

FirstCaribbean International Bank Limited

Summary Consolidated Financial Statements

For the year ended October 31, 2022 (expressed in thousands of United States dollars)



FirstCaribbean
International Bank

CHIEF EXECUTIVE OFFICER'S REVIEW

The Bank closed fiscal 2022 with strong results, reporting net income of \$51.5 million in the fourth quarter, up 47% from the prior year's quarter of \$35.1 million. Adjusted net income was \$53.4 million, after excluding operating expenses of \$1.9 million related to the divestitures announced at the end of 2021.

Throughout the year, we continued to build strong momentum through the execution of our client focused strategy. We have led in digital client innovation, with the launch of expanded digital channels and leading services, in addition to making other strategic investments to support future growth. We remain committed to enhancing the client experience and developing our staff, who remain a key asset to our success.

Economic and market conditions in the region have slowly recovered during the year, led by tourism services followed by output expansion in other productive sectors. The recovery has occurred against the backdrop of higher US interest rates aimed at reducing inflation in key trading markets, the ongoing war in Ukraine and other geopolitical challenges. While the region's economic recovery is expected to advance in 2023 as output continues to track towards pre-pandemic levels, the current global economic environment does imply some downside risk to the region.

For the year ended October 31, 2022, the Bank reported net income of \$176.4 million, up \$50.7 million or 40%, an increase from prior year's net income of \$125.7 million. Adjusted net income was \$186.9 million, after excluding expenses of \$10.5 million related to the announced divestitures compared to an adjusted net income¹ of \$140.4 million at the end of 2021. This year's improved financial results were largely due to increased revenue from higher US interest rates and increased activity-based operating income. Additionally, the provision for credit losses was lower than the prior year mainly due to lower provision on impaired loans. However, non-interest expenses were up over the prior year as we experienced inflationary pressures and higher expenses related to our strategic business and infrastructure investments.

The Board of Directors approved a final quarterly dividend of \$0.010 per share, bringing the total dividend of \$0.04 per share for the year. The dividends will be paid on January 20, 2023, to shareholders of record on December 20, 2022. The Bank's Tier 1 and Total Capital ratios remain strong at 14.8% and 16.4%, well in excess of applicable regulatory requirements. We remain committed to maintaining a strong capital position.

I wish to register sincere thanks to our recently retired CEO, Ms. Colette Delaney for her impressive leadership of our Bank over her 7 years of service in the Caribbean. As CEO, Colette successfully led us through the impact of the COVID pandemic, uncertain economic conditions and the devastation caused by hurricanes passing through our region. At the same time, she always urged staff to remain client centric, be innovative and serve as strong stewards of the Bank's resources. She also developed a strong management team to lead our Bank into the future with focus and purpose. On behalf of management and staff, I wish Colette a very happy retirement.

I also wish to express my sincerest gratitude to our clients, employees, shareholders and directors for their continued support and loyalty to the Bank.

Mark St. Hill
Chief Executive Officer
December 8, 2022

¹Prior year reported net income was adjusted for restructuring charge of \$10.1MM, provisions related to divestitures of \$5.3MM offset by income tax credit of \$0.7MM

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, 2022, the 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 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, 2022.

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 8, 2022. 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.

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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 8, 2022

Note 1

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, 2022, which are prepared in accordance with International Financial Reporting Standards.

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited Year ended At October 31, 2022	Audited Year ended At October 31, 2021
Assets		
Cash, balances with Central Banks and due from banks	2,726,853	2,826,963
Loans and advances to customers	6,649,511	6,501,285
Securities	2,945,869	2,553,318
Property and equipment	192,875	193,222
Other assets	268,921	323,187
Intangible assets	44,372	44,372
	<u>12,828,401</u>	<u>12,442,347</u>
Assets of disposal group classified as held for sale and discontinued operations	302,197	413,201
Total assets	<u>13,130,598</u>	<u>12,855,548</u>
Liabilities		
Customer deposits	11,428,746	11,059,240
Other liabilities	221,828	227,589
Debt securities in issue	26,599	26,599
	<u>11,677,173</u>	<u>11,313,428</u>
Liabilities of disposal group classified as held for sale and discontinued operations	294,348	390,905
Total liabilities	<u>11,971,521</u>	<u>11,704,333</u>
Equity attributable to equity holders of the parent		
Issued capital and reserves	1,014,811	1,101,880
Retained earnings	115,085	19,936
	<u>1,129,896</u>	<u>1,121,816</u>
Non-controlling interests	29,181	29,399
Total equity	<u>1,159,077</u>	<u>1,151,215</u>
Total liabilities and equity	<u>13,130,598</u>	<u>12,855,548</u>

Mark St. Hill
Chief Executive Officer

Chris de Caires
Director

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent				
	Issued Capital	Reserves	Retained Earnings	Non- controlling Interests	Total Equity
Balance at October 31, 2020	1,193,149	(133,720)	(80,363)	29,659	1,008,725
Comprehensive income for the year	-	36,740	121,788	5,263	163,791
Transfer to reserves	-	5,711	(5,711)	-	-
Equity dividends	-	-	(15,778)	-	(15,778)
Dividends of subsidiary	-	-	-	(5,523)	(5,523)
Balance at October 31, 2021	1,193,149	(91,269)	19,936	29,399	1,151,215
Comprehensive income for the year	-	(101,846)	173,036	1,853	73,043
Transfer to reserves	-	14,777	(14,777)	-	-
Equity dividends	-	-	(63,110)	-	(63,110)
Dividends of subsidiary	-	-	-	(2,071)	(2,071)
Balance at October 31, 2022	1,193,149	(178,338)	115,085	29,181	1,159,077

FirstCaribbean International Bank Limited

Summary Consolidated Financial Statements

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FirstCaribbean
International Bank

SUMMARY CONSOLIDATED STATEMENT OF INCOME

	Audited Year ended October 31, 2022	Audited Year ended October 31, 2021
Total revenue	599,280	543,052
Operating expenses	397,822	385,279
Credit loss (release)/expense on financial assets	(897)	17,054
	<u>396,925</u>	<u>402,333</u>
Income before taxation from continuing operations	202,355	140,719
Income tax expense	24,091	12,156
Net income for the year from continuing operations	<u>178,264</u>	<u>128,563</u>
Net loss from discontinued operations	(1,867)	(1,860)
Net loss from discontinuing operations	(4)	(982)
Net Income for the year	<u>176,393</u>	<u>125,721</u>
Attributable to:		
Equity holders of the parent	173,036	121,788
Non-controlling interests	3,357	3,933
	<u>176,393</u>	<u>125,721</u>
Basic and diluted earnings per share from continuing operations attributable to the equity holders of the parent for the year: (expressed in cents per share)	11.1	7.9
Basic and diluted earnings per share attributable to the equity holders of the parent for the year: (expressed in cents per share)	11.0	7.7

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Audited Year ended October 31, 2022	Audited Year ended October 31, 2021
Net income for the year	176,393	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	(32,188)	(13,700)
Net exchange gains/(losses) on translation of foreign operations	401	(4,130)
	<u>(31,787)</u>	<u>(17,830)</u>
Other comprehensive (loss)/income (net of tax) not to be reclassified to net income in subsequent periods		
Re-measurement (losses)/gains on retirement benefit plans	(71,563)	55,900
Other comprehensive (loss)/ income for the year, net of tax	<u>(103,350)</u>	<u>38,070</u>
Comprehensive income for the year, net of tax	<u>73,043</u>	<u>163,791</u>
Comprehensive income for the year attributable to:		
Continuing operations	75,145	167,091
Discontinued operations	(1,996)	(1,597)
Discontinuing operations	(106)	(1,703)
	<u>73,043</u>	<u>163,791</u>
Comprehensive income for the year attributable to:		
Equity holders of the parent	71,190	158,528
Non-controlling interests	1,853	5,263
	<u>73,043</u>	<u>163,791</u>

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited Year ended October 31, 2022	Audited Year ended October 31, 2021
Net cash from operating activities from continuing operations	<u>350,064</u>	165,569
Net cash (used in)/from investing activities from continuing operations	<u>(342,887)</u>	433,461
Net cash used in financing activities from continuing operations	<u>(80,322)</u>	(88,011)
Net (decrease)/increase in cash and cash equivalents for the year from continuing operations	<u>(73,145)</u>	511,019
Net (decrease)/increase in cash and cash equivalents for the year from continuing operations	<u>(73,145)</u>	511,019
Net (decrease)/increase in cash and cash equivalents for the year from discontinued and discontinuing operations	(47,299)	39,898
Effect of exchange rate changes on cash and cash equivalents	401	(4,130)
Cash and cash equivalents, beginning of year	2,463,916	1,917,129
Cash and cash equivalents from discontinued and discontinuing operations	<u>167,956</u>	<u>157,684</u>
Cash and cash equivalents, end of year	<u>2,511,829</u>	<u>2,621,600</u>

NOTES TO THE CONDENSED 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, 2022, 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 9, 2022.

2. Assets and Liabilities of Disposal Group classified as Held for Sale and Discontinued 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. These branches were classified as "Held for Sale" as at October 31, 2021.

On February 25, 2022, the Bank completed the sale of its banking assets in Aruba upon the satisfaction of the closing conditions. The proposed sale of banking assets in St. Vincent and St. Kitts received regulatory approval in the third quarter of 2022 and is expected to close by the third quarter of 2023. The parties continue to discuss and negotiate key aspects of the transaction in the proposed sale of banking assets in Grenada. On September 1, 2022, the Directors approved the closure of the Dominica Branch, subject to regulatory approval.

The assets and liabilities related to St. Kitts and St. Vincent have been presented as "Held for Sale and Discontinued Operations" and their associated net loss is presented as discontinued and discontinuing operations in accordance with the International Financial Reporting Standards as at October 31, 2022.