

FirstCaribbean International Bank Limited

Condensed Consolidated Financial Statements

For the nine months ended 31 July, 2020 (expressed in thousands of United States dollars)



FirstCaribbean
International Bank

CHIEF EXECUTIVE OFFICER'S REVIEW

The Bank reported net income of \$15.2 million for the third quarter of the current fiscal, \$33.4 million or 68.7% lower than the third quarter's net income of \$48.6 million a year ago. On an adjusted basis, net income was \$27.7 million after adjustments for \$12.5 million in items of note relating to \$14.0 million of provision for credit losses and related income tax credits of \$1.5 million. The incremental provision for credit losses reflects updated forward-looking views of probability of defaults, loss-given defaults and macro-economic forecasts, based on a more recent global economic outlook due to the impact from COVID-19.

Adjusted net income for the nine months ended July 31, 2020 was \$112.2 million¹ (reported net loss of \$43.0 million), down 8.2% compared to the same period last year of \$122.2 million.

These results reflect the continuing impact of the COVID-19 pandemic including the decline in US interest rates, our projection of increased credit losses and the overall decline in business activity. During this difficult period, the Bank continues to place emphasis on supporting our clients as well as reducing our discretionary expenditures.

At the end of the third quarter, the Bank's Tier 1 and Total Capital ratios are 12.6% and 14.4% which remain in excess of the applicable regulatory requirements. The Directors have approved a regular quarterly dividend of one point two five cents (\$0.0125) per share to be paid on October 9, 2020 to the shareholders of record as of September 10, 2020.

As before, we express thanks to our employees for their continued commitment to supporting our clients throughout the pandemic and to our clients, shareholders and directors for their ongoing support.

Colette Delaney
Chief Executive Officer
August 26, 2020

¹YTD Net Income adjusted for Provision for credit losses \$113.6MM, Goodwill impairment charge of \$50.7MM and income tax credits of (\$9.1MM).

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited Jul 31, 2020	Unaudited Jul 31, 2019	Audited Oct 31, 2019
Assets			
Cash, balances with Central Banks and due from banks	2,246,648	2,291,129	2,267,264
Loans and advances to customers	6,292,785	6,128,717	6,145,062
Securities	3,019,892	2,548,864	2,566,791
Property and equipment	207,446	165,656	171,945
Other assets	178,562	169,473	191,483
Intangible assets	168,289	218,961	218,961
Total assets	12,113,622	11,522,800	11,561,506
Liabilities			
Customer deposits and other borrowed funds	10,726,035	10,089,749	10,026,455
Other liabilities	194,060	133,487	188,231
Debt securities in issue	74,930	89,240	89,806
Total liabilities	10,995,025	10,312,476	10,304,492
Equity attributable to equity holders of the parent			
Issued capital and reserves	1,035,904	980,932	1,001,487
Retained earnings	53,663	199,365	224,383
Non-controlling interests	1,089,567	1,180,297	1,225,870
Total equity	29,030	30,027	31,144
Total liabilities and equity	12,113,622	11,522,800	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	-	19,653	118,829	3,737	142,219
Transfer to reserves	-	9,445	(9,445)	-	-
Equity dividends	-	-	(83,136)	-	(83,136)
Dividends of subsidiaries	-	-	-	(1,553)	(1,553)
Balance at July 31, 2019	1,193,149	(212,217)	199,365	30,027	1,210,324
Balance at October 31, 2019	1,193,149	(191,662)	224,383	31,144	1,257,014
Comprehensive loss for the period	-	16,146	(43,562)	821	(26,595)
Transfer to reserves	-	18,271	(18,271)	-	-
Equity dividends	-	-	(108,887)	-	(108,887)
Dividends of subsidiaries	-	-	-	(2,935)	(2,935)
Balance at July 31, 2020	1,193,149	(157,245)	53,663	29,030	1,118,597

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

CONDENSED CONSOLIDATED STATEMENT OF INCOME

	Unaudited Quarter ended Jul 31, 2020	Unaudited Quarter ended Jul 31, 2019	Unaudited 9 months ended Jul 31, 2020	Unaudited 9 months ended Jul 31, 2019	Audited Year ended Oct 31, 2019
Total Revenue	135,788	154,665	436,844	459,837	616,059
Operating expenses	96,982	101,987	302,315	299,971	400,423
Credit loss expense on financial assets	20,854	(1,094)	126,996	(601)	3,635
Impairment of intangible assets	-	-	50,669	-	-
	117,836	100,893	479,980	299,370	404,058
Income/(loss) before taxation	17,952	53,772	(43,136)	160,467	212,001
Income tax expense/(credit)	2,733	5,166	(87)	38,248	41,494
Net income/(loss) for the period	15,219	48,606	(43,049)	122,219	170,507
Attributable to:					
Equity holders of the parent	14,847	47,464	(43,562)	118,829	165,991
Non-controlling interests	372	1,142	513	3,390	4,516
	15,219	48,606	(43,049)	122,219	170,507
Basic and diluted earnings per share attributable to the equity holders of the parent for the period: (expressed in cents per share)	0.9	3.0	(2.8)	7.5	10.5

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

FirstCaribbean International Bank Limited

Condensed Consolidated Financial Statements

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International Bank

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Quarter ended Jul 31, 2020	Unaudited Quarter ended Jul 31, 2019	Unaudited 9 months ended Jul 31, 2020	Unaudited 9 months ended Jul 31, 2019	Audited Year ended Oct 31, 2019
Net income/(loss) for the period	15,219	48,606	(43,049)	122,219	170,507
Other comprehensive income (net of tax) to be reclassified to net income in subsequent periods					
Net income on debt instruments at fair value through OCI	17,795	8,699	21,151	27,274	31,520
Net exchange loss on translation of foreign operations	(2,688)	(1,257)	(4,697)	(4,968)	(7,255)
	15,107	7,442	16,454	22,306	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
	15,107	7,442	16,454	20,000	38,381
Comprehensive income/(loss) for the period, net of tax	30,326	56,048	(26,595)	142,219	208,888
Comprehensive income/(loss) for the period attributable to:					
Equity holders of the parent	29,558	54,777	(27,416)	138,482	203,517
Non-controlling interests	768	1,271	821	3,737	5,371
	30,326	56,048	(26,595)	142,219	208,888

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 9 months ended Jul 31, 2020	Unaudited 9 months ended Jul 31, 2019	Audited Year ended Oct 31, 2019
Net cash from operating activities	559,490	381,625	418,765
Net cash used in investing activities	(436,239)	(92,116)	(96,912)
Net cash used in financing activities	(129,213)	(89,621)	(110,115)
Net (decrease)/increase in cash and cash equivalents for the period	(5,962)	199,888	211,738
Effect of exchange rate changes on cash and cash equivalents	(4,697)	(4,968)	(7,255)
Cash and cash equivalents, beginning of the period	1,888,560	1,684,077	1,684,077
Cash and cash equivalents, end of the period	1,877,901	1,878,997	1,888,560

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

CONDENSED CONSOLIDATED SEGMENT INFORMATION

	Unaudited July 31, 2020				
	RBB	CIB	WM	Admin	Total
Nine months ended					
External revenue	114,338	132,690	(3,323)	55,396	299,101
Internal revenue	15,818	19,468	34,703	(69,989)	-
Net interest income	130,156	152,158	31,380	(14,593)	299,101
Operating income	51,164	50,765	35,444	370	137,743
Total revenue	181,320	202,923	66,824	(14,223)	436,844
Depreciation	6,454	1,207	892	19,859	28,412
Operating expenses	78,248	28,016	26,424	141,215	273,903
Indirect expenses	71,258	64,978	22,358	(158,594)	-
Credit loss expense on financial assets	56,326	53,186	830	16,654	126,996
Impairment of intangible assets	-	-	-	50,669	50,669
Loss before taxation	(30,966)	55,536	16,320	(84,026)	(43,136)
Income tax credit	(5)	208	53	(343)	(87)
Net loss for the period	(30,961)	55,328	16,267	(83,683)	(43,049)
Balance as at					
Total assets and liabilities by segment are as follows:					
Segment assets	1,092,631	5,887,540	2,499,020	2,634,431	12,113,622
Segment liabilities	4,084,859	4,000,077	2,785,952	124,137	10,995,025

CONDENSED CONSOLIDATED SEGMENT INFORMATION *Continued*

	Unaudited July 31, 2019				
	RBB	CIB	WM	Admin	Total
Nine months ended					
External revenue	116,701	137,701	(6,742)	70,651	318,311
Internal revenue	16,474	8,953	45,735	(71,162)	-
Net interest income	133,175	146,654	38,993	(511)	318,311
Operating income	55,630	46,451	35,910	3,535	141,526
Total revenue	188,805	193,105	74,903	3,024	459,837
Depreciation	5,977	1,713	320	11,930	19,940
Operating expenses	77,988	24,828	24,113	153,102	280,031
Indirect expenses	69,415	66,737	28,347	(164,499)	-
Credit loss release on financial assets	(7,064)	3,771	(18)	2,710	(601)
Income before taxation	42,489	96,056	22,141	(219)	160,467
Income tax expense	(483)	11,988	(39)	26,782	38,248
Net income for the period	42,972	84,068	22,180	(27,001)	122,219
Balance as at					
Total assets and liabilities by segment are as follows:					
Segment assets	1,366,799	5,306,605	2,388,372	2,461,024	11,522,800
Segment liabilities	3,819,413	3,638,131	2,732,911	122,021	10,312,476

	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:					
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 of funds on the segments' assets and liabilities respectively. Capital is attributed to the segments in a manner that is intended to measure and align economic value with the underlying benefits and risks associated with segments' 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 second quarterly dividend of one point two five United States cents (\$0.0125) per share was paid on July 3, 2020. The Board of Directors has approved a 2020 third quarter dividend of one point two five United States cents (\$0.0125) per share to be paid on October 9, 2020 to shareholders of record as of September 10, 2020.