

FirstCaribbean International Bank Limited

Condensed Consolidated Financial Statements

For the three months ended January 31, 2023 (expressed in thousands of United States dollars)



FirstCaribbean
International Bank

CHIEF EXECUTIVE OFFICER'S REVIEW

The Bank delivered solid results in the first quarter reporting net income of \$68.1 million, up \$22.9 million or 51% from the first quarter's net income of \$45.2 million a year ago. After adjusting for \$0.8 million of operating expenses relating to previously announced divestitures, adjusted net income was \$68.9 million.

The uplift in financial performance can largely be attributed to higher US interest rates, which positively impacted our Bahamas and Cayman operating companies and our other US dollar denominated businesses. The ongoing economic recovery across most of the Bank's operating footprint has also contributed to our performance. However, operating expenses of \$106.1 million were up from the first quarter a year ago due to ongoing strategic initiatives, employee-related costs, and the effects of inflation. While credit losses are up from the same quarter last year due to a lower level of releases, the Bank continues to maintain strong risk management and credit quality across all its portfolios.

We anticipate a slower pace of global economic growth for 2023 vs. 2022, which will have spillover impacts for our region in terms of tourism and foreign direct investment. However, we expect to see some easing of conditions towards the end of the fiscal as inflation cools and prices stabilize.

In an economic environment that remains fluid, the Bank continues to make steady progress in executing its client-focused strategy. Our investment in digital transformation is providing us with strong momentum to serve our clients better, while offering best-in-class products and services. This was recently recognized when we were named the "Best Digital Transformation Bank 2022" by The European, a London based global publication who expertly covers a broad spectrum of business affairs, including digital banking.

At the end of the first quarter, the Bank's Tier 1 and Total Capital ratios remain strong at 15.5% and 17.2% respectively and in excess of applicable regulatory requirements. The Board of Directors approved a quarterly dividend of \$0.0125 per share which will be paid on April 21, 2023, to shareholders of record on March 23, 2023.

We again wish to thank our clients, employees, shareholders and directors for their ongoing support and contributions to the success of our Bank.

Mark St. Hill
Chief Executive Officer
March 9, 2023

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 At Jan 31, 2023	Unaudited 3 month ended At Jan 31, 2022	Audited Year ended At Oct 31, 2022
Assets			
Cash, balances with Central Banks and due from banks	2,408,508	2,711,878	2,726,853
Loans and advances to customers	6,645,343	6,244,559	6,649,511
Securities	3,040,280	2,644,799	2,945,869
Property and equipment	191,948	184,261	192,875
Other assets	177,278	285,412	268,921
Intangible assets	44,372	44,372	44,372
	<u>12,507,729</u>	<u>12,115,281</u>	<u>12,828,401</u>
Assets of disposal group classified as held for sale and discontinued operations	368,594	672,446	302,197
Total assets	12,876,323	12,787,727	13,130,598
Liabilities			
Customer deposits	11,103,444	10,756,340	11,428,746
Other liabilities	158,645	164,171	221,828
Debt securities in issue	26,181	26,207	26,599
	<u>11,288,270</u>	<u>10,946,718</u>	<u>11,677,173</u>
Liabilities of disposal group classified as held for sale and discontinued operations	370,372	669,230	294,348
Total liabilities	11,658,642	11,615,948	11,971,521
Equity attributable to equity holders of the parent			
Issued capital and reserves	1,028,073	1,103,526	1,014,811
Retained earnings	159,437	38,236	115,085
	<u>1,187,510</u>	<u>1,141,762</u>	<u>1,129,896</u>
Non-controlling interests	30,171	30,017	29,181
Total equity	1,217,681	1,171,779	1,159,077
Total liabilities and equity	12,876,323	12,787,727	13,130,598

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, 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
Balance at October 31, 2022	1,193,149	(178,338)	115,085	29,181	1,159,077
Comprehensive income for the period	-	6,673	66,719	1,507	74,899
Transfer to reserves	-	6,589	(6,589)	-	-
Equity dividends	-	-	(15,778)	-	(15,778)
Dividends of subsidiary	-	-	-	(517)	(517)
Balance at January 31, 2023	1,193,149	(165,076)	159,437	30,171	1,217,681

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CONDENSED CONSOLIDATED STATEMENT OF INCOME

	Unaudited 3 months ended Jan 31, 2023	Unaudited 3 months ended Jan 31, 2022	Audited Year ended Oct 31, 2022
Total revenue	182,226	142,668	599,280
Operating expenses	106,072	98,087	397,822
Credit loss expense/(release) on financial assets	1,036	(7,341)	(897)
	107,108	90,746	396,925
Income before taxation from continuing operations	75,118	51,922	202,355
Income tax expense	4,895	3,994	24,091
Net income for the period from continuing operations	70,223	47,928	178,264
Net loss for the period from discontinued operations	(1,904)	(1,758)	(1,867)
Net loss for the period from discontinuing operations	(232)	(995)	(4)
Net Income for the period	68,087	45,175	176,393
Attributable to:			
Equity holders of the parent	66,719	44,593	173,036
Non-controlling interests	1,368	582	3,357
	68,087	45,175	176,393
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)	4.4	3.0	11.1
Basic and diluted earnings per share attributable to the equity holders of the parent for the period: (expressed in cents per share)	4.2	2.8	11.0

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 3 months ended Jan 31, 2023	Unaudited 3 months ended Jan 31, 2022	Audited Year ended Oct 31, 2022
Net income for the period	68,087	45,175	176,393
Other comprehensive income/(loss) (net of tax) to be reclassified to net income in subsequent periods			
Net gains/(losses) on debt securities at fair value through OCI	7,321	(7,671)	(32,188)
Net exchange (losses)/gains on translation of foreign operations	(509)	(1,162)	401
	6,812	(8,833)	(31,787)
Other comprehensive income/(loss) (net of tax) not to be reclassified to net income in subsequent periods:			
Re-measurement losses on retirement benefit obligations	-	-	(71,563)
Other comprehensive income/(loss) for the period, net of tax	6,812	(8,833)	(103,350)
Comprehensive income for the period, net of tax	74,899	36,342	73,043
Comprehensive income for the period attributable to:			
Continuing operations	77,049	39,251	75,145
Discontinued operations	(1,904)	(1,825)	(1,996)
Discontinuing operations	(246)	(1,084)	(106)
	74,899	36,342	73,043
	73,392	35,658	71,190
Comprehensive income for the period attributable to:			
Equity holders of the parent	1,507	684	1,853
Non-controlling interests	74,899	36,342	73,043

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 3 months ended Jan 31, 2023	Unaudited 3 months ended Jan 31, 2022	Audited Year ended Oct 31, 2022
Net cash (used in)/from operating activities from continuing operations	(237,313)	121,668	350,064
Net cash used in investing activities from continuing operations	(68,344)	(63,940)	(342,887)
Net cash used in financing activities from continuing operations	(19,853)	(20,211)	(80,322)
Net (decrease)/increase in cash and cash equivalents for the period from continuing operations	(325,510)	37,517	(73,145)
Net (decrease) increase in cash from continuing operations	(325,510)	37,517	(73,145)
Net increase/(decrease) in cash from discontinuing and discontinued operations	10,938	(30,080)	(47,299)
Effect of exchange rate changes on cash and cash equivalents	(509)	(1,162)	401
Cash and cash equivalents, beginning of the period	2,343,873	2,463,916	2,463,916
Cash and cash equivalents from discontinuing operations	205,817	332,860	167,956
Cash and cash equivalents, end of the period	2,234,609	2,803,051	2,511,829

CONDENSED CONSOLIDATED SEGMENT INFORMATION

	Unaudited January 31, 2023				
	RBB	CIB	WM	Admin	Total
Three months ended					
External revenue	39,961	55,126	2,204	31,522	128,813
Internal revenue	5,462	17,548	3,149	(26,159)	-
Net interest income	45,423	72,674	5,353	5,363	128,813
Operating income	21,521	24,788	8,053	(949)	53,413
Total revenue	66,944	97,462	13,406	4,414	182,226
Depreciation	1,790	537	531	5,879	8,737
Operating expenses	23,237	9,676	6,571	57,851	97,335
Indirect expenses	29,604	30,900	3,810	(64,314)	-
Credit loss expense on financial assets	6,208	(5,043)	(336)	207	1,036
Income before taxation	6,105	61,392	2,830	4,791	75,118
Income tax expense	(1,399)	4,339	(53)	2,008	4,895
Net income for the period from continuing operations	7,504	57,053	2,883	2,783	70,223
Loss from discontinued operations	(1,085)	259	-	(1,078)	(1,904)
Loss from discontinuing operations	656	635	-	(1,523)	(232)
Net income for the period	7,075	57,947	2,883	182	68,087
Balance as at					
Total assets and liabilities by segment are as follows:					
Segment assets	2,563,757	4,039,154	256,817	5,648,001	12,507,729
Segment assets of disposal group classified as held for sale and discontinued operations	121,294	59,519	-	187,781	368,594
Total segment assets	2,685,051	4,098,673	256,817	5,835,782	12,876,323
Segment liabilities	4,214,640	6,327,887	690,896	54,847	11,288,270
Segment liabilities of disposal group classified as held for sale and discontinued operations	219,827	93,997	-	56,548	370,372
Total segment liabilities	4,434,467	6,421,884	690,896	111,395	11,658,642

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CONDENSED CONSOLIDATED SEGMENT INFORMATION (continued)

	Unaudited January 31, 2022				
	RBB	CIB	WM	Admin	Total
Three months ended					
External revenue	35,592	42,302	879	12,186	90,959
Internal revenue	2,204	4,589	1,907	(8,700)	-
Net interest income	37,796	46,891	2,786	3,486	90,959
Operating income	19,606	24,417	7,886	(200)	51,709
Total revenue	57,402	71,308	10,672	3,286	142,668
Depreciation	2,737	685	467	9,182	13,071
Operating expenses	20,736	9,933	6,101	48,246	85,016
Indirect expenses	23,511	25,124	2,807	(51,442)	-
Credit loss release on financial assets	8,388	(15,294)	212	(647)	(7,341)
Income before taxation	2,030	50,860	1,085	(2,053)	51,922
Income tax expense	(1,540)	7,435	(46)	(1,855)	3,994
Net income for the period from continuing operations	3,570	43,425	1,131	(198)	47,928
Loss from discontinued operations	(1,794)	(229)	-	265	(1,758)
Loss from discontinuing operations	172	533	-	(1,700)	(995)
Net income for the period	1,948	43,729	1,131	(1,633)	45,175
Balance as at					
Total assets and liabilities by segment are as follows:					
Segment assets	2,508,099	3,691,404	253,001	5,662,777	12,115,281
Segment assets of disposal group classified as held for sale and discontinued operations	158,539	144,472	-	369,435	672,446
Total segment assets	2,666,638	3,835,876	253,001	6,032,212	12,787,727
Segment liabilities	4,026,655	5,980,786	879,236	60,041	10,946,718
Segment liabilities of disposal group classified as held for sale and discontinued operations	425,631	241,143	-	2,456	669,230
Total segment liabilities	4,452,286	6,221,9	879,236	62,497	11,615,948

	Audited October 31, 2021				
	RBB	CIB	WM	Admin	Total
Year ended					
External revenue	144,345	179,888	2,630	69,585	396,448
Internal revenue	14,099	9,864	34,509	(58,472)	-
Net interest income	158,444	189,752	37,139	11,113	396,448
Operating income	78,539	80,369	46,331	(2,407)	202,832
Total revenue	236,983	270,121	83,470	8,706	599,280
Depreciation	10,294	2,477	2,080	29,656	44,507
Operating expenses	97,617	37,866	31,789	186,043	353,315
Indirect expenses	97,604	85,420	27,258	(210,282)	-
Credit loss expense on financial assets	24,235	(24,425)	185	(892)	(897)
Income before taxation	7,233	168,783	22,158	4,181	202,355
Income tax expense	(7,036)	17,700	52	13,375	24,091
Net income for the year from continuing operations	14,269	151,083	22,106	(9,194)	178,264
Net loss from discontinued operations	(3,379)	(817)	-	2,329	(1,867)
Net loss from discontinuing operations	1,491	4,206	-	(5,701)	(4)
Net income for the year	12,381	154,472	22,106	(12,566)	176,393
Balance as at					
Total assets and liabilities by segment are as follows:					
Segment assets	2,610,159	4,047,113	244,663	5,926,466	12,828,401
Segment assets of disposal group classified as held for sale and discontinued operations	81,441	52,211	-	168,545	302,197
Total segment assets	2,691,600	4,099,324	244,663	6,095,011	13,130,598
Segment liabilities	4,228,976	4,398,258	2,879,557	170,382	11,677,173
Segment liabilities of disposal group classified as held for sale and discontinued operations	211,136	83,252	-	(40)	294,348
Total segment liabilities	4,440,112	4,481,510	2,879,557	170,342	11,971,521

CONDENSED CONSOLIDATED SEGMENT INFORMATION (continued)

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.

Comparative numbers reported have been adjusted to reflect the following business segments reorganizations effective November 1, 2022:

- Customer Call Centres previously reported under RBB have been aligned to Technology, Infrastructure & Innovation under Admin
- Cash Management, Merchant Services and Correspondent Banking Support previously reported under CIB have been aligned to Technology, Infrastructure & Innovation under Admin
- International Corporate Banking previously reported under WM has been aligned to CIB

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General Information

FirstCaribbean International Bank Limited and its subsidiaries (the "Group") are registered under the relevant financial and corporate legislation of 15 countries in the Caribbean to carry on banking and other related activities. FirstCaribbean International Bank Limited (the "Bank"), is a company incorporated and domiciled in Barbados at Warrens, St. Michael. The parent company and controlling party of the Bank is CIBC Investments (Cayman) Limited, which holds 91.7% of the Bank's issued shares and is a company incorporated in Cayman. The ultimate parent company is Canadian Imperial Bank of Commerce ("CIBC").

2. Basis of preparation and summary of significant accounting policies

The accompanying unaudited condensed consolidated financial statements of the Group should be read in conjunction with the IFRS consolidated financial statements and notes thereto for the year ended October 31, 2022, included in the Group's Annual Report 2022. 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.

3. 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. 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 January 31, 2023, the Bank ceased operations in Dominica.

The assets and liabilities related to Dominica, 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 January 31, 2023.

4. Dividends

During the quarter, a final quarterly dividend of one United States cent (\$0.01) per share was paid on January 20, 2023. The Board of Directors has approved a 2023 first quarter dividend of one point two five United States cents (\$0.0125) per share to be paid on April 21, 2023, to shareholders of record as of March 23, 2023.