

FirstCaribbean International Bank Limited

Condensed Consolidated Financial Statements

For the six months ended 30 April, 2020 (expressed in thousands of United States dollars)



FirstCaribbean
International Bank

CHIEF EXECUTIVE OFFICER'S REVIEW

Since reporting our first quarter results in March 2020, the COVID-19 pandemic has dramatically changed the outlook for the global economy and for the economies in the territories where our Bank operates. In its April 2020 World Economic Outlook, the International Monetary Fund ("IMF") projects that global real Gross Domestic Product ("GDP") will contract by 3% in 2020.

Regionally, we have already seen that the Caribbean's high dependence on travel and tourism, combined with lockdowns and social distancing to contain the spread of the illness, has reduced real GDP. In the majority of the markets we serve, the IMF predicts declines in 2020, ranging from 4.5% to 13.7%.

Against this backdrop, the Bank reported a net loss of \$110 million for the quarter ended April 30, 2020 as compared to net income of \$51 million for the same period in the prior year. The quarter's financial results were negatively affected by items of note including \$100 million of provision for credit losses, a non-cash goodwill impairment charge of \$51 million and income tax credits of \$7.6 million. The incremental provision for credit losses and the reduction in the carrying value of goodwill reflect our revised forward-looking views for probability of defaults, loss given defaults and macro-economic forecasts driven by the extent and timing of anticipated impact from COVID-19.

Excluding these items of note, the Bank generated net income of \$33 million. The Bank's performance was adversely affected by lower revenues due to significant declines in US interest rates and reduced transaction related non-interest income.

Despite the near term economic forecast, we remain committed to providing our shareholders with a consistent return and declared a second quarter dividend of \$0.0125 per share to be paid on July 3, 2020 to shareholders of record on June 11, 2020. Our Tier 1 and Total Capital ratios remain strong at 12.8% and 14.5% in excess of the applicable regulatory requirements.

COVID-19 is unprecedented. I am extremely proud of the commitment all our employees have demonstrated in continuing to serve our clients through these difficult times. We have made accommodations for many to work from home. As an essential service, we have erected plexiglass screens in branches, installed hand sanitizer dispensers in all our facilities and have issued employees with masks. Our employees have embraced and adapted to new protocols such as shift systems and regular environmental cleaning to ensure the safety of both their colleagues and clients.

With the contraction in economic activity, cash flow is critical to keeping businesses and households afloat. To support our clients we have offered 6-month moratoria on loans on request and 3-month automatic moratoria on credit card payments. Encouragingly, we have seen increased usage of our digital offerings – online and mobile banking.

The Bank, through its charitable organization – FirstCaribbean International Comtrust Foundation, donated US\$250,000 to our communities for immediate support for Personal Protective Equipment, testing kits and other supplies for health care practitioners on the front line.

COVID-19 has created uncertainty. Through this uncertainty we remain committed to maintaining our focus on our clients, building on our technology base to create a regionally leading digital experience for our clients, simplifying the way we do business and investing in our people.

In these uncharted times, I want to express my thanks to all our employees for their commitment to our Bank and to acknowledge the support of our Clients, Directors and Shareholders during this difficult period.

Colette Delaney
Chief Executive Officer
May 27, 2020

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited Apr 30, 2020	Unaudited Apr 30, 2019	Audited Oct 31, 2019
Assets			
Cash, balances with Central Banks and due from banks	2,417,809	2,559,332	2,267,264
Loans and advances to customers	6,240,973	6,044,571	6,145,062
Securities	2,739,716	2,323,935	2,566,791
Property and equipment	210,757	161,091	171,945
Other assets	130,909	174,141	191,483
Intangible assets	168,289	218,961	218,961
Total assets	11,908,453	11,482,031	11,561,506
Liabilities			
Customer deposits and other borrowed funds	10,525,260	10,068,353	10,026,455
Other liabilities	199,504	124,353	188,231
Debt securities in issue	75,710	90,315	89,806
Total liabilities	10,800,474	10,283,021	10,304,492
Equity attributable to equity holders of the parent			
Issued capital and reserves	1,021,582	973,113	1,001,487
Retained earnings	58,135	196,623	224,383
	1,079,717	1,169,736	1,225,870
Non-controlling interests	28,262	29,274	31,144
Total equity	1,107,979	1,199,010	1,257,014
Total liabilities and equity	11,908,453	11,482,031	11,561,506

Note: Results have been converted to USD at an exchange rate of USD1 = BBD2

Director

Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Parent				Total Equity
	Issued Capital	Reserves	Retained Earnings	Non- controlling Interests	
Balance at October 31, 2018	1,193,149	(241,315)	173,117	27,843	1,152,794
Comprehensive income for the period	-	12,340	71,366	2,466	86,172
Transfer to reserves	-	8,939	(8,939)	-	-
Equity dividends	-	-	(38,921)	-	(38,921)
Dividends of subsidiaries	-	-	-	(1,035)	(1,035)
Balance at April 30, 2019	1,193,149	(220,036)	196,623	29,274	1,199,010
Balance at October 31, 2019	1,193,149	(191,662)	224,383	31,144	1,257,014
Comprehensive income for the period	-	1,435	(58,409)	53	(56,921)
Transfer to reserves	-	18,660	(18,660)	-	-
Equity dividends	-	-	(89,179)	-	(89,179)
Dividends of subsidiaries	-	-	-	(2,935)	(2,935)
Balance at April 30, 2020	1,193,149	(171,567)	58,135	28,262	1,107,979

Note: Results have been converted to USD at an exchange rate of USD1 = BBD2

CONDENSED CONSOLIDATED STATEMENT OF INCOME

	Unaudited Quarter ended Apr 30, 2020	Unaudited Quarter ended Apr 30, 2019	Unaudited 6 months ended Apr 30, 2020	Unaudited 6 months ended Apr 30, 2019	Audited Year ended Oct 31, 2019
Total Revenue	141,850	151,426	301,057	305,173	616,059
Operating expenses	104,369	98,576	205,333	197,984	400,423
Credit loss expense/(reversal) on financial assets	101,786	(6,776)	106,143	493	3,635
Impairment of intangible assets	50,669	-	50,669	-	-
	256,824	91,800	362,145	198,477	404,058
(Loss)/income before taxation	(114,974)	59,626	(61,088)	106,696	212,001
Income tax (credit)/expense	(5,276)	8,527	(2,820)	33,082	41,494
Net (loss)/income for the period	(109,698)	51,099	(58,268)	73,614	170,507
Attributable to:					
Equity holders of the parent	(108,691)	49,797	(58,409)	71,366	165,991
Non-controlling interests	(1,007)	1,302	141	2,248	4,516
	(109,698)	51,099	(58,268)	73,614	170,507
Basic and diluted earnings per share attributable to the equity holders of the parent for the period: (expressed in cents per share)	(6.9)	3.2	(3.7)	4.5	10.5

Note: Results have been converted to USD at an exchange rate of USD1 = BBD2

FirstCaribbean International Bank Limited

Condensed Consolidated Financial Statements

For the six months ended 30 April, 2020 (expressed in thousands of United States dollars)



FirstCaribbean
International Bank

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Quarter ended Apr 30, 2020	Unaudited Quarter ended Apr 30, 2019	Unaudited 6 months ended Apr 30, 2020	Unaudited 6 months ended Apr 30, 2019	Audited Year ended Oct 31, 2019
Net (loss)/income for the period	(109,698)	51,099	(58,268)	73,614	170,507
Other comprehensive (loss)/income (net of tax) to be reclassified to net income in subsequent periods					
Net income on debt instruments at fair value through OCI	263	9,013	3,356	18,575	31,520
Net exchange loss on translation of foreign operations	(1,926)	(605)	(2,009)	(3,711)	(7,255)
	(1,663)	8,408	1,347	14,864	24,265
Other comprehensive loss (net of tax) not to be reclassified to net income in subsequent periods:					
Re-measurement (losses)/gains of retirement benefit obligations	-	-	-	(2,306)	14,116
Other comprehensive (loss)/income for the period, net of tax	(1,663)	8,408	1,347	12,558	38,381
Comprehensive (loss)/income for the period, net of tax	(111,361)	59,507	(56,921)	86,172	208,888
Comprehensive (loss)/income for the period attributable to:					
Equity holders of the parent	(110,207)	57,984	(56,974)	83,706	203,517
Non-controlling interests	(1,154)	1,523	53	2,466	5,371
	(111,361)	59,507	(56,921)	86,172	208,888

Note: Results have been converted to USD at an exchange rate of USD1 = BBD2

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 6 months ended Apr 30, 2020	Audited Year ended Oct 31, 2019
Net cash from operating activities	448,306	418,765
Net cash used in investing activities	(190,467)	(96,912)
Net cash used in financing activities	(107,925)	(110,115)
Net increase in cash and cash equivalents for the period	149,914	211,738
Effect of exchange rate changes on cash and cash equivalents	(2,009)	(7,255)
Cash and cash equivalents, beginning of the period	1,888,560	1,684,077
Cash and cash equivalents, end of the period	2,036,465	1,888,560

Note: Results have been converted to USD at an exchange rate of USD1 = BBD2

CONDENSED CONSOLIDATED SEGMENT INFORMATION

	Unaudited April 30, 2020				
	RBB	CIB	WM	Admin	Total
Six months ended					
External revenue	76,765	91,766	(3,228)	40,406	205,709
Internal revenue	12,663	12,155	25,631	(50,449)	-
Net interest income	89,428	103,921	22,403	(10,043)	205,709
Operating income	35,582	35,963	23,799	4	95,348
Total revenue	125,010	139,884	46,202	(10,039)	301,057
Depreciation	4,108	757	601	13,111	18,577
Operating expenses	52,549	19,016	16,984	98,207	186,756
Indirect expenses	49,680	45,274	15,998	(110,952)	-
Credit loss expense on financial assets	46,488	43,987	244	15,424	106,143
Write-off of Goodwill	-	-	-	50,669	50,669
Income before taxation	(27,815)	30,850	12,375	(76,498)	(61,088)
Income tax credit	(5,175)	1,120	241	994	(2,820)
Net loss for the period	(22,640)	29,730	12,134	(77,492)	(58,268)
Balance as at					
Total assets and liabilities by segment are as follows:					
Segment assets	1,270,378	5,710,197	2,434,770	2,493,108	11,908,453
Segment liabilities	4,045,789	3,828,792	2,832,402	93,491	10,800,474

CONDENSED CONSOLIDATED SEGMENT INFORMATION *Continued*

	Unaudited April 30, 2019				
	RBB	CIB	WM	Admin	Total
Six months ended					
External revenue	77,454	91,292	(4,431)	46,053	210,368
Internal revenue	10,980	4,923	30,349	(46,252)	-
Net interest income	88,434	96,215	25,918	(199)	210,368
Operating income	37,961	30,200	24,114	2,530	94,805
Total revenue	126,395	126,415	50,032	2,331	305,173
Depreciation	3,945	1,360	226	7,922	13,453
Operating expenses	51,976	15,562	17,167	99,826	184,531
Indirect expenses	44,264	45,431	17,941	(107,636)	-
Credit loss expense on financial assets	(6,501)	4,283	(66)	2,777	493
Income before taxation	32,711	59,779	14,764	(558)	106,696
Income tax expense	986	7,279	(14)	24,831	33,082
Net income for the period	31,725	52,500	14,778	(25,389)	73,614

Balance as at

Total assets and liabilities by segment are as follows:

	RBB	CIB	WM	Admin	Total
Segment assets	1,510,420	5,191,240	2,385,386	2,394,985	11,482,031
Segment liabilities	3,837,726	3,570,474	2,752,421	122,400	10,283,021

Audited October 31, 2019

	RBB	CIB	WM	Admin	Total
Year ended					
External revenue	157,197	183,836	(8,833)	93,792	425,992
Internal revenue	22,723	14,418	60,785	(97,926)	-
Net interest income	179,920	198,254	51,952	(4,134)	425,992
Operating income	73,241	63,861	48,633	4,332	190,067
Total revenue	253,161	262,115	100,585	198	616,059
Depreciation	8,640	2,100	529	14,634	25,903
Operating expenses	103,601	34,779	35,896	200,244	374,520
Indirect expenses	91,092	86,566	37,212	(214,870)	-
Credit loss expense on financial assets	(2,718)	3,581	(17)	2,789	3,635
Income before taxation	52,546	135,089	26,965	(2,599)	212,001
Income tax expense	(561)	15,660	(205)	26,600	41,494
Net income for the year	53,107	119,429	27,170	(29,199)	170,507

Balance as at

Total assets and liabilities by segment are as follows:

	RBB	CIB	WM	Admin	Total
Segment assets	1,348,233	5,406,676	2,253,338	2,553,259	11,561,506
Segment liabilities	3,849,284	3,649,468	2,631,164	174,576	10,304,492

Notes:

1. The Group's operations are organized into four segments: Retail and Business Banking ("RBB"), Corporate and Investment Banking ("CIB") and Wealth Management ("WM"), which are supported by the functional units within the Administration ("Admin") segment (which includes Treasury, Finance, HR, Technology & Operations, Risk and Other). Treasury activities within the Administration segment includes the impact of charges or credits with a market-based cost liabilities and capital; the offset of the same for RBB, CIB, and WM earnings unattributed capital remains in Administration. of funds on the SBU assets and liabilities respectively. Capital is attributed to the SBUs in a manner that is intended to measure and align economic value with the underlying benefits and risks associated with SBU activities. Earnings on unattributed capital remain in Administration. Management reviews the transfer pricing methodologies on an ongoing basis to ensure they reflect changing market environments and industry practices.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and summary of significant accounting policies

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, 2019, included in the Group's Annual Report 2019. For a description of the Group's significant accounting policies, see Note 2 of the aforementioned consolidated financial statements.

Basis of presentation

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. Reclassifications may be made to the prior period's financial statements to conform to the current period's presentation. These unaudited condensed consolidated financial statements reflect, in the opinion of management, all adjustments that are necessary for a fair presentation of the unaudited 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 unaudited 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.

Dividends

During the quarter, the first quarterly dividend of one point two five United States cents (\$0.0125) per share, along with a special dividend of three point one seven United States cents (\$0.0317) per share were both paid on April 17, 2020. The Board of Directors has approved a 2020 second quarter dividend of one point two five United States cents (\$0.0125) per share to be paid on July 3, 2020 to shareholders of record as of June 11, 2020.