

# FirstCaribbean International Bank (Jamaica) Limited

## Condensed Unaudited Consolidated Financial Statements

For the Quarter ended January 31, 2008 (expressed in thousands of Jamaican dollars)



**FIRSTCARIBBEAN**  
INTERNATIONAL BANK

### CHAIRMAN'S REVIEW

For the quarter ended January 31, 2008

FirstCaribbean International Bank (Jamaica) Limited recorded net income after taxation (NIAT) of \$205 million for the quarter ended January 31, 2008, compared to \$226 million for the prior year period. The prior year's comparative included a one-time gain of \$82 million (\$55 million net of tax) in relation to changes of policy in health benefits. As disclosed in the accompanying notes, in the prior year, the Group was unable to claim hedge accounting for certain interest rate hedges and therefore, this quarter included a loss of \$76 million (\$51 million net of tax). The Group has since reinstated these hedges from an accounting perspective and as such, no significant accounting losses are expected to occur in the future quarters. Excluding all one-off items, NIAT increased by \$53 million or 31% over the prior year's comparative. The Bank's core business segments continue to perform according to plan.

Net interest income for the quarter ended January 31, 2008 was \$722 million, representing an increase of \$87 million or 14% over prior period and was due primarily to the growth in our loan volumes. Total revenue for the quarter was \$850 million compared to \$781 million for the comparable period in 2007. Excluding the loss related to the hedge accounting, core revenues increased by \$145 million or 19% over the prior period. Core non-interest expenses increased by \$20 million or 4%.

Total assets stood at \$43,205 million as at January 31, 2008 compared to \$39,557 million as at January 31, 2007. Loans and advances to customers amounted to \$31,028 million reflecting a year on year growth of \$2,121 million or 7%. We are satisfied with the quality of our loan portfolio. Customer Deposits grew by \$1,663 million or 5%.

As at January 31, 2008 Stockholders' Equity stood at \$5,831 million registering a 15% increase over the prior year's balance of \$5,075 million. The Board approved the transfer of \$470 million from Retained Earnings to Statutory Reserve Fund to strengthen our capital base and increase our lending capacity. In order to support the continued growth of business, the Board recommended that no dividend be paid for the quarter.

I thank our customers, employees, shareholders and other stakeholders for their contribution and continued support.

Michael K. Mansoor  
Chairman

March 13, 2008

### 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 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](http://www.firstcaribbeanbank.com).

### CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited January 31, 2008	Restated Unaudited January 31, 2007	Audited October 31, 2007
<b>Assets</b>			
Cash and balances with Central Bank	6,426,421	3,607,824	4,782,173
Loans and advances to banks	2,285,702	3,016,597	1,505,349
Other assets	1,005,000	910,715	1,500,359
Investment securities	892,434	1,740,886	924,855
Government securities purchased under resale agreements	216,698	194,292	212,077
Loans and advances to customers	31,027,575	28,906,626	31,409,506
Property, plant and equipment	488,295	431,009	502,565
Deferred tax assets	4,514	19	4,499
Retirement benefit assets	858,798	748,824	829,800
<b>Total assets</b>	<b>43,205,437</b>	<b>39,556,792</b>	<b>41,671,183</b>
<b>Liabilities</b>			
Customer deposits	34,851,212	33,187,991	33,523,005
Other liabilities	554,477	806,355	652,101
Taxation payable	121,398	272,301	81,681
Deferred tax liabilities	217,152	162,068	218,430
Retirement benefit obligations	73,303	53,416	76,090
Debt securities in issue	1,557,033	—	1,502,217
<b>Total liabilities</b>	<b>37,374,575</b>	<b>34,482,131</b>	<b>36,053,524</b>
<b>Stockholders' Equity</b>			
Share capital and reserves	5,216,067	4,605,594	4,738,001
Retained earnings	614,795	469,067	879,658
<b>Total equity</b>	<b>5,830,862</b>	<b>5,074,661</b>	<b>5,617,659</b>
<b>Total stockholders' equity and liabilities</b>	<b>43,205,437</b>	<b>39,556,792</b>	<b>41,671,183</b>

Michael Mansoor  
Chairman

Milton Brady  
Managing Director

### CONSOLIDATED STATEMENT OF INCOME

	Unaudited Quarter ended January 31, 2008	Restated Unaudited Quarter ended January 31, 2007	Audited Year ended October 31, 2007
Interest income	1,205,665	984,206	4,348,608
Interest expenses	(483,627)	(349,181)	(1,748,674)
<b>Net interest income</b>	<b>722,038</b>	<b>635,025</b>	<b>2,599,934</b>
Non-interest income	128,108	146,267	681,559
<b>Total revenues</b>	<b>850,146</b>	<b>781,292</b>	<b>3,281,493</b>
Non-interest expenses	(495,860)	(425,062)	(2,009,620)
Loan loss impairment	(41,796)	(27,848)	(122,293)
	(537,658)	(452,910)	(2,131,913)
<b>Income before taxation</b>	<b>312,488</b>	<b>328,382</b>	<b>1,149,580</b>
Taxation	(107,351)	(102,679)	(378,457)
<b>Net income for the period</b>	<b>205,137</b>	<b>225,703</b>	<b>771,123</b>
Weighted average number of common shares outstanding ('000's)	265,757	265,757	265,757
Net income per common share in cents	77.2	84.9	290.2

### CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Quarter ended January 31, 2008	Restated Unaudited Quarter ended January 31, 2007	Audited Year ended October 31, 2007
Net cash provided by/(used in) operating activities	2,603,638	1,086,695	(2,425,607)
Net cash provided by/(used in) investing activities	3,179	191,291	(639,836)
Net cash provided by financing activities	—	—	1,300,000
Net increase/(decrease) in cash and cash equivalents	2,606,817	1,277,986	(1,765,443)
Effect of exchange rate changes on cash and cash equivalents	28,856	59,011	138,661
<b>Cash and cash equivalents, beginning of period</b>	<b>3,610,007</b>	<b>3,419,791</b>	<b>5,046,573</b>
<b>Cash and cash equivalents, end of period</b>	<b>6,245,680</b>	<b>4,756,788</b>	<b>3,419,791</b>

### SEGMENT FINANCIAL INFORMATION

	Retail Banking	Corporate Banking	Other Financial Services	Eliminations	Group
<b>January 31, 2008</b>					
External revenues	353,981	741,346	238,446	—	1,333,773
Revenues from other segments	134,468	(75,157)	26,508	(85,819)	—
<b>Total revenues</b>	<b>488,449</b>	<b>666,189</b>	<b>264,954</b>	<b>(85,819)</b>	<b>1,333,773</b>
<b>Segment result</b>	<b>51,981</b>	<b>448,791</b>	<b>(188,284)</b>	<b>—</b>	<b>312,488</b>
Taxation	—	—	—	—	(107,351)
<b>Net income for the period</b>					<b>205,137</b>
Segment assets	21,432,692	21,444,750	4,150,751	(3,827,270)	43,200,923
Unallocated assets	—	—	—	—	4,514
<b>Total assets</b>					<b>43,205,437</b>
Segment liabilities	14,843,644	18,515,633	7,140,018	(3,463,270)	37,036,025
Unallocated liabilities	—	—	—	—	338,550
<b>Total liabilities</b>					<b>37,374,575</b>
<b>Other segment items:</b>					
Capital expenditure	4,570	277	9,527	—	14,374
Depreciation	9,110	146	22,024	—	31,280
Loan loss expenses	28,784	13,014	—	—	41,796
<b>January 31, 2007 Restated</b>					
External revenues	375,534	519,543	235,396	—	1,130,473
Revenues from other segments	176,736	(55,122)	(61,471)	(60,143)	—
<b>Total revenues</b>	<b>552,270</b>	<b>464,421</b>	<b>173,925</b>	<b>(60,143)</b>	<b>1,130,473</b>
<b>Segment result</b>	<b>89,577</b>	<b>267,479</b>	<b>(28,674)</b>	<b>—</b>	<b>328,382</b>
Taxation	—	—	—	—	(102,679)
<b>Net income for the period</b>					<b>225,703</b>
Segment assets	20,418,056	19,020,742	3,123,924	(3,005,949)	39,556,773
Unallocated assets	—	—	—	—	19
<b>Total assets</b>					<b>39,556,792</b>
Segment liabilities	16,587,223	16,908,454	3,194,034	(2,641,949)	34,047,762
Unallocated liabilities	—	—	—	—	434,369
<b>Total liabilities</b>					<b>34,482,131</b>
<b>Other segment items:</b>					
Capital expenditure	1,067	246	13,814	—	15,127
Depreciation	4,051	96	30,222	—	34,369
Loan loss expenses	19,113	8,735	—	—	27,848

### CONSOLIDATED CHANGES IN STOCKHOLDERS' EQUITY

	Number of Shares ('000)	Share Capital \$'000	Capital Reserve \$'000	Statutory Reserve Fund \$'000	Retained Earnings Reserve \$'000	Building Society's Reserve \$'000	Loan Loss Reserve \$'000	Fair Value Reserve \$'000	Total Share Capital & Reserves \$'000	Retained Earnings \$'000	Total Equity \$'000
<b>Balance as restated November 1, 2006</b>	265,757	1,396,667	12,833	696,667	1,776,163	45,522	188,919	27,622	4,144,393	703,364	4,847,757
<b>Net income</b>	—	—	—	—	—	—	—	—	—	225,703	225,703
Capital injection	—	—	—	—	—	—	—	—	—	—	—
Transfer to retained earnings reserve fund	—	—	—	—	—	—	—	—	—	—	—
Transfer to statutory reserve fund	—	—	—	460,000	—	—	—	—	460,000	(460,000)	—
Transfer to loan loss reserve	—	—	—	—	—	—	—	—	—	—	—
MTM fair value of available-for-sale investment	—	—	—	—	—	—	—	1,201	1,201	—	1,201
<b>Balance as at January 31, 2007</b>	<b>265,757</b>	<b>1,396,667</b>	<b>12,833</b>	<b>1,156,667</b>	<b>1,776,163</b>	<b>45,522</b>	<b>188,919</b>	<b>28,823</b>	<b>4,605,594</b>	<b>469,067</b>	<b>5,074,661</b>
<b>Balance as at November 1, 2007</b>	<b>265,757</b>	<b>1,396,667</b>	<b>12,833</b>	<b>1,156,667</b>	<b>1,776,163</b>	<b>45,522</b>	<b>323,748</b>	<b>26,401</b>	<b>4,738,001</b>	<b>879,658</b>	<b>5,617,659</b>
Net income	—	—	—	—	—	—	—	—	—	205,137	205,137
Transfer to retained earnings reserve fund	—	—	—	—	—	—	—	—	—	—	—
Transfer to statutory reserve fund	—	—	—	470,000	—	—	—	—	470,000	(470,000)	—
Transfer to loan loss reserve	—	—	—	—	—	—	—	—	—	—	—
MTM fair value of available-for-sale investment	—	—	—	—	—	—	—	8,066	8,066	—	8,066
<b>Balance as at January 31, 2008</b>	<b>265,757</b>	<b>1,396,667</b>	<b>12,833</b>	<b>1,626,667</b>	<b>1,776,163</b>	<b>45,522</b>	<b>323,748</b>	<b>34,467</b>	<b>5,216,067</b>	<b>614,795</b>	<b>5,830,862</b>

### 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, 2007. 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.

The results of operations for interim periods are not necessarily indicative of results of the entire year.

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.

#### TRANSACTIONS AFFECTING YEAR ON YEAR COMPARISONS

##### Change in post retirement medical benefits

Effective January 1, 2007 certain changes to the Group's health benefit scheme were made which resulted in the recognition of a curtailment gain of \$82.2 million (before taxes) in prior year.

##### Hedge accounting

At the end of last fiscal, a review of the Group's hedge accounting revealed that one of the criteria was not fully met and this resulted in an adjustment to the 2007 results and a restatement of the 2006 results. As a consequence, the January 31, 2007 comparative numbers have been restated to reflect this adjustment. Opening retained earnings for 2007 has been reduced by \$27.3 million, total assets were reduced by \$44.7 billion, total liabilities reduced by \$14.9 million and net income by \$2.5 million.

For the quarter, the loss due to hedge ineffectiveness was \$76 million. The Group has reinstated these hedges from an accounting perspective and as such, no significant accounting losses are expected.

##### Segment reporting

During the quarter, as part of our customer segmentation, certain assets and liabilities associated income and expenses previously classified as Premier Banking within the Retail Segment were transferred to the Wealth Management Segment, which is included in Other Financial Services.

The Group's operations are located solely in Jamaica.