

FirstCaribbean International Bank Limited

Summary Consolidated Financial Statements

For the year ended October 31, 2020 (expressed in thousands of United States dollars)



FirstCaribbean
International Bank

CHIEF EXECUTIVE OFFICER'S REVIEW

2020 brought unprecedented challenges to our people, our clients and to our region. However, it has also been a year of transformation with advances in digital banking, remote work practices and process modernization. The bank started the fiscal year with a high quality loan portfolio, strong liquidity and solid capital ratios, and that has continued to hold us in good stead as the pandemic has evolved.

For the fiscal year ending October 31, 2020, the Bank reported a net loss of \$158.7 million. After adjusting for a goodwill impairment item of \$174.6 million, net income for the year was \$15.9 million. This result was significantly lower than prior year's net income of \$170.5 million and largely driven by two main factors; (i) lower revenue due to the steep decline in US interest rates and reduced transaction related non-interest income and (ii) increased provisions for credit losses of \$156.9 million. This increase in credit provisions together with the afore-mentioned reduction in the carrying value of goodwill, reflect updated macro-economic forecasts driven by the extent and timing of the impact from COVID-19. Management has worked diligently during the year to mitigate these headwinds by curtailing expenses.

Capital remains strong. The Bank's Tier 1 and Total Capital ratios are 12.3% and 14.5% which remain in excess of the applicable regulatory requirements. Due to the significant uncertainty in the current economic environment, the Directors have decided not to declare a dividend. We will continue to monitor the impact from COVID-19, the expected recovery and reassess dividend payouts next quarter.

At the beginning of our 2020 fiscal year we announced that GNB Financial Group Limited had agreed to acquire 66.73% of the Bank's shares from CIBC subject to regulatory approval. All parties continue to pursue the transaction and the regulatory review process.

Our franchise remains strong and we will continue to build on the 100 years of banking experience which CIBC has in the region. As we look towards a new year with optimism, I wish to express our sincerest gratitude to our clients, employees, shareholders and directors for their ongoing support and commitment during the challenges of 2020.

Colette Delaney
Chief Executive Officer
December 2, 2020

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF FIRSTCARIBBEAN INTERNATIONAL BANK LIMITED

Opinion

The summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at October 31, 2020, the summary consolidated statement of (loss)/income, summary consolidated statement of comprehensive (loss)/income, summary consolidated statement of changes in equity and summary consolidated statement of cash flows for the year then ended and related notes, are derived from the complete audited consolidated financial statements of FirstCaribbean International Bank Limited and its subsidiaries (the "Group") for the year ended October 31, 2020.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, on the basis described in Note 1.

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards ("IFRSs"). Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated December 2, 2020. That report also includes the communication of Key Audit Matters. Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period.

The audited consolidated financial statements and the summary consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

Responsibilities of Management for the Summary Consolidated Financial Statements

Management is responsible for the preparation of the summary consolidated financial statements in accordance with Note 1.

Auditor's Responsibilities for the Audit of the Summary Consolidated Financial Statements

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

BARBADOS
December 2, 2020

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Audited Year ended At October 31, 2020 | Audited Year ended At October 31, 2019 |
|--|--|--|
| Assets | | |
| Cash, balances with Central Banks and due from banks | 2,280,465 | 2,267,264 |
| Loans and advances to customers | 6,374,063 | 6,145,062 |
| Securities | 3,027,016 | 2,566,791 |
| Property and equipment | 205,626 | 171,945 |
| Other assets | 247,887 | 191,483 |
| Intangible assets | 44,372 | 218,961 |
| Total assets | 12,179,429 | 11,561,506 |
| Liabilities | | |
| Customer deposits and other borrowed funds | 10,843,673 | 10,026,455 |
| Other liabilities | 251,467 | 188,231 |
| Debt securities in issue | 75,564 | 89,806 |
| Total liabilities | 11,170,704 | 10,304,492 |
| Equity attributable to equity holders of the parent | | |
| Issued capital and reserves | 1,059,429 | 1,001,487 |
| Retained (deficit)/earnings | (80,363) | 224,383 |
| | 979,066 | 1,225,870 |
| Non-controlling interests | 29,659 | 31,144 |
| Total equity | 1,008,725 | 1,257,014 |
| Total liabilities and equity | 12,179,429 | 11,561,506 |

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

Colette Delaney
Chief Executive Officer

Chris de Caires
Director

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Attributable to equity holders of the Parent | | | | Total Equity |
|------------------------------------|--|------------------|------------------------------------|----------------------------------|------------------|
| | Issued Capital | Reserves | Retained Earnings/ (Deficit) | Non- controlling Interests | |
| Balance at October 31, 2018 | 1,193,149 | (241,315) | 173,117 | 27,843 | 1,152,794 |
| Comprehensive income for the year | - | 37,526 | 165,991 | 5,371 | 208,888 |
| Transfer to reserves | - | 12,127 | (12,127) | - | - |
| Equity dividends | - | - | (102,598) | - | (102,598) |
| Dividends of subsidiaries | - | - | - | (2,070) | (2,070) |
| Balance at October 31, 2019 | 1,193,149 | (191,662) | 224,383 | 31,144 | 1,257,014 |
| Comprehensive loss for the year | - | 40,921 | (159,105) | 1,450 | (116,734) |
| Transfer to reserves | - | 17,021 | (17,021) | - | - |
| Equity dividends | - | - | (128,620) | - | (128,620) |
| Dividends of subsidiaries | - | - | - | (2,935) | (2,935) |
| Balance at October 31, 2020 | 1,193,149 | (133,720) | (80,363) | 29,659 | 1,008,725 |

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

FirstCaribbean International Bank Limited

Summary Consolidated Financial Statements

For the year ended October 31, 2020 (expressed in thousands of United States dollars)



FirstCaribbean
International Bank

SUMMARY CONSOLIDATED STATEMENT OF (LOSS)/INCOME

| | Audited Year ended October 31, 2020 | Audited Year ended October 31, 2019 |
|---|---|---|
| Total revenue | 571,930 | 616,059 |
| Operating expenses | 396,229 | 400,423 |
| Credit loss expense on financial assets | 160,535 | 3,635 |
| Impairment of intangible assets | 174,589 | - |
| | <u>731,353</u> | <u>404,058</u> |
| (Loss)/income before taxation | (159,423) | 212,001 |
| Income tax (credit)/expense | (759) | 41,494 |
| Net (loss)/income for the year | <u>(158,664)</u> | <u>170,507</u> |
| Attributable to: | | |
| Equity holders of the parent | (159,105) | 165,991 |
| Non-controlling interests | 441 | 4,516 |
| | <u>(158,664)</u> | <u>170,507</u> |

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

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE (LOSS)/INCOME

| | Audited Year ended October 31, 2020 | Audited Year ended October 31, 2019 |
|--|---|---|
| Net (loss)/income for the year | (158,664) | 170,507 |
| Other comprehensive income (net of tax) to be reclassified to net income in subsequent periods | | |
| Net gains on debt securities at fair value through OCI | 18,443 | 31,520 |
| Net exchange losses on translation of foreign operations | (3,984) | (7,255) |
| | <u>14,459</u> | <u>24,265</u> |
| Other comprehensive income (net of tax) not to be reclassified to net income in subsequent periods: | | |
| Re-measurement gains of retirement benefit obligations | 27,471 | 14,116 |
| Other comprehensive income for the year, net of tax | <u>41,930</u> | <u>38,381</u> |
| Comprehensive (loss)/income for the year, net of tax | <u>(116,734)</u> | <u>208,888</u> |
| Comprehensive (loss)/income for the year attributable to: | | |
| Equity holders of the parent | (118,184) | 203,517 |
| Non-controlling interests | 1,450 | 5,371 |
| | <u>(116,734)</u> | <u>208,888</u> |

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

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

| | Audited Year ended October 31, 2020 | Audited Year ended October 31, 2019 |
|--|---|---|
| Net cash from operating activities | 582,782 | 418,765 |
| Net cash used in investing activities | (386,413) | (96,912) |
| Net cash used in financing activities | (163,816) | (110,115) |
| Net increase in cash and cash equivalents for the year | 32,553 | 211,738 |
| Effect of exchange rate changes on cash and cash equivalents | (3,984) | (7,255) |
| Cash and cash equivalents, beginning of the year | 1,888,560 | 1,684,077 |
| Cash and cash equivalents, end of the year | <u>1,917,129</u> | <u>1,888,560</u> |

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

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and summary of significant accounting policies

The summary consolidated financial statements are prepared in accordance with criteria developed by management. Under management's established criteria, management discloses the summary consolidated statement of financial position, summary consolidated statement of income, summary consolidated statement of comprehensive income, summary consolidated statement of changes in equity and summary consolidated statement of cash flows. These summary consolidated financial statements are derived from the audited consolidated financial statements of FirstCaribbean International Bank Limited and its subsidiaries for the year ended October 31, 2020, which are prepared in accordance with International Financial Reporting Standards. The Group's Annual Report will be posted on our website (www.cibcfib.com) on December 11, 2020.