

FirstCaribbean International Bank Limited

Condensed Consolidated Financial Statements

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



FirstCaribbean
International Bank

CHIEF EXECUTIVE OFFICER'S REVIEW

We continued to execute on our client-focused strategy delivering another quarter of solid results. The momentum in our core business performance reflects improved market conditions, the benefits from our recent investment in digital technology and a strong focus on providing innovative client solutions.

Reported third quarter net income was \$72.3 million, up \$32.5 million or 82% from the third quarter's net income of \$39.8 million a year ago. After excluding \$4.8 million of net gains relating to previously announced divestitures, adjusted net income was \$67.5 million.

For the nine months ended July 31, 2023, net income was \$216.9 million, up \$92.0 million or 74% over prior year's net income of \$124.9 million. After excluding \$10.5 million of net gains relating to previously announced divestitures, adjusted net income was \$206.4 million, up \$81.5 million or 65% from the third quarter a year ago.

The uplift in financial performance continues to be largely attributed to the higher US benchmark interest rates, which have positively impacted revenue in our primary US dollar denominated businesses in the Bahamas and the Cayman Islands. Over the nine-month period, the spend on transformational initiatives, higher employee-related costs and inflation have led to increased operating expenses. The provision for credit losses was up slightly from the same quarter last year and reflected updated forward-looking indicators based on the region's economic outlook. We continue to maintain a high level of credit quality across the Bank.

The economic recovery in the Caribbean is being sustained, as most markets move towards pre-pandemic levels of output and employment. Pent-up travel demand is driving a strong tourism rebound which is spurring growth in related sectors.

On July 14, 2023, the Bank completed the sale of banking assets in Grenada to Grenada Co-Operative Bank Limited. This marks the conclusion of the previously announced divestitures in the Eastern Caribbean. We wish to thank our former employees and clients for their years of commitment and loyalty.

The Bank's Tier 1 and Total Capital ratios remain strong at 16.8% and 18.5%, in excess of applicable regulatory requirements. The Board of Directors approved a quarterly dividend of \$0.0125 per share which will be paid on October 13, 2023, to shareholders of record as of September 22, 2023.

I would like to thank our clients, employees, shareholders, and directors for their ongoing support.

Mark St. Hill
Chief Executive Officer
September 7, 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.cibcib.com.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited Nine months ended At Jul 31, 2023	Unaudited Nine months ended At Jul 31, 2022	Audited Year ended At Oct 31, 2022
Assets			
Cash, balances with Central Banks and due from banks	2,614,316	3,398,511	2,726,853
Loans and advances to customers	6,682,555	6,578,712	6,649,511
Securities	2,926,254	2,808,893	2,945,869
Property and equipment	195,614	189,304	192,875
Other assets	265,604	268,700	268,921
Intangible assets	44,372	44,372	44,372
	12,728,715	13,288,492	12,828,401
Assets of disposal group classified as held for sale and discontinued operations	-	307,920	302,197
Total assets	12,728,715	13,596,412	13,130,598
Liabilities			
Customer deposits and other borrowed funds	11,227,892	11,902,002	11,428,746
Other liabilities	149,484	166,779	221,828
Debt securities in issue	26,220	26,220	26,599
	11,403,596	12,095,001	11,677,173
Liabilities of disposal group classified as held for sale and discontinued operations	-	297,070	294,348
Total liabilities	11,403,596	12,392,071	11,971,521
Equity attributable to equity holders of the parent			
Issued capital and reserves	1,045,276	1,090,719	1,014,811
Retained earnings	247,797	83,000	115,085
	1,293,073	1,173,719	1,129,896
Non-controlling interests	32,046	30,622	29,181
Total equity	1,325,119	1,204,341	1,159,077
Total liabilities and equity	12,728,715	13,596,412	13,130,598

Director

Director

CONDENSED 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, 2021	1,193,149	(91,269)	19,936	29,399	1,151,215
Comprehensive income for the period	-	(23,314)	122,550	2,258	101,494
Transfer to reserves	-	12,153	(12,153)	-	-
Equity dividends	-	-	(47,333)	-	(47,333)
Dividends of subsidiary	-	-	-	(1,035)	(1,035)
Balance at July 31, 2022	1,193,149	(102,430)	83,000	30,622	1,204,341
Balance at October 31, 2022	1,193,149	(178,338)	115,085	29,181	1,159,077
Comprehensive income for the period	-	5,877	212,507	4,418	222,802
Transfer to reserves	-	24,588	(24,588)	-	-
Equity dividends	-	-	(55,207)	-	(55,207)
Dividends of subsidiary	-	-	-	(1,553)	(1,553)
Balance at July 31, 2023	1,193,149	(147,873)	247,797	32,046	1,325,119

CONDENSED CONSOLIDATED STATEMENT OF INCOME

	Unaudited Quarter ended		Unaudited Nine months ended		Audited Year ended
	Jul 31, 2023	Jul 31, 2022	Jul 31, 2023	Jul 31, 2022	Oct 31, 2022
Total revenue	190,560	149,250	554,397	431,036	599,280
Operating expenses	105,490	98,125	312,923	289,291	397,822
Credit loss expense/(release) on financial assets	9,122	8,296	15,273	(6,923)	(897)
	114,612	106,421	328,196	282,368	396,925
Income before taxation	75,948	42,829	226,201	148,668	202,355
Income tax expense	5,867	3,335	15,046	20,763	24,091
Net income for the period from continuing operations	70,081	39,494	211,155	127,905	178,264
Net gain/(loss) for the period from discontinued operations	2,201	301	5,709	(3,054)	(1,871)
Net Income for the period	72,282	39,795	216,864	124,851	176,393
Attributable to:					
Equity holders of the parent	70,760	38,893	212,507	122,550	173,036
Non-controlling interests	1,522	902	4,357	2,301	3,357
	72,282	39,795	216,864	124,851	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)					
	4.3	2.4	13.1	8.0	11.1
Basic and diluted earnings per share attributable to the equity holders of the parent for the period: (expressed in cents per share)					
	4.5	2.5	13.5	7.8	11.0

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Quarter ended		Unaudited Nine months ended		Audited Year ended
	Jul 31, 2023	Jul 31, 2022	Jul 31, 2023	Jul 31, 2022	Oct 31, 2022
Net income for the period	72,282	39,795	216,864	124,851	176,393
Other comprehensive (loss)/gain (net of tax) to be reclassified to net income in subsequent periods					
Net (losses)/gains on debt securities at fair value through OCI	(4,336)	(1,975)	6,439	(23,180)	(32,188)
Net exchange (losses)/gains on translation of foreign operations	(559)	537	(501)	(177)	401
	(4,895)	(1,438)	5,938	(23,357)	(31,787)
Other comprehensive loss (net of tax) not to be reclassified to net income in subsequent periods:					
Re-measurement losses of retirement benefit obligations	-	-	-	-	(71,563)
Other comprehensive (loss)/income for the period, net of tax	(4,895)	(1,438)	5,938	(23,357)	(103,350)
Comprehensive income for the period, net of tax	67,387	38,357	222,802	101,494	73,043
Comprehensive income for the period attributable to:					
Continuing operations	65,186	38,124	217,115	104,586	75,145
Discontinued operations	2,201	233	5,687	(3,092)	(2,102)
	67,387	38,357	222,802	101,494	73,043
Comprehensive income for the period attributable to:					
Equity holders of the parent	66,061	37,437	218,384	99,236	71,190
Non-controlling interests	1,326	920	4,418	2,258	1,853
	67,387	38,357	222,802	101,494	73,043

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Nine months ended		Audited Year ended
	Jul 31, 2023	Jul 31, 2022	Oct 31, 2022
Net cash (used in)/from operating activities from continuing operations	(161,314)	994,113	350,064
Net cash from/(used in) investing activities from continuing operations	81,438	(207,148)	(342,887)
Net cash used in financing activities from continuing operations	(66,552)	(60,342)	(80,322)
Net (decrease)/increase in cash and cash equivalents for the period from continuing operations	(146,428)	726,623	(73,145)
Net (decrease)/increase in cash from continuing operations	(146,428)	726,623	(73,145)
Net increase/(decrease) in cash from discontinued operations	8,592	(71,493)	(47,299)
Effect of exchange rate changes on cash and cash equivalents	(501)	(177)	401
Cash and cash equivalents, beginning of the period	2,343,873	2,354,734	2,463,916
Cash and cash equivalents from discontinued operations	-	171,322	167,956
Cash and cash equivalents, end of the period	2,205,536	3,181,009	2,511,829

CONDENSED CONSOLIDATED SEGMENT INFORMATION

	Unaudited Jul 31, 2023				
	RBB	CIB	WM	Admin	Total
Nine months ended					
External revenue	120,822	165,222	7,090	104,233	397,367
Internal revenue	19,775	57,586	9,438	(86,799)	-
Net interest income	140,597	222,808	16,528	17,434	397,367
Operating income	62,153	70,310	24,752	(185)	157,030
Total revenue	202,750	293,118	41,280	17,249	554,397
Depreciation	5,464	1,728	1,599	17,567	26,358
Operating expenses	67,669	30,940	19,757	168,199	286,565
Indirect expenses	90,013	85,030	10,364	(185,407)	-
Credit loss expense on financial assets	25,993	(13,278)	(458)	3,016	15,273
Income before taxation	13,611	188,698	10,018	13,874	226,201
Income tax expense	(3,956)	14,264	(127)	4,865	15,046
Net income for the period from continuing operations	17,567	174,434	10,145	9,009	211,155
Income from discontinued operations	463	995	-	4,251	5,709
Net income for the period	18,030	175,429	10,145	13,260	216,864
Balance as at					
Total assets and liabilities by segment are as follows:					
Segment assets	2,653,576	4,057,420	240,423	5,777,296	12,728,715
Segment liabilities	4,301,801	6,326,671	581,700	193,424	11,403,596

	Unaudited July 31, 2022				
	RBB	CIB	WM	Admin	Total
Nine months ended					
External revenue	108,167	127,584	2,782	42,597	281,130
Internal revenue	9,211	20,321	8,367	(37,899)	-
Net interest income	117,378	147,905	11,149	4,698	281,130
Operating income	56,952	70,327	24,214	(1,587)	149,906
Total revenue	174,330	218,232	35,363	3,111	431,036
Depreciation	7,444	1,890	1,584	24,292	35,210
Operating expenses	63,401	29,917	18,743	142,020	254,081
Indirect expenses	74,533	74,086	8,224	(156,843)	-
Credit loss release on financial assets	17,229	(24,360)	108	100	(6,923)
Income before taxation	11,723	136,699	6,704	(6,458)	148,668
Income tax expense	(4,042)	15,312	(155)	9,648	20,763
Net income for the period from continuing operations	15,765	121,387	6,859	(16,106)	127,905
Loss from discontinued operations	(3,995)	1,783	-	(842)	(3,054)
Net income for the period	11,770	123,170	6,859	(16,948)	124,851
Balance as at					
Total assets and liabilities by segment are as follows:					
Segment assets	2,592,889	3,981,300	238,730	6,475,573	13,288,492
Segment assets of disposal group classified as held for sale and discontinued operations	82,184	53,691	-	172,045	307,920
Total segment assets	2,675,073	4,034,991	238,730	6,647,618	13,596,412
Segment liabilities	4,324,682	6,681,509	966,771	122,039	12,095,001
Segment liabilities of disposal group classified as held for sale and discontinued operations	216,578	80,503	-	(11)	297,070
Total segment liabilities	4,541,260	6,762,012	966,771	122,028	12,392,071

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FirstCaribbean
International Bank

CONDENSED CONSOLIDATED SEGMENT INFORMATION *Continued*

Audited
October 31, 2022

Year ended	RBB	CIB	WM	Admin	Total
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 release 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	(1,888)	3,389	-	(3,372)	(1,871)
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

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 12 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 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.

The sales of the banking assets in St. Vincent and Grenada were completed on March 24, 2023, and July 14, 2023, respectively, upon the satisfaction of closing conditions. The proposed transactions in St Kitts and Dominica did not proceed and the Bank ceased its operations in Dominica on January 31, 2023. We continue our banking operations in St. Kitts and as such has been excluded from the Held for Sale Classification.

For the nine months ended, July 31, 2023, the associated net gain from the closure of Dominica, Grenada and St. Vincent have been presented separately as discontinued operations on the consolidated statement of income.

4. Dividends

During the quarter, a second quarterly dividend of one point two five United States cents (\$0.0125) per share was paid on July 7, 2023. The Board of Directors has approved a 2023 third quarter dividend of one point two five United States cents (\$0.0125) per share to be paid on October 13, 2023, to shareholders of record as of September 22, 2023.