

# 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 April 30, 2011	Unaudited April 30, 2010	Audited 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 Quarter ended April 30, 2011	Unaudited Six months ended April 30, 2011	Unaudited Quarter ended April 30, 2010	Unaudited Six months ended April 30, 2010	Audited Year ended 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	304,142	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 Quarter ended April 30, 2011	Unaudited Six months ended April 30, 2011	Unaudited Quarter ended April 30, 2010	Unaudited Six months ended April 30, 2010	Audited Year ended 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 Six months ended April 30, 2011	Unaudited Six months ended April 30, 2010	Audited Year ended 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 Banking	Corporate Investment 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 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	—	—	—	—	—	—	—	(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.