

FirstCaribbean International Bank Limited



FIRSTCARIBBEAN
INTERNATIONAL BANK

Consolidated Financial Statements

For the nine months ended July 31, 2010 (expressed in thousands of United States dollars)

CHAIRMAN'S REVIEW

The economic environment remains challenging with a slowdown in business activity and overall loan demand, low interest rates, and persistent unemployment levels across many of the countries in the region. It is against this backdrop that the Bank has still managed to deliver net income of \$124 million for the nine month period ended July 31, 2010 which was consistent with the prior year.

Decreases in net interest income and increases in loan loss expenses as a result of the global financial climate, were offset by increases in operating income and decreases in operating expenses due to management's actions to counter these effects. In addition, the Bank benefited from lower taxation expenses due to lower income earned in the higher tax jurisdictions.

Net interest income was down by \$37 million primarily due to lower average loan and securities volumes and rates. At the same time, operating income was up \$34 million due to non recurring higher gains on the sale/repurchase of investment securities/debt, lower mark to market losses and higher fee income.

Operating expenses declined by \$8 million due to continued focus on cost control. While every effort is being made to work with our customers to manage their debt obligations in these trying times, loan loss expenses have increased as the credit portfolio is impacted by the environment and these conditions are expected to continue.

The Bank's risk-based capital ratios continue to be strong and we remain poised to take advantage of future opportunities.

We thank the Board, management, staff and our customers for their continuing support.

Michael K. Mansoor
Chairman

August 25, 2010

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 Limited, please read FirstCaribbean International Bank Limited's financial and other reports that are available on the company's website at www.firstcaribbeanbank.com.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited July 31, 2010	Unaudited July 31, 2009	Audited October 31, 2009
Assets			
Cash, balances with Central Banks and due from banks	838,347	1,054,338	1,276,216
Financial assets at fair value through profit or loss	—	48	—
Loans and advances to customers	6,557,320	6,864,038	6,905,476
Investment securities	1,772,960	2,048,307	1,743,690
Property and equipment	123,948	118,889	120,988
Other assets	199,339	162,205	114,657
Intangible assets	339,322	342,288	341,550
Total assets	9,831,236	10,590,113	10,502,577
Liabilities			
Customer deposits and other borrowed funds	8,124,394	8,833,332	8,696,842
Other liabilities	152,062	143,128	162,344
Debt securities in issue	31,648	153,269	124,622
Total liabilities	8,308,104	9,129,729	8,983,808
Equity			
Capital and reserves attributable to equity holders of the Parent			
Issued capital and reserves	865,165	873,538	870,581
Retained earnings	629,352	560,102	620,353
	1,494,517	1,433,640	1,490,934
Minority interest	28,615	26,744	27,835
	1,523,132	1,460,384	1,518,769
Total liabilities and equity	9,831,236	10,590,113	10,502,577

Note : Results have been converted to US\$ at an exchange rate of US\$1 = BBD\$2

Sir Fred Gollop
Director

John Orr
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Parent					Total Equity
	Share Capital	Treasury Shares	Reserves	Retained Earnings	Minority Interest	
Balance at October 31, 2008	1,117,349	(500)	(371,997)	565,889	25,054	1,335,795
Total comprehensive income	—	—	103,681	108,437	3,703	215,821
Transfer to reserves	—	—	25,063	(25,063)	—	—
Net disposal of treasury shares	—	395	—	—	—	395
Share based payment reserves	—	—	(453)	—	—	(453)
Equity dividends	—	—	—	(89,161)	—	(89,161)
Dividends of subsidiaries	—	—	—	—	(2,013)	(2,013)
Balance at July 31, 2009	1,117,349	(105)	(243,706)	560,102	26,744	1,460,384
Balance at October 31, 2009	1,117,349	—	(246,768)	620,353	27,835	1,518,769
Total comprehensive income	—	—	(28,477)	121,917	2,563	96,003
Transfer to reserves	—	—	23,061	(23,061)	—	—
Equity dividends	—	—	—	(89,857)	—	(89,857)
Dividends of subsidiaries	—	—	—	—	(1,783)	(1,783)
Balance at July 31, 2010	1,117,349	—	(252,184)	629,352	28,615	1,523,132

Note : Results have been converted to US\$ at an exchange rate of US\$1 = BBD\$2

CONDENSED CONSOLIDATED STATEMENT OF INCOME

	Unaudited Quarter ended		Unaudited Nine months ended		Audited Year Ended
	July 31, 2010	July 31, 2009	July 31, 2010	July 31, 2009	October 31, 2009
Interest and similar income	128,498	151,954	395,791	471,409	614,812
Interest and similar expense	35,269	46,842	106,448	144,617	181,317
Net interest income	93,229	105,112	289,343	326,792	433,495
Operating income	40,575	34,604	136,137	102,597	134,737
	133,804	139,716	425,480	429,389	568,232
Operating expenses	78,157	80,687	233,868	241,712	319,718
Loan loss expenses	21,557	11,379	55,336	37,055	43,369
Amortisation of intangible assets	741	752	2,223	2,226	2,963
	100,455	92,818	291,427	280,993	366,050
Net income before taxation	33,349	46,898	134,053	148,396	202,182
Income tax expense	3,146	8,650	9,538	23,945	26,981
Net income for the period	30,203	38,248	124,515	124,451	175,201
Attributable to:					
Equity holders of the parent	29,590	37,096	121,814	121,752	171,223
Minority interest	613	1,152	2,701	2,699	3,978
	30,203	38,248	124,515	124,451	175,201

Earnings per common share in cents
attributable to the equity holders
of the Parent

- basic	1.9	2.4	8.0	8.0	11.2
- diluted	1.9	2.4	8.0	8.0	11.2

Note : Results have been converted to US\$ at an exchange rate of US\$1 = BBD\$2

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Quarter ended		Unaudited Nine months ended		Audited Year ended
	July 31, 2010	July 31, 2009	July 31, 2010	July 31, 2009	October 31, 2009
Net income for the period	30,203	38,248	124,515	124,451	175,201
Other comprehensive income:					
Net (loss) / gain on available-for-sale investment securities, net of tax	(19,882)	98,131	(30,572)	104,788	112,884
Exchange differences on translation of foreign operations	2,649	(2)	2,060	(13,418)	(13,767)
Other comprehensive income for the period, net of tax	(17,233)	98,129	(28,512)	91,370	99,117
Total comprehensive income for the period, net of tax	12,970	136,377	96,003	215,821	274,318
Attributable to:					
Equity holders of the parent	12,900	133,244	93,440	212,118	269,479
Minority interest	70	3,133	2,563	3,703	4,839
	12,970	136,377	96,003	215,821	274,318

Note : Results have been converted to US\$ at an exchange rate of US\$1 = BBD\$2

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Nine months ended		Audited Year ended
	July 31, 2010	July 31, 2009	October 31, 2009
Net cash from / (used in) operating activities	36,024	100,749	(354,556)
Net cash from investing activities	27,912	145,728	514,335
Net cash used in financing activities	(186,765)	(147,852)	(183,525)
Net (decrease) / increase in cash and cash equivalents for the period	(122,829)	98,625	(23,746)
Effect of exchange rate changes on cash and cash equivalents	2,060	(13,418)	(13,767)
Cash and cash equivalents, beginning of the period	627,417	664,930	664,930
Cash and cash equivalents, end of the period	506,648	750,137	627,417

Note : Results have been converted to US\$ at an exchange rate of US\$1 = BBD\$2

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Summary of significant accounting policies

Basis of presentation

The accompanying unaudited condensed consolidated financial statements of FirstCaribbean International Bank Limited (the Group) should be read in conjunction with the IFRS consolidated financial statements and notes thereto for the year ended October 31, 2009, included in the Group's Annual Report 2009. 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 for 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

Debt securities in issue

Year on year, the Bank fully repaid debt securities outstanding in the Cayman and Jamaica subsidiaries.