

FirstCaribbean International Bank (Jamaica) Limited

Unaudited Consolidated Financial Statements

For the year ended October 31, 2010 (expressed in thousands of Jamaican dollars)



FIRSTCARIBBEAN
INTERNATIONAL BANK

CHAIRMAN'S REVIEW

For the year ended October 31, 2010

FirstCaribbean International Bank (Jamaica) Limited recorded net income of \$359 million for the year ended October 31, 2010, compared to \$887 million reported for the prior year comparative period.

Total revenues amounted to \$4.2 billion compared to \$4.4 billion in 2009. Net interest income remained flat year on year at \$3.3 billion, with declines in deposit liability volumes and rates, being partially offset by lower loan volumes. Non-interest income fell by \$204 million, primarily due to lower gains from sale of investment securities and hedge accounting, while non-interest expenses increased by \$768 million mainly due to the reimbursement of the bank's share of head office support costs, occupancy and depreciation charges. Loan loss expenses fell by \$151 million, representing a ratio of loan loss expenses to gross loans of 1.0% at the end of this year, compared with 1.3% at the end of the prior year.

Total assets stood at \$51.3 billion as at October 31, 2010 which declined by 3% from \$52.6 billion last year. Loan and deposit volumes continue to be adversely affected by the sluggish economic recovery and the stubbornly high unemployment levels affecting Jamaica.

The Group's Stockholders' Equity stood at \$7.6 billion as at October 31, 2010, and represent a risk-based capital ratio of 22% (October 31, 2009 – 15%) which exceeds the minimum requirement of 10% stipulated by the Bank of Jamaica.

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

December 15, 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 October 31, 2010	Audited October 31, 2009
Assets		
Cash and balances with Central Bank	10,952,478	7,814,217
Due from other banks	3,504,931	5,172,697
Investment securities	2,494,812	2,294,308
Government securities purchased under resale agreements	226,567	252,024
Loans and advances to customers	31,346,134	34,385,404
Property and equipment	693,991	654,000
Income tax recoverable	123,096	—
Deferred tax assets	16,075	7,090
Retirement benefit assets	1,012,125	874,124
Other assets	894,133	1,201,986
Total assets	51,264,342	52,655,850
Liabilities		
Customer deposits	41,925,457	43,900,172
Taxation payable	95,215	85,938
Deferred tax liabilities	211,478	216,276
Derivative financial instruments	445,392	400,343
Retirement benefit obligations	37,265	39,330
Other liabilities	919,181	757,628
Total liabilities	43,633,988	45,399,687
Stockholders' Equity		
Share capital	1,396,667	1,396,667
Reserves	5,636,585	5,473,571
Retained earnings	597,102	385,925
Total equity	7,630,354	7,256,163
Total stockholders' equity and liabilities	51,264,342	52,655,850

Michael Mansoor
Chairman

Nigel Holness
Managing Director

CONSOLIDATED STATEMENT OF INCOME

	Unaudited Quarter ended October 31, 2010	Unaudited Year ended October 31, 2010	Audited Quarter ended October 31, 2009	Audited Year ended October 31, 2009
Interest income	1,073,615	4,493,857	1,274,974	5,220,049
Interest expenses	(215,177)	(1,158,732)	(400,238)	(1,919,876)
Net interest income	858,438	3,335,125	874,736	3,300,173
Non-interest income	232,928	853,125	187,883	1,056,706
Total revenues	1,091,366	4,188,250	1,062,619	4,356,879
Non-interest expenses	(1,193,915)	(3,368,738)	(672,791)	(2,600,733)
Loan loss impairment	66,131	(297,560)	(263,858)	(448,859)
	(1,127,784)	(3,666,298)	(936,649)	(3,049,592)
Income before taxation	(36,418)	521,952	125,970	1,307,287
Taxation	16,488	(163,288)	(20,733)	(420,629)
Net income for the period attributable to equity holders of the parent	(19,930)	358,664	105,237	886,658
Attributable to equity holders of the parent	(19,930)	358,664	105,237	886,658
Weighted average number of common shares outstanding ('000's)	265,757	265,757	265,757	265,757
Net income per common share in cents	(7.5)	135.0	39.6	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
Balance as as October 31, 2008	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 income	—	—	—	—	—	—	—	28,665	28,665	886,658	915,323
Transfer to retained earnings reserve fund	—	—	—	—	840,000	—	—	—	840,000	(840,000)	—
Transfer to statutory reserve fund	—	—	—	50,000	—	—	—	—	50,000	(50,000)	—
Transfer to loan loss reserve	—	—	—	—	—	—	242,659	—	242,659	(242,659)	—
Dividends	—	—	—	—	—	—	—	—	—	(106,303)	(106,303)
Balance as at October 31, 2009	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
Balance as at October 31, 2009	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	—	—	—	—	—	—	—	15,527	15,527	358,664	374,191
Transfer to statutory reserve fund	—	—	—	100,000	—	—	—	—	100,000	(100,000)	—
Transfer to loan loss reserve	—	—	—	—	—	—	47,487	—	47,487	(47,487)	—
Balance as at October 31, 2010	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

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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Quarter ended October 31, 2010	Unaudited Year ended October 31, 2010	Audited Quarter ended October 31, 2009	Audited Year ended October 31, 2009
Net income for the period	(19,930)	358,664	105,237	886,658
Other comprehensive income				
Net gains on available-for-sale investment securities, net of taxes	50,387	15,527	10,463	28,665
Total comprehensive income attributable to equity holders of the parent for the period, net of tax	30,457	374,191	115,700	915,323

CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Year ended October 31, 2010	Audited Year ended October 31, 2009
Net cash provided by operating activities	2,773,027	2,795,406
Net cash used in investing activities	(1,610,378)	(2,744,938)
Net cash used in financing activities	—	(606,253)
Net increase (decrease) in cash and cash equivalents	1,162,649	(555,785)
Effect of exchange rate changes on cash and cash equivalents	(336,940)	1,080,208
Cash and cash equivalents, beginning of period	7,938,287	7,413,864
Cash and cash equivalents, end of period	8,763,996	7,938,287

CONSOLIDATED STATEMENT OF CASH FLOWS

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Net cash used in investing activities	(1,610,378)	(2,744,938)
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Cash and cash equivalents, end of period	8,763,996	7,938,287

SEGMENT REPORT

	Retail Banking	Corporate Investment Banking	Administration	Group
October 31, 2010				
External revenues	2,187,139	2,393,473	766,370	5,346,982
Revenues from other segments	877,028	(508,383)	(368,645)	—
Total revenues	3,064,167	1,885,090	397,725	5,346,982
Segment result	(466,919)	448,050	540,821	521,952
Taxation	—	—	—	(163,288)
Net income for the period				358,664
Segment assets	13,217,468	18,337,398	19,693,401	51,248,267
Unallocated assets	—	—	—	16,075
Total assets				51,264,342
Segment liabilities	24,114,633	6,497,324	12,715,338	43,327,295
Unallocated liabilities	—	—	—	306,693
Total liabilities				43,633,988
Other segment items:				
Interest Income	1,819,870	905,745	1,768,242	4,493,857
Interest Expense	845,965	216,512	96,255	1,158,732
Net Hedging gains	—	—	13,618	13,618
Capital expenditure	77,484	1,382	121,951	200,817
Depreciation	69,759	791	69,592	140,142
Loan loss expenses	66,921	230,639	—	297,560
October 31, 2009				
External revenues	2,321,830	2,741,208	1,213,717	6,276,755
Revenues from other segments	843,097	(392,262)	(450,835)	—
Total revenues	3,164,927	2,348,946	762,882	6,276,755
Segment result	(228,948)	688,712	847,523	1,307,287
Taxation	—	—	—	(420,629)
Net income for the period				886,658
Segment assets	13,274,212	21,327,284	18,047,264	52,648,760
Unallocated assets	—	—	—	7,090
Total assets				52,655,850
Segment liabilities	23,813,363	7,565,803	13,718,307	45,097,473
Unallocated liabilities	—	—	—	302,214
Total liabilities				45,399,687
Other segment items:				
Interest Income	1,812,961	1,235,747	2,171,341	5,220,049
Interest Expense	1,036,597	610,620	272,659	1,919,876
Net Hedging gains	—	—	74,858	74,858
Capital expenditure	109,290	1,162	107,375	217,827
Depreciation	57,615	878	50,771	109,264
Loan loss expenses	247,683	201,176	—	448,859

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.

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.