

FirstCaribbean International Bank Limited

Condensed Consolidated Financial Statements

For the three months ended January 31, 2022 (expressed in thousands of United States dollars)



FirstCaribbean
International Bank

CHIEF EXECUTIVE OFFICER'S REVIEW

For the three months ended January 31, 2022, the Bank recorded net income of \$45.2 million, up \$14.3 million or 46% from net income of \$30.9 million for the same period last year. After adjusting for \$3.0 million of operating expenses related to the divestitures announced at the end of 2021, net income was \$48.2 million.

Regional economic activity has started to improve heading into 2022, although the COVID-19 pandemic, fueled by the more contagious Omicron variant, continues to affect the pace of the economic recovery.

Revenue continues to reflect the impact of a low interest rate environment. However, increased client transactional activity has led to 8% revenue growth over the same quarter last year. Operating expenses were up \$7.4 million or 8% from the same quarter last year, primarily due to higher operational costs and spend on strategic initiatives. We continue to manage the inflationary pressures on our cost base closely. Provision for credit losses was a reversal of \$7.4 million this quarter, significantly lower than the \$6.3 million charge in the same quarter last year. This was largely due to a favourable change in updated macro-economic regional forecasts, which is a key component in determining credit losses for the Bank.

At the end of the first quarter, the Bank's Tier 1 and Total Capital ratios were 13.5% and 16.2% respectively, in excess of applicable regulatory requirements. The Directors have approved a quarterly dividend of \$0.010 per share, which will be paid on April 22, 2022 to shareholders of record on March 21, 2022.

We previously announced that the Bank was selling its banking assets in four territories in the Organization of Eastern Caribbean States (OECES): St. Vincent, Grenada, St. Kitts and Dominica, as well as in Aruba. We have since received approval from the various regulatory authorities for the sale in Aruba, which was closed on February 25, 2022. We continue to work together with all parties to ensure a smooth transition for clients and other stakeholders regarding the announced divestitures.

I wish to thank our clients, employees, shareholders, directors for their loyalty and continuing support to our Bank.

Colette Delaney
Chief Executive Officer
March 9, 2022

FORWARD-LOOKING STATEMENT DISCLOSURE

This report may contain 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 Bank's website at www.cibcfib.com

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 3 month ended Jan 31, 2022	Unaudited 3 month ended Jan 31, 2021	Audited Year ended Oct 31, 2021
Assets			
Cash, balances with Central Banks and due from banks	2,711,878	2,481,583	2,702,080
Loans and advances to customers	6,244,559	6,473,269	6,388,795
Securities	2,644,799	2,992,234	2,550,410
Property and equipment	184,261	197,122	189,587
Other assets	285,412	229,591	323,187
Intangible assets	44,372	44,372	44,372
	12,115,281	12,418,171	12,198,431
Assets of disposal group classified as held for sale and discontinuing operations	672,446	-	657,117
Total assets	12,787,727	12,418,171	12,855,548
Liabilities			
Customer deposits and other borrowed funds	10,756,340	11,125,807	10,796,962
Other liabilities	164,171	180,128	227,589
Debt securities in issue	26,207	75,098	26,599
	10,946,718	11,381,033	11,051,150
Liabilities of disposal group classified as held for sale and discontinuing operations	669,230	-	653,183
Total liabilities	11,615,948	11,381,033	11,704,333
Equity attributable to equity holders of the parent			
Issued capital and reserves	1,103,526	1,058,899	1,101,880
Retained earnings/(deficit)	38,236	(52,104)	19,936
	1,141,762	1,006,795	1,121,816
Non-controlling interests	30,017	30,343	29,399
Total equity	1,171,779	1,037,138	1,151,215
Total liabilities and equity	12,787,727	12,418,171	12,855,548

Director

Director

CONDENSED 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, 2020	1,193,149	(133,720)	(80,363)	29,659	1,008,725
Comprehensive income for the period	-	(2,405)	30,134	684	28,413
Transfer to reserves	-	1,875	(1,875)	-	-
Balance at January 31, 2021	1,193,149	(134,250)	(52,104)	30,343	1,037,138
Balance at October 31, 2021	1,193,149	(91,269)	19,936	29,399	1,151,215
Comprehensive income for the period	-	(8,869)	44,593	618	36,342
Transfer to reserves	-	10,515	(10,515)	-	-
Equity dividends	-	-	(15,778)	-	(15,778)
Balance at January 31, 2022	1,193,149	(89,623)	38,236	30,017	1,171,779

CONDENSED CONSOLIDATED STATEMENT OF INCOME

	Unaudited 3 months ended Jan 31, 2022	Unaudited 3 months ended Jan 31, 2021	Audited Year ended Oct 31, 2021
Total revenue	141,148	130,214	534,236
Operating expenses	97,440	90,015	371,979
Credit loss (release)/expense on financial assets	(7,368)	6,263	15,358
	90,072	96,278	387,337
Income before taxation	51,076	33,936	146,899
Income tax expense	4,063	2,823	11,488
Net income for the period from continuing operations	47,013	31,113	135,411
Net loss for the period from discontinuing operations	(1,838)	(207)	(9,690)
Net Income for the period	45,175	30,906	125,721
Attributable to:			
Equity holders of the parent	44,593	30,134	121,788
Non-controlling interests	582	772	3,933
	45,175	30,906	125,721

Basic and diluted earnings per share from continuing operations attributable to the equity holders of the parent for the period: (expressed in cents per share)

2.9 1.9 8.3

Basic and diluted earnings per share attributable to the equity holders of the parent for the period: (expressed in cents per share)

2.8 1.9 7.7

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 3 months ended Jan 31, 2022	Unaudited 3 months ended Jan 31, 2021	Audited Year ended Oct 31, 2021
Net income for the period	45,175	30,906	125,721
Other comprehensive loss (net of tax) to be reclassified to net income in subsequent periods			
Net losses on debt securities at fair value through OCI	(7,671)	(1,784)	(13,700)
Net exchange losses on translation of foreign operations	(1,162)	(709)	(4,130)
	(8,833)	(2,493)	(17,830)
Other comprehensive income (net of tax) not to be reclassified to net income in subsequent periods:			
Re-measurement gains of retirement benefit obligations	-	-	55,900
Other comprehensive (loss)/income for the period, net of tax	(8,833)	(2,493)	38,070
Comprehensive income for the period, net of tax	36,342	28,413	163,791
Comprehensive income for the period attributable to:			
Continuing operations	38,363	28,422	174,002
Discontinuing operations	(2,021)	(9)	(10,211)
	36,342	28,413	163,791
Comprehensive income for the period attributable to:			
Equity holders of the parent	35,724	27,729	158,528
Non-controlling interests	618	684	5,263
	36,342	28,413	163,791

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 3 months ended Jan 31, 2022	Unaudited 3 months ended Jan 31, 2021	Audited Year ended Oct 31, 2021
Net cash from operating activities from continuing operations	121,668	151,563	31,269
Net cash (used in)/from investing activities from continuing operations	(63,940)	49,231	437,096
Net cash used in financing activities from continuing operations	(20,211)	(4,993)	(88,011)
Net increase in cash and cash equivalents for the period from continuing operations	37,517	195,801	380,354
Net increase in cash from continuing operations	37,517	195,801	380,354
Net (decrease)/increase in cash from discontinuing operations	(30,080)	-	61,381
Effect of exchange rate changes on cash and cash equivalents	(1,162)	(709)	(4,130)
Cash and cash equivalents, beginning of the period	2,354,734	1,917,129	1,917,129
Cash and cash equivalents from discontinuing operations	332,860	-	282,567
Cash and cash equivalents, end of the period	2,693,869	2,112,221	2,637,301

CONDENSED CONSOLIDATED SEGMENT INFORMATION

	Unaudited January 31, 2022				
	RBB	CIB	WM	Admin	Total
Three months ended					
External revenue	35,465	41,770	685	12,179	90,099
Internal revenue	2,067	1,907	4,463	(8,437)	-
Net interest income	37,532	43,677	5,148	3,742	90,099
Operating income	19,178	20,691	11,292	(112)	51,049
Total revenue	56,710	64,368	16,440	3,630	141,148
Depreciation	2,695	671	481	9,181	13,028
Operating expenses	21,891	9,327	7,624	45,570	84,412
Indirect expenses	22,007	19,718	6,728	(48,453)	-
Credit loss release on financial assets	8,158	(15,140)	212	(598)	(7,368)
Income before taxation	1,959	49,792	1,395	(2,070)	51,076
Income tax expense	(1,493)	7,193	(4)	(1,633)	4,063
Net income for the period from continuing operations	3,452	42,599	1,399	(437)	47,013
Loss from discontinuing operations	(1,504)	862	-	(1,196)	(1,838)
Net income for the period	1,948	43,461	1,399	(1,633)	45,175

Balance as at

Total assets and liabilities by segment are as follows:

	RBB	CIB	WM	Admin	Total
Segment assets	2,508,084	3,690,711	253,936	5,662,550	12,115,281
Segment assets of disposal group classified as held for sale and discontinuing operations	158,660	144,325	-	369,461	672,446
Total segment assets	2,666,744	3,835,036	253,936	6,032,011	12,787,727
Segment liabilities	4,029,112	4,002,854	2,857,176	57,576	10,946,718
Segment liabilities of disposal group classified as held for sale and discontinuing operations	425,631	241,143	-	2,456	669,230
Total segment liabilities	4,454,743	4,243,997	2,857,176	60,032	11,615,948

	Unaudited January 31, 2021				
	RBB	CIB	WM	Admin	Total
Three months ended					
External revenue	35,393	41,090	144	13,145	89,772
Internal revenue	1,009	2,023	4,743	(7,775)	-
Net interest income	36,402	43,113	4,887	5,370	89,772
Operating income	15,047	15,246	10,639	(490)	40,442
Total revenue	51,449	58,359	15,526	4,880	130,214
Depreciation	1,890	491	452	6,871	9,704
Operating expenses	22,060	8,291	8,142	41,818	80,311
Indirect expenses	21,420	17,194	5,656	(44,270)	-
Credit loss expense on financial assets	8,363	(1,733)	372	(739)	6,263
Income before taxation	(2,284)	34,116	904	1,200	33,936
Income tax expense	(1,627)	3,666	52	732	2,823
Net income for the period from continuing operations	(657)	30,450	852	468	31,113
Loss from discontinuing operations	(1,189)	582	-	400	(207)
Net income for the period	(1,846)	31,032	852	868	30,906

Balance as at

Total assets and liabilities by segment are as follows:

	RBB	CIB	WM	Admin	Total
Segment assets	2,604,562	3,878,845	188,133	5,746,631	12,418,171
Segment liabilities	4,218,994	4,106,603	2,935,433	120,003	11,381,033

CONDENSED CONSOLIDATED SEGMENT INFORMATION (continued)

	Audited October 31, 2021				
	RBB	CIB	WM	Admin	Total
Year ended					
External revenue	144,138	161,553	1,787	51,565	359,043
Internal revenue	7,604	9,635	18,459	(35,698)	-
Net interest income	151,742	171,188	20,246	15,867	359,043
Operating income	68,803	62,388	45,756	(1,754)	175,193
Total revenue	220,545	233,576	66,002	14,113	534,236
Depreciation	7,559	2,075	1,743	25,595	36,972
Operating expenses	89,383	35,841	33,760	176,023	335,007
Indirect expenses	90,879	78,077	25,562	(194,518)	-
Credit loss expense on financial assets	1,050	14,240	(202)	270	15,358
Income before taxation	31,674	103,343	5,139	6,743	146,899
Income tax expense	(3,616)	8,670	163	6,271	11,488
Net income for the year from continuing operations	35,290	94,673	4,976	472	135,411
Net loss from discontinuing operations	(7,551)	3,459	-	(5,598)	(9,690)
Net income for the year	27,739	98,132	4,976	(5,126)	125,721

Balance as at

Total assets and liabilities by segment are as follows:

	RBB	CIB	WM	Admin	Total
Segment assets	2,516,932	3,815,600	233,187	5,632,712	12,198,431
Segment assets of disposal group classified as held for sale and discontinuing operations	159,999	149,196	-	347,922	657,117
Total segment assets	2,676,931	3,964,796	233,187	5,980,634	12,855,548
Segment liabilities	3,975,536	3,944,750	2,989,832	141,032	11,051,150
Segment liabilities of disposal group classified as held for sale and discontinuing operations	421,627	229,846	-	1,710	653,183
Total segment liabilities	4,397,163	4,174,596	2,989,832	142,742	11,704,333

Notes:

1. The Group's operations are organized into four segments: Retail, Business and International 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, Human Resources, Technology & Operations, Risk and Other). RBB, CIB and WM are charged or credited by Treasury with a market-based cost of funds on assets, liabilities and capital, respectively. The offset of these charges or credits are reported in the Treasury function within the Admin segment.

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. We review our transfer pricing methodologies on an ongoing basis to ensure they reflect changing market environments and industry practices. Transactions between the business segments are on normal commercial terms and conditions.

Segment assets and liabilities comprise operating assets and liabilities, being the majority of the statement of financial position, but exclude intangible assets. Securities and cash placements are normally held within the Treasury unit within the Admin segment.

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, 2021, included in the Group's Annual Report 2021. 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.

Assets and Liabilities of Disposal Group classified as Held for Sale and discontinuing operations

On October 12, 2021, the Bank publicly announced the decision of its Board of Directors to sell the banking assets of CIBC FirstCaribbean International Bank (Barbados) Limited's operations in Dominica, Grenada, St. Kitts and St. Vincent, and of CIBC FirstCaribbean International Bank (Cayman) Limited's Aruba branch. Regulatory approval for the sale of the Aruba Branch was received from the various regulatory authorities. The completion date of the sale and cease of commercial operations in Aruba was February 25, 2022. The sale of the remaining territories is subject to regulatory approval and other closing conditions.

The assets and liabilities related to these operations have been presented as "Held for Sale" and their associated net loss is presented as discontinuing operations in accordance with the International Financial Reporting Standards.

Dividends

During the quarter, a final quarterly dividend of one United States cent (\$0.01) per share was paid on January 25, 2022. The Board of Directors has approved a 2022 first quarter dividend of one United States cent (\$0.01) per share to be paid on April 22, 2022 to shareholders of record as of March 21, 2022.