

Management Report

We are pleased to report the results for FirstCaribbean International Bank (Cayman) Limited ("the Bank") for the year ended October 31, 2022 pursuant to the Provisions of the Central Bank of Curaçao and Sint Maarten ("CBCS") for the Disclosure of Financial Highlights. The Bank comprises of branches in the Cayman Islands, British Virgin Islands, Curaçao and Sint Maarten. The Bank is active in the local markets of Curaçao and Sint Maarten through branches of the Bank, and services international clients through its subsidiary FirstCaribbean International Bank (Curaçao) N.V.

The Curacao economy continued to show resilience and recovery from the pandemic with real GDP expansion in 2022 of 5.9% (CBCS), notwithstanding the challenges in the external environment. The economic growth, mainly driven by tourism, with exceptional stayover tourism, registered at almost half a million visitors, against a target of 375,000. This was 85% higher than 2021 and represented by 57% European and 22% North American visitors as the two primary markets. For 2023, the expectations are continued growth of the economy.

The Bank delivered a creditable financial performance in 2022, with regional economic recovery at a more accelerated pace versus that seen in 2021. We saw a notable increase in tourism levels due to the reduction in travel related restrictions imposed within the region. This, against the backdrop of the challenges of a global economic slowdown and soaring consumer prices, placing pressure on domestic inflation rates. Despite the headwinds outlined, the Bank was able to record an admirable financial performance, with net income of \$70.1MM representing a significant improvement over the net income of \$26MM in 2021. Contributing to the current year results were; (i) higher revenue as a result of the rising US interest rates as well as an increase in transaction based fee income; (ii) a decrease in provisions for credit losses of \$17.7MM, as a result of provision releases on account of the reduction in credit risk driven by improved current and forecast economic conditions around the region, partially offset by; (iii) higher expenses arising from the closure of our branch in Aruba. Despite pressures from rising interest rates, the lending market remained active in the current fiscal with reported loan growth of 1.7%.

The region continued to adjust to the new normal as the COVID-19 restrictions were reduced or eliminated across our footprint. The adjusted protocols supported more face-to-face interactions with our clients and markets as we continued to advance the agenda of ensuring we build an omni-channel financial institution offering more options for our clients. With the continued focus on our enhanced digital capabilities, we've improved client experience through our onboarding and alternate channels including the launch of our Digital Lending App and enhancements to our Digital Client Onboarding platform.

The emphasis for 2023 is to continue to focus on our client relationships, existing and new, by further improving our sales and service capability throughout the Dutch Caribbean with the aspiration of making all of our interactions with our clients personalised, responsive and easy.

The Bank is robustly engaged in the communities in which it operates around the region and again contributed over US\$1 million through its charitable arm, the FirstCaribbean International ComTrust Foundation, to support youth and education, community and environment and health and wellness across the region including the Dutch Caribbean.

We are grateful that our flagship charitable event Walk for the Cure, once again raised over US\$22,000 this year for the continuing support of the valuable contribution of cancer care and awareness organizations and volunteers across the Dutch Caribbean.

The Bank remains focused on client service and growth, while continuing to support the economic development in the Dutch Caribbean.

We wish to thank our customers and staff for their continued support and loyalty during the year.



Mark McIntyre  
Managing Director  
FirstCaribbean International Bank  
(Cayman) Limited



Timba Engelhardt  
Curaçao Country Head &  
Managing Director  
FirstCaribbean International  
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INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
FirstCaribbean International Bank (Cayman) Limited

Report on the Audit of the Special Purpose Financial Statements

**Opinion**  
The consolidated financial highlights of FirstCaribbean International Bank (Cayman) Limited ("the Bank"), which comprise the consolidated statement of financial position as at October 31, 2022 and consolidated statement of income for the year then ended and related notes, are derived from the audited consolidated financial statements of the Bank for the year ended October 31, 2022.

INDEPENDENT AUDITOR'S REPORT *Continued*

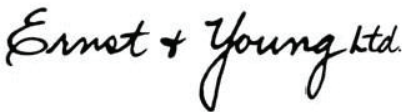
In our opinion, the accompanying consolidated financial highlights are consistent, in all material respects, with the audited consolidated financial statements of the Bank, in accordance with the Provisions for the Disclosure of Consolidated Financial Highlights of Domestic Banking Institutions, as set by the Central Bank of Curaçao and Sint Maarten ("CBCS").

**Consolidated Financial Highlights**  
The consolidated financial highlights do not contain all the disclosures required by International Financial Reporting Standards. Reading the consolidated financial highlights and our report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of the Bank and our auditor's report thereon.

**The Audited Consolidated Financial Statements and our Auditor's Report Thereon**  
We expressed an unmodified audit opinion on the consolidated financial statements of the Bank in our auditor's report dated January 24, 2023. The audited consolidated financial statements and the consolidated financial highlights do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

**Responsibilities of Management for the Consolidated Financial Highlights**  
Management is responsible for the preparation of the consolidated financial highlights in accordance with the Provisions for the Disclosure of Consolidated Financial Highlights of Domestic Banking Institutions, as set by the CBCS.

**Auditor's responsibilities**  
Our responsibility is to express an opinion on whether the consolidated financial highlights are consistent, in all material respects, with the audited consolidated financial statements of the Bank based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.



April 24, 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2022 \$	2021 \$
<b>Assets</b>		
Cash and balances with Central Banks	119,043	110,659
Due from banks	988,061	1,018,097
Derivative financial instruments	9,751	3,934
Other assets	20,015	14,677
Taxation recoverable	128	536
Securities	539,435	668,116
Loans and advances to customers	2,215,212	2,111,632
Property and equipment	35,234	35,191
Deferred tax assets	700	1,557
Intangible assets	50,436	50,436
	3,978,015	4,014,835
Assets of disposal group classified as held for sale	-	99,709
<b>Total assets</b>	<b>3,978,015</b>	<b>4,114,544</b>
<b>Liabilities</b>		
Derivative financial instruments	7,914	8,753
Customer deposits	3,055,115	3,264,690
Due to other banks	358,269	227,971
Other liabilities	27,023	31,413
Deferred tax liabilities	604	1,694
Retirement benefit obligations	3,155	4,572
	3,452,080	3,539,093
Liabilities of disposal group classified as held for sale	-	94,527
<b>Total liabilities</b>	<b>3,452,080</b>	<b>3,633,620</b>
<b>Shareholders' Equity</b>		
Issued capital	294,789	294,789
Share premium and reserves	(48,440)	(35,825)
Retained earnings	279,586	221,960
	525,935	480,924
<b>Total Liabilities and Shareholders' Equity</b>	<b>3,978,015</b>	<b>4,114,544</b>

CONSOLIDATED STATEMENT OF INCOME

	2022 \$	2021 \$
Interest and similar income	122,852	96,620
Interest and similar expense	14,872	12,194
Net interest income	107,980	84,426
Fee and Commission income	22,188	20,113
Net trading gains/(loss)	119	(382)
Realised gains/(loss) from investment securities	244	(1)
Other operating income	14,340	11,071
Operating income	36,891	30,801
Total Revenue	144,871	115,227
Salaries and other employee expenses	23,058	24,230
Occupancy expenses	10,689	10,172
Credit loss (release)/expense on financial assets	(11,132)	6,916
Other operating expenses	46,334	43,606
Operating expenses	68,949	84,924
Income before taxation from continuing operations	75,922	30,303
Tax expense	34	966
Net income for the year from continuing operations	75,888	29,337
Loss from discontinued operations	(5,762)	(3,332)
Net income for the year	70,126	26,005

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL HIGHLIGHTS

I. Assets

	2022 \$	2021 \$
Investment securities		
Debt instruments measured at fair value through OCI	519,126	644,171
Debt securities measured at amortised cost	20,309	23,945
	539,435	668,116
Loans and advances to customers		
Retail customers	846,267	806,721
Corporate customers	1,234,329	1,281,664
Public sector customers	175,701	84,517
Total loans and advances	2,256,297	2,172,902
Less: Expected credit loss allowance	(41,085)	(61,270)
Net Loans and advances	2,215,212	2,111,632

II. Liabilities

Customer deposits		
Retail customers	841,987	836,906
Corporate customers	2,213,128	2,427,784
Total customer deposits	3,055,115	3,264,690

1. General

FirstCaribbean International Bank (Cayman) Limited (“Bank”) is a wholly owned subsidiary of FirstCaribbean International Bank Limited (“Parent”), a company incorporated in Barbados. The major shareholder of the Parent is Canadian Imperial Bank of Commerce (“CIBC”), a company incorporated in Canada. The Bank is principally engaged in retail banking, wholesale banking, and wealth management services within its wholly owned subsidiaries and branches within the Cayman Islands, Curaçao, St. Maarten and the British Virgin Islands.

The principal accounting policies adopted in the preparation of our consolidated financial statements are set out below. The notes are an extract of the detailed notes prepared in our statutory consolidated financial statements. The notes detailed below coincide in all material respect with those from which they have been derived.

2. Basis of preparation

The consolidated financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These consolidated financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (“FVOCI”) debt instruments, financial assets and liabilities at fair value through profit and loss and derivative financial instruments, which have all been measured at fair value. The carrying value of recognised assets that are hedged items in fair value hedges, and otherwise carried at amortised cost, are adjusted to record changes in fair value attributable to the risks that are being hedged. The consolidated financial statements are presented in United States Dollars (“USD”), and all values are rounded to the nearest thousand except where indicated otherwise.

3. Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at October 31, 2022 (the “reporting date”). The financial statements of the subsidiaries are prepared for the same reporting year as the Bank, using consistent accounting policies.

All subsidiaries, which are those companies controlled by the Bank, have been fully consolidated. The following subsidiaries have been consolidated:

Name	Country of Incorporation
FirstCaribbean International Bank (Cayman) Limited	Cayman Islands
FirstCaribbean International (Cayman) Nominees Company Limited	Cayman Islands
FirstCaribbean International Finance Corporation (Netherlands Antilles) N.V.	Curaçao
FirstCaribbean International Bank (Curaçao) N.V.	Curaçao

Control is achieved when the Bank is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Bank controls an investee if and only if the Bank has: 1) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee); 2) Exposure, or rights, to variable returns from its involvement with the investee; and 3) The ability to use its power over the investee to affect its returns.

4. Description of significant accounting policies

Due from banks, Loans and advances to customers, Financial investments at amortised cost

The Bank only measures Due from banks, Loans and advances to customers and other financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

Debt instruments at Fair Value through Other Comprehensive Income (“FVOCI”)

The Bank measures debt instruments at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in Other Comprehensive Income (“OCI”). Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. Where the Bank holds more than one investment in the same security, they are deemed to be disposed of on a first-in first-out basis. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

Impairment of financial assets

The Bank records an allowance for expected credit losses (“ECL”) for all loans and other debt financial assets not held at FVPL together with loan commitments and financial guarantee contracts, in this section all referred to as ‘financial instruments’. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months’ expected credit loss (“12mECL”).

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument’s credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

The Bank calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the effective interest rate (“EIR”). A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

Intangible assets

The Bank’s consolidated financial statements include goodwill intangible assets arising from acquisitions. In accordance with IAS 36, goodwill is reviewed for impairment annually using the “value in use” method. This requires the use of estimates for determination of future cash flows expected to arise from each cash-generating unit and an appropriate discount rate to calculate present value.