

# FirstCaribbean International Bank (Jamaica) Limited

## Unaudited Consolidated Financial Statements

For the quarter ended January 31, 2010 (expressed in thousands of Jamaican dollars)



**FIRSTCARIBBEAN**  
INTERNATIONAL BANK

### CHAIRMAN'S REVIEW

For the quarter ended January 31, 2010

FirstCaribbean International Bank (Jamaica) Limited recorded net income for the first quarter of \$202 million, compared to \$356 million reported for the prior year.

Total revenues for the quarter amounted to \$1.1 billion compared to \$1.2 billion in 2009. Net interest income for the quarter was \$830 million, representing a marginal increase of \$19 million, or 2%, over the prior year, resulting from lower interest expense due to the repayment of the issued debt securities last year, and lower deposit interest cost. However, this was offset by lower interest income from loans due to the decline in loan volumes. Non-interest income decreased by \$119 million, or 31%, compared to the prior year due primarily to lower mark to market and foreign exchange translation gains. Non-interest expenses rose by \$171 million, or 28%, mainly due to higher occupancy costs, communication costs, staff expenses and management fees. Loan loss expenses fell by \$41 million when compared to the prior year, due to lower specific loan impairment classification than in the prior comparative period.

Total assets stood at \$52.5 billion as at January 31, 2010 compared to \$56.4 billion as at January 31, 2009. Net loans and advances to customers amounted to \$33.3 billion which was lower than prior year by \$5.9 billion or 15%, while customer deposits amounted to \$43.9 billion, which was lower by \$3.2 billion, or 7%. Loan and deposit volumes continue to be adversely affected by the downturn in the level of economic activity.

As at January 31, 2010, Stockholders' Equity stood at \$7.5 billion, representing an 11% increase over the prior year's balance of \$6.7 billion.

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

March 11, 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 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>January 31, 2010 | Unaudited<br>January 31, 2009 | Audited<br>October 31, 2009 |
|---|-------------------------------|-------------------------------|-----------------------------|
| <b>Assets</b>                                     |                               |                               |                             |
| Cash and balances with Central Bank               | 7,508,874                     | 8,455,067                     | 7,814,217                   |
| Due from other banks                              | 6,604,214                     | 3,874,372                     | 5,172,697                   |
| Investment securities                             | 2,389,006                     | 1,572,391                     | 2,294,308                   |
| Government securities purchased                   |                               |                               |                             |
| under resale agreements                           | 278,986                       | 225,058                       | 252,024                     |
| Loans and advances to customers                   | 33,338,632                    | 39,219,754                    | 34,385,404                  |
| Property and equipment                            | 639,019                       | 544,021                       | 654,000                     |
| Deferred tax assets                               | 7,443                         | 12,190                        | 7,090                       |
| Retirement benefit assets                         | 885,697                       | 843,568                       | 874,124                     |
| Other assets                                      | 847,037                       | 1,689,225                     | 1,201,986                   |
| <b>Total assets</b>                               | <b>52,498,908</b>             | <b>56,435,646</b>             | <b>52,655,850</b>           |
| <b>Liabilities</b>                                |                               |                               |                             |
| Customer deposits                                 | 43,937,545                    | 47,121,863                    | 43,900,172                  |
| Taxation payable                                  | 69,241                        | 292,801                       | 85,938                      |
| Deferred tax liabilities                          | 225,495                       | 205,649                       | 216,276                     |
| Retirement benefit obligations                    | 38,638                        | 55,329                        | 39,330                      |
| Government securities sold under                  |                               |                               |                             |
| repurchase agreements                             | —                             | 200,000                       | —                           |
| Debt securities in issue                          | —                             | 523,210                       | —                           |
| Other liabilities                                 | 771,030                       | 1,304,412                     | 1,157,971                   |
| <b>Total liabilities</b>                          | <b>45,041,949</b>             | <b>49,703,264</b>             | <b>45,399,687</b>           |
| <b>Stockholders' Equity</b>                       |                               |                               |                             |
| Share capital                                     | 1,396,667                     | 1,396,667                     | 1,396,667                   |
| Reserves  | 5,519,703                     | 4,241,450                     | 5,473,571                   |
| Retained earnings                                 | 540,589                       | 1,094,265                     | 385,925                     |
| <b>Total equity</b>                               | <b>7,456,959</b>              | <b>6,732,382</b>              | <b>7,256,163</b>            |
| <b>Total stockholders' equity and liabilities</b> | <b>52,498,908</b>             | <b>56,435,646</b>             | <b>52,655,850</b>           |

**Michael Mansoor**  
Chairman

**Clovis Metcalfe**  
Managing Director

### CONSOLIDATED STATEMENT OF INCOME

|  | Unaudited<br>Quarter ended<br>January 31, 2010 | Unaudited<br>Quarter ended<br>January 31, 2009 | Audited<br>Year ended<br>October 31, 2009 |
|--|--|--|---|
| Interest income  | 1,215,224                                      | 1,338,716                                      | 5,220,049                                 |
| Interest expenses  | (385,669)                                      | (528,634)                                      | (1,919,876)                               |
| <b>Net interest income</b>                                   | <b>829,555</b>                                 | <b>810,082</b>                                 | <b>3,300,173</b>                          |
| Non-interest income  | 263,674  | 383,109  | 1,056,706                                 |
| <b>Total revenues</b>  | <b>1,093,229</b>                               | <b>1,193,191</b>                               | <b>4,356,879</b>                          |
| Non-interest expenses  | (773,999)                                      | (602,441)                                      | (2,600,733)                               |
| Loan loss impairment   | (16,474)                                       | (58,013)                                       | (448,859)                                 |
|  | (790,473)                                      | (660,454)                                      | (3,049,592)                               |
| <b>Income before taxation</b>                                | <b>302,756</b>                                 | <b>532,737</b>                                 | <b>1,307,287</b>                          |
| Taxation   | (100,428)                                      | (176,701)                                      | (420,629)                                 |
| <b>Net income for the period</b>                             | <b>202,328</b>                                 | <b>356,036</b>                                 | <b>886,658</b>                            |
| Attributable to equity holders of the parent                 | 202,328  | 356,036  | 886,658                                   |
| Weighted average number of common shares outstanding (000's) | 265,757  | 265,757  | 265,757                                   |
| Net income per common share in cents                         | 76.1   | 134.0  | 333.6                                     |

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

|  | Unaudited<br>Quarter ended<br>January 31, 2010 | Unaudited<br>Quarter ended<br>January 31, 2009 | Audited<br>Year ended<br>October 31, 2009 |
|--|--|--|---|
| <b>Net income for the period</b>   | <b>202,328</b>                                 | <b>356,036</b>                                 | <b>886,658</b>                            |
| <b>Other comprehensive (losses)/income</b>                                   |  |  |   |
| Net (losses)/gains on available-for-sale investment securities, net of taxes | (1,532)  | (70,797)                                       | 28,665                                    |
| <b>Total comprehensive income for the period, net of tax</b>                 | <b>200,796</b>                                 | <b>285,239</b>                                 | <b>915,323</b>                            |
| Attributable to equity holders of the parent                                 | 200,796  | 285,239  | 915,323                                   |

### CONSOLIDATED STATEMENT OF CASH FLOWS

|  | Unaudited<br>Quarter ended<br>January 31, 2010 | Unaudited<br>Quarter ended<br>January 31, 2009 | Audited<br>Year ended<br>October 31, 2009 |
|--|--|--|---|
| Net cash provided by operating activities                    | 1,081,373                                      | 626,315  | 2,801,331                                 |
| Net cash used in investing activities                        | (201,591)                                      | (533,624)                                      | (2,725,161)                               |
| Net cash used in financing activities                        | —  | —  | (606,253)                                 |
| Net increase/(decrease) in cash and cash equivalents         | 879,782  | 92,691   | (530,083)                                 |
| Effect of exchange rate changes on cash and cash equivalents | 62,548   | 752,327  | 1,054,506                                 |
| Cash and cash equivalents, beginning of period               | 7,938,287                                      | 7,413,864                                      | 7,413,864                                 |
| Cash and cash equivalents, end of period                     | 8,880,617                                      | 8,258,882                                      | 7,938,287                                 |

### SEGMENT REPORT

| January 31, 2010                 | Retail & Wealth Management | Corporate Investment Banking | Treasury Sales & Trading | Other            | Group             |
|----------------------------------|----------------------------|------------------------------|--------------------------|------------------|-------------------|
| External revenues                | 572,965                    | 664,699                      | 230,427                  | 10,807           | 1,478,898         |
| Revenues from other segments     | 30,239                     | (272,464)                    | 391,960                  | (49,735)         | —                 |
| <b>Total revenues</b>            | <b>603,204</b>             | <b>392,235</b>               | <b>522,387</b>           | <b>(38,928)</b>  | <b>1,478,898</b>  |
| <b>Segment result</b>            | <b>(60,050)</b>            | <b>270,057</b>               | <b>430,549</b>           | <b>(337,800)</b> | <b>302,756</b>    |
| Taxation                         |                            |                              |                          |                  | (100,428)         |
| <b>Net income for the period</b> |                            |                              |                          |                  | <b>202,328</b>    |
| Segment assets                   | 13,248,719                 | 20,314,689                   | 19,900,455               | (972,398)        | 52,491,465        |
| Unallocated assets               |                            |                              |                          |                  | 7,443             |
| <b>Total assets</b>              |                            |                              |                          |                  | <b>52,498,908</b> |
| Segment liabilities              | 24,512,268                 | 7,774,745                    | 15,004,956               | (2,544,756)      | 44,747,213        |
| Unallocated liabilities          |                            |                              |                          |                  | 294,736           |
| <b>Total liabilities</b>         |                            |                              |                          |                  | <b>45,041,949</b> |
| <b>Other segment items:</b>      |                            |                              |                          |                  |                   |
| Capital expenditure              | 4,558                      | 1,414                        | —                        | 7,646            | 13,618            |
| Depreciation                     | 14,296                     | 224                          | 1,191                    | 11,526           | 27,237            |
| Loan loss expenses               | 40,961                     | (24,487)                     | —                        | —                | 16,474            |
| <b>January 31, 2009</b>          |                            |                              |                          |                  |                   |
| External revenues                | 592,915                    | 711,850                      | 306,588                  | 110,472          | 1,721,825         |
| Revenues from other segments     | (88,244)                   | (183,032)                    | 391,679                  | (120,403)        | —                 |
| <b>Total revenues</b>            | <b>504,671</b>             | <b>528,818</b>               | <b>698,267</b>           | <b>(9,931)</b>   | <b>1,721,825</b>  |
| <b>Segment result</b>            | <b>(67,126)</b>            | <b>220,454</b>               | <b>500,966</b>           | <b>(121,557)</b> | <b>532,737</b>    |
| Taxation                         |                            |                              |                          |                  | (176,701)         |
| <b>Net income for the period</b> |                            |                              |                          |                  | <b>356,036</b>    |
| Segment assets                   | 14,472,061                 | 25,630,675                   | 14,587,669               | 1,733,051        | 56,423,456        |
| Unallocated assets               |                            |                              |                          |                  | 12,190            |
| <b>Total assets</b>              |                            |                              |                          |                  | <b>56,435,646</b> |
| Segment liabilities              | 21,847,627                 | 18,469,007                   | 12,862,011               | (3,973,831)      | 49,204,814        |
| Unallocated liabilities          |                            |                              |                          |                  | 498,450           |
| <b>Total liabilities</b>         |                            |                              |                          |                  | <b>49,703,264</b> |
| <b>Other segment items:</b>      |                            |                              |                          |                  |                   |
| Capital expenditure              | 874                        | 118                          | —                        | 20,373           | 21,365            |
| Depreciation                     | 13,762                     | 222                          | 1,078                    | 10,034           | 25,096            |
| Loan loss expenses               | 41,931                     | 16,082                       | —                        | —                | 58,013            |

#### Notes:

- Other comprises all functional groups, excluding treasury sales and trading, that supports the Bank's lines of business. These functional groups hold income statement and balance sheet items 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.
- Transactions between segments are on normal commercial terms and conditions.

### 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     | —                       | —                     | —                       | —                              | —                                 | —                                  | —                         | (70,797)                   | (70,797)                               | 356,036                   | 285,239              |
| Balance as at January 31, 2009        | 265,757                 | 1,396,667             | 12,833                  | 2,096,667                      | 1,776,163                         | 45,522                             | 360,230                   | (49,965)                   | 5,638,117                              | 1,094,265                 | 6,732,382            |
| <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     | —                       | —                     | —                       | —                              | —                                 | —                                  | —                         | (1,532)                    | (1,532)                                | 202,328                   | 200,796              |
| Transfer to loan loss reserve         | —                       | —                     | —                       | —                              | —                                 | —                                  | 47,664                    | —                          | 47,664                                 | (47,664)                  | —                    |
| <b>Balance as at January 31, 2010</b> | 265,757                 | 1,396,667             | 12,833                  | 2,146,667                      | 2,616,163                         | 45,522                             | 650,553                   | 47,965                     | 6,916,370                              | 540,589                   | 7,456,959            |

### 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 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 the outstanding \$500 million of its issued debt securities in October 2009.