

# FirstCaribbean International Bank (Jamaica) Limited

## Unaudited Consolidated Financial Statements

For the nine months ended July 31, 2011 (expressed in thousands of Jamaican dollars)



FirstCaribbean  
International Bank

### CHAIRMAN'S REVIEW

Net income for the nine months ended July 31, 2011 amounted to \$324 million, compared to \$379 million for the comparative period last year. Total operating income improved by 9% year on year, primarily due to higher non-interest income, while loan loss impairment fell by 32%, but this was fully offset by an increase in non-interest expenses year on year.

Net interest income and non-interest income rose over prior year by 4%, and 29%, respectively. Higher non-interest income was driven mainly by securities gains. Non-interest expenses increased by 22% over the comparative prior year period, due primarily to increased staff costs.

Stockholders' equity stood at \$8 billion as at July 31, 2011, and represented a risk-based capital ratio of 21%, which exceeds the minimum requirement of 10% stipulated by the Bank of Jamaica. This allows the Bank to be in a position 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

September 1, 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 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.cibcfcb.com](http://www.cibcfcb.com).

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited July 31, 2011	Unaudited July 31, 2010	Audited October 31, 2010
<b>Assets</b>			
Cash and balances with Central Bank	11,812,295	8,669,043	10,952,478
Due from other banks	3,128,810	4,806,779	3,504,931
Investment securities	3,171,337	2,285,931	2,494,812
Government securities purchased under resale agreements	1,319	211,482	226,567
Loans and advances to customers	30,618,598	32,124,002	31,346,134
Property and equipment	710,781	636,820	693,991
Taxation recoverable	116,477	120,185	123,096
Deferred tax assets	12,019	8,790	16,075
Retirement benefit assets	1,025,700	998,603	1,012,125
Other assets	613,933	1,244,827	894,133
<b>Total assets</b>	<b>51,211,269</b>	<b>51,106,462</b>	<b>51,264,342</b>
<b>Liabilities</b>			
Customer deposits	42,009,784	42,064,705	41,925,457
Taxation payable	46,777	57,794	95,215
Deferred tax liabilities	254,032	242,279	211,478
Derivative financial instruments	3,816	414,557	445,392
Retirement benefit obligations	36,127	35,175	37,265
Other liabilities	859,971	692,055	919,181
<b>Total liabilities</b>	<b>43,210,507</b>	<b>43,506,565</b>	<b>43,633,988</b>
<b>Stockholders' Equity</b>			
Share capital	1,396,667	1,396,667	1,396,667
Reserves	5,765,399	5,424,095	5,636,585
Retained earnings	838,696	779,135	597,102
<b>Total equity</b>	<b>8,000,762</b>	<b>7,599,897</b>	<b>7,630,354</b>
<b>Total stockholders' equity and liabilities</b>	<b>51,211,269</b>	<b>51,106,462</b>	<b>51,264,342</b>

Michael Mansoor  
Chairman

Nigel Holness  
Managing Director

### CONSOLIDATED STATEMENT OF INCOME

	Unaudited Quarter ended July 31, 2011	Unaudited Nine months ended July 31, 2011	Unaudited Quarter ended July 31, 2010	Unaudited Nine months ended July 31, 2010	Audited Year ended October 31, 2010
Interest and similar income	1,046,066	3,132,949	1,129,583	3,538,266	4,493,857
Interest and similar expenses	(155,409)	(560,516)	(302,711)	(1,061,579)	(1,158,732)
<b>Net interest income</b>	<b>890,657</b>	<b>2,572,433</b>	<b>826,872</b>	<b>2,476,687</b>	<b>3,335,125</b>
Non-interest income	241,261	797,814	141,676	620,197	853,125
<b>Total operating income</b>	<b>1,131,918</b>	<b>3,370,247</b>	<b>968,548</b>	<b>3,096,884</b>	<b>4,188,250</b>
Non-interest expenses	(894,804)	(2,654,393)	(652,421)	(2,174,823)	(3,368,738)
Loan loss impairment	(32,787)	(248,943)	(315,790)	(363,691)	(297,560)
	(927,591)	(2,903,336)	(968,211)	(2,538,514)	(3,666,298)
<b>Income before taxation</b>	<b>204,327</b>	<b>466,911</b>	<b>337</b>	<b>558,370</b>	<b>521,952</b>
Income tax expense	(64,287)	(143,191)	3,373	(179,776)	(163,288)
<b>Net income for the period attributable to equity holders</b>	<b>140,040</b>	<b>323,720</b>	<b>3,710</b>	<b>378,594</b>	<b>358,664</b>
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	52.7	121.8	1.4	142.5	135.0

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Quarter ended July 31, 2011	Unaudited Nine months ended July 31, 2011	Unaudited Quarter ended July 31, 2010	Unaudited Nine months ended July 31, 2010	Audited Year ended October 31, 2010
<b>Net income for the period</b>	<b>140,040</b>	<b>323,720</b>	<b>3,710</b>	<b>378,594</b>	<b>358,664</b>
<b>Other comprehensive income</b>					
Net gains/(losses) on available-for-sale investment securities, net of taxes	10,542	46,688	13,215	(34,860)	15,527
<b>Total comprehensive income attributable to equity holders for the period, net of tax</b>	<b>150,582</b>	<b>370,408</b>	<b>16,925</b>	<b>343,734</b>	<b>374,191</b>

### CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Nine months ended July 31, 2011	Unaudited Nine months ended July 31, 2010	Audited Year ended October 31, 2010
Net cash provided by operating activities	873,142	1,017,435	2,773,027
Net cash used in investing activities	(2,774,220)	(1,054,746)	(1,610,378)
Net (decrease)/increase in cash and cash equivalents	(1,901,078)	(37,311)	1,162,649
Effect of exchange rate changes on cash and cash equivalents	89,925	(267,431)	(336,940)
<b>Cash and cash equivalents, beginning of period</b>	<b>8,763,996</b>	<b>7,938,287</b>	<b>7,938,287</b>
<b>Cash and cash equivalents, end of period</b>	<b>6,952,843</b>	<b>7,633,545</b>	<b>8,763,996</b>

### SEGMENT REPORT

	Retail Banking	Corporate Investment Banking	Administration	Group
<b>July 31, 2011</b>				
External revenues	1,675,633	1,448,279	806,851	3,930,763
Revenues from other segments	310,409	(595,144)	284,735	—
<b>Total revenues</b>	<b>1,986,042</b>	<b>853,135</b>	<b>1,091,586</b>	<b>3,930,763</b>
Segment result	351,327	360,564	(244,980)	466,911
Taxation	—	—	—	(143,191)
<b>Net income for the period</b>				<b>323,720</b>
Segment assets	13,842,141	17,076,080	20,164,552	51,082,773
Unallocated assets	—	—	—	128,496
<b>Total assets</b>				<b>51,211,269</b>
Segment liabilities	24,596,009	6,123,245	12,190,444	42,909,698
Unallocated liabilities	—	—	—	300,809
<b>Total liabilities</b>				<b>43,210,507</b>
<b>Other segment items:</b>				
Interest income	1,651,270	562,965	918,714	3,132,949
Interest expense	369,772	75,016	115,727	560,515
Hedging gains	—	—	30,323	30,323
Capital expenditure	46,935	10,030	78,337	135,302
Depreciation	52,893	494	65,119	118,506
Loan loss expenses	55,726	193,217	—	248,943
<b>July 31, 2010</b>				
External revenues	1,642,998	1,827,594	687,871	4,158,463
Revenues from other segments	(12,157)	(797,238)	809,395	—
<b>Total revenues</b>	<b>1,630,841</b>	<b>1,030,356</b>	<b>1,497,266</b>	<b>4,158,463</b>
Segment result	(184,997)	364,815	378,552	558,370
Taxation	—	—	—	(179,776)
<b>Net income for the period</b>				<b>378,594</b>
Segment assets	12,836,822	19,445,689	18,694,976	50,977,487
Unallocated assets	—	—	—	128,975
<b>Total assets</b>				<b>51,106,462</b>
Segment liabilities	23,946,624	6,360,675	12,899,193	43,206,492
Unallocated liabilities	—	—	—	300,073
<b>Total liabilities</b>				<b>43,506,565</b>
<b>Other segment items:</b>				
Interest income	1,369,375	685,536	1,483,354	3,538,265
Interest expense	686,456	183,335	191,788	1,061,579
Hedging gains	—	—	47,187	47,187
Capital expenditure	42,015	717	56,585	99,317
Depreciation	52,748	591	45,255	98,594
Loan loss expenses	107,469	256,222	—	363,691

### 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 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 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	—	—	—	—	—	—	—	(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>	265,757	1,396,667	12,833	2,146,667	2,616,163	45,522	588,273	14,637	6,820,762	779,135	7,599,897
<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	—	—	—	—	—	—	—	46,688	46,688	323,720	370,408
Transfer to loan loss reserve	—	—	—	—	—	—	82,126	—	82,126	(82,126)	—
<b>Balance as at July 31, 2011</b>	265,757	1,396,667	12,833	2,246,667	2,616,163	45,522	732,502	111,712	7,162,066	838,696	8,000,762

### NOTES TO THE CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Basis of presentation

The accompanying unaudited financial statements of FirstCaribbean International Bank (Jamaica) Limited (the Group) should be read in conjunction with the International Financial Reporting Standards (IFRS) audited 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.