



FirstCaribbean International Bank (Bahamas) Limited
Chairperson's Review of the Results
For the year ended October 31, 2020

The year 2020 brought unprecedented challenges to our people, our clients and to our region. However, it has also been a year of transformation with advances in digital banking, remote work practices and process modernization. The Bank started the fiscal year with a high quality loan portfolio, strong liquidity and solid capital ratios, and that has continued to hold us in good stead as the pandemic has evolved.

For the fiscal year ended October 31, 2020, the Bank reported a net loss of \$63.5 million. After adjusting for a goodwill impairment item of note of \$72.7 million, net income for the year was \$9.2 million. This result was significantly lower than prior year's net income of \$94.4 million and largely driven by two main factors; (i) lower revenue due to the steep decline in US interest rates and reduced transaction related non-interest income and (ii) increased provisions for credit losses of \$65.5 million. This increase in credit provisions together with the aforementioned reduction in the carrying value of goodwill, reflect updated macro-economic forecasts driven by the extent and timing of the impact from COVID-19. Management has worked diligently during the year to mitigate these headwinds by curtailing expenses.

Capital remains strong. The Bank's Tier 1 and Total Capital ratios are 25.9% and 26.0%¹ which remain in excess of the applicable regulatory requirements. Due to the significant uncertainty in the current economic environment and the Central Bank's current suspension of dividend approvals, the Directors have decided not to declare a dividend. We will continue to monitor the impact of the aforementioned and the expected recovery, and will reassess dividend payouts next quarter.

At the beginning of our 2020 fiscal year, we announced that GNB Financial Group Limited had agreed to acquire 66.73% of the shares of FirstCaribbean International Bank Limited (our parent company) from CIBC subject to regulatory approval. All parties continue to pursue the transaction and the regulatory review process.

Our Bank remains strong and we will continue to build on the 100 years of banking experience which CIBC has in the region. As we look towards a new year with optimism, I wish to express our sincerest gratitude to our clients, employees, shareholders and directors for their ongoing support and commitment during the challenges of 2020.

Colette Delaney, Chairperson

¹Adjusting equity for the impact of dividends previously declared but not paid, for which regulatory approval remains pending, the Tier 1 and Total Capital ratios would be 21.7% and 21.8%, respectively.

Condensed Consolidated Statement of Financial Position
B\$'000

	Unaudited Oct 31, 2020	Audited Oct 31, 2019
Assets		
Cash, balances with The Central Bank and due from banks	606,282	593,474
Other assets	53,585	48,212
Securities	917,925	936,576
Loans and advances to customers	2,031,739	2,023,654
Property and equipment	45,400	30,593
Goodwill	-	72,747
Total assets	3,654,931	3,705,256
Liabilities		
Customer deposits	2,953,593	2,903,742
Other liabilities	81,523	77,942
Total liabilities	3,035,116	2,981,684
Equity		
Issued capital	477,230	477,230
Reserves	48,159	19,810
Retained earnings	94,426	226,532
Total equity	619,815	723,572
Total liabilities and equity	3,654,931	3,705,256

Director

Director

Condensed Consolidated Statement of Loss
B\$'000

	Unaudited Three Months Ended		Unaudited Year Ended	Audited Year Ended
	Oct 31, 2020	Oct 31, 2019	Oct 31, 2020	Oct 31, 2019
Total interest income	36,725	42,874	153,780	169,968
Total interest expense	1,752	2,975	9,641	13,172
Net interest income	34,973	39,899	144,139	156,796
Operating income	10,747	12,509	46,874	48,619
Total revenue	45,720	52,408	191,013	205,415
Operating expenses	27,312	24,333	111,782	106,524
Credit loss expense on financial assets	19,927	4,534	70,027	4,515
Impairment of goodwill	72,747	-	72,747	-
	119,986	28,867	254,556	111,039
Net (loss)/income for the period	(74,266)	23,541	(63,543)	94,376
Weighted average number of common shares outstanding for the period	120,216,204	120,216,204	120,216,204	120,216,204
Net (loss)/earnings per share (in cents)	(61.8)	19.6	(52.9)	78.5

Condensed Consolidated Statement of Comprehensive Loss
B\$'000

	Unaudited Three Months Ended		Unaudited Year Ended	Audited Year Ended
	Oct 31, 2020	Oct 31, 2019	Oct 31, 2020	Oct 31, 2019
Net (loss)/income for the period	(74,266)	23,541	(63,543)	94,376
Other comprehensive income/(loss) to be reclassified to net income in subsequent periods:				
Net gains on debt instruments at fair value through OCI	70	1,553	6,494	10,866
	70	1,553	6,494	10,866
Other comprehensive income/(loss) not to be reclassified to net income in subsequent periods:				
Re-measurement gains on retirement benefit plans	14,600	9,042	14,600	9,042
	14,600	9,042	14,600	9,042
Other comprehensive income for the period	14,670	10,595	21,094	19,908
Comprehensive (loss)/income for the period	(59,596)	34,136	(42,449)	114,284

Condensed Consolidated Statement of Changes in Equity
B\$'000

	Issued Capital	Reserves	Retained Earnings	Total
Balance at October 31, 2018	477,230	(6,627)	181,965	652,568
Net income for the year	-	-	94,376	94,376
Other comprehensive income for the year	-	19,908	-	19,908
Total comprehensive income	-	19,908	94,376	114,284
Dividends	-	-	(43,280)	(43,280)
Transfer to Statutory Reserve Fund - Turks & Caicos Islands	-	6,529	(6,529)	-
Balance at October 31, 2019	477,230	19,810	226,532	723,572
Balance at October 31, 2019	477,230	19,810	226,532	723,572
Net loss for the year	-	-	(63,543)	(63,543)
Other comprehensive income for the year	-	21,094	-	21,094
Total comprehensive loss	-	21,094	(63,543)	(42,449)
Dividends	-	-	(61,308)	(61,308)
Transfer to Statutory Reserve Fund - Turks & Caicos Islands	-	7,255	(7,255)	-
Balance at October 31, 2020	477,230	48,159	94,426	619,815

Condensed Consolidated Statement of Cash Flows
B\$'000

	Unaudited Year Ended Oct 31, 2020	Audited Year Ended Oct 31, 2019
Net cash from operating activities	43,495	201,714
Net cash from/(used in) investing activities	29,454	(124,261)
Net cash used in financing activities	(68,176)	(58,640)
Net increase in cash and cash equivalents	4,773	18,813
Cash and cash equivalents, beginning of the year	513,005	494,192
Cash and cash equivalents, end of the year	517,778	513,005

Notes to the Condensed Consolidated Financial Statements
October 31, 2020

1. Basis of preparation and summary of significant accounting policies

The accompanying unaudited condensed consolidated financial statements of FirstCaribbean International Bank (Bahamas) Limited (the Bank) should be read in conjunction with the International Financial Reporting Standards (IFRS) consolidated financial statements and notes thereto for the year ended October 31, 2020, included in the Bank's Annual Report 2020. For a description of the Bank'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.

The consolidated interim financial statements include the accounts of the following wholly owned subsidiaries:

- Sentry Insurance Brokers Ltd.
- FirstCaribbean International (Bahamas) Nominees Company Limited
- FirstCaribbean International Land Holdings (TCL) Limited

Dividends

The Directors previously declared dividends totaling \$0.78 (seventy-eight cents) per share, which are not reflected in these unaudited consolidated financial statements as they are subject to regulatory approvals and are pending the Central Bank's lifting of its current suspension of dividend approvals for domestic banks.

Condensed Consolidated Segment Information
B\$'000

	Unaudited Year Ended Oct 31, 2020				
	RBB	CIB	WM	Admin	Total
External revenue	69,787	47,679	(190)	26,863	144,139
Internal revenue	(6,188)	18,265	10,391	(22,468)	-
Net interest income	63,599	65,944	10,201	4,395	144,139
Operating income	24,307	19,520	4,034	(987)	46,874
	87,906	85,464	14,235	3,408	191,013
Depreciation	1,779	17	60	6,026	7,882
Operating expenses	24,941	5,339	2,409	71,211	103,900
Indirect expenses	29,464	29,243	15,734	(74,441)	-
Credit loss expense on financial assets	50,381	15,667	712	3,267	70,027
Impairment of goodwill	-	-	-	72,747	72,747
Net (loss)/income for the year	(18,659)	35,198	(4,680)	(75,402)	(63,543)
Total assets and liabilities by segment are as follows:					
Segment assets	1,073,710	964,563	24,648	1,592,010	3,654,931
Segment liabilities	1,316,138	1,191,957	568,776	(41,755)	3,035,116

	Audited Year Ended Oct 31, 2019				
	RBB	CIB	WM	Admin	Total
External revenue	71,957	53,790	(1,304)	32,353	156,796
Internal revenue	(9,849)	7,782	14,868	(12,801)	-
Net interest income	62,108	61,572	13,564	19,552	156,796
Operating income	26,567	18,611	4,421	(980)	48,619
	88,675	80,183	17,985	18,572	205,415
Depreciation	2,300	12	69	1,640	4,021
Operating expenses	23,925	4,469	2,720	71,389	102,503
Indirect expenses	25,970	30,845	17,624	(74,439)	-
Credit loss expense on financial assets	(224)	1,437	47	3,255	4,515
Net income/(loss) for the year	36,704	43,420	(2,475)	16,727	94,376
Total assets and liabilities by segment are as follows:					
Segment assets	1,116,116	916,223	21,827	1,651,090	3,705,256
Segment liabilities	1,181,444	1,233,028	544,713	22,499	2,981,684

Notes:

The Bank's operations are organized into four segments: Retail and Business 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, HR, Technology & Operations, Risk and Other). The Admin segment results include credits or capital charges for Treasury market-based cost of funds on assets, liabilities and capital; the offset of the same for RBB, CIB, and WM earnings on unattributed capital remains in Admin. Capital is attributed to RBB, CIB and WM (Strategic Business Units or "SBU") in a manner that is intended to measure and align economic value with the underlying benefits and risks associated with SBU activities. Management reviews the transfer pricing methodologies on an ongoing basis to ensure they reflect changing market environments and industry practices.