

FirstCaribbean International Bank (Bahamas) Limited
Managing Director's Review of the Results
For the year ended October 31, 2023

The Bank delivered a strong financial performance for the fiscal year as we continued to execute our client-centric strategy focused on deepening client relationships, enhancing our digital banking offerings, simplifying operations and investing in our people. Our strategic investments are creating a strong foundation for future growth and optimisation of resources across our strategic business segments.

For the year ended October 31, 2023, the Bank reported net income of \$122.3 million, up \$52.1 million or 74%, from prior year's net income of \$70.2 million.

The year's significantly improved results were largely due to the revenue uplift from higher US benchmark interest rates. Additionally, as the economy continued to recover from the aftermath of the COVID-19 pandemic, transaction-based operating income returned to normalized levels, improving over the prior year.

While the high interest rate environment has improved margins in 2023, our loan balance declined marginally, reflecting clients' debt management strategies. Deposit growth has also slowed, as some client inflows have been directed towards alternate investment products or debt repayment. In 2024, a softer pace for economic growth and sustained inflation levels are likely to have broad implications across our strategic business segments. However, even with some fluidity in the economic outlook, we are confident we can build on our momentum and drive strategic long-term growth.

Non-interest expenses were up over the prior year as we experienced higher cost related to our strategic investments and other expenses impacted by inflation and business activity. The provision for credit losses declined from the prior year largely due to lower provision on our impaired portfolio, which offset the impact of less favourable forward-looking economic indicators. We continue to maintain a high level of credit quality across the Bank.

The Bank's Tier 1 and Total Capital ratios remain strong at 29.0%, in excess of applicable regulatory requirements. At its meeting on December 14, 2023, the Board of Directors approved an interim dividend of nine cents (\$0.09) per share subject to regulatory approval.

We also announced our intention to rebrand the business from CIBC FirstCaribbean to CIBC. The adoption of the CIBC brand demonstrates CIBC's commitment to the region and confidence in the continuing performance of FirstCaribbean International Bank.

I would like to thank our clients, employees, shareholders and directors for their continuing support and for contributing to the success of our Bank.




Jacqui Bend
Managing Director

FORWARD-LOOKING STATEMENT DISCLOSURE


This report may contain forward-looking statements, including statements about our Bank's 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 the Bank has 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 unfavorable 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 (Bahamas) Limited, please read FirstCaribbean International Bank (Bahamas) Limited's financial and other reports that are available on the Bank's website at www.cibcfib.com.

Condensed Consolidated Statement of Financial Position
B\$'000

	Unaudited Oct 31, 2023	Audited Oct 31, 2022
Assets		
Cash, balances with The Central Bank and due from banks	1,184,815	962,014
Securities	1,045,862	1,317,826
Loans and advances to customers	2,026,387	2,035,563
Property and equipment	41,794	41,681
Other assets	60,842	57,116
Total assets	4,359,700	4,414,200
Liabilities		
Customer deposits	3,618,973	3,748,169
Other liabilities	46,417	55,199
Total liabilities	3,665,390	3,803,368
Equity		
Issued capital	477,230	477,230
Reserves	64,845	50,477
Retained earnings	152,235	83,125
Total equity	694,310	610,832
Total liabilities and equity	4,359,700	4,414,200



Director



Director

Condensed Consolidated Statement of Income
B\$'000

	Unaudited Three Months Ended		Unaudited Year Ended	Audited Year Ended
	Oct 31, 2023	Oct 31, 2022	Oct 31, 2023	Oct 31, 2022
Interest and similar income	56,095	43,370	213,642	147,319
Interest and similar expense	3,721	2,579	14,177	7,060
Net interest income	52,374	40,791	199,465	140,259
Operating income	15,600	14,445	61,067	58,591
	67,974	55,236	260,532	198,850
Operating expenses	34,721	30,440	132,809	112,674
Credit loss expense on financial assets	1,970	2,735	5,394	16,026
	36,691	33,175	138,203	128,700
Net income for the period	31,283	22,061	122,329	70,150
Weighted average number of common shares outstanding for the period	120,216,204	120,216,204	120,216,204	120,216,204
Net earnings per share (in cents)	26.0	18.4	101.8	58.4

Condensed Consolidated Statement of Comprehensive Income
B\$'000

	Unaudited Three Months Ended		Unaudited Year Ended	Audited Year Ended
	Oct 31, 2023	Oct 31, 2022	Oct 31, 2023	Oct 31, 2022
Net income for the period	31,283	22,061	122,329	70,150
Other comprehensive income/(loss) to be reclassified to net income in subsequent periods				
Net gains/(losses) on debt securities at fair value through OCI	672	(2,060)	933	(1,946)
	672	(2,060)	933	(1,946)
Other comprehensive income not to be reclassified to net income/(loss) in subsequent periods				
Re-measurement gains/(losses) on retirement benefit plans	3,492	(28,479)	3,492	(28,479)
	3,492	(28,479)	3,492	(28,479)
Other comprehensive income/(loss) for the period	4,164	(30,539)	4,425	(30,425)
Comprehensive income/(loss) for the period	35,447	(8,478)	126,754	39,725

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

	Issued Capital	Reserves	Retained Earnings	Total
Balance at October 31, 2021	477,230	76,246	60,907	614,383
Comprehensive income for the year	-	(30,425)	70,150	39,725
Dividends	-	-	(43,276)	(43,276)
Transfer to Statutory Reserve Fund - TCI	-	4,656	(4,656)	-
Balance at October 31, 2022	477,230	50,477	83,125	610,832
Comprehensive income for the year	-	4,425	122,329	126,754
Dividends	-	-	(43,276)	(43,276)
Transfer to Statutory Reserve Fund - TCI	-	4,812	(4,812)	-
Transfer to Statutory Loan Loss Reserve - The Bahamas	-	5,131	(5,131)	-
Balance at October 31, 2023	477,230	64,845	152,235	694,310

Condensed Consolidated Statement of Cash Flows
B\$'000

	Unaudited Year Ended Oct 31, 2023	Audited Year Ended Oct 31, 2022
Net cash (used in)/from operating activities	(18,733)	545,043
Net cash from/(used in) investing activities	311,834	(390,612)
Net cash used in financing activities	(56,863)	(28,180)
Net increase in cash and cash equivalents	236,238	126,251
Cash and cash equivalents, beginning of the year	853,818	727,567
Cash and cash equivalents, end of the year	1,090,056	853,818

Notes to the Condensed Consolidated Financial Statements
October 31, 2023

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, 2023, included in the Bank's Annual Report 2023. 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 (TCI) Limited

Dividends

The unaudited condensed consolidated financial statements as of October 31, 2023 reflect all dividends for which regulatory approval was received during the fiscal period. There are no dividends declared and pending regulatory approval at October 31, 2023.

Condensed Consolidated Segment Information
B\$'000

Year Ended	Unaudited October 31, 2023				
	PBB	CIB	WM	Admin	Total
External revenue	68,887	66,945	2,069	61,564	199,465
Internal revenue	8,570	35,290	489	(44,349)	-
Net interest income	77,457	102,235	2,558	17,215	199,465
Operating income	33,378	27,562	1,606	(1,479)	61,067
	110,835	129,797	4,164	15,736	260,532
Depreciation	1,619	7	57	6,110	7,793
Operating expenses	23,564	7,221	1,052	93,179	125,016
Indirect expenses	44,900	45,901	5,445	(96,246)	-
Credit loss expense/(release) on financial assets	15,237	(8,913)	(70)	(860)	5,394
Net income/(loss) for the year	25,515	85,581	(2,320)	13,553	122,329

Balance as at

Total assets and liabilities by segment are as follows:

Segment assets	1,085,521	991,497	36,355	2,246,327	4,359,700
Segment liabilities	1,442,982	2,083,588	73,400	65,420	3,665,390

**Audited
October 31, 2022**

Year Ended	Audited October 31, 2022				
	PBB	CIB	WM	Admin	Total
External revenue	65,615	52,338	1,195	21,111	140,259
Internal revenue	4,704	17,488	462	(22,654)	-
Net interest income	70,319	69,826	1,657	(1,543)	140,259
Operating income	30,520	27,821	1,619	(1,369)	58,591
	100,839	97,647	3,276	(2,912)	198,850
Depreciation	1,687	10	57	6,036	7,790
Operating expenses	23,156	8,125	1,120	72,483	104,884
Indirect expenses	35,234	39,008	3,955	(78,197)	-
Credit loss expense/(release) on financial assets	16,174	(3,375)	355	2,872	16,026
Net income/(loss) for the year	24,588	53,879	(2,211)	(6,106)	70,150

Balance as at

Total assets and liabilities by segment are as follows:

Segment assets	1,075,483	1,017,047	34,672	2,286,998	4,414,200
Segment liabilities	1,425,273	2,237,761	76,999	63,335	3,803,368

Notes:

The Bank's operations are organised into four segments: Personal & Business Banking ("PBB"), Corporate & Investment Banking ("CIB") and Wealth Management ("WM"), which are supported by the functional units within the Administration ("Admin") segment (which includes Finance, Human Resources, Risk, Technology, Innovation & Infrastructure, Treasury and other units). 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 PBB, CIB, and WM earnings on unattributed capital remains in Admin. Capital is attributed to PBB, 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.

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

- Customer Call Centre previously reported under PBB has been aligned to Technology, Innovation & Infrastructure under Admin
- International Corporate Banking previously reported under WM has been aligned to CIB