

# FirstCaribbean International Bank (Jamaica) Limited

## Unaudited Consolidated Financial Statements

For the quarter ended January 31, 2011 (expressed in thousands of Jamaican dollars)



**FIRSTCARIBBEAN**  
INTERNATIONAL BANK

### CHAIRMAN'S REVIEW

Net income for the three months ended January 31, 2011 amounted to \$75 million compared to \$202 million for the comparative period last year. The Bank's results continue to be negatively impacted by the slow pace of global economic recovery.

Net interest income rose year on year by 3%, due to lower deposit liability volumes and rates, but was partially offset by a decline in loan volumes. Non-interest income fell by 4%, mainly due to lower investment banking fee income and foreign exchange translation gains, while non-interest expenses increased by 11% due to the contractual increases in staff costs pursuant to union negotiations, higher charges for reimbursement of the bank's share of head office support costs and depreciation charges. While we continue to make every effort to work with our customers to manage their debt obligations, loan loss expenses rose year over year for the comparative period, as the credit portfolio is impacted by the prevailing economic conditions.

Stockholders' equity stood at \$7.7 billion as at January 31, 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 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

March 14, 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 terrorists 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 January 31, 2011	Unaudited January 31, 2010	Audited October 31, 2010
<b>Assets</b>			
Cash and balances with Central Bank	11,564,901	7,508,874	10,952,478
Due from other banks	4,138,749	6,604,214	3,504,931
Investment securities	2,527,411	2,389,006	2,494,812
Government securities under reverse repurchase agreements	297,769	278,986	226,567
Loans and advances to customers	29,917,538	33,338,632	31,346,134
Property and equipment	708,661	639,019	693,991
Taxation recoverable	127,257	—	123,096
Deferred tax assets	15,982	7,443	16,075
Retirement benefit asset	1,024,128	885,697	1,012,125
Other assets	511,911	830,361	894,133
<b>Total assets</b>	<b>50,834,307</b>	<b>52,482,232</b>	<b>51,264,342</b>
<b>Liabilities</b>			
Customer deposits	41,698,844	43,937,545	41,925,457
Taxation payable	118,130	69,241	95,215
Deferred tax liabilities	232,562	225,495	211,478
Derivative financial instruments	349,791	380,052	445,392
Retirement benefit obligation	36,446	38,638	37,265
Other liabilities	649,717	374,302	919,181
<b>Total liabilities</b>	<b>43,085,490</b>	<b>45,025,273</b>	<b>43,633,988</b>
<b>Stockholders' Equity</b>			
Share capital	1,396,667	1,396,667	1,396,667
Reserves	5,679,976	5,519,703	5,636,585
Retained earnings	672,174	540,589	597,102
<b>Total equity</b>	<b>7,748,817</b>	<b>7,456,959</b>	<b>7,630,354</b>
<b>Total stockholders' equity and liabilities</b>	<b>50,834,307</b>	<b>52,482,232</b>	<b>51,264,342</b>

**Michael Mansoor**  
Chairman

**Nigel Holness**  
Managing Director

### CONSOLIDATED STATEMENT OF INCOME

	Unaudited Quarter ended January 31, 2011	Unaudited Quarter ended January 31, 2010	Audited Year ended October 31, 2010
Interest and similar income	1,033,743	1,215,224	4,493,857
Interest and similar expense	(176,695)	(385,669)	(1,158,732)
<b>Net interest income</b>	<b>857,048</b>	<b>829,555</b>	<b>3,335,125</b>
Non-interest income	252,431	263,674	853,125
<b>Total operating income</b>	<b>1,109,479</b>	<b>1,093,229</b>	<b>4,188,250</b>
Non-interest expenses	(862,976)	(773,999)	(3,368,738)
Loan loss impairment	(140,966)	(16,474)	(297,560)
	(1,003,942)	(790,473)	(3,666,298)
<b>Income before taxation</b>	<b>105,537</b>	<b>302,756</b>	<b>521,952</b>
Income tax expense	(30,465)	(100,428)	(163,288)
<b>Net income for the period attributable to equity holders</b>	<b>75,072</b>	<b>202,328</b>	<b>358,664</b>
Weighted average number of ordinary stock units in issue (000's)	265,757	265,757	265,757
Net income per ordinary stock unit in cents	28.2	76.1	135.0

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Quarter ended January 31, 2011	Unaudited Quarter ended January 31, 2010	Audited Year ended October 31, 2010
<b>Net income for the period</b>	<b>75,072</b>	<b>202,328</b>	<b>358,664</b>
Other comprehensive income			
Net gains/(losses) on available-for-sale investment securities, net of taxes	43,391	(1,532)	15,527
<b>Total comprehensive income attributable to equity holders for the period, net of tax</b>	<b>118,463</b>	<b>200,796</b>	<b>374,191</b>

### CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Quarter ended January 31, 2011	Unaudited Quarter ended January 31, 2010	Audited Year ended October 31, 2010
Net cash provided by operating activities	1,157,607	1,125,220	2,773,027
Net cash used in investing activities	(85,069)	(245,438)	(1,610,378)
Net increase in cash and cash equivalents	1,072,538	879,782	1,162,649
Effect of exchange rate changes on cash and cash equivalents	25,969	62,548	(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>9,862,503</b>	<b>8,880,617</b>	<b>8,763,996</b>

### SEGMENT REPORT

	Retail & Wealth Management	Corporate Investment Banking	Administration	Group
<b>January 31, 2011</b>				
External revenues	559,020	498,851	228,303	1,286,174
Revenues from other segments	12,277	(234,601)	222,324	—
<b>Total revenues</b>	<b>571,297</b>	<b>264,250</b>	<b>450,627</b>	<b>1,286,174</b>
<b>Segment result</b>	<b>22,711</b>	<b>66,561</b>	<b>16,265</b>	<b>105,537</b>
Taxation				(30,465)
<b>Net income for the period</b>				<b>75,072</b>
Segment assets	13,324,952	16,890,400	20,475,716	50,691,068
Unallocated assets				143,239
<b>Total assets</b>				<b>50,834,307</b>
<b>Segment liabilities</b>	<b>23,991,069</b>	<b>5,988,452</b>	<b>12,755,277</b>	<b>42,734,798</b>
Unallocated liabilities				350,692
<b>Total liabilities</b>				<b>43,085,490</b>
<b>Other segment items:</b>				
Interest Income	461,733	170,427	401,583	1,033,743
Interest Expense	131,878	25,913	18,904	176,695
Hedging gains/(losses)	—	—	30,336	30,336
Capital expenditure	13,329	187	40,015	53,531
Depreciation	17,573	169	21,119	38,861
Loan loss expenses	49,928	91,038	—	140,966
<b>January 31, 2010</b>				
External revenues	572,965	664,699	241,234	1,478,898
Revenues from other segments	30,239	(272,464)	242,225	—
<b>Total revenues</b>	<b>603,204</b>	<b>392,235</b>	<b>483,459</b>	<b>1,478,898</b>
<b>Segment result</b>	<b>(60,050)</b>	<b>270,057</b>	<b>92,749</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	18,911,381	52,474,789
Unallocated assets				7,443
<b>Total assets</b>				<b>52,482,232</b>
Segment liabilities	24,512,268	7,774,745	12,443,524	44,730,537
Unallocated liabilities				294,736
<b>Total liabilities</b>				<b>45,025,273</b>
<b>Other segment items:</b>				
Interest Income	503,304	259,109	452,811	1,215,224
Interest Expense	279,053	76,704	29,912	385,669
Hedging gains/(losses)	—	—	8,645	8,645
Capital expenditure	4,558	1,414	7,646	13,618
Depreciation	14,296	224	12,717	27,237
Loan loss expenses	40,961	(24,487)	—	16,474

### Notes:

- 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).
- 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 for the period	—	—	—	—	—	—	—	(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
<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 for the period	—	—	—	—	—	—	—	43,391	43,391	75,072	118,463
<b>Balance as at January 31, 2011</b>	265,757	1,396,667	12,833	2,246,667	2,616,163	45,522	650,376	108,415	7,076,643	672,174	7,748,817

### 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.