

FirstCaribbean International Bank Limited

Condensed Consolidated Financial Statements

For the six months ended 30 April, 2022 (expressed in thousands of United States dollars)



FirstCaribbean
International Bank

CHIEF EXECUTIVE OFFICER'S REVIEW

The Bank reported net income of \$39.9 million for the second quarter, up \$17.3 million or 76% from the second quarter's net income of \$22.6 million a year ago. After adjusting for \$4.0 million of operating expenses related to the divestitures announced at the end of 2021, net income was \$43.9 million.

For the six-month period ended April 30, 2022, reported net income was \$85.1 million. On an adjusted basis, net income was \$92.1 million, up \$29.2 million from the same period last year of \$62.9 million. The improved financial performance was primarily due to increased transaction based non-interest income, and the reversal of provisions for credit losses reflective of favourable changes in the regional economic outlook.

Economic activity continued to improve across the region as COVID-19 restrictions were relaxed, providing further relief to the tourism sector and increasing consumer demand. However, the Bank will continue to monitor the economic outlook in light of supply chain and inflationary pressures, including the regional impact emanating from the war between Russia and Ukraine.

The Bank's Tier 1 and Total Capital ratios remain strong at 13.9% and 16.5% in excess of applicable regulatory requirements. The Directors have approved a quarterly dividend of \$0.010 per share, which will be paid on July 8, 2022, to shareholders of record on June 17, 2022.

I would like to acknowledge and thank our clients, employees, shareholders and directors for their contributions to the success of our Bank.

Colette Delaney
Chief Executive Officer
June 2, 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.cibcfcb.com

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited Apr 30, 2022	Unaudited Apr 30, 2021	Audited Oct 31, 2021
Assets			
Cash, balances with Central Banks and due from banks	3,154,757	2,851,541	2,702,080
Loans and advances to customers	6,231,068	6,421,114	6,388,795
Securities	2,775,038	2,559,018	2,550,410
Property and equipment	183,563	193,205	189,587
Other assets	284,923	195,495	323,187
Intangible assets	44,372	44,372	44,372
	12,673,721	12,264,745	12,198,431
Assets of disposal group classified as held for sale and discontinuing operations	579,163	-	657,117
Total assets	13,252,884	12,264,745	12,855,548
Liabilities			
Customer deposits and other borrowed funds	11,295,210	10,953,972	10,796,962
Other liabilities	161,503	185,027	227,589
Debt securities in issue	26,586	75,621	26,599
	11,483,299	11,214,620	11,051,150
Liabilities of disposal group classified as held for sale and discontinuing operations	587,307	-	653,183
Total liabilities	12,070,606	11,214,620	11,704,333
Equity attributable to equity holders of the parent			
Issued capital and reserves	1,090,299	1,052,303	1,101,880
Retained earnings/(deficit)	61,760	(31,436)	19,936
	1,152,059	1,020,867	1,121,816
Non-controlling interests	30,219	29,258	29,399
Total equity	1,182,278	1,050,125	1,151,215
Total liabilities and equity	13,252,884	12,264,745	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 (Deficit) /Earnings	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	-	(9,896)	51,697	1,671	43,472
Transfer to reserves	-	2,770	(2,770)	-	-
Dividends of subsidiaries	-	-	-	(2,072)	(2,072)
Balance at April 30, 2021	1,193,149	(140,846)	(31,436)	29,258	1,050,125
Balance at October 31, 2021	1,193,149	(91,269)	19,936	29,399	1,151,215
Comprehensive income for the period	-	(21,858)	83,656	1,338	63,136
Transfer to reserves	-	10,277	(10,277)	-	-
Equity dividends	-	-	(31,555)	-	(31,555)
Dividends of subsidiaries	-	-	-	(518)	(518)
Balance at April 30, 2022	1,193,149	(102,850)	61,760	30,219	1,182,278

CONDENSED CONSOLIDATED STATEMENT OF INCOME

	Unaudited Quarter ended		Unaudited Six months ended		Audited Year ended Oct 31, 2021
	Apr 30, 2022	Apr 30, 2021	Apr 30, 2022	Apr 30, 2021	
Total revenue	137,714	129,518	278,862	259,731	534,236
Operating expenses	91,936	100,590	189,373	190,608	371,979
Credit loss (release)/expense on financial assets	(7,994)	4,993	(15,362)	11,256	15,358
	83,942	105,583	174,011	201,864	387,337
Income before taxation	53,772	23,935	104,851	57,867	146,899
Income tax expense	10,766	873	14,829	3,695	11,488
Net income for the period from continuing operations	43,006	23,062	90,022	54,172	135,411
Net loss for the period from discontinued operations	(703)	(447)	(1,843)	(654)	(3,332)
Net (loss)/gain for the period from discontinuing operations	(2,423)	2	(3,124)	5	(6,358)
Net Income for the period	39,880	22,617	85,055	53,523	125,721
Attributable to:					
Equity holders of the parent	39,062	21,563	83,656	51,697	121,788
Non-controlling interests	818	1,054	1,399	1,826	3,933
	39,880	22,617	85,055	53,523	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)	2.7	1.4	5.6	3.3	8.3
Basic and diluted earnings per share attributable to the equity holders of the parent for the period: (expressed in cents per share)	2.5	1.4	5.3	3.3	7.7

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Quarter ended Apr 30, 2022	Unaudited Quarter ended Apr 30, 2021	Unaudited Six months ended Apr 30, 2022	Unaudited Six months ended Apr 30, 2021	Audited Year ended Oct 31, 2021
Net income for the period	39,880	22,617	85,055	53,523	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	(13,534)	(4,671)	(21,205)	(6,455)	(13,700)
Net exchange gains/(losses) on translation of foreign operations	448	(2,887)	(714)	(3,596)	(4,130)
	(13,086)	(7,558)	(21,919)	(10,051)	(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	(13,086)	(7,558)	(21,919)	(10,051)	38,070
Comprehensive income for the period, net of tax	26,794	15,059	63,136	43,472	163,791
Comprehensive income for the period attributable to:					
Continuing operations	29,926	15,572	68,292	43,991	174,002
Discontinued operations	(703)	(447)	(1,843)	(654)	(3,332)
Discontinuing operations	(2,429)	(66)	(3,313)	135	(6,879)
	26,794	15,059	63,136	43,472	163,791
Comprehensive income for the period attributable to:					
Equity holders of the parent	26,074	14,072	61,798	41,801	158,528
Non-controlling interests	720	987	1,338	1,671	5,263
	26,794	15,059	63,136	43,472	163,791

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months ended Apr 30, 2022	Unaudited Six months ended Apr 30, 2021	Audited Year ended Oct 31, 2021
Net cash from operating activities from continuing operations	705,699	86,523	31,269
Net cash (used in)/from investing activities from continuing operations	(193,827)	488,466	437,096
Net cash used in financing activities from continuing operations	(40,022)	(11,189)	(88,011)
Net increase in cash and cash equivalents for the period from continuing operations	471,850	563,800	380,354
Net increase in cash from continuing operations	471,850	563,800	380,354
Net (decrease)/increase in cash from discontinuing operations	(29,330)	-	61,381
Effect of exchange rate changes on cash and cash equivalents	(714)	(3,596)	(4,130)
Cash and cash equivalents, beginning of the period	2,354,734	1,917,129	1,917,129
Cash and cash equivalents from discontinued & discontinuing operations	302,845	-	282,567
Cash and cash equivalents, end of the period	3,099,385	2,477,333	2,637,301

CONDENSED CONSOLIDATED SEGMENT INFORMATION

	Unaudited April 30, 2022				
	RBB	CIB	WM	Admin	Total
Six months ended					
External revenue	70,809	81,672	1,395	25,289	179,165
Internal revenue	5,189	5,236	11,106	(21,531)	-
Net interest income	75,998	86,908	12,501	3,758	179,165
Operating income	37,160	40,249	23,031	(743)	99,697
Total revenue	113,158	127,157	35,532	3,015	278,862
Depreciation	5,047	1,256	864	17,762	24,929
Operating expenses	44,185	18,672	15,393	86,194	164,444
Indirect expenses	43,447	38,838	12,640	(94,925)	-
Credit loss release on financial assets	15,097	(30,052)	355	(762)	(15,362)
Income before taxation	5,382	98,443	6,280	(5,254)	104,851
Income tax expense	(2,447)	12,775	(8)	4,509	14,829
Net income for the period from continuing operations	7,829	85,668	6,288	(9,763)	90,022
Loss from discontinued operations	(3,134)	(1,143)	-	2,434	(1,843)
Loss from discontinuing operations	(1,250)	2,745	-	(4,619)	(3,124)
Net income for the period	3,445	87,270	6,288	(11,948)	85,055
Balance as at					
Total assets and liabilities by segment are as follows:					
Segment assets	2,515,366	3,680,099	232,147	6,246,109	12,673,721
Segment assets of disposal group classified as held for sale and discontinuing operations	135,006	117,601	-	326,556	579,163
Total segment assets	2,650,372	3,797,700	232,147	6,572,665	13,252,884
Segment liabilities	4,177,047	4,325,165	-	58,385	11,483,299
Segment liabilities of disposal group classified as held for sale and discontinuing operations	413,996	170,910	2,922,702	2,401	587,307
Total segment liabilities	4,591,043	4,496,075	2,922,702	60,786	12,070,606

CONDENSED CONSOLIDATED SEGMENT INFORMATION *Continued*

	Unaudited April 30, 2021				
	RBB	CIB	WM	Admin	Total
Six months ended					
External revenue	70,659	80,662	614	25,817	177,752
Internal revenue	2,799	4,038	9,302	(16,139)	-
Net interest income	73,458	84,700	9,916	9,678	177,752
Operating income	31,014	29,291	21,804	(130)	81,979
Total revenue	104,472	113,991	31,720	9,548	259,731
Depreciation	3,795	994	872	13,672	19,333
Operating expenses	44,269	17,121	17,631	92,254	171,275
Indirect expenses	47,133	39,692	13,570	(100,395)	-
Credit loss expense on financial assets	9,637	2,469	405	(1,255)	11,256
Income before taxation	(362)	53,715	(758)	5,272	57,867
Income tax expense	(3,276)	5,147	115	1,709	3,695
Net income for the period from continuing operations	2,914	48,568	(873)	3,563	54,172
Loss from discontinued operations	(2,751)	1,148	-	949	(654)
Income from discontinuing operations	(1,241)	1,231	-	15	5
Net income for the period	(1,078)	50,947	(873)	4,527	53,523
Balance as at					
Total assets and liabilities by segment are as follows:					
Segment assets	2,591,092	3,811,743	201,931	5,659,979	12,264,745
Segment liabilities	4,306,781	4,323,092	2,494,617	90,130	11,214,620

	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

	Audited October 31, 2021				
	RBB	CIB	WM	Admin	Total
Balance as at					
Total assets and liabilities by segment are as follows:					
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

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

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. The completion date of the sale and cease of commercial operations in Aruba was February 25, 2022, upon the satisfaction of the closing conditions. 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, 2022 first quarter dividend of one United States cent (\$0.01) per share was paid on April 22, 2022. The Board of Directors has approved a 2022 second quarter dividend of one United States cent (\$0.01) per share to be paid on July 8, 2022 to shareholders of record as of June 17, 2022.