

**FirstCaribbean International Bank (Jamaica) Limited**  
**Consolidated Financial Statements**  
**For the nine months ended July 31, 2003**



**FIRSTCARIBBEAN**  
INTERNATIONAL BANK

**Chairman's Review**

**For the nine months ended July 31, 2003**

The Group reported net profit after tax of \$308.8 million for the nine months ended July 31, 2003 compared to \$151.9 million for the similar period in 2002. This performance represents an improvement of 103.3% over the prior year, and is primarily due to total revenues increasing by \$248.6 million (21.1%).

Whereas management is proud of the results, we are nevertheless cognisant that the performance is largely due to revaluation gains and increases in local currency interest rates, neither of which is expected to continue in the foreseeable future. Some of our key drivers of business performance such as asset growth and expense ratios continue to warrant our attention, so as to ensure sustainable profit growth.

Foreign currency earnings for the period were \$234.7 million and accounted for 50% of the increase in total revenue. Another contributing factor was Net Interest Income, which at \$914.8 million for the nine months ended July 31, 2003 had improved by \$106.8 million (13%). The upturn resulted from increased loan volumes and higher yields on investment securities.

Return on Equity was 25% compared to 14%, and Earnings per share was \$1.60 compared to 79 cents, for the same period in the prior year.

Total loans increased by \$1.3 billion or 25.6% over the same period last year, and stood at \$6.6 billion as at July 31, 2003. Our performance in this area of our operations reflects the impact of a more aggressive position taken by the bank. At the end of the third quarter deposit balances were \$15.8 billion, \$1.3 billion (7.4%) lower than at the end of the corresponding quarter last year. Further improvements are expected as we have begun to capitalise on the benefits of the merger of the Caribbean operations of CIBC and Barclays Bank PLC.

FirstCaribbean is successfully implementing the integration programme across the region, which includes re-branding and implementation of a standard technology platform over a two-year period. The impact of the integration program is already accruing benefits to all of our key stakeholders.

Michael K. Mansoor  
Chairman

**CONSOLIDATED BALANCE SHEET (J\$'000)**

|  | Unaudited<br>31-July-2003 | Unaudited<br>31-July-2002 | Audited<br>31-October-2002 |
|--|---------------------------|---------------------------|----------------------------|
| <b>Assets</b>  |                           |                           |                            |
| Cash resources   | 7,370,138                 | 9,048,845                 | 7,930,259                  |
| Securities   | 2,337,659                 | 1,761,396                 | 2,135,521                  |
| Government securities purchased under resale agreement       | 470,940                   | 1,397,641                 | 1,385,790                  |
| Loans  | 6,603,589                 | 5,232,717                 | 5,159,805                  |
| Net investment in leases                                     | 27,310                    | 46,750                    | 41,223                     |
| Fixed assets   | 193,173                   | 323,963                   | 233,861                    |
| Other assets   | 791,610                   | 1,049,304                 | 643,702                    |
| Acceptances, guarantees and letters of credit, as per contra | 418,565                   | 457,742                   | 405,771                    |
|  | <u>18,212,984</u>         | <u>19,318,358</u>         | <u>17,935,932</u>          |
| <b>Liabilities</b>   |                           |                           |                            |
| Total deposits   | 15,807,457                | 17,079,818                | 15,742,973                 |
| Other liabilities  | 193,387                   | 280,771                   | 283,108                    |
| Acceptances, guarantees and letters of credit, as per contra | 418,565                   | 457,742                   | 405,771                    |
|  | <u>16,419,409</u>         | <u>17,818,331</u>         | <u>16,431,852</u>          |
| <b>Shareholders' Equity</b>                                  |                           |                           |                            |
| Share capital & reserves                                     | 1,274,477                 | 1,250,477                 | 1,250,477                  |
| Retained earnings  | 519,098                   | 249,550                   | 253,603                    |
|  | <u>1,793,575</u>          | <u>1,500,027</u>          | <u>1,504,080</u>           |
|  | <u>18,212,984</u>         | <u>19,318,358</u>         | <u>17,935,932</u>          |

**CONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY**

|                                       | Number of<br>Shares<br>(000) | Share<br>Capital<br>J \$'000 | Retained<br>Earnings<br>Reserve<br>J \$'000 | Capital<br>Reserve<br>J \$'000 | Reserve<br>Fund<br>J \$'000 | Bldg. Society<br>General<br>Reserve<br>J \$'000 | Total Share<br>Capital<br>& Reserves<br>J \$'000 | Retained<br>Earnings<br>J \$'000 |
|---------------------------------------|------------------------------|------------------------------|---|--------------------------------|-----------------------------|---|--|----------------------------------|
| <b>Balance at November 1, 2001</b>    | 193,333                      | 96,667                       | 932,163                                     | 19,458                         | 156,667                     | 45,522  | 1,250,477  | 116,964                          |
| Net income for the period             |                              |                              |   |                                |                             |   | -  | 151,919                          |
| Transfer to retained earnings reserve |                              |                              |   |                                |                             |   | -  | -                                |
| Dividends                             |                              |                              |   |                                |                             |   | -  | (19,333)                         |
| <b>Balance at July 31, 2002</b>       | <u>193,333</u>               | <u>96,667</u>                | <u>932,163</u>                              | <u>19,458</u>                  | <u>156,667</u>              | <u>45,522</u>                                   | <u>1,250,477</u>                                 | <u>249,550</u>                   |
| <b>Balance at November 1, 2002</b>    | 193,333                      | 96,667                       | 932,163                                     | 19,458                         | 156,667                     | 45,522  | 1,250,477  | 253,603                          |
| Net income for the period             |                              |                              |   |                                |                             |   | -  | 308,828                          |
| Transfer to retained earnings reserve |                              |                              | 24,000                                      |                                |                             |   | 24,000   | (24,000)                         |
| Dividends                             |                              |                              |   |                                |                             |   | -  | (19,333)                         |
| <b>Balance at July 31, 2003</b>       | <u>193,333</u>               | <u>96,667</u>                | <u>956,163</u>                              | <u>19,458</u>                  | <u>156,667</u>              | <u>45,522</u>                                   | <u>1,274,477</u>                                 | <u>519,098</u>                   |

**CONSOLIDATED STATEMENT OF CASH FLOWS (J\$'000)**

|   | Unaudited<br>Year To Date<br>Nine Months ended<br>31-July-2003 | Unaudited<br>Year To Date<br>Nine Months ended<br>31-July-2002 | Audited<br>Year ended<br>31-Oct-2002 |
|---|--|--|--------------------------------------|
| <b>Net cash provided by operating activities</b>            | 674,346  | 219,951  | 226,561                              |
| <b>Net cash (used in)/provided by investing activities</b>  | (1,117,767)  | 718,423  | 850,050                              |
| <b>Net cash used in financing activities</b>                | (116,700)  | (392,796)  | (1,649,619)                          |
| <b>Net (decrease)/increase in cash and cash equivalents</b> | (560,121)  | 545,578  | (573,008)                            |
| <b>Cash and cash equivalents, beginning of year</b>         | 7,930,259  | 8,503,267  | 8,503,267                            |
| <b>Cash and cash equivalents, end of period</b>             | <u>7,370,138</u>   | <u>9,048,845</u>   | <u>7,930,259</u>                     |

**CONSOLIDATED STATEMENT OF INCOME (J\$'000)**  
**QUARTER ENDED JULY 31, 2003**

|   | Unaudited<br>Quarter ended<br>31-July-2003 | Unaudited<br>Year To Date<br>31-July-2003 | Unaudited<br>Quarter ended<br>31-July-2002 | Unaudited<br>Year To Date<br>31-July-2002 | Audited<br>Year ended<br>31-October-2002 |
|---|--|---|--|---|--|
| Total interest income                               | 585,077                                    | 1,588,925                                 | 575,210                                    | 1,671,207                                 | 2,210,867                                |
| Total interest expenses                             | (224,077)                                  | (674,112)                                 | (284,327)                                  | (863,217)                                 | (1,124,141)                              |
| Net interest income                                 | 361,000                                    | 914,813                                   | 290,883                                    | 807,990                                   | 1,086,726                                |
| Non-interest income                                 | 186,530                                    | 513,986                                   | 133,103                                    | 372,201                                   | 481,444                                  |
|   | <u>547,530</u>                             | <u>1,428,799</u>                          | <u>423,986</u>                             | <u>1,180,191</u>                          | <u>1,568,170</u>                         |
| Non-interest expenses                               | 318,690                                    | 959,139                                   | 323,185                                    | 918,139                                   | 1,209,771                                |
| Provision for credit losses                         | 14,215                                     | 45,142                                    | 18,046                                     | 53,937                                    | 49,634                                   |
|   | <u>332,905</u>                             | <u>1,004,281</u>                          | <u>341,231</u>                             | <u>972,076</u>                            | <u>1,259,405</u>                         |
| Income before taxation and exceptional items        | 214,625                                    | 424,518                                   | 82,755                                     | 208,115                                   | 308,765                                  |
| Exceptional items                                   | 0  | 0   | 0  | 0   | (122,951)                                |
| Taxation  | (62,119)                                   | (115,690)                                 | (27,238)                                   | (56,196)                                  | (29,842)                                 |
| <b>Net Income</b>                                   | <u>152,506</u>                             | <u>308,828</u>                            | <u>55,517</u>                              | <u>151,919</u>                            | <u>155,972</u>                           |
| Average number of common shares outstanding (000's) | 193,333                                    | 193,333                                   | 193,333                                    | 193,333                                   | 193,333                                  |
| Net income per common share in cents                | 78.9                                       | 159.7                                     | 28.7                                       | 78.6                                      | 80.7                                     |

Michael Mansoor  
Chairman

Raymond Campbell  
Country Manager