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

### CONSOLIDATED CHANGES IN STOCKHOLDERS' EQUITY

|                                       | Number of<br>Shares<br>('000) | Share<br>Capital<br>J\$'000 | Capital<br>Reserve<br>J\$'000 | Statutory<br>Reserve<br>Fund<br>J\$'000 | Retained<br>Earnings<br>Reserve<br>J\$'000 | Building<br>Society's<br>Reserve<br>J\$'000 | Loan<br>Loss<br>Reserve<br>J\$'000 | Fair Value<br>Reserve<br>J\$'000 | Total Share<br>Capital &<br>Reserves<br>J\$'000 | Retained<br>Earnings<br>J\$'000 | Total<br>Equity<br>J\$'000 |
|---------------------------------------|-------------------------------|-----------------------------|-------------------------------|---|--|---|------------------------------------|----------------------------------|---|---------------------------------|----------------------------|
| <b>Balance as at October 31, 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 income            | —                             | —                           | —                             | —                                       | —  | —   | —                                  | (48,075)                         | (48,075)  | 374,882                         | 326,807                    |
| Transfer to loan loss reserve         | —                             | —                           | —                             | —                                       | —  | —   | 152,061                            | —                                | 152,061   | (152,061)                       | —                          |
| <b>Balance as at April 30, 2010</b>   | 265,757                       | 1,396,667                   | 12,833                        | 2,146,667                               | 2,616,163                                  | 45,522                                      | 754,950                            | 1,422                            | 6,974,224                                       | 608,746                         | 7,582,970                  |
| <b>Balance as at October 31, 2010</b> | 265,757                       | 1,396,667                   | 12,833                        | 2,246,667                               | 2,616,163                                  | 45,522                                      | 650,376                            | 65,024                           | 7,033,252                                       | 597,102                         | 7,630,354                  |
| Total comprehensive income            | —                             | —                           | —                             | —                                       | —  | —   | —                                  | 36,146                           | 36,146  | 183,680                         | 219,826                    |
| Transfer to loan loss reserve         | —                             | —                           | —                             | —                                       | —  | —   | 46,777                             | —                                | 46,777  | (46,777)                        | —                          |
| <b>Balance as at April 31, 2011</b>   | 265,757                       | 1,396,667                   | 12,833                        | 2,246,667                               | 2,616,163                                  | 45,522                                      | 697,153                            | 101,170                          | 7,116,175                                       | 734,005                         | 7,850,180                  |

### NOTES TO THE CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Basis of presentation

The accompanying audited 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, 2010. 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 consolidated financial statements reflect, in the opinion of management, all adjustments that are necessary for a fair presentation of the consolidated financial statements for the interim periods presented.

In preparing these 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.