CIBC FirstCaribbean International Bank

Annual Report 2022



Corporate Profile

CIBC FirstCaribbean is a relationship bank offering a full range of market leading financial services through our Corporate and Investment Banking, Retail and Business Banking and Wealth Management segments. We are located in fifteen (15) countries around the Caribbean, providing banking services through approximately 2,700 employees in 54 branches and offices. We are one of the largest regionally listed financial services institutions in the English and Dutch speaking Caribbean, with US$13 billion in assets and market capitalization of US$1 billion. We also have a representative office in Hong Kong that provides business development and relationship management for our fund administration. The face of banking is changing throughout the world and CIBC FirstCaribbean intends to lead these changes with the expertise, integrity and knowledge gained from banking in the Caribbean since 1836.

Vision

To be the first choice for financial services in the region by putting our clients at the centre of everything we do.

Mission

To deliver a simplified, modern everyday banking experience to all of our clients.

Values - Trust, Teamwork, Accountability

Values define the character of both individuals and organizations. At CIBC FirstCaribbean, they shape our everyday decisions.

- Trust - We believe in, empower and support each other. We act with respect, integrity, honesty and transparency in our relationships with each other and with our clients.
- Teamwork - We believe in CIBC FirstCaribbean and work together to promote a sense of pride and purpose in all we do for our clients and for our Bank.
- Accountability - We do what we say, because this is what our clients expect and deserve. If we make a mistake, we admit it and fix it.

Strategic Priorities

We have four key strategic priorities: focus on our clients, building on our technology base to create a regionally leading digital experience for our clients, simplifying the way we do business and investing in our people.

- Client Relationships – We aim to grow our share of wallet with our existing clients, attract new clients and further improve sales and service capability by creating a personalized, responsive and easy experience.
- Modern Everyday Banking Experience – We are building digital capabilities across our sales and delivery channels to provide our clients with a modern omni-channel, banking experience.
- Simplification – We are optimizing our footprint, processes and cost structure by simplifying the way we do business. We aim to remove paper from our processes, and we are investing in next generation compliance and customer onboarding experiences.
- People – We ensure business continuity and growth by developing our people.



$176.4M
Reported net income



$186.9M
Adjusted net income



$1.2B
Market capitalization



500K
Clients

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First for Clients

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. More accessible travel and entertainment supported increased card spend with record levels achieved. With the continued focus on our enhanced digital capabilities, we've improved client experience through our onboarding and alternate channels including adding digital loan capabilities to our product suite.

Retail and Business Banking

- Performing Loan Sales maintained at prior year's levels reflecting a continued strong response to client requests and opportunities within markets
- Our Cards portfolio continued its strong recovery with credit card spend exceeding the $1 Billion threshold for the first time while Visa Debit reflected growth of 31% over the prior year
- With moratoria offered to clients during the peak of the pandemic ending we continued to offer bespoke support to clients as needed
- Our most innovative achievement was the successful launch of our Digital Lending App. This provides clients with the ability to apply for Unsecured Loans, Credit Cards and Auto Loans remotely at any time including outside of standard banking hours with decisions rendered within 10 minutes. This translates into greater flexibility around managing financial needs and has received exceptional feedback from the 1,800 clients served
- Our Digital Client Onboarding platform, which allows new clients to remotely open accounts, was further enhanced resulting in more than twice as many new relationships established year on year via this channel
- Our market leading Mobile Banking Application and Online Banking platforms continue to grow in popularity and usage with best-in-class rating validated by a 43% increase year on year in transaction volumes
- Clients' preferences for our self-serve and convenient channels remains strongly evident as digital transaction volumes of transfers to other parties, bill payments and International Wires continue to increase with commensurate reduction in face-to-face branch interactions. Our 1st Pay option continues to see high adoption with a 254% increase over the prior year
- We successfully introduced 39 Smart ABMs (6 of which are Drive Thru) across the region providing clients with the ability to conduct their banking transactions with real time access to deposited funds.

Delighting our clients with easy, personalized, responsive and omni-channel service continues to be paramount.

Wealth Management

Our Wealth Management business had a very strong year across all business lines. As the impact of the global pandemic softened and private entrepreneurs and international businesses returned to work, our Wealth Management teams continued to build our momentum on providing superior service and client focused solutions. Despite vigorous volatility in the financial markets our focus on understanding our clients' total financial needs allowed us to deliver enhanced financial solutions through cross-selling the various components of our wealth management offerings and focusing on total financial solutions for our top tier clients (e.g. private banking and investment solutions through our team of Private Bankers & Investment Advisors; Discretionary Portfolio Management for our trust clients and International Banking solutions for our Fund Clients).

- Our Private Banking team continued to focus on the complex credit needs of our top tier banking clients with performing loans growing by 12% and our Private Bankers continuing to perform "above the bar".
- Through our continued focus on the Mosaic-managed account product and emphasis on creating unique products for our Investment clients our assets under management grew by 66% while clients took advantage of market volatility
- Our combined Private Wealth business (Private Banking, Investment Advisors and Discretionary Portfolio Management) had a record year and grew by 25% year-over-year
- We witnessed a significant reversal in our prolonged low interest rate environment with significant swings as global economies attempt to curb inflation around the world. Our International Banking business continued to add new relationships across the six territories and continued to be a significant contributor to the Bank's USD deposits topping $1.9B.
- Our trust companies in Bahamas and Cayman leveraged our cross-selling opportunities by referring clients to their investment partners and improving yields on short-term assets for our clients.
- Our fund administration business continued to contribute to growth across the business lines (specifically Trust and International Corporate) by adding 25 new funds this year.

Our business development efforts continued to show significant results throughout the year with all businesses adding significant new relationships and accounts, primarily from our competition in core markets positioning us very well for a strong 2023.

In addition, our Wealth Team continued to demonstrate the importance of giving back to the communities in which we live and work with strong support across the region for the Walk for the Cure, becoming lead sponsor the annual Cayman Islands Red Cross Golf Tournament and sponsoring the Carmichael Prize Exhibition in Barbados.

Corporate & Investment Banking

Our Corporate & Investment Banking team is positioned across our regional footprint to focus on delivering convenient and innovative credit solutions, cash management, foreign exchange and derivative services to our 10,000 corporate and sovereign clients. Our portfolio spans a variety of industries including renewable energy, utilities, hospitality, healthcare, real estate, infrastructure, manufacturing, retail & distribution. Our team

consists of 225 dedicated and experienced professionals whose main tasks are to understand the financial needs of our clients and to deliver the best financial services and solutions.

As we progress with our digital transformation, our aim is to ensure that our clients are able to complete their financial transactions in a secure, efficient and convenient manner. We are excited about what this means for both our clients and employees as we continue to invest in innovative technology advances that support our clients.

During 2022, our region continued to show positive signs of recovery from the pandemic with increased economic activity boosted by improving tourism sector. Several of our clients who were impacted have begun to see revenues and profitability return. However, new geo-economic challenges continue to impact our clients, resulting in inflationary pressures from rising prices, supply & logistics delays and reduction in foreign direct investment.

Despite these challenging circumstances, the Corporate Banking team was able to disburse US$1 Billion in new loans to clients in a broad range of industries. By the end of the fiscal year, our total loan portfolio had risen to a record of US$4 Billion.

Our Investment Banking team was successful in arranging over US$900 million in transactions during the year, including a doubling of the Bank's investment in the renewable energy sector and facilitating the first Blue Financing transaction in the Caribbean region. Even in the face of the challenging regional and global environment, we were privileged to continue to be the financial partner of choice to our sovereign and corporate clients.

CIBC FirstCaribbean was Joint Lead Arranger for the successful closing of a US$146.5 million dual-currency debt conversion for the Government of Barbados in September 2022. This historic Blue Financing transaction was co-guaranteed by the Inter-American Development Bank and The Nature Conservancy. CIBC FirstCaribbean was Domestic Lead Arranger and sole lender for US$73.26 million equivalent in Barbadian Dollars, representing half of the Blue Financing transaction. We were extremely pleased to be part of this landmark transaction, which is expected to provide up to US$50 million in interest savings that will fund marine conservation and other environmental development projects in Barbados over the next 15 years. This was an excellent example of how our bank is actively helping to advance sustainability and climate resiliency initiatives in the region. With this transaction, we brought the total value of facilities arranged in sustainability-linked Green and Blue Financing to almost US$500 million.

Recognition of our leading role in sustainability financing came during the 14th Caribbean Renewable Energy Forum (CREF 2022) where CIBC FirstCaribbean was awarded for Best Renewable Energy Financing. We were recognized for innovation and leadership in project financing provided to two major Independent Power Producers (IPP's) operating renewable energy assets across the region: BMR Energy, a developer of wind and solar photo-voltaic (PV) assets in multiple Caribbean islands and Central America; and WRB Energy, the developer of Jamaica's first utility-scale solar PV plant. We continue to be acknowledged as the financier of choice for the renewable energy sector in the Caribbean.

Through our Corporate Online Banking platform, we continued to make innovation a focal point of our strategy, providing new technologies, enhanced products and faster service to our Corporate and Business Banking clients. We delivered more than 30 new feature enhancements to the platform during 2022. These promoted increased digital usage—transaction volumes increased by 48% year on year—while reducing clients' need to make over-the-counter payments. We continue to receive favorable feedback from our clients and internal team as we seek to maintain Corporate Online as the best-in-class for business in the Caribbean.

Our e-Commerce and Merchant Services platforms saw growth in volumes transacted as we continued to provide modern, digital payment solutions for our clients. Project initiatives are currently underway to enhance our merchant acquiring eco-system and payments technologies as we accelerate the delivery of innovative solutions to meet and surpass our clients' evolving needs.

As the COVID-19 pandemic receded during the year and business travel began to normalize, members of our team once again made their presence felt at key conferences and industry fora as these events returned to an in-person format. In addition to our sponsorship of Caribbean Renewable Energy Forum (CREF 2022), we were again co-title sponsor of the 6th edition of the Caribbean Infrastructure Forum (CARIF 2022) with a focus on sustainable and resilient infrastructure as a path to regional recovery. We participated in the 2022 annual conference of the World Free Zones Organization, hosted by the Jamaica Special Economic Zones Authority in Montego Bay. In October, we were pleased to sponsor a Conversation on Energy & the Economy at the annual general meeting of the Energy Chamber of Trinidad & Tobago.

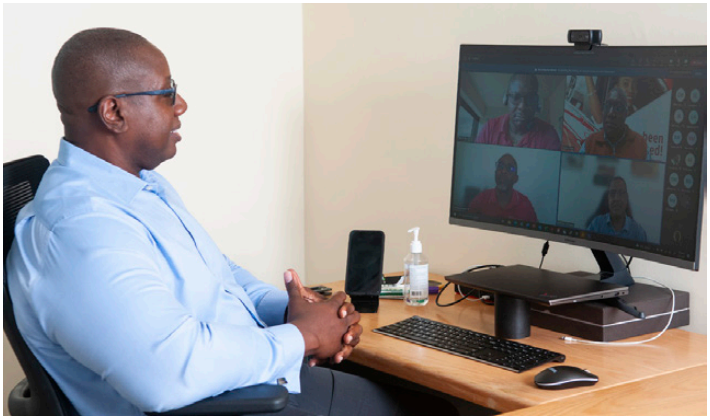
First For Employees

As we began our 2022 fiscal year we were very much still in the throes of the COVID-19 pandemic although we were beginning to see some early signs of a potential recovery with increasing rates of vaccinations and reducing numbers of cases in many of the territories in which we operate across the region.

As the year progressed, while still having to provide support to our employees to deal with pandemic related issues, we were able to commence a gradual return to the office across the region and we have ended the year almost back to normal, or at least back to our new normal.

Despite the continued pandemic in the early part of the year we forged ahead with our strategic people agenda with a focus on a number of key areas:

- A more flexible and modern way of working
- Employee wellness, wellbeing and inclusion
- The ongoing development of our team to allow them to evolve as our business and way of working evolves



Esan Peters (Chief Information Officer & MD Technology & Operations) using our collaborative tools to engage with staff

Flexible, Modern Working Environment

- We revamped our Remote Working arrangements to help encourage a return to the office for many employees who had been working remotely for two years, while at the same time retaining the flexibility to allow them to work partly from home and partly in the office.
- For those returning to the office we provided a number of support programs to help everyone get reacquainted with the office environment covering both social, networking, wellness and training activities.
- We commenced a new initiative to look at other ways of introducing flexibility into the work place to complement our Remote Work Policy such as using flexible working hours with the aim of launching the new program in 2023.

Employee Wellness & Inclusion

- We launched a new wellness program for the year with a focus on resilience. This included a number of initiatives to help employees cope and flourish through challenging, constantly changing and uncertain times.
- We launched several initiatives to encourage employees to take a more proactive approach to their own health which included a 'Know Your Numbers' campaign, a breast screening program in the workplace and a series of webinars focused on healthy eating and a healthy diet in collaboration with the Healthy Caribbean Coalition.
- To create a more inclusive environment within our bank, we launched a series of activities designed to help our team members better understand each other and our broader communities. This included our Engaging Moments series which showcased human interest stories from our employees, sponsorship of a LBGTQ+ conference focused on the issues this community faces and the hosting of a Hearing Impaired awareness workshop to highlight the issues the deaf community has to deal with in our society.
- We launched a new Retirement Planning series for our employee population who are getting closer to retirement which focused on how to prepare for and adjust to retirement from multiple perspectives – financial, health and well being and staying active and fulfilled.

Employee Development

- We launched a new graduate program and a new summer internship program to attract new talent to our bank and to showcase the wide range of opportunities that exist within the financial services industry. A key focus was on technology and data and we offered over 70 students the opportunity to experience how our bank is at the forefront of the digital revolution within financial services and that there are a wealth of opportunities available for talented individuals from this arena.
- We launched a mentorship program for our more junior employees to provide additional support to them in order to help them establish their own career goals and career paths and direct them along their chosen career journeys.
- We continued with all of our key leadership development programs – Senior Leadership Development Program, Branch Manager Development Program, Country Manager Development Program, Emerging Leaders Program, Being The Boss – and augmented these with two new programs - Middle Manager Education Program and New Leaders Shifting Gears Program.
- As collaboration across the organization is one of our key corporate behaviours, we launched a Collaboration Campaign to step up the level of collaboration that takes place across our bank to improve the experience our clients have when dealing with our bank.
- We launched a new competency framework across the organization as a way of measuring success at living our corporate behaviours and delivering on our brand promise. This will form the backbone of our performance management and recruitment processes going forward where we will have a much greater focus on how things are achieved, not just what is achieved.

Simplification

- We continued our efforts to simplify how we operate within the organization through further automation and digitization which also helps us to reduce our impact on the environment. We added new elements to our HRIS and payroll system to automate the interfaces between them, automate reporting, automate the production of letters and transition to digital employee files.

As we look toward the new fiscal year, we see extremely exciting opportunities for our employees. Our focus will be to continue our transformation to a more agile organization, able to respond to changing environments and markets quickly; to continue providing opportunities for our employees to grow, develop and evolve in tune with the evolution of our bank and to create a more flexible, modern and people centric organization in which all of our employees can be themselves and flourish.

Environmental, Social, and Governance

CIBC FirstCaribbean is dedicated to maintaining strong environmental standards and conducting our activities in an environmentally and socially responsible manner that contributes to long-term value for our clients, employees, communities and our shareholders.

As a testament, we have been at the forefront of financing sustainable and renewable energy projects, and to date, we have invested in transactions totaling over $150 million in wind and solar projects across the region. Our parent CIBC has been a signatory on the UN Principles for Responsible Investment since 2018 and is a founding signatory on the 2050 Net Zero Banking Alliance.

We remained actively engaged in supporting a number of causes across our business footprint through our charitable arm, the FirstCaribbean ComTrust Foundation. This support ranged from formal activities through Memorandum of Understanding (MOUs) and informally via a number of staff-led community initiatives.

From a governance perspective, we have an ongoing process of integrating Environmental Social and Governance (ESG) considerations into our Credit Risk, Enterprise Risk Management and our Board Risk Committee frameworks – all within the ambit of our regulators.

First For Communities

CIBC FirstCaribbean through its charitable arm, the FirstCaribbean Comtrust Foundation commits no less than US$1 million every year in support of projects and activities in communities across the 15 territories in the English and Dutch Caribbean where we have a presence.

We offer this support and partnership under three main areas: Youth and Education, Health and Wellness, Community and the Environment.

At the centre of all these activities is the uplifting and empowering of people in our communities. We do this through the awarding of annual undergraduate and postgraduate scholarships at the University of the West Indies, support to the SickKids Caribbean Initiative which is a multi-pronged programme aimed at combatting and treating juvenile cancers and blood disorders in the region; and through a host of other community-based projects and programmes.

Please see our ESG report on page 8 for a more detailed account of our community involvement over the past year.



Carl Lewis (Chief Financial Officer) and Neil Brennan (Chief Administrative Officer) in our Thinking Room

Financial Highlights

US $ millions, except per share amounts, as at or for the year ended October 31		2022 *	2021*	2020	2019	2018
Common share information						
Per share (US cents)	- basic and diluted earnings/(loss)	11.0	7.7	(10.1)	10.5	6.1
	- adjusted basic and diluted earnings/(loss)	11.6	8.6	1.0	11.7	10.1
	- regular dividends paid	4.0	1.0	5.0	5.0	6.3
	- special dividend paid	-	-	3.2	1.6	12.7
Share price (US cents)	- closing	79	90	100	140	134
Shares outstanding (thousands)	- end of the period	1,577,095	1,577,095	1,577,095	1,577,095	1,577,095
Market capitalisation		1,246	1,419	1,577	2,208	2,113
Value measures **						
Dividend yield (dividends per share/share price)		5.1%	1.1%	5.0%	3.6%	4.7%
Divdiend payout ratio (dividends/net income)		35.8%	12.5%	n/m	46.1%	98.4%
Adjusted dividend payout ratio (dividends/net income)		33.7%	11.3%	492.8%	41.7%	61.0%
Financial results						
Total revenue		599	543	548	616	581
Credit loss expense on financial assets		(1)	17	150	4	102
Impairment of intangible assets		-	-	175	-	116
Operating expenses		398	385	371	400	387
Net income/(loss) for the year		176	126	(159)	171	101
Adjusted net income for the year [(1) (2) (3) (4) (5)]		187	140	16	189	163
Financial measures						
Efficiency ratio (operating expenses/total revenue)		66.4%	70.9%	67.7%	64.9%	66.6%
Return on equity (net income/average equity)		15.2%	11.7%	-14.0%	14.2%	7.8%
Adjusted return on equity (adjusted net income/average equity)		16.2%	13.0%	1.4%	15.7%	12.6%
Net interest margin (net interest income/average total assets)		3.0%	2.9%	3.2%	3.8%	3.5%
Statement of Financial Position Information						
Loans and advances to customers		6,650	6,502	6,374	6,145	5,905
Total assets		13,131	12,856	12,179	11,562	10,996
Deposits & other borrowed funds		11,426	11,059	10,844	10,026	9,537
Debt issued		27	27	76	90	91
Total equity		1,159	1,151	1,009	1,257	1,153
Statement of Financial Position quality measures						
Common equity to risk weighted assets		14.5%	13.9%	12.9%	16.8%	16.2%
Risk weighted assets		8,001	8,254	7,836	7,472	7,096
Tier I capital ratio		14.8%	13.0%	12.3%	14.5%	14.3%
Tier I and II capital ratio		16.4%	15.7%	14.5%	16.2%	15.6%
Other information						
Full time equivalent employees (#)		2,654	2,796	2,982	3,091	3,013

* Financial highlights for the years October 31, 2022 and October 31, 2021 represents continuing operations (due to the Held for Sale Classification) where relevant

** - excludes special dividends

Adjusted net income excludes:

(1) 2022 - provisions related to the announced divestitures of $11million

(2) 2021 - restructuring charge of $10 million, provisions related to the announced divestitures of $5 million and income tax credit of $1 million

(3) 2020 - Goodwill impairment $175 million

(4) 2019 - Deferred tax assets write-off $22 million, 2019 Hurricane Dorian impact $3 million, Barbados debt restructure (USD instruments) $1 million, 2017 Hurricane provision release ($8) million

(5) 2018 - Barbados debt restructure (BBD instruments) $88 million, Hurricane related recoveries ($4) million, Taxation credits ($22) million

Our commitment to ESG



We have embarked on our Environmental, Social and Governance ("ESG") framework to align our strategic and business objectives to enable all stakeholders to understand how we are managing our risks and opportunities to demonstrate our commitment to sustainability in a socially responsible manner. To date we have:

- established a multi-disciplinary ESG Council comprised of senior leaders from across the Bank reporting into the Executive Committee and the Board of Directors
- developed our ESG framework and Environment Policy that will govern how we operate in various aspects of our business

Our 2022-23 journey will continue the above and support refining our operations to improve resiliency and reduction of our carbon footprint, championing change as an employer paying attention to diversity and inclusion and enhancing the client experience with care and responsiveness. We will continue leveraging the ESG Council to achieve key deliverables and actualize objectives of the ESG Framework and Environmental Policy.

Strategic Mapping

To support the identification of ESG activities and KPIs that support ESG strategy.

Staff Development

Focused on local and business-specific trends, as part of expansion of ESG staff development

Climate Initiatives

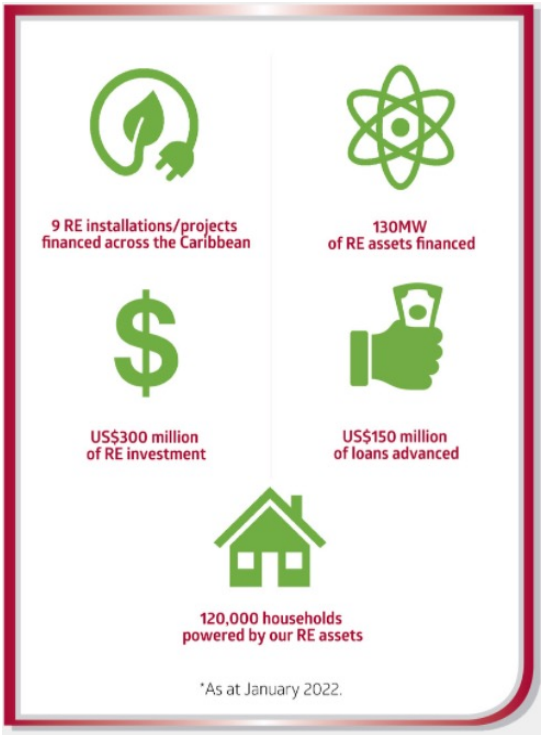
To consider FCIB in scope of ongoing climate initiatives.

2022 ESG performance highlights

Environmental

- Received the best Renewable Energy Financing Award for 2022 from the Caribbean Renewable Energy Forum (CREF) Industry Awards
- Arranged US$300M in RE Financing deals in 2022. (Wind / Solar/ Battery Storage) for both Corporate and Investment Banking (CIB) and Retail and Business Banking (RBB)
- Co-arranged US$146M in Blue loan financing with US$73M in committed funding for the Government of Barbados in relation to Marine Conservation
- Retail and Business Banking has financed 52 Renewable Energy loans to date at total of US$1.1M and an estimated 0.528 MW installed capacity
- 40 Electric Vehicles funded for a total value of US$1.5M
- Adopting Cloud Computing, considered to be 3-4x more energy efficient than on premises.
- Delivering on paper reductions through elimination of paper statements/use of paper within the organization.

Leading the Way in Renewable Energy Financing



Social

The Bank is robustly engaged in the communities in which it operates around the region. That engagement and support comes primarily through its charitable arm, FirstCaribbean ComTrust Foundation. Funded by 1 per cent of the Bank's post tax profits, the ComTrust Foundation's giving is done under three broad headings: Youth and Education, Community and Environment and Health and Wellness. Funding is split roughly in half with 50% going to regional projects and disaster relief and the other half to our country management teams to support activities at the local level. The Bank works closely with its communities on a number of special projects, including its Adopt-a-Cause initiative, which seeks to create an environment of volunteerism and teamwork. This continues to resonate well throughout the region. Over the years, schools, colleges and other institutions throughout the region have benefited from enhanced infrastructure and programme support through donations and help from staff at CIBC FirstCaribbean.

Our commitment to ESG

- The largest provider of undergraduate and post graduate scholarships to the UWI (over US$712,000 over the life of the relationship
- Continued support to the Student Entrepreneurial Empowerment Programme (SEED), which fosters the development of micro businesses.

- Support for Youth Business Trusts in Barbados, Jamaica, Trinidad, St. Vincent, St. Lucia, Dominica.
- Total annual support is US$100,000

- Support for the "Get Hired" Initiative – continued its partnership to support the work of the trust with a donation of US$50 000, part of a five-year commitment made in 2021.

- The Bank's flagship charitable activity and the region's largest cancer fundraising event. Now in its 11th year the walk raised around US$300,000 bringing the total raised over the past 11 years to close to US$4 million.

- Phase 2 continues with Hospital for Sick Children in Toronto and the SickKids Caribbean Initiative under a US$1 million commitment over 5 years ending 2024

- Donated the second tranche of US$60,000 to the Latin American and Caribbean Alliance of YMCAs. The money will support the work of the YMCAs in Barbados, Grand Bahama, Cayman Islands, Jamaica and Trinidad and Tobago.

Governance

The Bank continues to promote a culture of corporate integrity to secure stakeholder confidence by ensuring integrity in how we manage and protect our clients' data, ensuring best-in-class governance that strengthens accountability to sustain our ESG strategy and holding ourselves accountable through oversight and training. No breaches based on privacy and data protection law were noted for fiscal 2022.

Client Experience

Our clients are important stakeholders in our bank. Helping to make their ambitions a reality is our shared purpose, and requires an investment in our team to ensure they have the tools and technology to help our clients plan for the future and achieve their goals. Our clients continued to feel our commitment more than ever, as we demonstrated genuine care through the ongoing pandemic. Our team acted with integrity, transparency and agility to ensure our clients felt confident in trusting us with their banking during uncertain times.

We delivered further digital enhancements to our clients, enabling them to stay connected to their finances and leverage insights into their spending to help keep their ambitions on track. Key updates as at October 2022 are as follows:

- Online and Mobile transaction volumes have grown 43.10% from 5.07 Mil to 7.25 Mil.
- We are trending at 56.80% ahead of last year in transfers to others. Averaging 1.20 Mil more transactions compared to last fiscal same period.
- Bill payment volumes are trending up 19.43% YOY
- International Wire volumes are up 22.06% YOY

Message from the Chair Of The Board

> “The uncertainties of the global market have made it even more important for CIBC FirstCaribbean to continue to position itself to take full advantage of the opportunities in the future”



David Ritch OBE, J.P Chair of the Board

Our bank continued to face headwinds in FY22, and though our regional economies have continued to rebound following the period of the COVID-19 pandemic, world conditions continued to affect the pace at which this has occurred. Despite this, our performance has been a creditable one, and I now report to you on behalf of the Board of Directors about the achievements of our bank in FY2022.

CIBC FirstCaribbean recorded a net income of $176.4 million during the period under review, and as a result, your Board of Directors has approved a regular quarterly dividend of $0.010 per share to be paid on January 20, 2023 to shareholders of record on December 20, 2022.

The conditions of the markets in which we operate tell the story of the level of challenge the region continues to face, though despite the global slowdown and soaring domestic consumer prices, the Caribbean’s economic recovery continued to advance following generally timid recoveries in 2021.

Following a solid rebound in 2021, Russia’s invasion of Ukraine exacerbated already stressed supply chains which intensified the surge in international commodity prices, prompted aggressive monetary policy action by major central banks and pressed the brakes on global economic growth in 2022. Global price pressures weighed heavily on domestic inflation rates in the Caribbean, indicative of the region’s heavy reliance on imports.

Consumers faced sharp hikes in the price of food, fuel and gas, transportation, and housing despite efforts by a few Governments to shield them from the full burden of pass-through. Further, dissimilar to advanced markets, monetary policy action by most regional central banks generally remained muted, due to the external nature of the price shock, pre-mature recoveries of economic activity, and limited scope of some to influence interest rates due to excessive domestic liquidity.

The recovery of tourism services led the expansion with stay-over arrivals to the region over the first half of the year reaching 78% of the corresponding 2019 level, and preliminary data for most markets suggesting a continued recovery since then. Cruise passenger activity also continued to build on the modest gains registered in the second half of 2021, but capacity restrictions on vessels kept arrivals considerably below pre-pandemic levels. Meanwhile, following a tepid Q1 performance, natural gas production appears to be turning the corner in Trinidad and Tobago, joining the recovery of non-energy output.

The recovery of economic activity alongside the rising price level boosted revenues, generating notable improvement in the fiscal balances of most regional Governments. However, as economies revert to a sense of normalcy, the fiscal consolidation plans of some that were shelved during the pandemic, have now become top of mind, while some Governments were forced to relook financing options in light of higher interest costs on external debt due to the monetary tightening in advanced markets.

Notwithstanding the rebound of tourism inflows, recovering import volumes together with the rising price of imports placed downward pressure on external reserves and import cover of most markets – though they remained at adequate levels – following sharp increases over the last two years.

In its October 2022 World Economic Outlook (WEO), the IMF revised upward its projections for global inflation in 2022 and 2023, and conversely, revised downward its projection for global output in 2023, while maintaining its GDP forecast for 2022, relative to its July 2022 WEO update. The IMF now expects that global inflation will accelerate from 4.7% in 2021, to 8.8% in 2022, before

subsiding to 6.5% in 2023, while global real GDP will slow from 6.0% in 2021 to 3.2% in 2022, and 2.7% in 2023.

Nevertheless, extreme uncertainty linked to several factors continue to muddy projections, including the ultimate impact of policies implemented to tame inflation, a potential worsening of China's property crisis, and the unknown course of the war in Ukraine.

Meanwhile, inflation rates in the Caribbean will likely climb higher over the remainder of (calendar year) 2022, and could remain elevated for much of 2023, reflecting the lagged pass-through of higher global commodity prices to domestic consumer prices. The region's economic recovery is expected to continue advance in 2022 and 2023, as output strives toward pre-pandemic levels, but the current global economic environment implies considerable downside risk associated with the outlook.

The uncertainties of the global market have made it even more important for CIBC FirstCaribbean to continue to position itself to take full advantage of the opportunities in the future. This includes restructuring for greater efficiency and delivering on our plans to transition to a more digital bank for a more consistent client experience.

In the year under review, we followed through on previously stated plans to simplify our structure, by advancing the sale of our client portfolios in St. Vincent and St. Kitts and Aruba, with the Aruba sale having been completed in February of 2022, and the St. Vincent & St. Kitts sales being due for completion in the early part of 2023. With the withdrawal of the application of one of our partners in Dominica, we subsequently announced plans for the closure of our business from that market, to be completed on 31st January 2023, and discussions continue with our partner in the Grenada market.

Key to our future too, is the continued roll out of our digital strategy. Led by our Chief Information Officer, Esan Peters, Technology & Operations have been transforming our bank's delivery of services to a more digital environment, and have also turned their attention towards supporting the creation of new data-driven business models built around digital client engagement. Through a significant investment in this strategy, we are delivering to the market first-class, digitized financial services to our clients. To support this, we have built the best digital banking platform in our region, and we are setting the standard in the fast-emerging digital world.

Our clients are taking notice of our progress and are expressing confidence and a desire to join us in this new journey we are charting for ourselves and the region.

Our emphasis on aligning our business activities to place continued focus on our environmental, social and governance agenda has led to the introduction of a number of progressive activities this year; including but not limited to a number of progressive HR and Wellness initiatives designed to create a more productive and nurturing work environment that supports our employees as they focus on delivering first-class service to our clients and as they support each other on the Bank's digital journey.

Our work in the community also continues and with the easing of the restrictions brought about by the COVID-19 pandemic, we saw the triumphant return of our acclaimed Walk for the Cure, which raises funds to support those in our community fighting cancer and to assist those who care for them.

As we approached the end of the year, we announced several changes to the senior management of the Bank. At the end of September, after four years as Chief Executive Officer, Colette Delaney announced her retirement. Colette's appointment as Chief Executive Officer, the first woman to be appointed to the role, was a landmark in the Bank's history. She brought to her tenure as CEO the steady hand that the Bank needed during the past two years as we struggled with the COVID-19 pandemic and its effect on our region. Her ability to reassure both employees and clients of the Bank's stability and support helped to assuage the concerns of our various stakeholders during a testing period. We wish her well in her retirement and thank her for her years of service to the Bank, which she joined 9 years ago, after an illustrious career at our parent, CIBC.

With Colette's retirement, the Board of FirstCaribbean International Bank Limited announced the appointment of Mr. Mark St. Hill as the next Chief Executive Officer, with effect from 1st November 2022. We are proud to have appointed the first Caribbean national to hold the post of CIBC FirstCaribbean's Chief Executive Officer. With Mark taking the CEO's chair it marks the 4th consecutive appointment of a regional person to an executive role, which is a reflection of our focus on recognizing and developing regional talent.

Mark brings to the post 32 years of practical and technical experience in banking having worked his way through the Bank from the post of "teller". Most recently he has driven the execution of our bank's digitalization strategy. He is perfectly positioned to lead the Bank at this time of transformation within the financial services industry.

Additionally, we announced the retirement of Mr. Dan Wright, Managing Director of Wealth Management, effective 28th February 2023, and the appointment of Mr. Willem van der Burg as Chief Commercial Officer, to manage the Bank's Retail, Corporate and Wealth Management functions, thereby bringing under one umbrella the revenue-generating functions of CIBC FirstCaribbean. We wish Mr. Wright a long and happy retirement and offer our sincerest congratulations to Mark and Willem on their appointments.

On behalf of the Board of Directors, I wish to place on record heartfelt thanks to the Executive Committee, all officers and employees of the Bank for their dedication to ensuring CIBC FirstCaribbean continues on its journey of progress, development and profitability.

David Ritch OBE, J.P
Chair of the Board

Message from the Chief Executive Officer

“

With our digital transformation well underway and much of our core digital infrastructure in place, our focus is shifting to continuous improvement and growth.”



Mark St. Hill Chief Executive Officer

Throughout the year, we continued to build strong momentum through the execution of our client focused strategy. We have led in digital client innovation, with the launch of expanded digital channels and leading services, in addition to making other strategic investments to support future growth. We remain committed to enhancing the client experience and developing our staff, who remain a key asset to our success.

Economic and market conditions in the region have slowly recovered during the year, led by tourism services followed by output expansion in other productive sectors. The recovery has occurred against the backdrop of higher US interest rates aimed at reducing inflation in key trading markets, the ongoing war in Ukraine and other geopolitical challenges. While the region’s economic recovery is expected to advance in 2023 as output continues to track towards pre-pandemic levels, the current global economic environment does imply some downside risk to the region.

For the year ended October 31, 2022, the Bank reported net income from regional operations of $176.4 million, up $50.7 million or 40%, an increase from prior year’s net income of $125.7 million. Adjusted net income was $186.9 million, after excluding expenses of $10.5 million related to the announced divestitures compared to an adjusted net income of $140.4 million at the end of 2021. This year’s improved financial results were largely due to increased revenue from higher US interest rates and increased activity-based operating income. Additionally, the provision for credit losses was lower than the prior year mainly due to lower provision on impaired loans. However, non-interest expenses were up over the prior year as we experienced inflationary pressures and higher expenses related to our strategic business and infrastructure investments.

The Board of Directors approved a final quarterly dividend of $0.010 per share, bringing the total dividend of $0.04 per share for the year. The dividends will be paid on January 20, 2023 to shareholders of record on December 20, 2022. The Bank’s Tier 1 and Total Capital ratios remain strong at 14.8% and 16.4%, well in excess of applicable regulatory requirements. We remain committed to maintaining a strong capital position.

Client Relationships

At CIBC FirstCaribbean, we put the client at the centre of everything we do in keeping with our unwavering commitment to client service. Early in the fiscal year we launched the Client Resolution Centre — a self-service online portal that allows clients to lodge complaints or compliments and have these addressed through a structured process with executive oversight. Logged complaints increased 150% in 2022 and our teams met the challenge with the 10-day resolution rate also increasing to 93%. The system also gives us a data set for analysis and to observe trends. We can quickly put the finger on a systemic issue and drive resolution.

Modern Everyday Banking Experience

With our digital transformation well underway and much of our core digital infrastructure in place, our focus is shifting to continuous improvement and growth. During the year, the Bank deployed a further 39 smart ABMs that count currency notes and give instant value for cash deposits, bringing the total in service region-wide to 68. We made performance enhancements to our online platforms to improve responsiveness and improve user experience. We introduced QR codes to Mobile Banking which facilitate quick and easy person-to-person payments. For Corporate Online, we made enhancements to improve administration, bill presentment and cheque image display among general user experience and performance enhancements.

Toward the end of the fiscal year we introduced our Digital Loan Store, an automated platform that allows borrowers to complete an online loan application, and once approved receive the funds in less than ten minutes.

Simplification

We have made good progress in introducing automation, simplifying our processes and removing paper from our business. We continue to promote online statements and this year, more clients switched from cheques to more efficient and timely electronic payments.

People

Investments in our people are essential to achieving our aspirations and ensuring business continuity. Accordingly, this year we continued our investment in our leadership development programmes. We now have development programmes for Senior Leaders, Branch Managers, Country Managers and Emerging Leaders. In addition we introduced the "Being the Boss" program targeted to middle managers.

Community

Given the focus on climate change and the effects it is having on our world, CIBC FirstCaribbean has emerged as a leading player in the Renewable Energy and sustainable space. We actively seek to support the Caribbean region's transition to a low-carbon economy and advancing of sustainability & climate resiliency initiatives in the territories in which we operate. One of our strategic objectives is to continue to develop a range of financial and advisory solutions, focused on environmental & social development matters of importance and collaborating with other regional and global partners.

In fiscal 2022, CIBC FirstCaribbean acted with Credit Suisse as joint lead arrangers to successfully close a US$146.5 million Government of Barbados Dual Currency Facility (USD Blue Bond / BBD Blue Loan). The transaction took the form of a debt conversion that will unlock significant funding for marine conservation over the next fifteen years in Barbados.

With the ease in COVID-19 restrictions across the region, we were happy once again to become fully engaged in our communities. No where was this more evident than our flagship fundraiser, Walk for the Cure, which was welcomed back with great enthusiasm all across our footprint. Thousands dressed in pink and lilac shirts, flooded the streets from Bahamas in the North to Trinidad in the South, in support of the cause.

Fundraising also went to new and creative heights this year with various territories hosting, Golf for the Cure, Hunt for the Cure, Paint for the Cure, Ride for the Cure and even a 'Walking Dinner' for the Cure! Actual dollars raised also rose significantly to around US$350 000 regionally.

We also continued support through our Memoranda of Understanding with the University of the West Indies, Healthy Caribbean Coalition, YMCA, SickKids Caribbean Initiative among others and via our staff giving and volunteerism programme, Adopt-a-Cause.

Looking to the Future

Efforts are ongoing to divest operations in the markets previously announced. The sale of operations in Aruba closed in February and the sale of St. Vincent and St. Kitts and Nevis has been approved by regulators and transition work is underway. Following the withdrawal of the offer to purchase our Dominica operation, the difficult decision was made to wind down operations and close the branch. Negotiations to progress the sale of our Grenada operations are still ongoing. As we bring these transactions to a close, the focus shifts to accelerating growth.



Colette Delaney (Outgoing Chief Executive Officer) and Mark St.Hill (Incoming Chief Executive Officer)

I wish to register sincere thanks to our recently retired CEO, Ms. Colette Delaney for her impressive leadership of our Bank over her 7 years of service in the Caribbean. As CEO, Colette successfully led us through the impact of the COVID-19 pandemic, uncertain economic conditions and the devastation caused by hurricanes passing through our region. At the same time, she always urged staff to remain client centric, be innovative and serve as strong stewards of the Bank's resources. Colette also developed a strong management team to lead our Bank into the future with focus and purpose. On behalf of management and staff, I wish Colette a very happy retirement.

I also wish to express my sincerest gratitude to our clients, employees, shareholders and directors for their continued support and loyalty to the Bank.

Mark St. Hill
Chief Executive Officer

The Board of Directors



L to R : Wayne Lee, Craig Gomez, Brian Clarke (Group Corporate Secretary), David Ritch, Robert Frentzel, Colette Delaney, Paula Rajkumarsingh, Christopher de Caires, Achilles Perry, Brian McDonough and Mark St.Hill



DAVID RITCH OBE, J.P
Chair of the Board
The Cayman Islands
Independent

David Ritch is a retired Senior Partner in the law firm of Ritch & Conolly LLP in the Cayman Islands.

David was admitted in 1976, in England as Barrister-at-Law and in the Cayman Islands as Attorney-at-Law. He is a graduate of the University of the West Indies, (LL.B) (Hons), and the Inns of Court School of Law, Inner Temple, London, England. He has served as Clerk of Courts, Crown Counsel and Senior Crown Counsel with the Cayman Islands Government, January 1977 - November 1979.
On July 8, 2019, David was elected to the Council of the Cayman Islands Legal Practitioners Association Ltd. (CILPA) and served a two year term. The Association has approximately 550 attorneys as members and is currently the Supervisory Authority for the legal profession in the Islands. David is a former Chair, Planning Appeals Tribunal, 1987 - 1989, Member, Cayman Islands Currency Board, July 1987 - 1997, former Chair, Labour Law Appeals Tribunal 1988 - 1991, former Chair, Caymanian Protection Board, January 1989 - December 1990, former Chair, Port Authority of the Cayman Islands, January 1992 - December 1992, former Chair Trade & Business Licensing Board - November 2000 to May 2002, Chair, Immigration Board 2002 - 2003, Chair Work Permit Board, 2005 -2007, Chair Constitutional Commission, 2013 - 2016 and a past President of the Cayman Islands Law Society which was later superseded by CILPA.

In recognition of his services to the Islands, David was awarded the honour of Officer of the Most Excellent Order of the British Empire (OBE) in 2003 by her Majesty, Queen Elizabeth II and received the Cayman Islands Quincentennial Lifetime Achievement Award for Law. He is also a Justice of the Peace, a director of FirstCaribbean International Bank (Cayman) Limited and FirstCaribbean International Bank and Trust Company (Cayman) Limited. David also served for one year as a director of the R3 Cayman Foundation which was established in the summer of 2020 in response to the COVID-19 pandemic but also in anticipation of other natural disasters. R3 Cayman Foundation was established as a charitable organisation focused on Readiness, Relief and Recovery in the Cayman Islands.

Year Joined Board	2022 Meeting Attendance	
	Overall Attendance	Interim Meetings
2002	4/4	3/3
Board Committee Memberships		
Committee memberships		
• Audit Committee	4/4	0/0
• Compensation Committee	4/4	2/2
• Nominating and Corporate Governance Committee – Chair	4/4	1/1
• Risk Committee	4/4	9/9

Interlocking/Other Current Directorships	Other Former Positions Held in the Cayman Islands
FirstCaribbean International Bank and Trust (Cayman) Limited FirstCaribbean International Bank (Cayman) Limited	Cayman Islands Currency Board - Member Cayman Islands Law Society (Past President) Caymanian Protection Board - Chair Constitutional Commission Chair Immigration Board - Chair Labour Law Appeals Tribunal - Chair Planning Appeals Tribunal - Chair Port Authority of the Cayman Islands - Chair Trade & Business Licensing Board - Chair Work Permit Board - Chair R3 Cayman Foundation Caribbean Utilities Company, Ltd. - Chair



CHRISTOPHER DE CAIRES
Barbados Independent

Chris de Caires is the Chair and Managing Director of Fednav International Ltd, an international shipping company.

Chris was previously senior vice president of the Interamericana Trading Corporation, a partner of PricewaterhouseCoopers and finance manager of The Barbados Light & Power Company Ltd. He has also served as a director of Sagicor Financial Corporation, Banks Holdings Ltd., Trinidad Cement Ltd. and Scotia Insurance (Barbados) Ltd.

Chris has served as chairman of several Government owned corporations, including the Barbados Tourism Investment Inc., World Cup Barbados Inc. and the Caribbean Broadcasting Corporation. He was Chairman of the Barbados Private Sector Association, the National Initiative of Service Excellence, the Barbados Entrepreneurship Foundation and was president of the Institute of Chartered Accountants in Barbados.

He holds a Masters degree in Business Administration from the Henley Management College and qualified as a Chartered Accountant with the Institute of Chartered Accountants in England and Wales.

Year Joined Board	2022 Meeting Attendance	
	Overall Attendance	Interim Meetings
2018	4/4	2/3
Board Committee Memberships		
Committee memberships		
• Audit Committee	4/4	0/0
• Compensation Committee	4/4	1/2
• Nominating and Corporate Governance Committee	4/4	0/1
• Risk Committee	4/4	8/9

Interlocking/Other Current Directorships	Former Directorships
Fednav Ltd. and subsidiaries	Banks Holdings Limited Barbados Entrepreneurship Foundation Barbados Private Sector Association – Chair Barbados Tourism Investment Inc. – Chair Caribbean Broadcasting Corporation Fednav subsidiaries ICC Cricket World Cup – local organizing committee – Chair Sagicor Financial Corporation Scotia Insurance (Barbados) Ltd. Trinidad Cement Limited



COLETTE DELANEY
Barbados
Non-Independent

Colette Delaney served as Chief Executive Officer of CIBC FirstCaribbean from November 1, 2018 until her retirement on October 31, 2022.

Colette joined CIBC FirstCaribbean in 2013, and amongst other roles, she has served as the Bank's Chief Risk and Administrative Officer. She was appointed Chief Operating Officer with effect from December 8, 2017.

Colette is a banking professional of over thirty years experience, having begun her career with CIBC in 1987, and previously with National Westminster Bank plc. She holds a Master of Arts degree from St. Anne's College, University of Oxford in the United Kingdom, an MBA from City University Business School in London, and received the designation of Associate of the Chartered Institute of Bankers in the United Kingdom in 1990.

Prior to joining CIBC FirstCaribbean, Colette held the position of an Executive Vice President within Retail Banking at CIBC. She is a former director of the Canadian Payments Association and Acxsys Corporation. She was also a director of Skills for Change, a non-profit organization helping newcomers to Canada.

She retired as Chief Executive Officer and as a director on October 31, 2022.

Year Joined Board	2022 Meeting Attendance	
	Overall Attendance	Interim Meetings
2017	4/4	1/3
Board Committee Memberships		
• Risk Committee	4/4	6/9

Interlocking/Other Current Directorships	Former Directorships
FirstCaribbean International Bank (Bahamas) Limited – Chair FirstCaribbean International Bank (Cayman) Limited FirstCaribbean International Bank and Trust Company (Cayman) Limited – Chair FirstCaribbean International Trust Company (Bahamas) Limited	FirstCaribbean International Bank (Jamaica) Limited FirstCaribbean International Bank (Trinidad & Tobago) Limited Canadian Payments Association Acxsys Corporation Skills for Change



ROBERT FRENTZEL
USA
Non-Independent

Robert Frentzel is Executive Managing Director and President, Commercial Banking for CIBC's U.S. Region.

Bob jointly leads CIBC's US Commercial banking business, including middle market and mid-corporate banking, asset-based lending and national industry and financial institution specialty banking groups, as well as treasury management and syndications. He is a member of the U.S. Executive Committee and the Global Leadership Team.

Bob joined CIBC through the 2017 acquisition of The PrivateBank, where he served as President, Specialized Industries. Prior to joining The PrivateBank, Bob served as Group Senior Vice President at LaSalle Bank for 11 years. At LaSalle Bank, he was responsible for building and managing many of its specialty commercial lending divisions. Bob began his career at Harris Trust & Savings Bank (now BMO Harris Bank) where he worked for 9 years in business development and commercial lending.

Bob received his Bachelor of Science in Business Administration from Miami University and a Master's of Business Administration in Finance and Marketing from Northwestern University's Kellogg School of Management. He serves on the Board for Big Shoulders Fund of Chicago and is a trustee for The Chicago Academy of Science and Peggy Notebaert Nature Museum. He's also a member of the Illinois Road and Transportation Builders Association, Metropolitan Planning Council, Leadership Greater Chicago, Bankers Club of Chicago, Economic Club of Chicago and The Executives' Club of Chicago.

Year Joined Board	2022 Meeting Attendance	
	Overall Attendance	Interim Meetings
2018	4/4	3/3

Board Committee Memberships

Committee memberships		
• Audit Committee	4/4	0/0
• Compensation Committee	4/4	2/2
• Nominating and Corporate Governance Committee	4/4	1/1
• Risk Committee	4/4	6/9

Interlocking/Other Current Directorships	Former Directorships
Big Shoulders Fund of Chicago Trustee for The Chicago Academy of Science and its Peggy Notebaert Nature Museum	The Boys & Girls Clubs of Chicago



CRAIG GOMEZ
The Bahamas
Independent

Craig A. (Tony) Gomez is the Managing Partner of Baker Tilly, Chartered Accountants, Nassau, Bahamas.

Craig is responsible for the firm's overall practice and the management of its day-to-day operations. The firm provides audit, accounting, consulting, corporate restructuring (liquidations and receiverships) and other professional services to a broad range of clients in The Bahamas and internationally. The firm is an independent member of Baker Tilly International.

Craig is a graduate of Minnesota State University at Mankato, Minnesota, where he earned a Bachelor of Science degree in Accounting and subsequently qualified as a Certified Public Accountant in the state of Minnesota, U.S.A. He began his career as a staff accountant with PriceWaterhouseCoopers, Minneapolis, Minnesota, USA, prior to returning to The Bahamas.

He is a member of the Bahamas Institute of Chartered Accountants (BICA); a member of the American Institute of Certified Public Accountants (AICPA) and a member of Insol International. He is Chair of Bahamas Central Securities Depository; a Trustee of the Mitchell/Ekedede Brain Injury Foundation; a director with Minnesota State University Foundation, Minnesota, USA and Chair of its Audit Committee.
Craig is also the former President of Bahamas Red Cross Society; former Deputy Chair of Bank of The Bahamas Limited and former Chair of The Bahamas Financial Services Board (BFSB).

Year Joined Board	2022 Meeting Attendance	
	Overall Attendance	Interim Meetings
2018	4/4	3/3
Board Committee Memberships		
• Audit Committee	4/4	0/0
• Risk Committee	4/4	8/9

Interlocking/Other Current Directorships	Former Directorships
Bahamas Central Securities Depository FirstCaribbean International Bank (Bahamas) Limited FirstCaribbean International Trust Company (Bahamas) Limited Trustee of the Mitchell / Ekedede Brain Injury Foundation Minnesota State University Foundation - Audit Committee Chair	Bahamas Financial Services Board (BFSB) - Chair Bank of Bahamas Limited - Deputy Chair



WAYNE LEE
United Kingdom
Non-Independent

Wayne Lee is Managing Director and Head, Europe & Asia Pacific, CIBC Capital Markets.

Wayne is responsible for CIBC's business and operations in the Europe and Asia Pacific Regions, with offices in London, Hong Kong, Luxembourg, Sydney, Tokyo, Singapore, Beijing and Shanghai.

Wayne joined CIBC in 2001 and has held increasingly senior and international positions. His previous roles at CIBC included Head of Asia Pacific and Chief Financial Officer of Capital Markets. Prior to joining CIBC, he was with PwC in Toronto.

Wayne is a member of CIBC Capital Markets Executive Committee. In addition, Wayne serves as a Director of the Canada-UK Chamber of Commerce. Wayne is also an elected Council Member of the London Chamber of Commerce and Industry and a member of the McGill University Regional Advisory Board. Wayne is passionate about gender equality and inclusion within the finance industry and has worked with business communities and leaders on leveraging their collective influence and engagement to advance gender equality.

Wayne received a Bachelor of Commerce degree from the McGill University (Montreal) and is a Chartered Accountant and a Chartered Financial Analyst. He has lived and worked in Toronto, New York, Hong Kong and is now based in London.

Year Joined Board	2022 Meeting Attendance	
	Overall Attendance	Interim Meetings
2021	4/4	3/3
Current Board Committee Memberships		
• Audit Committee	4/4	0/0
• Risk Committee	4/4	6/9

Interlocking/Other Current Directorships	Former Directorships
Canada-United Kingdom Chamber of Commerce McGill University Regional Advisory Board	None



BRIAN McDONOUGH
Canada
Non-Independent

Brian McDonough retired from the Canadian Imperial Bank of Commerce (CIBC) in May of 2019.

Brian was previously the Executive Vice-President, CRO Global Credit Risk Management, at the Bank's parent company, CIBC. He led CIBC's Corporate and Commercial Adjudication globally and was responsible for assessment, adjudication and monitoring of credit risk in Wholesale Banking and Commercial Banking for CIBC.

Brian joined CIBC in 1983, has held various senior positions in Risk Management, and was appointed to the position of Executive Vice-President, Wholesale Credit and Investment Risk Management in July 2008.

He is a graduate of McGill University, University of Alberta and University of Toronto.

Year Joined Board	2022 Meeting Attendance	
	Overall Attendance	Interim Meetings
2013	4/4	3/3*
Board Committee Memberships		
Committee memberships		
• Audit Committee	4/4	0/0
• Risk Committee - Chair	4/4	9/9

Interlocking/Other Current Directorships	Former Directorships
None	None

*From February 24, 2021 directors residing in Canada participated in interim meetings as travel restrictions due to the COVID-19 pandemic did not permit travel.



ACHILLES PERRY
United States
Non-Independent

Achilles M. Perry is Vice President, General Counsel of CIBC Capital Markets (US, Europe & APAC).

Achilles Perry joined CIBC in 2003 as a lawyer in the New York office, supporting CIBC Capital Markets. In 2007 he became the head of CIBC's US Legal team and, over the span of his career at the Bank, he has handled CIBC's major US legal matters, including mergers & acquisitions, business expansions and divestments, litigation and regulatory matters. He is currently the General Counsel of CIBC Capital Markets for the USA, Europe and APAC, as well as the General Manager of CIBC's New York Branch.

Achilles attended Brandeis University for his undergraduate education and obtained his law degree at the Fordham University School of Law, where he is a member of the Board of Directors of the Alumni Association.

Year Joined Board	2022 Meeting Attendance	
	Overall Attendance	Interim Meetings
2021	4/4	3/3
Board Committee Memberships		
• Compensation Committee - Chair	4/4	2/2
• Nominating and Corporate Governance Committee	4/4	1/1

Interlocking/Other Current Directorships	Former Directorships
None	None



PAULA RAJKUMARSINGH
Trinidad & Tobago
Independent

Paula Rajkumarsingh is a Management Consultant.

Paula is a business executive with over 20 years of experience at the executive level. Paula was an executive director and the Group CFO for Massy Holdings Ltd. and its subsidiaries for over 12 years. She currently serves as a director for the St Joseph Convent Cluny Board of Management and the International Women Forum (T&T Chapter) as well as two other boards with regional businesses namely WeldFab Limited and Amaranth Business Solutions Ltd.

She previously served on several boards in the region including the publicly listed parent company of the Massy Group of companies and several of its main subsidiaries. She also served on the Trinidad and Tobago Chamber of Commerce, National Productivity Council, the Financial Council of the Archdiocese of Trinidad and Tobago, Development Finance Corporation and the Sugar Manufacturing Company as well as a private Equity Fund. She has extensive business experience in the areas of strategic financial management, performance management, enterprise risk management, and mergers & acquisitions.

Year Joined Board	2022 Meeting Attendance	
	Overall Attendance	Interim Meetings
2008	4/4	3/3
Board Committee Memberships		
• Audit Committee	4/4	0/0
• Compensation Committee	4/4	2/2
• Nominating and Corporate Governance Committee	4/4	1/1
• Risk Committee	4/4	5/9

Interlocking/Other Current Directorships	Former Directorships
FirstCaribbean International Bank (Trinidad & Tobago) Limited	Massy Holdings Ltd.
Amaranth Business Solutions Ltd.	DevCap - A private Equity Fund
St. Joseph Convent Cluny School's Board of Management	Financial Council of the Roman Catholic Church of Trinidad and Tobago
International Women Forum (T&T Chapter)	National Productivity Council
Weldfab Limited	Sugar Manufacturing Company
	Trinidad & Tobago Chamber of Industry and Commerce



MARK ST. HILL
Barbados
Non-Independent

Mark St. Hill was appointed Chief Executive Officer of CIBC FirstCaribbean with effect from November 1, 2022.

Prior to this, Mark was appointed Managing Director, Retail & Business Banking in May 2013 where he had responsibility for the development and growth of CIBC FirstCaribbean's Retail & Business Banking operations including the Bank's cards issuing business. Previous to his appointment as Managing Director, Retail & Business Banking, Mark was the Barbados Country Manager and Managing Director of CIBC FirstCaribbean's Barbados Operating Company.

Previous to that he was the Director, International Banking with responsibility for the leadership and development of the International Banking (Personal & Corporate) offering across the six centers in The Bahamas, Barbados, British Virgin Islands, Cayman, Curacao and Turks and Caicos Islands.

In addition to his executive portfolio, Mark serves as Chair of the Jamaica Operating Company – FirstCaribbean International Bank (Jamaica) Limited and FirstCaribbean International Finance Corporation (Leeward & Windward) Limited. He is a director of FirstCaribbean International Bank (Trinidad & Tobago) Limited. He is also a Director of the FirstCaribbean International ComTrust Foundation Limited, a registered charitable foundation which manages the Bank's corporate giving program.

An experienced banker with over 30 years in various positions spanning Insurance Brokerage, Retail Banking, Corporate Banking, Credit Risk, International Banking and Wealth Management, Mark has also held senior management positions in several countries in the Caribbean such as Grenada, British Virgin Islands and Barbados.

Mark is a Fellow of the British Institute of Chartered Secretaries and Administrators, a graduate of the FirstCaribbean Executive Leadership Program with Wharton Business School and has also completed the Masters Certificate Program in Financial Services Leadership in conjunction with Schulich School of Business and CIBC. He is also the President of the Barbados Hockey Federation.

Year Joined Board	2022 Meeting Attendance	
	Overall Attendance	Interim Meetings
2018	4/4	3/3
Board Committee Memberships		
• Risk Committee	1/4	1/9

Interlocking/Other Current Directorships[2]	Former Directorships
FirstCaribbean International Bank (Jamaica) Limited – Chair	CIBC Reinsurance Company Limited
FirstCaribbean International Bank (Trinidad & Tobago) Limited	FirstCaribbean International Bank (Barbados) Limited – Chair
FirstCaribbean International Finance Corporation (Leeward & Windward) Limited - Chair	FirstCaribbean International Wealth Management Bank (Barbados) Limited - Chair
FirstCaribbean International ComTrust Foundation Limited	

[1] Mark was appointed a member of the Risk Committee effective November 1, 2022.

[2] Mark was also appointed a director and Chair of FirstCaribbean International Bank (Bahamas) Limited and a director of FirstCaribbean International Trust Company (Bahamas) Limited effective November 1, 2022. He was also appointed Chair of the FirstCaribbean International ComTrust Foundation Limited effective November 1, 2022.

Executive Committee and Senior Executive Team



L to R : Brian Clarke, Esan Peters, Khadija Bourne, Carl Lewis, Dan Wright, Colette Delaney, Mark St.Hill, Willem 'Pim' van der Burg, Donna Wellington, Patrick McKenna and Neil Brennan.
Missing : Jacqui Bend, Nigel Holness, Mark McIntyre and Anthony Seeraj



NEIL BRENNAN
Barbados
Executive Committee
Senior Executive Team

Neil was appointed to the position of Chief Administrative Officer in November 2018 where he has overall responsibility for CIBC FirstCaribbean's Human Resources, Property Services, Enterprise Security, Marketing & Communications, Strategy, Customer Experience and Data Analytics, Product & Pricing functions.

Neil joined CIBC FirstCaribbean in 2004 as Director, Compensation, Benefits & HR Operations until 2009. He returned to CIBC FirstCaribbean in 2012 to the position of Director, Financial Integration and Operations, Human Resources. In this role, he was responsible for the Bank's compensation and benefits programmes, pension plans and for delivering HR operational support to the business. In 2015 Neil was appointed Managing Director, Human Resources where he had overall responsibility for CIBC FirstCaribbean's employee policies and programmes.

Prior to joining CIBC FirstCaribbean Neil was Global VP, Human Resources at AET, one of the world's largest petroleum logistics companies. He has also held a number of consulting positions including Head of UK Benefits Consulting for Arthur Andersen and HR Consulting Services Director, Jardine Lloyd Thompson.

Neil has an Honours Bachelor of Engineering degree from Heriot-Watt University, Edinburgh, and is a Fellow of the Faculty of Actuaries and a Fellow of the Pensions Management Institute.



BRIAN CLARKE
Barbados
Executive Committee
Senior Executive Team

Brian Clarke has been CIBC FirstCaribbean's General Counsel & Group Corporate Secretary since June 2012.

Brian is a member of the Bank's Executive Committee and oversees all legal, board, corporate governance, securities commission and stock exchange matters. Brian also chairs the Bank's Reputation & Legal Risk Committee. Brian graduated from the University of the West Indies in 1984, the Norman Manley Law School in 1986. He is a King's Counsel.

Brian was a director of FirstCaribbean International Bank Limited, a lieutenant in the Coast Guard Reserve of the Barbados Defence Force, and formerly served on the Barbados Income Tax Appeal Board and the Advisory Board of the Barbados Salvation Army. He is a member of the Pension Committee of the Barbados Defence Force.



CARL LEWIS
Barbados
Executive Committee
Senior Executive Team

Carl has over 25 years' experience in the finance and banking sectors and immediately prior to this role served as the Bank's Chief Auditor.

Carl is currently responsible for financial leadership and oversight, as well as reporting, tax and financial planning for all legal entities within the Bank. He is also accountable for the Treasury Department in matters related to the composition and usage of the Bank's balance sheet resources. Carl chairs the Group's Asset and Liability Committee and is also a Director of FirstCaribbean International Bank (Barbados) Limited and FirstCaribbean International Wealth Management Bank (Barbados) Limited.

Carl joined the Bank in 1998 and during his career has held several senior roles in Finance and Strategy including Head - Strategy, Financial Planning and Analysis and Chief Accountant. He also played a key Finance role in the formation of CIBC FirstCaribbean in 2002. Carl also gained considerable knowledge of the business after taking up leadership roles in Corporate and Investment Banking between 2006 and 2013. Prior to joining CIBC FirstCaribbean, Carl worked at KPMG for several years in the audit and assurance practice.

Carl is a Canadian Certified Public Accountant and is a fellow of the local Institute of Chartered Accountants' of Barbados. He also received executive education at the Wharton School of Business at the University of Pennsylvania and is also a graduate of the CIBC FirstCaribbean Executive Leadership program also conducted at the Wharton School of Business.



PATRICK McKENNA
Barbados
Executive Committee
Senior Executive Team

As Chief Risk Officer, Patrick McKenna oversees risk for CIBC FirstCaribbean.

Prior to joining CIBC FirstCaribbean, Patrick was Senior Vice President overseeing risk for CIBC's Wealth Management Business.

Patrick has over 30 years of banking experience in a variety of Front Office and Risk Management roles. Prior to joining CIBC, Patrick was the CRO and subsequently the Chief Oversight and Control Executive for JP Morgan Asset Management.

Prior to that he held a variety of Senior Risk Management positions at Deutsche Bank including CRO for the Americas, Co-head of the Asset Reduction and Restructuring program, and Global Credit Risk Head for a variety of Business areas (including Hedge Funds, FIs, Securitization, Private Clients, and Emerging Markets).

He is a past member of several Risk Management organizations including: the RMA New York Chapter Board of Governors, the CRO Buy Side Risk Managers Forum and The Professional Risk Managers' International Association.

Patrick graduated from University of California at Los Angeles (UCLA) with a B.A. in Political Science and completed the Columbia Senior Executive Program (CSEP) in 2003.



ESAN PETERS
Barbados
Executive Committee
Senior Executive Team

Esan Peters was appointed Chief Information Officer & Managing Director, Technology & Operations, with effect from February 1, 2018.

Esan Peters is the Chief Information Officer (CIO) and Managing Director of Technology & Operations for CIBC FirstCaribbean International Bank charged with the leadership of the Bank's Technology, Operations, Cybersecurity, Fraud Management and Enterprise Program Delivery organizations.

Esan's responsibilities includes the efficient, reliable running of the Bank, protecting CIBC FirstCaribbean from risks, and proactively partnering with the Bank's lines of business to accelerate growth by transforming how the Bank operates, in meeting clients' and team members' evolving needs.

Esan is also responsible for the execution of CIBC FirstCaribbean's Digital Strategy which is focused on creating new business models and the adoption of innovative technologies to radically transform the Bank's operations and ways of working to drive enhanced client and employee experience, increased business growth and improved efficiency.

Esan is passionate about technology and working collaboratively with partners to leverage technology to make a meaningful impact on people's lives and to positively impact society. Current areas of focus includes Digital & Payments Technologies, Data & AI, Cybersecurity and Cloud Computing.

Esan holds a First Class Honors bachelor's degree in Mathematics & Computer Science from University of the West Indies – Barbados.



MARK ST. HILL
Barbados
Executive Committee
Senior Executive Team

Mark St. Hill was appointed Chief Executive Officer of CIBC FirstCaribbean with effect from November 1, 2022.

Prior to this, Mark was appointed Managing Director, Retail & Business Banking in May 2013 where he had responsibility for the development and growth of CIBC FirstCaribbean's Retail & Business Banking operations including the Bank's cards issuing business. Previous to his appointment as Managing Director, Retail & Business Banking, Mark was the Barbados Country Manager and Managing Director of CIBC FirstCaribbean's Barbados Operating Company.

Previous to that he was the Director, International Banking with responsibility for the leadership and development of the International Banking (Personal & Corporate) offering across the six centers in The Bahamas, Barbados, British Virgin Islands, Cayman, Curacao and Turks and Caicos Islands.

In addition to his executive portfolio, Mark serves as Chair of the Jamaica Operating Company – FirstCaribbean International Bank (Jamaica) Limited and FirstCaribbean International Finance Corporation (Leeward & Windward) Limited. He is a director of FirstCaribbean International Bank (Trinidad & Tobago) Limited. He is also a Director of the FirstCaribbean International ComTrust Foundation Limited, a registered charitable foundation which manages the Bank's corporate giving program.

An experienced banker with over 30 years in various positions spanning Insurance Brokerage, Retail Banking, Corporate Banking, Credit Risk, International Banking and Wealth Management, Mark has also held senior management positions in several countries in the Caribbean such as Grenada, British Virgin Islands and Barbados.

Mark is a Fellow of the British Institute of Chartered Secretaries and Administrators, a graduate of the FirstCaribbean Executive Leadership Program with Wharton Business School and has also completed the Masters Certificate Program in Financial Services Leadership in conjunction with Schulich School of Business and CIBC. He is also the President of the Barbados Hockey Federation.



WILLEM 'PIM' VAN DER BURG
Curacao
Executive Committee
Senior Executive Team

Willem 'Pim' van der Burg was appointed Managing Director Corporate & Investment Banking in December 2015.

Prior to that Pim was the Managing Director for the Dutch Caribbean for CIBC FirstCaribbean.

Pim has over 25 years of banking experience and held a variety of international senior positions within the Dutch banking group ABN AMRO, in the areas of Corporate & Investment Banking and Wealth Management.

For that bank, he was responsible for implementation of the Transactional Banking concept in the Latin American region with a focus on the eastern part of South America and the Caribbean basin, and for the sale of the ABN AMRO businesses in the Dutch Caribbean. After the acquisition of the international activities of ABN AMRO in the region by CIBC FirstCaribbean in 2006, Pim joined CIBC FirstCaribbean and was responsible for the integration of the acquired organization.

Pim received a Law degree in business and civil law at Erasmus University Law School in Rotterdam, The Netherlands. He also participated in the Strategic Management in Banking programme at INSEAD, Fontainebleau, and is a graduate of the FirstCaribbean Executive Education programme at the Wharton School of the University of Pennsylvania.



DANIEL WRIGHT
The Cayman Islands
Executive Committee
Senior Executive Team

Dan Wright is Managing Director, Wealth Management.

Dan, who joined CIBC FirstCaribbean in December 2012, as Director, Private Wealth Management, has since been leading the strategic initiative in support of an enhanced offer for the Bank's high net worth clients and its Wealth Management businesses. In October 2013, Dan assumed the position of Managing Director, Wealth Management to reflect his additional regional responsibilities for FirstCaribbean International Trust Company (Bahamas) Limited and FirstCaribbean International Bank and Trust Company (Cayman) Limited and in 2016 Dan took over responsibility for the Bank's international corporate business in six (6) countries.

Dan is an experienced wealth management and private banking leader. Prior to joining CIBC FirstCaribbean, Dan worked as Senior Vice President & Head, International Wealth Management for Bank of Nova Scotia (BNS) in Toronto with specific responsibility for their various wealth management business lines in the Caribbean, Latin America and Asia. He was also Chair of the BNS Trust Company in the Bahamas & Cayman and a director of a number of Caribbean-based businesses in the Cayman Islands, Jamaica & Trinidad.

Dan holds a Bachelor's degree in Business Administration from Wilfrid Laurier University and a number of wealth management related certificates. In his role, Dan continues to leverage his strength in strategic planning and execution, as well as the management of teams of experts in a wide range of markets to further build our wealth management capability.



JACQUI BEND
The Bahamas
Senior Executive Team

Jacqui was appointed Managing Director, Bahamas Operating Company on April 1, 2021.

Jacqui is a seasoned banking professional with 30 years' experience, of which 20 years were senior leadership roles where she successfully led teams in Change Management, Operations, Reconciliation & Investigations, Cards Operations, and Retail & Business Banking.

In her previous role as Director, Retail & Business Banking Channels, Jacqui was responsible for branch operations, people development, strategic initiatives and process improvement, risk and compliance, expense management, digital banking, and the Customer Care & Service Centers.

Jacqui holds a Bachelor of Commerce in Financial Services from Nipissing University, a Master of Business Administration (Hons.) from the University of Leicester, a Master Certificate in Strategic Organizational Change from University of Michigan, and a Doctor of Business Administration in leadership from Walden University.



KHADIJA BOURNE
Barbados
Senior Executive Team

Khadija was appointed Chief Auditor on April 1, 2021

Khadija is a career banker with over 25 years' experience. She was appointed to the role of Chief Auditor in April 2021 with overall responsibility for leading the Internal Audit function and providing an independent and objective assessment of the Bank's controls and processes over its business objectives, operations, technology systems and risk framework.

Since joining CIBC FirstCaribbean in March 2000, as a Customer Service Manager, Khadija has held a number of progressively senior leadership roles in Retail Banking and Operations where she made significant contributions to advancing the Bank's strategic initiatives, revenue growth, development of people and ensuring that the Bank maintained a robust compliance and risk management environment.

In 2011, Khadija joined the Risk Management team where she continued to spearhead the development, implementation and strengthening of the Bank's risk, control and governance practices. Prior to her appointment, Khadija held the role of Director, Operational Risk, where she led a team of highly skilled professionals responsible for maintaining oversight of the Bank's operational risk framework and key supporting programmes and also for providing guidance on operational matters to the various Business Lines.

Khadija holds an MBA from Durham University and the Chartered Banker MBA with merit, specializing in Banking and Finance from the University of Bangor. She is a member of the Institute of Internal Auditors, a member of the Chartered Institute of Bankers in Scotland (CIOBS) and holds the Chartered Banker designation.



NIGEL HOLNESS
Jamaica
Senior Executive Team

Nigel Holness was appointed Managing Director for the Jamaica Operating Company in October 2010.

He is responsible for delivering financial solutions that drive profitable and sustainable growth, through the Jamaica Commercial Bank Operations.

Nigel's experience in the financial services industry in Jamaica and the Caribbean, spans over 33 years and covers the areas of Treasury Management, Operations, General Retail and Corporate Banking. He is widely recognized as a strong leader in the domestic market.

Nigel first joined the CIBC FirstCaribbean family "formerly CIBC", in 1988, and has enjoyed a very successful career with this institution, navigating his way through various segments through the application of diligence and hard work, which has led to his current position as a Senior Executive having full accountability for Corporate & Investment Banking, Retail & Business Banking and Support units based in Jamaica.

Prior to his appointment as Managing Director, he was the Jamaica Country Treasurer having returned to his native island, after efficaciously supporting the expansion of the Regional Treasury Sales and Trading Segment in the Barbados Head Office.

Nigel has been exposed to a number of formal training and development programs locally and internationally, and completed a Masters Certificate in Financial Services Leadership with York University, and is a MCBI - Chartered Banker, having completed a MBA in May 2021.



MARK McINTYRE
The Cayman Islands
Senior Executive Team

Mark McIntyre was appointed Managing Director, Cayman Islands Operating Company in 2018.

Mark has primary responsibility and accountability for our operations in the Cayman Islands, British Virgin Islands, Curacao and Sint Maarten.

An experienced financial services executive and dynamic leader, Mark has enjoyed a deep and diverse career within the Caribbean Capital Markets and Financial Services industry over the past thirty-four years and has a proven track record of developing high-performance teams and achieving consistent results in very demanding and competitive environments.

Mark also has a reputation of being an excellent negotiator and problem-solver and held appointments of increasing seniority across all business segments of the Bank. His professional experience honed his skills in Retail, Corporate and International Banking, Wealth Management, Strategic Management, Executive Negotiation and People Management. Mark also previously served as Corporate Secretary for the Cayman Operating Company Board of Directors and Wealth Management Director for CIBC FirstCaribbean in the Cayman Islands and BVI.

He was headhunted by HSBC in 2007 to establish its banking presence in the Cayman Islands where he served as both Head of Corporate Banking and Head of Business Development - Caribbean Markets before returning to CIBC FirstCaribbean to assume the role of Managing Director, Cayman Islands early in 2012. Mark also currently serves on the Board of Directors of several CIBC subsidiaries domiciled in the Cayman Islands and is a member of the Executive Committee of the Cayman Islands Bankers Association having served as its President during 2014-16.

Mark, an MBA graduate, has also benefitted from a number of executive development and specialized training programmes with several international academic organizations and institutions. These include the Chartered Institute of Bankers in the United Kingdom, Euromoney, The Wharton School, University of Pennsylvania where he was awarded a Certificate of Professional Development and participated on the FirstCaribbean Executive Development Programme and most recently at the Schulich School of Business, York University, where he earned a Masters Certificate in Financial Services Leadership.



ANTHONY SEERAJ
Trinidad & Tobago
Senior Executive Team

Anthony Seeraj was appointed Managing Director of the Trinidad Operating Company in April 2015.

Anthony has over 38 years' experience in corporate banking and has been a key contributor to the development of the Corporate footprint and the Bank's profile in Trinidad and Tobago, bringing several new key relationships to the Bank.

Anthony first joined the Corporate and Investment Banking team in January 2008 and prior to this, worked for two large local banks as a Senior Manager with responsibility for state enterprises, regional business and energy financing.

He is responsible for structuring and arranging large deals for the Government of the Republic of Trinidad and Tobago, several state enterprises and large corporations in the Caribbean, meeting the Bank's clients' complex financial needs and providing them with access to various innovative solutions. He has worked on both syndicated loan and capital market transactions for large regional public and private corporations.

Prior to his appointment as Managing Director, Anthony served as Director, Corporate and Investment Banking, Trinidad and Tobago and the Dutch Antilles.
He is an Associate of the Chartered Institute of Bankers (UK) and holder of an MBA with specialization in Finance from the University of Lincoln.



DONNA WELLINGTON
Barbados
Senior Executive Team

Donna Wellington was appointed Managing Director, Barbados and Eastern Caribbean in June 2013.

Donna joined CIBC FirstCaribbean in 2005, after working 15 years in the financial services industry at Sagicor, EY Caribbean and PwC in Barbados. In June 2013, she was appointed to her current role as Managing Director.

In this position, Donna has responsibility for revenue generation and regulatory affairs across all key segments of the banking operations of the Barbados Operating Company in seven countries (Barbados and six countries in the OECS). Donna's current passion is the digital transformation agenda as well as renewable energy and corporate lending for climate sustainability, areas requiring urgent focus for countries the Barbados Operating company and wider bank.

A seasoned corporate banker, Donna also has a strong accounting background with a BSc in Accounting from the University of the West Indies. She is a member of the Certified Professional Accountants Association of Canada (CPA) and holds a Masters Certificate in Financial Leadership from Schulich Business School, York University.

Management's discussion & analysis

Management's discussion and analysis (MD&A) is provided to enable readers to assess CIBC FirstCaribbean's financial condition and results of operations as at and for the year ended October 31, 2022, compared with prior years. The MD&A should be read in conjunction with the audited consolidated financial statements included in this Annual Report. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and are expressed in thousands of United States dollars. Certain comparative amounts have been reclassified to conform to the presentation adopted in the current year.

Overview

FirstCaribbean International Bank Limited is a leading Caribbean financial institution providing individual and business clients with a full range of products and services through our four (4) segments – Retail and Business Banking, Corporate and Investment Banking, Wealth Management and Administration. Our business segments service clients in fifteen (15) countries through our eight (8) operating companies located in The Bahamas, Barbados, The Cayman Islands, Jamaica and Trinidad and Tobago (collectively, the "Group").

The business segments and geographic operating companies are supported by the Administration segment which includes Finance, Human Resources, Risk, Technology & Operations, Treasury, and other support units. Highlights and commentary on business segments can be found in the 2022 Highlights Section of this annual report.

The following discussion and analysis is based on the Group's overall results and financial position with commentary referring to segments and geographic operations when deemed relevant.

Nature of the business

The Group offers traditional banking solutions in the markets in which it operates. It maintains capital in excess of the regulatory minimum requirements and deploys this capital together with other deposits in interest earning assets within its managed risk appetite. The main geographic markets in which the Group operates and where it is regarded as one of the largest banks are Barbados, The Bahamas, and The Cayman Islands. The macroeconomic environments in these territories influence the Group and its results. The Group is also affected by the global macroeconomic environment to the extent they affect the drivers of financial risks to which the Bank is exposed such as credit and liquidity risk and other market risks such as currency risk, interest rate risk and pricing risk.

Objectives and strategies

The Group continues to focus on four strategic priorities to address market trends: Focusing on our relationships with our clients, building our technology base to create a regionally leading digital and modern day experience for our clients, simplifying the way we do business and developing our people.

Resources, risks and relationships

The Group utilizes its balance sheet, and invests in its employees and systems to meet client needs and sustain long-term success. The goal is to also maintain strong capital and liquidity positions. The Group aims to constantly balance the objectives of holding a prudent amount of excess capital for unexpected events and environmental uncertainties, investing in core businesses and returning capital to shareholders.

The Group faces a wide variety of risks (including credit, market, compliance, operational, and liquidity) across the businesses. Identifying and understanding risks and their impact allows the Group to frame its risk appetite and risk management practices. Defining acceptable levels of risk and establishing sound principles, policies and practices for managing risks is fundamental to achieving consistent and sustainable long-term performance, while remaining within risk appetite. Further discussion on the Group's approach to managing risk is highlighted under the section heading "Risk Management Approach".

Review of results, performance measures and indicators

Review of the Consolidated Statement of Income

$ Millions except per share amounts, as at or for the year ended October 31	**2022**	2021
Total revenue	**599**	543
Net income for the year	**176**	126
Net income for the year from continuing operations	**178**	129
Adjusted net income for the year from continuing operations	**189**	144
Net income for the year attributable to the equity holders of the parent	**173**	122
Adjusted net income for the year attributable to the equity holders of the parent	**184**	137
Basic and diluted earnings per share (cents)	**11.0**	7.7
Adjusted basic and diluted earnings per share (cents)	**11.6**	8.6
Dividend per share (cents)	**4.0**	1.0
Closing share price per share (cents)	**79**	90
Return on equity	**15.2%**	11.7%
Adjusted return on equity	**16.2%**	13.0%
Efficiency ratio	**66.4%**	70.9%
Tier I capital ratio	**14.8%**	13.0%
Total capital ratio	**16.4%**	15.7%

Net income for the year was $176 million, compared to $126 million in 2021.

Items of note in 2022 included provisions related announced divestitures of $10.5 million. Items of note in 2021 included a restructuring charge of $10.1 million, provision related to announced divestitures of $5.3 million and income tax credit of ($0.7) million.

The year over year results were affected by certain significant items as follows:

- $33 million increase in net interest income due primarily to higher US interest rates and growth in the loan portfolio
- $23 million increase in operating income due primarily to increased foreign exchange earnings
- $18 million decrease in credit loss expense as the current year reflected updated economic forecasts, resulting in the release of the COVID-19 management overlay and lower impaired provisions offset by
- $13 million increase in operating expenses due to higher expenses related to our strategic business and infrastructure investments offset by lower restructuring provisions in staff costs
- $12 million increase in taxes due to higher taxable income in taxable jurisdictions

Net interest income and margin

$ millions for the year ended October 31	**2022**	2021
Average total assets	**12,994**	12,517
Net interest income	**396**	363
Net interest margin	**3.0%**	2.9%

Net interest margin on average assets was up 0.1% due to higher margins as a result of higher US interest rates and growth in the loan portfolio.

Operating income

$ millions for the year ended October 31	**2022**	2021
Net fee and commission income	**126**	117
Foreign exchange earnings	**73**	57
Net loss on disposal of securities and hedging	**-**	(1)
Other	**4**	7
	203	180

Operating income increased year-on-year by $23 million (13%) primarily due to increased foreign exchange earnings.

Operating expenses

$ millions for the year ended October 31	**2022**	2021
Staff costs		
Salaries	**154**	166
Benefits & other	**29**	31
	183	197
Property and equipment expenses	**45**	40
Depreciation	**45**	39
Business taxes	**39**	39
Professional fees	**22**	18
Communications	**12**	10
Other	**52**	42
	398	385

Operating expenses increased year-on-year by $13 million (3.4%). The significant movements were due to higher expenses related to our strategic business and infrastructure investments offset by lower restructuring provisions in staff costs.

Credit loss expense/(release) on financial assets

$ millions for the year ended October 31	2022	2021
Expense on impaired loans – Stage 3		
Mortgages	**27**	22
Personal	**10**	20
Business & Sovereign	**8**	16
	45	58
(Release)/expense on non-impaired loans		
Stage 1	**(17)**	(11)
Stage 2	**(28)**	(30)
	(45)	(41)
Total loans credit loss expense	**-**	17
(Release)/expense on debt securities		
Stage 1	**(1)**	(11)
Stage 2	**2**	11
Stage 3	**(2)**	-
Total debt securities credit loss release	**(1)**	-

Loans credit loss expense decreased by $17 million primarily due to updated economic forecasts an resulting in the release of the COVID-19 management overlay and lower impaired provisions.

The ratio of expected credit loss allowances to gross loans was 4.0% compared to 4.8% at the end of 2021. Non-performing loans to gross loans decreased to 4.1% at the end of 2022 compared to 4.3% as at 2021.

Debt securities credit loss expense decreased by $1 million due to an improved economic outlook.

Income tax expense

$ millions for the year ended October 31	2022	2021
Income tax expense	**24**	12
Income from continuing operations	**202**	141
Effective tax rate	**11.9%**	8.5%

Income tax expense has increased year-on-year by $11 million. The increase in taxes is largely due to higher taxable income in taxable jurisdictions and increased provisions for uncertain tax positions.

Review of the Consolidated Statement of Comprehensive Income

$ millions for the year ended October 31	2022	2021
Net income for the year	**176**	126
Other comprehensive (loss)/income		
Net loss on debt securities at fair value through OCI	**(32)**	(14)
Net exchange gain/(losses) on translation of foreign operations	**1**	(4)
Re-measurement (losses)/gains on retirement benefit plans	**(72)**	56
Other comprehensive (loss)/income	**(103)**	38
Total comprehensive income	**73**	164

Other comprehensive income decreased year-on-year as a result of re-measurement losses on retirement benefit plans due mainly to tnegative returns on plan assets as well as higher net losses from debt securities at fair value through OCI due primarily to lower fair values. The Bank conducts business in two jurisdictions (Jamaica and Trinidad) that have functional currencies that float against the United States (US) dollar. The Jamaica dollar strengthened by 0.7% year-on-year, while the Trinidad dollar remained relatively stable. This has resulted in exchange gains of $1 million in the current year

Review of the Consolidated Statement of Financial Position

$ millions for the year ended October 31	**2022**	2021
Assets		
Cash and balances with banks	**2,727**	2,828
Securities	**2,946**	2,553
Loans and advances to customers:		
Mortgages	**2,175**	2,147
Personal	**659**	667
Business & Sovereign	**4,093**	4,015
Provision for impairment (net of recoveries and write-offs)	**(277)**	(326)
	12,323	11,884
Other assets	**506**	559
	12,829	12,443
Assets of disposal group classified as held for sale	**302**	413
	13,131	12,856
Liabilities and equity		
Customer deposits		
Individuals	**4,482**	4,490
Business & Sovereign	**6,930**	6,546
Banks	**1**	6
Interest payable	**16**	17
	11,429	11,059
Debt securities in issue	**27**	27
Other liabilities	**222**	228
Liabilities of a disposal group classified as held for sale	**294**	391
Non-controlling interest	**29**	29
Equity attributable to equity holders of the parent	**1,130**	1,122
	13,131	12,856

Total assets increased by $275 million (2%) primarily due to increased securities, loans and cash as a result of increased liquidity.

Equity attributable to equity holders of the parent has increased year-on-year by $8 million (0.7%) due mainly to net income for the year of $176 million before non-controlling interests offset by dividends of $63 million and other comprehensive loss of $103 million.

Our capital strength protects our depositors and creditors from risks inherent in our business, allows us to absorb unexpected losses and enables us to take advantage of attractive business opportunities. The Group continues to maintain strong capital ratios of Tier I and Tier I & II of 14.8% and 16.4% respectively at the end of 2022, in excess of regulatory requirements.

Business Segment Overview

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment.

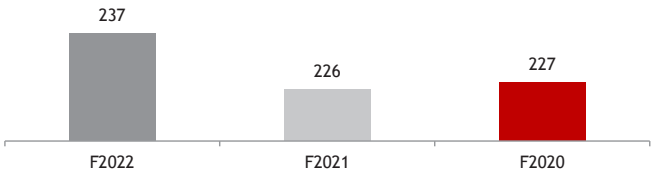
Transactions between the business segments are on normal commercial terms and conditions.

Retail & Business Banking

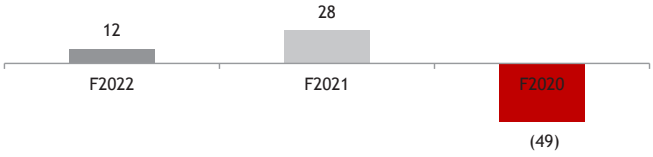
Retail & Business Banking includes the Retail, Business Banking and the Cards Issuing business. The segment provides a full range of financial products and services to individuals which can be accessed through our network of branches and ABMs, as well as through internet and telephone banking channels inclusive of our Mobile Banking App. Business Banking clients are provided with products and services to satisfy their day-to-day operational and working capital business needs.

Total revenues increased year-on-year by $11 million or 5% primarily due to higher interest recoveries, earnings on capital, foreign exchange earnings and wire fees. Net income decreased year-on-year by $16 million driven by higher provision for credit losses.

Total Revenues ($Millions)



Net income ($Millions)

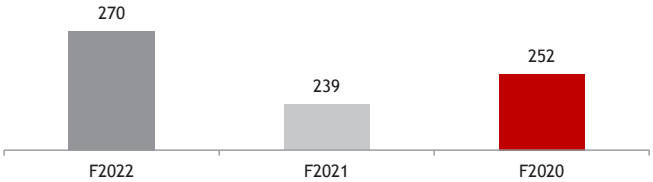


Corporate & Investment Banking

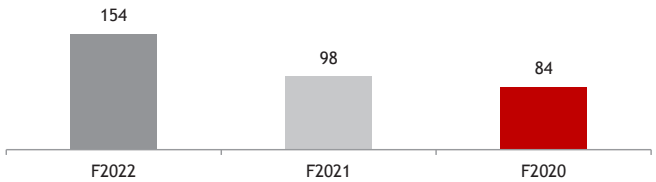
Corporate & Investment Banking includes Corporate, Investment Banking, Forex & Derivative Sales and the Merchant Services business. The segment provides a full range of corporate and commercial banking services to large and mid-size corporate businesses, governments, financial institutions, international trading companies and private wealth vehicles throughout the Caribbean. Investment Banking services provides debt, equity, capital markets and corporate finance products and services to large corporations, financial institutions and governments. Clients are also provided with derivative and other risk mitigating products through the Forex & Derivative Sales Group.

Total revenues increased year-on-year by $31 million or 13% primarily due to higher income on performing loans, foreign exchange earnings, credit services fees, wires fees and merchant services fees. Net income increased year-on-year by $56 million as a result of lower provision for credit losses.

Total Revenues ($Millions)



Net income ($Millions)



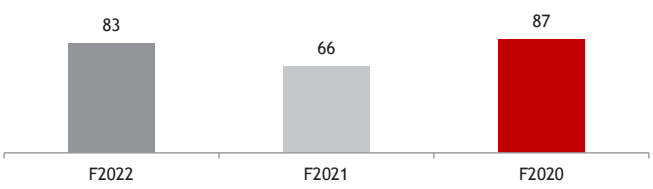
Wealth Management

Wealth Management comprises Private Wealth Management, International Corporate Banking, Investment Management and Bank & Trust. Dedicated wealth management relationship managers provide traditional core banking, complex credit, investment advice, discretionary portfolio management, trust services and wealth planning to the high and ultra-high net worth clients. Our domestic investment management businesses in Barbados service the investment, pension and trust needs of local investors.

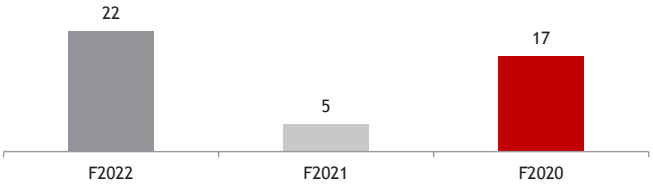
International Corporate Banking is a specialized business that services non-domestic, international corporate and institutional clients (such as Offshore Mutual Funds, Hedge Funds, Captives and IBCs) in 6 jurisdictions with core banking, international payments & cash management, lending, standby letters of credits, and investment management alternatives.

Total revenue and Net income increased year-over-year by $17 million as a result of higher funds transfer pricing earnings on deposits due to the higher interest rate environment.

Total Revenues ($Millions)



Net income ($Millions)



Administration

The Administration segment includes Finance, Human Resources, Risk, Technology & Operations, Treasury, and other units, which support the business segments. The revenues and expenses of the functional groups are generally allocated to the business segments.

The Administration segment retains earnings or losses on excess capital and the offset to capital charges allocated to the business segments.

Treasury is responsible for balance sheet and liquidity risk management for the Group. Securities and cash placements are normally held within the Treasury unit included in the Administration segment.

Risk Management Approach

The Group assumes a variety of risks in its ordinary business activities. Risk is defined as any event that could: damage the core earnings capacity of the Group; increase earnings or cash flow volatility; reduce capital; threaten business reputation or viability; and/or breach regulatory or legal obligations.

The Group's approach to risk management is based on sound banking principles and a robust governance structure. Risk is managed within tolerance levels established by our management committees and approved by the Board of Directors and its committees (the Board). This is achieved through a comprehensive framework of measurement, monitoring and control policies, procedures and processes. Further information on credit, market and liquidity risks within the Group can be found in note 32 of the consolidated financial statements.

Primary responsibility for the identification and assessment of risk lies with line management in our various strategic business units. The Risk Management department, which reports to the Chief Risk Officer, develops risk policies and procedures and provides independent oversight, analysis and adjudication through centrally based teams which manage credit risk, market risk and operational risk.

The Group's risk management policies and procedures are designed to identify and analyse these risks, to set appropriate risk limits and to monitor and enhance risk management practices to reflect changes in markets, products and evolving best practice.

A robust control and governance structure is embedded within each strategic business unit. Representatives from Risk Management interact with the senior leadership of each strategic business unit in order to identify and manage risks in the respective businesses. This approach is supported by comprehensive enterprise-wide reporting.

Credit Risk

Credit risk is defined as the risk of financial loss due to a borrower or counterparty failing to meet its obligations in accordance with agreed terms. Credit risk primarily arises from direct lending activities, as well as trading, investment and hedging activities.

Credit risk is managed and controlled on the basis of established credit processes and policies operating within a framework of delegated authorities. In addition to approving the Group's key credit policies and setting credit risk appetites and tolerances, the Risk Committee of the Board also delegates credit approval limits to the Credit Committee of the Group. The Credit Committee is chaired by the Chief Risk Officer or the Chief Credit Officer (delegate). There is appropriate segregation of duties between customer-facing functions responsible for originating and managing exposures, the Credit Risk Management function responsible for credit adjudication and oversight, and the Operations function responsible for disbursing loans and safekeeping security.

Credit grading, scoring and monitoring systems facilitate the early identification and management of deterioration in loan quality. Delinquent facilities are subject to separate and additional oversight by specialised loan restructuring teams. Classification is automated and operates strictly in line with regulatory and accounting standards. Credit provisions are independently calculated in accordance with International Financial Reporting Standards (IFRS) for statutory reporting and in accordance with the Financial Institutions Act to meet regulatory requirements by the central risk team.

Market Risk

Market risk is the measurement of potential loss arising from adverse movements in interest rates, foreign exchange rates, equity and commodity prices, and credit spread risk in the Group's investment portfolios. It arises in trading activities, as well as in the natural course of wholesale and retail business. The principal aim of the Group's market risk management activities is to limit the adverse impact of interest rate and exchange rate movements on profitability and shareholder value and to enhance earnings within defined limits.

The Risk Committee of the Board reviews market risk strategy and establishes overall limits. It approves key policies, oversees the measurement, monitoring and control regime, and delegates market risk limits to the Chief Risk Officer.

There is no single risk measure that captures all aspects of market risk. The Group uses several risk measures including Value at Risk ('VaR'), sensitivity measures and stress testing. Market risks are managed by setting limits based upon the specific markets and products where the Group is involved, as well as the amount of the Group's capital at risk. These measurement methodologies utilise international best practice. There is a centralised, dedicated Market Risk Management team charged with the responsibility to ensure that the risk measurement methodologies used are appropriate for the risks being taken and that appropriate measurement, monitoring and control procedures are in place.

Compliance Risk

Compliance risk is associated with the failure to comply with laws, regulations, rules, and the codes of ethics and conduct applicable to our business activities. Such failures can give rise to legal or regulatory sanctions, material financial loss, or a loss of reputation to the Group.

Primary responsibility for compliance lies with territorial line management. The compliance team within the Risk Management department is tasked with identifying the compliance obligations in each country where the Group operates. It also provides advice and guidance to the business lines on compliance risks and the development of appropriate policies and procedures to ensure compliance with all legislation and internal code of conduct and ethics policies. It independently assesses and monitors compliance and reports to the Risk Committee of the Board.

Operational Risk

The Group defines operational risk as the measurement of potential loss or damaged reputation from failed or inadequate internal processes, people and systems or from external events. Operational risks are inherent in all activities within the Group, including in outsourced activities and in all interactions with external parties.

Strong internal governance and controls, including a fraud framework, operational risk testing and trained staff are the key to successful operational risk management. Each strategic business unit is primarily responsible for identifying, assessing and managing operational risks in that business unit. An Operational Risk Management team develops and maintains the framework for identifying, monitoring and controlling operational risks and supports each business unit in implementing the framework and raising awareness of operational risks. This team also sets policy and monitors compliance. Operational risk management activities across the Group are reported regularly to the Audit Committee and Risk Committee.

The Group's operational risk management framework includes ongoing monitoring through self-assessment of control deficiencies and weaknesses, and the tracking of incidents and loss events to ensure that, once identified, control deficiencies are communicated and remedied in a timely fashion across the Group.

Liquidity Risk

Liquidity risk is defined as the risk that the Group will experience difficulty in financing its assets and meeting its contractual payment obligations, or will only be able to do so at an unacceptably high cost. The Group is exposed to liquidity risk through our general funding activities and in the management of our assets and liabilities.

The Group's exposure to liquidity risk is governed by a Liquidity Management Policy and Framework approved by the Board. The operation of the policy is delegated to Management in the form of the Asset and Liability Committee (ALCO). The Group and individual operating companies' ALCOs are responsible for monitoring liquidity risk and adherence to the Liquidity Management Policy. Day-to-day management of liquidity is handled by the Treasury team.

The Group performs stress tests and scenario analysis to evaluate the impact of stresses on its liquidity position. These tests are at both a Group specific and Operating company level. The results are independently reviewed by the market risk function and reported to the Board quarterly.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF FIRSTCARIBBEAN INTERNATIONAL BANK LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of FirstCaribbean International Bank Limited ("the Bank") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at October 31, 2022, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at October 31, 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' ("IESBA") International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF FIRSTCARIBBEAN INTERNATIONAL BANK LIMITED

Report on the Audit of the Consolidated Financial Statements *(continued)*

Key Audit Matters *(continued)*

Key Audit Matter	How our audit addressed the key audit matter
Expected credit loss allowances	
Related disclosures in the consolidated financial statements are included in Note 2.4 - Summary of significant accounting policies, Impairment of financial assets, Note 14 - Securities, Note 15 - Loans and advances to customers and Note 32 - Financial risk management. IFRS 9 uses an expected credit loss ("ECL") model which requires significant management judgment and incorporation of forward-looking information. IFRS 9 requires the Group to record an allowance for ECLs for all loans and advances to customers and other financial assets not held at fair value through profit and loss, together with loan commitments and financial guarantee contracts. This is a key audit matter as the estimation of ECLs is inherently uncertain and requires the application of judgment and use of subjective assumptions by management. Furthermore, models used to determine credit impairment are complex, and certain inputs used are not fully observable. Management compensates for any model and data deficiencies by applying judgmental overlays to ECL model outputs.	• We evaluated the modelling techniques and methodologies developed by the Group in order to estimate ECLs and assessed their compliance with the requirements of IFRS 9. • We tested the completeness and accuracy of data input from the underlying systems to the models used to determine the ECLs. We assessed the reasonableness of the methodologies and assumptions applied in determining 12 month and lifetime probabilities of default (PD), loss given default (LGD), exposure at default (EAD) and the determination of when a loan has experienced a significant increase in credit risk (SICR). • We assessed external source data and assumptions, particularly with respect to forward looking information (FLI) by verification to independent sources. • We involved our internal credit risk specialists to assist us in evaluating whether the methodology and assumptions used in significant models that estimate ECL were consistent with the requirements of IFRS, the Bank's own historical data and industry standards. This included an assessment of the thresholds used to determine a SICR and the evaluation of management's expert credit judgment in ensuring that amounts recorded were reflective of the credit quality and macroeconomic trends, amongst other factors. We also assessed the reasonableness of the generation of FLI and evaluated the probability weights used in the ECL models. On a sample basis, we recalculated the ECL to test the mathematical accuracy of management's models. • We assessed the reasonableness of all qualitative adjustments or overlays derived outside of specific model output. • We used our internal specialists to assess the methodology used and values obtained for third party appraisals of real estate held as collateral for loans. • We assessed the adequacy of disclosures in the consolidated financial statements.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF FIRSTCARIBBEAN INTERNATIONAL BANK LIMITED

Report on the Audit of the Consolidated Financial Statements *(continued)*

Key Audit Matters *(continued)*

Key Audit Matter	How our audit addressed the key audit matter
Goodwill	
Related disclosures in the financial statements are included in Note 2.4 - Summary of significant accounting policies, Goodwill and Note 19 - Intangible assets. Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired subsidiary undertaking and in accordance with IAS 36, management is required to annually test goodwill for impairment. Goodwill is deemed to be impaired if the carrying amount of a cash generating unit (CGU) is in excess of its recoverable amount. The recoverable amount is defined as the higher of the CGU's estimated fair value less cost to sell and its value in use. This is a key audit matter since impairment testing requires significant estimation and judgment relative to assumptions used for projected cash flows for CGUs (e.g., growth rates), terminal values and discount rates. This impairment testing is sensitive to variations in estimates and assumptions that can result in significantly different conclusions.	• We assessed the reasonableness of the key assumptions used by management in the determination of cash flow projections, terminal values and discount rates. We compared these assumptions to historical performance, growth rates in light of future economic conditions and independent sources of information. • With the assistance of our valuation specialists, we tested the recoverable amount of the CGUs which were determined based on a value in use calculation. We performed audit procedures that included, amongst others, assessing the methodology applied, testing the significant assumptions discussed above and testing the completeness, accuracy and relevance of underlying data used by management in their assessment. We compared the significant assumptions and inputs used by FCIB, to externally available industry and economic trends. We evaluated the reasonableness of management's estimates by performing a comparison of management's prior year projections to actual results and current performance and performed sensitivity analysis over the significant assumptions. We involved an internal valuation specialist to assist us in evaluating the reasonableness of the methodology and assumptions used by management in performing the impairment test. • We assessed the adequacy of disclosures in the consolidated financial statements.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF FIRSTCARIBBEAN INTERNATIONAL BANK LIMITED

Report on the Audit of the Consolidated Financial Statements *(continued)*

Key Audit Matters *(continued)*

Key Audit Matter	How our audit addressed the key audit matter
Fair value of investment securities and derivative financial instruments and hedge accounting	
Related disclosures in the consolidated financial statements are included in Note 2.4 - Summary of significant accounting policies, Derivative financial instruments and hedge accounting, Debt instruments at FVOCI, Equity instruments at FVOCI, Note 12 - Derivative financial instruments, Note 14, Securities and Note 32 - Financial risk management. This is a key audit matter due to the complexity of valuation models used to determine fair value. These valuation models can be subjective in nature and involve observable and unobservable data and various assumptions. These include the valuation of financial instruments with higher estimation uncertainty for which observable market prices or market parameters are not available. The use of different valuation techniques and assumptions could result in significantly different estimates of fair value. Inaccurate application of hedge accounting rules could result in incorrect classification and could have a significant impact on the consolidated statement of comprehensive income. The associated risk management disclosure is also complex and dependent upon high quality data.	• We tested the effectiveness of controls over valuation and monthly hedge effectiveness ensuring all hedge accounting criteria were met and in compliance with IAS 39 (IFRS 9 for hedge accounting deferred). • We reviewed the market prices applied to the Bank's debt securities by comparing the prices used to an independent external source. • We involved our internal valuation specialists who tested the reasonableness of hedge effectiveness and the fair value of all derivatives held by the Bank. We also used our internal valuation specialists to assess the reasonableness of the fair value of securities which did not have observable market prices. • We assessed the adequacy of the disclosures in the consolidated financial statements.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF FIRSTCARIBBEAN INTERNATIONAL BANK LIMITED

Report on the Audit of the Consolidated Financial Statements *(continued)*

Other information included in the Group's 2022 Annual Report

Management is responsible for the other information included in the 2022 Annual report. The other information consists of the Chairman's and Chief Executive Officer's messages and Management's Discussion and Analysis included in the Group's 2022 Annual Report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Audit and Governance Committee ("Audit Committee") is responsible for overseeing the Bank's financial reporting process.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF FIRSTCARIBBEAN INTERNATIONAL BANK LIMITED

Report on the Audit of the Consolidated Financial Statements *(continued)*

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also,

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF FIRSTCARIBBEAN INTERNATIONAL BANK LIMITED

Report on the Audit of the Consolidated Financial Statements *(continued)*

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(continued)*

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner in charge of the audit resulting in this independent auditor's report is Pria Narinesingh.

Ernst + Young Ltd

Bridgetown
BARBADOS
December 8, 2022

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Consolidated Statement of Income

For the year ended October 31, 2022
(Expressed in thousands of United States dollars, except as noted)

	Notes	2022	2021
Interest and similar income		**$ 435,147**	$ 399,961
Interest and similar expense		**38,699**	36,693
Net interest income	3	**396,448**	363,268
Operating income	4	**202,832**	179,784
		$ 599,280	$ 543,052
Operating expenses	5	**397,822**	385,279
Credit loss (release)/expense on financial assets	14,15	**(897)**	17,054
		$ 396,925	$ 402,333
Income before taxation from continuing operations		**202,355**	140,719
Income tax expense	6	**24,091**	12,156
Net income for the year from continuing operations		**$ 178,264**	$ 128,563
Net loss from discontinued operations	33	**(1,867)**	(1,860)
Net loss from discontinuing operations	33	**(4)**	(982)
Net income for the year		**$ 176,393**	$ 125,721
Net income for the year attributable to:			
Equity holders of the parent		**$ 173,036**	$ 121,788
Non-controlling interests		**3,357**	3,933
		$ 176,393	$ 125,721
Basic and diluted earnings per share from continuing operations attributable to the equity holders of the parent for the year (expressed in cents per share)	7	**11.1**	7.9
Basic and diluted earnings per share attributable to the equity holders of the parent for the year (expressed in cents per share)	7	**11.0**	7.7

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended October 31, 2022
(Expressed in thousands of United States dollars, except as noted)

	Notes	2022	2021
Net income for the year		**$ 176,393**	$ 125,721
Other comprehensive loss (net of tax) to be reclassified to net income or losses in subsequent periods			
Net losses on debt securities at fair value through OCI		**(32,188)**	(13,700)
Net exchange gains/(losses) on translation of foreign operations		**401**	(4,130)
Net other comprehensive loss (net of tax) to be reclassified to net income or loss in subsequent periods	8,9	**(31,787)**	(17,830)
Other comprehensive (loss)/income (net of tax) not to be reclassified to net income or loss in subsequent periods			
Re-measurement (losses)/gains on retirement benefit plans		**(71,563)**	55,900
Net other comprehensive (loss)/income (net of tax) not to be reclassified to net income or loss in subsequent periods		**(71,563)**	55,900
Other comprehensive (loss)/income for the year, net of tax		**(103,350)**	38,070
Comprehensive income for the year, net of tax		**$ 73,043**	$ 163,791
Comprehensive income for the year attributable to:			
Continuing operations		**75,145**	167,091
Discontinued operations	33	**(1,996)**	(1,597)
Discontinuing operations	33	**(106)**	(1,703)
		$ 73,043	$ 163,791
Comprehensive income for the year attributable to:			
Equity holders of the parent		**$ 71,190**	$ 158,528
Non-controlling interests		**1,853**	5,263
		$ 73,043	$ 163,791

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Financial Position

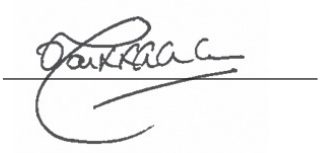
As at October 31, 2022
(Expressed in thousands of United States dollars, except as noted)

	Notes	2022	2021
Assets			
Cash and balances with Central Banks	10	**$ 1,539,915**	$ 1,450,403
Due from banks	11	**1,186,938**	1,376,560
Derivative financial instruments	12	**13,507**	5,852
Other assets	13	**123,757**	106,097
Taxation recoverable		**21,911**	27,925
Securities	14	**2,945,869**	2,553,318
Loans and advances to customers	15	**6,649,511**	6,501,285
Property and equipment	16	**192,875**	193,222
Deferred tax assets	17	**27,194**	27,415
Retirement benefit assets	18	**82,552**	155,898
Intangible assets	19	**44,372**	44,372
		$ 12,828,401	$ 12,442,347
Assets of disposal group classified as held for sale and discontinued operations	33	**$ 302,197**	$ 413,201
Total assets		**$ 13,130,598**	$ 12,855,548
Liabilities			
Derivative financial instruments	12	**$ 11,626**	$ 10,674
Customer deposits	20	**11,428,746**	11,059,240
Other liabilities	21	**173,689**	176,459
Taxation payable		**4,753**	2,266
Deferred tax liabilities	17	**13,130**	18,487
Debt securities in issue	22	**26,599**	26,599
Retirement benefit obligations	18	**18,630**	19,703
		$ 11,677,173	$ 11,313,428
Liabilities of disposal group classified as held for sale and discontinued operations	33	**$ 294,348**	$ 390,905
Total liabilities		**$ 11,971,521**	$ 11,704,333
Equity attributable to equity holders of the parent			
Issued capital	23	**$ 1,193,149**	$ 1,193,149
Reserves	24	**(178,338)**	(91,269)
Retained earnings		**115,085**	19,936
		1,129,896	1,121,816
Non-controlling interests		**29,181**	29,399
Total equity		**1,159,077**	1,151,215
Total liabilities and equity		**$ 13,130,598**	$ 12,855,548

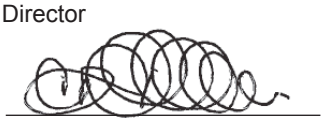
The accompanying notes are an integral part of the consolidated financial statements.

Approved by the Board of Directors on December 8, 2022

Mark St.Hill
Chief Executive Officer



Chris De Caires
Director



Consolidated Statement of Changes in Equity

For the year ended October 31, 2022
(Expressed in thousands of United States dollars, except as noted)

	Notes	Attributable to equity holders of the parent				
		Issued capital	Reserves	Retained earnings	Non-controlling interests	Total equity
Balance at October 31, 2020		$ 1,193,149	$ (133,720)	$ (80,363)	$ 29,659	$ 1,008,725
Net income for the year		-	-	121,788	3,933	125,721
Other comprehensive income for the year, net of tax		-	36,740	-	1,330	38,070
Total comprehensive income		-	36,740	121,788	5,263	163,791
Transfer to reserves	24	-	5,711	(5,711)	-	-
Equity dividends	25	-	-	(15,778)	-	(15,778)
Dividends of subsidiary		-	-	-	(5,523)	(5,523)
Balance at October 31, 2021		$ 1,193,149	$ (91,269)	$ 19,936	$ 29,399	$ 1,151,215
Net income for the year		-	-	173,036	3,357	176,393
Other comprehensive loss		-	-	-	-	-
for the year, net of tax		-	(101,846)	-	(1,504)	(103,350)
Total comprehensive income		-	(101,846)	173,036	1,853	73,043
Transfer to reserves	24	-	14,777	(14,777)	-	-
Equity dividends	25	-	-	(63,110)	-	(63,110)
Dividends of subsidiary		-	-	-	(2,071)	(2,071)
Balance at October 31, 2022		$ 1,193,149	$ (178,338)	$ 115,085	$ 29,181	$ 1,159,077

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended October 31, 2022
(Expressed in thousands of United States dollars, except as noted)

	2022	2021
Cash flows from operating activities		
Income before taxation from continuing operations	**$ 202,355**	$ 140,719
Net loss from discontinued and discontinuing operations	**528**	(1,086)
Credit loss (release)/expense on financial assets	**(373)**	16,276
Depreciation of property and equipment	**44,750**	39,031
Net losses/(gains) on disposals of property and equipment	**1,425**	(292)
Net (gains)/losses on disposals of investment securities	**(247)**	311
Net hedging gains	**(235)**	(66)
Interest income earned on investment securities	**(65,478)**	(61,964)
Interest expense incurred on lease liabilities, other borrowed funds and debt securities	**4,184**	6,474
Net cash flows from operating activities before changes in operating assets and liabilities from continuing operations	**186,909**	139,403
Changes in operating assets and liabilities:		
- net (decrease)/increase in due from banks	**(19,125)**	289
- net increase in loans and advances to customers	**(155,502)**	(147,420)
- net increase in other assets	**(20,734)**	(16,800)
- net increase in customer deposits	**369,506**	215,567
- net increase/(decrease) in other liabilities	**12,135**	(15,840)
Income taxes paid	**(23,126)**	(9,630)
Net cash from operating activities from continuing operations	**350,064**	165,569
Cash flows from investing activities		
Purchases of property and equipment	**(45,828)**	(26,632)
Purchases of securities	**(10,529,952)**	(6,547,499)
Proceeds from disposal of property and equipment	**-**	297
Proceeds from disposals and redemption of securities	**10,167,263**	6,943,090
Interest income received on securities	**65,630**	64,205
Net cash (used in)/from investing activities from continuing operations	**(342,887)**	433,461
Cash flows from financing activities		
Net repayments on other borrowed funds and debt securities (note 22)	**-**	(48,518)
Interest expense paid on other borrowed funds and debt securities	**(4,184)**	(6,921)
Dividends paid to equity holders of the parent	**(63,110)**	(15,778)
Dividends paid to non-controlling interests	**(2,071)**	(5,523)
Payment of principal portion of lease liabilities	**(10,957)**	(11,271)
Net cash used in financing activities from continuing operations	**(80,322)**	(88,011)
Net (decrease)/increase in cash and cash equivalents for the year from continuing operations	**(73,145)**	511,019
Net (decrease)/increase in cash and cash equivalents for the year from discontinued and discontinuing operations	**(47,299)**	39,898
Effect of exchange rate changes on cash and cash equivalents	**401**	(4,130)
Cash and cash equivalents, beginning of year	**2,463,916**	1,917,129
Cash and cash equivalents from discontinued and discontinuing operations	**167,956**	157,684
Cash and cash equivalents, end of year (note 10)	**$ 2,511,829**	$ 2,621,600

The accompanying notes are an integral part of the consolidated financial statements.

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Note 1 General Information

FirstCaribbean International Bank Limited and its subsidiaries (the "Group") are registered under the relevant financial and corporate legislation of 15 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").

The Bank has a primary listing on the Barbados and Trinidad Stock Exchanges. These consolidated financial statements have been authorised for issue by the Board of Directors on December 8, 2022. The Board of Directors has the power to amend these consolidated financial statements after issue, if required.

Note 2 Basis of preparation and summary of significant accounting policies

2.1 Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis, except for debt instruments carried at fair value through other comprehensive income (FVOCI), financial assets and liabilities at fair value through profit or loss (FVPL) 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, and all values are rounded to the nearest thousand, except where otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional consolidated statement of financial position at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in the consolidated financial statements.

Statement of compliance

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

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.

Subsidiaries

All subsidiaries, which are those companies controlled by the Bank, have been fully consolidated. The principal subsidiaries of the Bank are disclosed in Note 33.

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.

When the Bank has less than a majority of the voting or similar rights of an investee, the Bank considers all relevant facts and circumstances in assessing whether it has power over an investee, including: 1) The contractual arrangement with the other vote holders of the investee; 2) Rights arising from other contractual arrangements; 3) The Bank's voting rights and potential voting rights.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Bank gains control until the date the Bank ceases to control the subsidiary.

All inter-company transactions, balances and unrealised surpluses and deficits on transactions and balances have been eliminated. Non-controlling interests represent the portion of profit or loss and net assets not owned, directly or indirectly, by the Bank and are presented separately in the consolidated statement of income and within equity in the consolidated statement of financial position, separately from equity attributable to equity holders of the parent.

Any further excess losses were attributable to the parent, unless the non-controlling interests had a binding obligation to cover these. With effect from November 1, 2009, losses are attributed to the non-controlling interests even if that results in a deficit balance.

Transactions with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Interests in the equity of subsidiaries not attributable to the parent are reported in consolidated equity as non-controlling interests. Profits or losses attributable to non-controlling interests are reported in the consolidated statement of comprehensive income.

Transactions with jointly controlled entities

IFRS 3 Business Combinations does not apply to a business combination of entities or businesses under common control. A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

The Group accounts for the acquisition of commonly controlled entities as follows:

- The assets, liabilities, income and expenses of a subsidiary are included in the consolidated financial statements prospectively from the acquisition date.
- The assets and liabilities of the subsidiaries are reflected in the consolidated financial statements at their carrying amounts and are not revalued to fair value.
- No new goodwill is recognised as a result of the combination. Instead, any difference between the fair value of consideration and the carrying value of the net assets is reflected as an adjustment to retained earnings.

2.2 Significant accounting judgements and estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make certain significant estimates and judgements that affect amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The COVID-19 pandemic gave rise to heightened uncertainty as it relates to accounting estimates and assumptions and increased the need to apply judgment in evaluating the economic and market environment and its impact on significant estimates. This particularly impacted estimates and assumptions relating to allowance for credit losses, valuation of financial instruments and asset impairment.

Other disclosures relating to the Group's exposure to risks and uncertainties include:

- Capital management Note 23
- Financial risk management Note 32
- Sensitivity analyses Notes 18 and 32

The estimates and judgements that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Fair value of financial instruments

Certain financial instruments are recorded at fair value using valuation techniques in which current market transactions or observable market data are not available. Their fair value is determined using a valuation model that has been tested against prices or inputs to actual market transactions and using the Group's best estimates of the most appropriate model assumptions. Models are adjusted to reflect the spread for bid and ask prices to reflect costs to close out positions, counterparty credit, liquidity spread and limitations in the model.

Impairment losses on financial assets

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's Expected Credit Loss (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's internal credit grading model, which assigns a probability of default (PD) to the individual grades
- The Group's criteria for assessing if there has been a significant increase in credit risk, and therefore allowances for financial assets should be measured on a Lifetime ECL (LTECL) basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on Probability of Default (PDs), Exposure at Default (EADs) and Loss Given Default (LGDs)
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

Retirement benefit obligations

Accounting for some retirement benefit obligations requires the use of actuarial techniques to make a reliable estimate of the amount of benefit that employees have earned in return for their service in the current and prior periods. These actuarial assumptions are based on management's best estimates of the variables that will determine the ultimate cost of providing post-employment benefits and comprise both demographic and financial assumptions. This includes assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Variations in the financial assumptions can cause material adjustments in future years, if it is determined that the actual experience differed from the estimate.

In determining the appropriate discount rate, management considers the interest rates of government bonds, in the absence of corporate bonds, in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Future salary increases and pension increases are based on expected future inflation rates for the respective countries. Further details about retirement benefit obligations are given in Note 18.

Income taxes

The Group is subject to taxation in various jurisdictions and significant estimates are required in determining the provision for income taxes. Where the final tax outcome is different from the amounts that were initially recorded, such differences will affect the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised for all deductible temporary differences and unused carry-forward tax losses, to the extent that it is probable that taxable profits will be available against which the deferred tax assets may be utilised.

Management's judgement is required to determine the amount of the deferred tax asset that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Uncertainty in tax positions may arise as tax legislation is subject to interpretation. Estimating uncertain tax provisions requires management judgement to be applied in the interpretation of tax laws across the various jurisdictions in which the Group operates. This includes significant judgement in the determination of whether it is probable that the Group's tax filing positions will be sustained relating to certain complex tax positions, when probable, the measurement of such provision when recognised.

Intangible assets

The Group's consolidated financial statements include goodwill 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.

2.3 Adoption of new accounting policies

The accounting policies adopted are consistent with those of the previous financial year with the exception of those affected by new and amended standards and interpretations.

The Group adopted 'Interest Rate Benchmark Reform Amendments to IFRS 9, IAS 39 and IFRS 7' (IBOR reform Phase 1) for the first time and early adopted the requirements of 'Interest Rate Benchmark Reform – Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16' (IBOR reform Phase 2) which is effective for annual periods beginning on or after January 1, 2021 with earlier adoption permitted. The nature and the impact of these standards are described below.

The Group has not early adopted any standards, interpretations or amendments that have been issued but is not yet effective.

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IBOR reform Phase 1

The Group adopted Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7 (IBOR reform Phase 1) with effect from November 1, 2020. IBOR reform Phase 1 includes a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument during the period before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (RFR). This may lead to uncertainty whether a forecast transaction is highly probable and whether prospectively the hedging relationship is expected to be highly effective. IBOR reform Phase 1 provides reliefs which require the Group to assume that hedging relationships are unaffected by the uncertainties caused by IBOR reform. This includes assuming that hedged cash flows are not altered as a result of IBOR reform. Also, the reliefs allow the Group to continue hedging relationships as a result of retrospective or prospective ineffectiveness. IBOR Reform Phase 1 also requires additional disclosures in relation to those hedging relationships to which the reliefs are applied. As part of the program, we are transitioning our existing IBOR based contracts to those that that reference the new alternative rates and have developed business processes to support the transition. We are on track to substantially complete the remediation of our non-USD LIBOR referenced contracts by incorporating appropriate fallback language or by replacing the LIBOR referenced rates to the corresponding alternative rates with appropriate spread adjustments. We have also started to offer products based upon alternative rates to our clients, and have continued to make information available to them, advising on developments on IBOR transition. The Group continues to assess the impact of IBOR reform on our operations and engage with industry associations on recent developments on the transition to risk-free rates, which includes the development of supporting business processes.

IBOR reform Phase 2

IBOR reform Phase 2 includes a number of reliefs and additional disclosures. The reliefs apply upon the transition of a financial instrument from an IBOR to a risk-free-rate (RFR).

Changes to the basis for determining contractual cash flows as a result of interest rate benchmark reform are required as a practical expedient to be treated as changes to a floating interest rate, provided that, for the financial instrument, the transition from the IBOR benchmark rate to RFR takes place on an economically equivalent basis.

The Group early adopted IBOR reform Phase 2 for its October 2021 year-end. IBOR reform Phase 2 provides temporary reliefs that allow the Group's hedging relationships to continue upon the replacement of an existing interest rate benchmark with an RFR. The reliefs require the Group to amend the hedge designations and hedge documentation. The Group elected, as a policy choice permitted under IFRS 9, to continue to apply hedge accounting in accordance with IAS 39. As a result, additional disclosures related to our exposures to significant benchmark rates subject to the reform are disclosed in Notes 12 and 23 in the Group's consolidated financial statements.

This includes redefining the hedged risk to reference an RFR, redefining the description of the hedging instrument and/or the hedged item to reference the RFR and amending the method for assessing hedge effectiveness. Updates to the hedging documentation must be made by the end of the reporting period in which a replacement takes place. For the retrospective assessment of hedge effectiveness, the Group may elect on a hedge-by-hedge basis to reset the cumulative fair value change to zero. The Group may designate an interest rate as a non-contractually specified, hedged risk component of changes in the fair value or cash flows of a hedged item, provided the interest rate risk component is separately identifiable, e.g., it is an established benchmark that is widely used in the market to price loans and derivatives. For new RFRs that are not yet an established benchmark, relief is provided from this requirement provided the Group reasonably expects the RFR to become separately identifiable within 24 months. For hedges of groups of items, the Group is required to transfer to subgroups those instruments that reference RFRs. Any hedging relationships that prior to application of IBOR reform Phase 2, have been discontinued solely due to IBOR reform and meet the qualifying criteria for hedge accounting when IBOR reform Phase 2 is applied, must be reinstated upon initial application.

2.4 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below:

Foreign currency translation

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that currency. The functional currency of the Bank is the United States dollar; and the consolidated financial statements are presented in United States dollars as this currency is universally accepted and recognised in all the territories in which the Group operates.

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Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at rates prevailing at the reporting date and non-monetary assets and liabilities are translated at historic rates. Revenue and expenses denominated in foreign currencies are translated into the Bank's functional currency and then converted to the Group's presentation currency using prevailing average monthly exchange rates. Realised and unrealised gains and losses on foreign currency positions are reported in income of the current year. Translation differences on non-monetary items, such as equities classified as debt securities at FVOCI, are included in the debt securities revaluation reserve in equity.

Group companies

The results and financial position of all Group entities, which have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date.
- Income and expenses for each statement of comprehensive income or statement of income presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is sold, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated statement of income as part of the gain or loss on sale.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps to manage its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives are taken directly to the consolidated statement of income, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income. For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk).
- Cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

  The Group elected, as a policy choice permitted under IFRS 9, to continue to apply hedge accounting in accordance with IAS 39.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed at inception and on a monthly basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated. A hedge is considered to be highly effective if the changes in fair value or cash flows attributable to the hedged risk are expected to be offset by the hedging instrument in a range of 80% to 125%.

Hedge ineffectiveness can arise from:

- Differences in timing of cash flows of hedged items and hedging instruments
- Different interest rate curves applied to discount the hedged items and hedging instruments
- Derivatives used as hedging instruments having a non-nil fair value at the time of designation
- The effect of changes in counterparties' credit risk on the fair values of hedging instruments or hedged items

Hedges, which meet the Group's strict criteria for hedge accounting, are accounted for as follows:

Fair value hedge

For hedging relationships which are designated and qualify as fair value hedges and that prove to be highly effective in relation to the hedged risk, changes in the fair value of the derivatives are recorded in the consolidated statement of income, along with the corresponding change in fair value of the hedged asset or liability that is attributable to that specific hedged risk. If the hedge no longer meets the criteria for hedge accounting, an adjustment to the carrying amount of a hedged interest- bearing financial instrument is amortised to net profit or loss over the remaining period to maturity.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of income. Amounts accumulated in other comprehensive income are recycled to the consolidated statement of income in the periods in which the hedged item will affect profit or loss (for example, when the forecast sale that is hedged takes place). When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income and is recognised when the forecast transaction is ultimately recognised in the consolidated statement of income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the consolidated statement of income.

Certain derivative instruments do not qualify for hedge accounting or are not so designated, and changes in the fair value of these derivatives are included in net trading gains or losses within operating income.

IBOR Reform Phase 1 and Phase 2

The Group applied IBOR reform Phase 1 for the first time in the year ended October 31, 2021. IBOR reform Phase 1 provides reliefs, which the Group applies to hedging relationships directly affected by interest rate benchmark reform during the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (RFR). A hedging relationship is affected if IBOR reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. The reliefs require that for the purpose of determining whether a forecast transaction is highly probable, it is assumed that the IBOR on which the hedged cash flows are based is not altered as a result of IBOR reform.

IBOR reform Phase 1 requires that for hedging relationships affected by IBOR reform, the Group must assume that for the purpose of assessing expected future hedge effectiveness, the interest rate is not altered as a result of IBOR reform. Also, the Group is not required to discontinue the hedging relationship if the results of the assessment of retrospective hedge effectiveness fall outside the range of 80% to 125%, although any hedge ineffectiveness must be recognised in profit or loss, as normal.

The reliefs cease to apply once certain conditions are met. These include when the uncertainty arising from IBOR reform is no longer present with respect to the timing and amount of the benchmark-based cash flows of the hedged item, if the hedging relationship is discontinued or once amounts in the cash flow hedge reserve have been released.

Interest income and expense

Interest income and expense are recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost and financial instruments designated at FVPL. Interest income on financial assets measured at FVOCI are also recorded by using the EIR method. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset. When calculating the EIR, we estimate future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Bank recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges). If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the consolidated statement of financial position with an increase or reduction in interest income. The adjustment is subsequently amortised through interest and similar income in the consolidated statement of income.

The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired (as set out in Note 15) and is, therefore, regarded as 'Stage 3', the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cure (as outlined

in Note 15) and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

Interest income on financial assets mandatorily required to be measured at FVPL is recognised using the contractual interest rate.

Fee and commission income

The recognition of fee and commission income is determined by the purpose of the fee or commission and the terms specified in the contract with the customer. Revenue is recognised when, or as, a performance obligation is satisfied by transferring control of the service to the customer, in the amount of the consideration to which we expect to be entitled. Revenue may therefore be recognised at a point in time upon completion of the service or over time as the services are provided. When revenue is recognised over time, we are generally required to provide the services each period and we therefore measure our progress towards completion of the service based upon the time elapsed. When another party is involved in providing a service to a customer, we determine whether the nature of our performance obligation is that of a principal or an agent. If we control the service before it is transferred to the customer, we are acting as the principal and present revenue separately from the amount paid to the other party; otherwise we are the agent and present revenue net of the amount paid to the other party. Income, which forms an integral part of the effective interest rate of a financial instrument continues to be recognised as an adjustment to the effective interest rate.

Underwriting and advisory fees are earned on debt and equity securities placements and transaction-based advisory services. Underwriting fees are typically recognised at the point in time when the transaction is completed. Advisory fees are generally recognised as revenue over the period of the engagement as the related services are provided or at the point in time when the transaction is completed.

Deposit services fees arise from personal and business deposit accounts and cash management services. Monthly and annual fees are recognised over the period that the related services are provided. Transactional fees are recognised at the point in time the related services are provided.

Credit services fees consist of loan syndication fees, loan commitment fees, negotiation & collection fees, credit advisory fees, letters of credit and guarantees & bonds fees. Credit fees are generally recognised over the period that the related services are provided, except for loan syndication fees, which are typically recognised at the point in time that the financing placement is completed. Letters of credit and guarantees & bonds fees are charged annually and covers a one-year period starting on the date that the contract was first issued.

Card fees primarily include interchange income, over limit fees, cash advance fees, and annual fees. Card fees are recognised at the point in time the related services are provided, except for annual fees, which are recognised over the 12-month period to which they relate. The cost of credit card loyalty points is recognised as a reduction of interchange income when the loyalty points are issued for both self-managed and third-party loyalty points programs. Credit card loyalty point liabilities are recognised for self-managed loyalty point programs and are subject to periodic re-measurement to reflect the expected cost of redemption as this expectation changes over time.

Investment management fees are primarily based on the respective value of the assets under management (AUM) or assets under administration (AUA) and are recognised over the period that the related services are provided. Investment management fees are generally calculated based on point-in-time AUM and AUA balances. Custodial fees are recognised as revenue over the applicable service period, which is generally the contract term.

Customer loyalty programmes

The Group offers customer points programmes through its Credit Card products. A portion of the net fee revenues are deferred in relation to award credits under customer loyalty programmes as a separately identifiable revenue component. The amount deferred represents the fair value of the award credits and is recognised when the awards are utilised or are expired.

Financial instruments: initial recognition

Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and customer deposits, are initially recognised on the settlement date, which is the date that an asset is delivered to or by the Group. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. The Group recognises balances due to customers when funds are transferred to the Bank.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value except in the case of financial assets and financial

liabilities recorded at FVPL, where transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Group accounts for the Day 1 profit or loss, as described below.

Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognises the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

Measurement categories of financial assets and liabilities

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost
- FVOCI
- FVPL

The Group classifies and measures its derivative and trading portfolio at FVPL as explained in summary of accounting policies. The Group may designate financial instruments at FVPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial liabilities, other than loan commitments and financial guarantees are measured at amortised cost.

Financial assets and liabilities

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

The Group 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 and
- 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

The details of these conditions are outlined below:

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI (solely payments of principal and interest) test

As a second step of its classification process the Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To perform the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

Derivatives recorded at fair value through profit or loss

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e. the 'underlying')
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors
- It is settled at a future date

The Group enters into derivative transactions with various counterparties including the parent, CIBC. These include interest rate swaps, futures, credit default swaps, cross-currency swaps, forward foreign exchange contracts and options on interest rates, foreign currencies and equities. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. The notional amount and fair value of such derivatives are disclosed separately in Note 12. Changes in the fair value of derivatives are included in net trading income unless hedge accounting is applied. Hedge accounting disclosures are provided in Note 12.

Debt instruments at FVOCI

The Group applies the category under IFRS 9 of debt instruments measured 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 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. The ECL calculation for debt instruments at FVOCI is shown in Note 14. Where the Group 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.

Equity instruments at FVOCI

Upon initial recognition, the Group occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

Debt issued and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issued funds, and costs that are an integral part of the effective interest rate. A compound financial instrument which contains both a liability and an equity component is separated at the issue date.

Disclosures for the Group's issued debt are set out in Note 22.

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Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management only designates an instrument at FVPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis,or
- The liabilities are part of a group of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, or
- The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited

Financial assets and financial liabilities at FVPL are recorded in the consolidated statement of financial position at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVPL due to changes in the Group's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVPL is accrued in interest income or interest expense respectively using the EIR, taking into account any discount/premium and qualifying transaction costs being an integral part of the instrument. Interest earned on assets mandatorily required to be measured at FVPL is recorded using contractual interest rate. Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other operating income when the right to the payment has been established.

Financial guarantees, letters of credit and undrawn loan commitments

The Group issues financial guarantees, letters of credit and loan commitments.

The Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation and an ECL allowance.

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. These contracts are in the scope of the ECL requirements and attract allowances based on credit quality.

The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, is not recorded in the consolidated statement of financial position. The nominal values of these instruments together with the corresponding ECLs are disclosed in Note 15.

Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Group reclassified one of its financial assets from loans and advances to debt instruments at amortised cost. No financial liabilities were reclassified.

Derecognition of financial assets and liabilities

Derecognition due to substantial modification of terms and conditions

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 2 for ECL measurement purposes, unless the new loan is deemed to be purchased or originated credit impaired (POCI).

When assessing whether or not to derecognise a loan to a customer, the Group considers the following factors:

- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Derecognition other than for substantial modification

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.
The Group has transferred the financial asset if and only if, either:

- The Group has transferred its contractual rights to receive cash flows from the financial asset, or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Group cannot sell or pledge the original asset other than as security to the eventual recipients
- The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients

A transfer only qualifies for derecognition if either:

- The Group has transferred substantially all the risks and rewards of the asset, or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay. If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Group would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

Impairment of financial assets

Overview of the ECL principles

The Group records an allowance for expected credit losses 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) as outlined in Note 15). The Group's policies for determining if there has been a significant increase in credit risk are set out in Note 32.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

Where the financial asset meets the definition of POCI, the allowance is based on the change in the ECLs over the life of the asset.

The Group 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. This is further explained in Note 32.

Based on the above process, the Group allocates its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- **Stage 1:** When loans are first recognised, the Group recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- **Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- **Stage 3:** Loans considered credit-impaired (as outlined in Note 15).The Group records an allowance for the LTECLs.
- **POCI:** Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses. ECL allowances for POCI assets are reported in Stage 3.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

The calculation of ECLs

The Group calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the 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 mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- **PD** - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PDs is further explained in Note 32.
- **EAD** - The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- **LGD** - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

  When estimating the ECLs, the Group considers among other factors the risk rating category and aging of the financial asset. Each of these is associated with different PDs, EADs and LGDs. When relevant, it also incorporates how defaulted loans and investments are expected to be recovered, including the value of collateral or the amount that might be received for selling the asset.

  With the exception of credit cards and other revolving facilities, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Group has the legal right to call it earlier. The mechanics of the ECL method are summarised below:
- **Stage 1:** The 12m ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.
- **Stage 2:** When a financial asset has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

- **Stage 3:** For financial assets considered credit-impaired, the Group recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.
- **POCI:** These are financial assets that are credit impaired on initial recognition. The Group only recognises the cumulative changes in lifetime ECLs since initial recognition, based on probability-weighting scenarios, discounted by the credit adjusted EIR.
- **Loan commitments and letters of credit:** When estimating 12mECL for undrawn loan commitments, the Group applies the PD and LGD to the undrawn amount, and this amount is discounted at an approximation to the expected EIR on the loan. For credit cards and revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognised within Provisions.
- **Financial guarantee contracts:** The Group estimates ECLs by applying the PD and LGD to the exposure, and this amount is discounted at an approximation to the interest rate relevant to the exposure. The ECLs related to financial guarantee contracts are recognised within credit loss on financial assets.

Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the consolidated 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.

Purchased or originated credit impaired financial assets (POCI)

For POCI financial assets, the Group only recognises the cumulative changes in LTECL since initial recognition in the loss allowance.

Credit cards and other revolving facilities

The Group's product offering includes a variety of corporate and retail overdraft and credit cards facilities, in which the Group has the right to cancel and/or reduce the facilities with one day's notice. The Group does not limit its exposure to credit losses to the contractual notice period, but instead calculates ECL over a period that reflects the Group's expectations of the customers' behaviour, its likelihood of default and the Group's future risk mitigation procedures, which could include reducing or cancelling the facilities.

The ongoing assessment of whether a significant increase in credit risk has occurred for revolving facilities is similar to other lending products. This is based on shifts in the customer's internal credit grade or history of delinquency, as explained in Note 32, but greater emphasis is also given to qualitative factors such as changes in usage. The calculation of ECLs, including the estimation of the expected period of exposure and discount rate is made, on a collective basis for corporate and retail products. The collective assessments are made separately for portfolios of facilities with similar credit risk characteristics.

Forward looking information

In its ECL models, the Group relies on a broad range of forward looking information as economic inputs, such as but not limited to:

- GDP growth or nominal GDP
- Unemployment rate
- Consumer price index and inflation
- Interest rates

For the majority of our loan portfolios, our forecast of forward-looking information variables is established from a "base case" or most likely scenario. For most of the forward-looking information variables related to the Group's businesses, we have forecast scenarios by individual territories. In forming the "base case" scenario, we consider the forecasts of monetary authorities such as the International Monetary Fund (IMF), World Bank and regional regulatory/ statutory bodies. We then derive reasonably possible "upside case" and "downside case" scenarios using the historical performance of variables that are above and below our "base case" along with the application of management judgment. A probability weighting is assigned to our "base case", "upside case" and "downside case" scenarios based on management judgment.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the consolidated financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. The use of management overlays requires the application of significant expert judgment that may impact on the amount and timing of the ECL allowance being recognised. As such, overlays are continuously reviewed for relevance and accuracy.

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Collateral valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Group's consolidated statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a quarterly basis. Details of the impact of the Group's various credit enhancements are disclosed in Note 15.

The Group's credit risk management policies include requirements relating to collateral valuation and management, including verification requirements and legal certainty. Valuations are updated periodically depending upon the nature of the collateral. Management monitors the market value of collateral and requests additional collateral in accordance with the underlying agreement during its periodic review of loan accounts in arrears. Policies are in place to monitor the existence of undesirable concentration in the collateral supporting the Group's credit exposure.

Collateral repossessed

The Group's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in line with the Group's policy.

In its normal course of business, the Group does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the consolidated statement of financial position.

Write-offs

Financial assets are written off either partially or in their entirety only when the Group has judged that there is no realistic prospect of future recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

Forborne and modified loans

The Group sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession of or to otherwise enforce collection of collateral. The Group considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Group would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms.

It is the Group's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

When the loan has been renegotiated or modified but not derecognised, the Group also reassesses whether there has been a significant increase in credit risk, as set out in Note 32. The Group also considers whether the assets should be classified as Stage 3. Once an asset has been classified as forborne, it will remain forborne for a minimum probation period according to the regulatory rules in each country. In order for the loan to be reclassified out of the forborne category, the customer has to meet all of the following criteria:

- All of its facilities have to be considered performing
- The probation period has passed from the date the forborne contract was considered performing
- Regular payments of more than an insignificant amount of principal or interest have been made during at least half of the probation period
- The customer does not have any contract that is more than 30 days past due

Details of forborne assets are disclosed in Note 32. If modifications are substantial, the loan is derecognised.

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Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Sale and repurchase agreements

Securities sold subject to linked repurchase agreements ("repos") are retained in the consolidated financial statements as investment securities and the counterparty liability is included in other borrowed funds. Securities purchased under agreements to resell are recorded as loans and advances to other banks or customers as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of repurchase agreements using the effective interest method.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. An intangible asset is only recognised when its cost can be reliably measured and it is probable that the expected future economic benefits attributable to it will flow to the Group. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level.

Intangible assets acquired in business combinations prior to November 1, 2009 are accounted for as follows:

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired subsidiary undertaking at the date of acquisition and is reported in the consolidated statement of financial position as an intangible asset. Goodwill is tested annually for impairment at third quarter or when circumstances indicate that the carrying value may be impaired and carried at cost less accumulated impairment losses. Goodwill is allocated to the lowest levels for which there are separately identifiable cash flows (cash-generating units) for the purpose of impairment testing.

An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use.

Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probably. They are stated at the lower of carrying amount and fair value less costs to sell.

Property and equipment

All property and equipment is stated at historical cost less accumulated depreciation, with the exception of land which is not depreciated. Historical cost includes expenditures that are directly attributable to the acquisition of the items. Land and buildings comprise mainly of branches and offices. Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of income during the financial period in which they are incurred. Right-of use assets are presented together with property and equipment in the consolidated statement of financial position. Refer to the accounting policy for leases below.

Depreciation of owned assets is computed on the straight-line method at rates considered adequate to write- off the cost of depreciable assets, less salvage, over their estimated useful lives.

The annual rates used are:

- Buildings 2½%
- Leasehold Improvements 10% or over the life of the lease
- Equipment, furniture and vehicles 20 - 50%

Right-of-use assets are depreciated over the life of the lease.

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and are adjusted if appropriate. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The asset's recoverable amount is the higher of the asset's fair value less costs to sell and the value-in-use.

Gains and losses on disposal of property and equipment are determined by reference to its carrying amount and are taken into account in determining net income.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group leases various buildings for extended periods. Contracts may contain both lease and non-lease components, however where the Group has a lease, it has elected not to separate these components and instead accounts for these as a single lease component.

As a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are presented within Note 16 Property and equipment and are subject to similar impairment in line with the Group's impairment policy for non-financial assets.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used)
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The lease liabilities are presented within Other liabilities on the consolidated statement of financial position.

As a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating

lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Determination of the lease term for lease contracts with renewal and termination options (As a lessee)

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjustments (such as the subsidiary's stand-alone credit rating, or to reflect the terms and conditions of the lease).

To determine the incremental borrowing rate, the Group uses a build-up approach, which incorporates internal Funds Transfer Pricing (FTP) methodology to derive the discount rates, which are further duration adjusted to better reflect the amortizing nature of the lease portfolio. The approach makes adjustments specific to the lease, e.g. term, country and currency.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Amounts due from lessees under finance leases mainly relate to the leasing of vehicles & equipment and are recorded under loans and advances to customers in the consolidated statement of financial position at the amount of the net investment in the leases.

At the commencement of the lease term, the Group recognizes finance leases at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. To calculate the present value of the lease payments, the interest rate stipulated in the finance lease is used. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment in the lease.

Restructuring provisions

Restructuring provisions are recognised only when the recognition criteria for provisions are fulfilled. The Group has a constructive obligation when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline. Furthermore, the employees affected have been notified of the plan's main features. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Retirement benefit obligations

Pension obligations

The Group operates a number of pension plans, the assets of which are generally held in separate trustee-administered funds. The pension plans are generally funded by payments from the relevant Group companies, taking account of the recommendations

of independent qualified actuaries. The Group has both defined benefit plans and defined contribution plans. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The asset or liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets, together with adjustments for unrecognised actuarial gains/losses and past service cost. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using interest rates of government securities, which have terms to maturity approximating the terms of the related liability. Most of the pension plans are final salary plans and the charge for such pension plans, representing the net periodic pension cost less employee contributions, is included in staff costs.

Re-measurements, comprising where applicable of actuarial gains and losses, the effect of the asset ceiling, excluding net interest and the return on plan assets (excluding net interest), are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as part of staff costs in the consolidated statement of income:

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

For defined contribution plans, the Group makes contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the Group has no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due and as such are included in staff costs. The Group's contributions to the defined contribution pension plans are charged to the consolidated statement of income in the year to which they relate.

Other post-retirement obligations

Some Group companies provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for defined benefit pension plans. These obligations are valued annually by independent qualified actuaries.

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

The principal temporary differences arise from depreciation on property and equipment, revaluation of certain financial assets and liabilities, provisions for pensions and tax losses carried forward; and in relation to acquisitions, on the difference between the fair values of the net assets acquired and their tax base. Currently enacted or substantially enacted tax rates are used to determine deferred taxes.

Tax payable on profits, based on the applicable tax law in each jurisdiction, is recognised as an expense in the period in which profits arise. Deferred tax assets relating to the carry-forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilised.

Deferred tax related to fair value re-measurement of FVOCI debt securities, which is charged or credited directly to other comprehensive income, is also credited or charged directly to other comprehensive income and is subsequently recognised in the consolidated statement of income together with the realised gain or loss.

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Share capital

Share issue costs

Shares issued for cash are accounted for at the issue price less any transaction costs associated with the issue. Shares issued as consideration for the purchase of assets, or a business, are recorded at the market price on the date of issue.

Dividends on common shares

Dividends on common shares are recognised in equity in the period in which they are declared. Dividends for the year that are declared after the reporting date are not reflected in these consolidated financial statements.

Earnings per share

Basic and diluted earnings per share is calculated by dividing the net profit attributable to equity holders of the parent by the weighted average number of common shares (excluding treasury shares) outstanding during the year.

Fiduciary activities

The Group commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these consolidated financial statements, as they are not assets of the Group.

Segment reporting

Business segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the business segments of an entity. The Group has determined the Group's Executive Committee as its chief operating decision-maker.

Interest income is reported net within revenue as management primarily relies on net interest income as a performance measure and not the gross income and expense.

All transactions between business segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated on consolidation. Income and expenses directly associated with each segment are included in determining business segment performance.

Fair value measurement

The Group measures financial instruments, such as, derivatives, and FVOCI debt securities at fair value at each consolidated statement of financial position date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 32. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- **Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Comparatives

Where necessary, comparative figures have been adjusted to comply with changes in presentation in the current year.

2.5 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

Classification of Liabilities as Current or Non-current – Amendments to IAS 1

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The amendments are not expected to have a significant impact on the Group's consolidated financial statements.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively. The amendments are not expected to have a significant impact on the Group's consolidated financial statements.

Onerous Contracts – Cost of Fulfilling Contract Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The amendments are not expected to have a significant impact on the Group's consolidated financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by (i) replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and (ii) adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Group is currently assessing the impact of these amendments and plans to adopt the new amendment on the required effective date.

Definition of Accounting Estimates – Amendments to IAS 8

In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Group is currently assessing the impact of these amendments and plans to adopt the new amendment on the required effective date.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the consolidated financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Group is currently assessing the impact of these amendments and plans to adopt the new amendment on the required effective date.

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Note 3 Net interest income

	2022	2021
Interest and similar income		
Cash, balances with Central Banks and due from banks	**$ 10,915**	$ 765
Securities	**65,314**	61,174
Loans and advances to customers	**358,918**	338,022
	$ 435,147	$ 399,961
Interest and similar expense		
Customer deposits	**$ 34,522**	$ 30,249
Debt securities in issue	**1,527**	2,585
Other	**2,650**	3,859
	$ 38,699	$ 36,693
	$ 396,448	$ 363,268

Note 4 Operating income

	2022	2021
Net fee and commission income	**$ 125,758**	$ 116,820
Foreign exchange commissions	**73,473**	56,490
Foreign exchange revaluation net (losses)/gains	**(591)**	129
Net trading losses	**(237)**	(999)
Net gains/(losses) on disposals of securities (note 8)	**202**	(311)
Net hedging gains/(losses) (note 12)	**247**	(35)
Other operating income	**3,980**	7,690
	$ 202,832	$ 179,784

Net trading losses have arisen from either disposals and/or changes in the fair value on derivatives held for trading which include failed hedges.

Net investment securities gains/losses have arisen from disposals of FVOCI debt securities.

Net hedging gains/losses have arisen from the difference between the changes in fair value of hedged items in respect of the hedged risk against changes in fair value of the associated hedging instruments.

In 2021, FirstCaribbean International Bank (Jamaica) Limited negotiated an early settlement of deposit liabilities with the National Housing Trust, resulting in the derecognition of $16,492 in customer deposits payable at a fixed date and a gain of $4,428. This gain was included in other operating income.

Analysis of net fee and commission income:

	2022	2021
Underwriting	**$ 2,392**	$ 3,111
Deposit services	**56,993**	51,921
Credit services	**8,544**	5,949
Card services	**30,085**	27,542
Fiduciary & investment management	**24,078**	25,282
Other	**3,666**	3,015
	$ 125,758	$ 116,820

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Note 5 Operating expenses

	2022	2021
Staff costs	**$ 183,000**	$ 196,649
Property and equipment expenses	**44,569**	39,685
Depreciation (note 16)	**44,509**	38,754
Other operating expenses	**125,744**	110,191
	$ 397,822	$ 385,279

Analysis of staff costs:

	2022	2021
Salaries	**$ 152,763**	$ 152,738
Pension costs - defined contribution plans (note 18)	**6,594**	5,599
Pension costs - defined benefit plans (note 18)	**(4,659)**	(1,654)
Post-retirement medical benefits charge (note 18)	**1,258**	1,363
Other share and cash-based benefits	**1,437**	1,463
Risk benefits	**8,415**	8,974
Severance, including staff-related restructuring costs (note 21)	**1,627**	13,677
Other staff related costs	**15,565**	14,489
	$ 183,000	$ 196,649

Severance excludes a release of $315 $ (2021 - $3,221 expense) related to the severance provision from discontinuing and discontinued operations.

Analysis of other operating expenses:

	2022	2021
Business taxes	**$ 38,718**	$ 38,507
Professional fees	**22,338**	18,358
Advertising and marketing	**3,399**	2,513
Business development and travel	**1,308**	466
Communications	**11,527**	9,533
Net losses/(gains) on sale of property and equipment	**150**	(291)
Consumer related expenses	**6,483**	5,200
Non-credit losses	**2,787**	2,611
Outside services	**14,616**	14,392
Other	**24,418**	18,902
	$ 125,744	$ 110,191

Other operating expenses include expenses relating to short-term leases of $243 (2021 - $235) and leases of low-value assets of $1,562 (2021 - $3,091).

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Note 6 Income tax expense

	2022	2021
The components of income tax expense for the year are:		
Current tax charge	**$ 22,531**	$ 8,939
Deferred tax charge relating to temporary differences	**1,814**	3,129
Prior year tax (credit)/charge	**(254)**	88
	$ 24,091	$ 12,156

Tax on the Group's income before tax differs from the theoretical amount that would arise using the Barbados statutory tax rate as follows:

	2022	2021
Income before taxation from continuing operations	**$ 202,355**	$ 140,719
Tax calculated at the statutory tax rate of 5.5%	**11,129**	7,740
Effect of different tax rates in other countries	**3,661**	(2,526)
Effect of income not subject to tax	**(4,642)**	(889)
Effect of income subject to tax at 12.5%	**(28)**	(39)
Effect of withholding tax adjustments	**12,141**	2,996
Effect of sliding scale rate	**(282)**	(149)
Under/(over) provision of prior year current corporation tax liability	**176**	(18)
(Over)/under provision of prior year deferred tax liability	**(438)**	1,725
Movement in deferred tax asset not recognised and other adjustments	**871**	(3,218)
Effect of expenses not deductible for tax purposes	**1,055**	2,832
Other	**590**	688
Unutilized expiring tax losses	**80**	3,378
Remeasurement of deferred tax	**(1,062)**	(364)
De-recognition of deferred tax	**840**	-
	$ 24,091	$ 12,156

Note 7 Earnings per share

The following table shows the income and share data used in the basic earnings per share calculations:

Basic and diluted earnings per share

	2022	2021
Net income attributable to equity holders of the parent from continuing operations	**$ 174,907**	$ 124,630
Weighted average number of common shares (thousands)	**1,577,095**	1,577,095
Basic and diluted earnings per share (expressed in cents per share) from continuing operations	**11.1**	7.9

	2022	2021
Net income attributable to equity holders of the parent	**$ 173,036**	$ 121,788
Weighted average number of common shares (thousands)	**1,577,095**	1,577,095
Basic and diluted earnings per share (expressed in cents per share)	**11.0**	7.7

There are no potentially dilutive instruments.

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Note 8 Components of other comprehensive income, net of tax

		2022		2021
Debt securities at fair value through other comprehensive income, net of tax:				
Net loss arising during the year	**$**	**(31,941)**	$	(14,011)
Reclassification to the consolidated income statement		**(247)**		311
		(32,188)		(13,700)
Attributable to:				
Equity holders of the parent		**(32,047)**		(13,542)
Non-controlling interests		**(141)**		(158)
		(32,188)		(13,700)
Net exchange gains/(losses) on translation of foreign operations, net of tax				
Attributable to:				
Equity holders of the parent		**401**		(4,130)
Non-controlling interests		**-**		-
		401		(4,130)
Other comprehensive loss for the year, net of tax	**$**	**(31,787)**	$	(17,830)

Note 9 Income tax effects relating to other comprehensive income

		2022		2021
Debt securities at fair value through other comprehensive income, net of tax:				
Before	**$**	**(34,063)**	$	(15,069)
Tax charge		**1,875**		1,369
After tax		**(32,188)**		(13,700)
Net exchange losses on translation of foreign operations, net of tax				
Before and after tax		**401**		(4,130)
Other comprehensive loss for the year, net of tax	**$**	**(31,787)**	$	(17,830)

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Note 10 Cash and balances with Central Banks

	2022	2021
Cash	**$ 112,722**	$ 107,089
Deposits with Central Banks - interest bearing	**122,502**	172,489
Deposits with Central Banks - non-interest bearing	**1,304,691**	1,170,825
Cash and balances with Central Banks	**1,539,915**	1,450,403
Less: Mandatory reserve deposits with Central Banks	**(382,980)**	(363,047)
Included in cash and cash equivalents as per below	**$ 1,156,935**	$ 1,087,356

Mandatory reserve deposits with Central Banks represent the Group's regulatory requirement to maintain a percentage of deposit liabilities as cash and/or deposits with Central Banks. These funds are not available to finance the Group's day-to day operations and as such are excluded from cash resources to arrive at cash and cash equivalents.

Cash and cash equivalents

	2022	2021
Cash and balances with Central Banks as per above	**$ 1,156,935**	$ 1,087,356
Due from banks (note 11)	**1,186,938**	1,376,560
	$ 2,343,873	$ 2,463,916
Cash and cash equivalents classified as assets of disposal group held for sale and discontinuing operations (note 33)	**167,956**	157,684
	$ 2,511,829	$ 2,621,600

Note 11 Due from banks

	2022	2021
Included in cash and cash equivalents (note 10)	**$ 1,186,938**	$ 1,376,560

The average effective yield on these amounts during the year was 0.8% (2021 – 0.1%).

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Note 12 Derivative financial instruments

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities, together with their notional amounts. The notional amount recorded gross, is the amount of a derivative's underlying asset, reference rate or index that is the basis upon which changes in the value of derivatives are measured.

2022	**Notional amount**	**Assets**	**Liabilities**
Interest rate swaps	**$ 259,385**	**$ 7,240**	**$ 5,404**
Foreign exchange forwards	**-**	**-**	**-**
Interest rate options	**205,934**	**5,839**	**5,838**
Commodity options	**16,518**	**428**	**384**
	$ 481,837	**$ 13,507**	**$ 11,626**

2021	Notional amount	Assets	Liabilities
Interest rate swaps	$ 341,336	$ 3,928	$ 8,756
Foreign exchange forwards	6,335	6	-
Interest rate options	222,904	1,918	1,918
Commodity options	-	-	-
	$ 570,575	$ 5,852	$ 10,674

The Group has positions in the following types of derivatives and they are measured at fair value through profit or loss:

Interest rate swaps

Interest rate swaps are contractual agreements between two parties to exchange movements in interest rates.

Foreign exchange forwards

Foreign exchange forwards are contractual agreements to buy or sell a specified amount of foreign currency at a future date, at an exchange rate fixed at inception of the contract.

Interest rate options

Interest rate options are contractual agreements, which convey the right, but not the obligation, to pay or receive a specified amount calculated from movements in interest rates.

Commodity options

Commodity options are contractual agreements, which convey the right, but not the obligation to pay or receive a specified amount calculated with reference to changes in commodity prices.

As at 2022 and 2021, there was no cash collateral pledged with counterparties that have one-way collateral posting arrangements.

Derivative financial instruments held or issued for hedging purposes

As part of its asset and liability management, the Group uses derivatives for hedging purposes in order to reduce its exposure to specified risks. Fair value hedges are used by the Group to protect against changes in the fair value of specific financial assets due to movements in interest rates. The financial assets hedged for interest rate risk include fixed interest rate loans and FVOCI debt securities and are hedged by interest rate swaps.

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IBOR reform

The effect of IBOR reform on the Group's interest rate risk management is described in Note 32. The specific impact on the Group's hedging activities is being carefully managed as part of the overall project to achieve IBOR reform.

The table below indicates the nominal amount and weighted average maturity of derivatives in hedging relationships that will be affected by IBOR reform as financial instruments transition to RFRs, analysed by interest rate basis. The derivative hedging instruments provide a close approximation to the extent of the risk exposure the Group manages through hedging relationships.

	2022		2021	
	Nominal amount	Average maturity (years)	Nominal amount	Average maturity (years)
Interest rate swaps				
LIBOR USD (6 months)	**$ 64,776**	**1**	$ 83,283	2

In 2022 and 2021, the Group did not recognise any gains or losses as a result of failed hedges, which are included within operating income as part of net trading gains as these derivatives are classified as trading derivatives upon failure.

Hedged items currently designated:

2022		
	Carrying amount of the hedged items	Cumulative amount of fair value of hedging adjustment included in the carrying amount of the hedged items
Consolidated statement of financial position line in which the hedged item is included:		
Loans & advances to customers	**$ 65,610**	**$ 937**

2021		
	Carrying amount of the hedged items	Cumulative amount of fair value of hedging adjustment included in the carrying amount of the hedged items
Consolidated statement of financial position line in which the hedged item is included:		
Loans & advances to customers	$ 90,614	$ 7,571

As at October 31, 2022, the accumulated fair value hedge adjustments remaining on the consolidated statement of financial position related to discontinued fair value hedges were $148 (2021: $422).

The following table shows the net gains and losses recognised in income related to derivatives in live fair value hedging relationships that exist as at October 31:

	2022	2021
Recorded in operating income:		
Recognised gains on hedging instruments	**$ 6,881**	$ 4,043
Recognised losses on hedge item	**(6,634)**	(4,078)
Net gains/losses recognised on fair value hedges	**$ 247**	$ (35)

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Note 13 Other assets

	2022	2021
Prepayments and deferred items	**$ 17,596**	$ 18,855
Other accounts receivable	**106,161**	87,242
	123,757	$ 106,097

Note 14 Securities

2022	Stage 1	Stage 2	Stage 3	Total
Securities measured at FVOCI:				
Government securities				
- Regional	$ 47,173	$ 254,800	$ -	$ 301,973
- Non Regional	1,262,829	-	-	1,262,829
Total Government securities	**1,310,002**	**254,800**	**-**	**1,564,802**
Corporate debt securities	854,573	11,407	-	865,980
Total debt securities	**$ 2,164,575**	**$ 266,207**	**$ -**	**$ 2,430,782**
Equity securities – unquoted	627	-	-	627
Total securities measured at FVOCI	**$ 2,165,202**	**$ 266,207**	**$ -**	**$ 2,431,409**
Debt securities amortised cost				
Government securities at amortised cost	$ 97,106	$ -	$ 362,690	$ 459,796
Corporate securities at amortised cost	45,416	-	-	45,416
Total securities amortised cost	**$ 142,522**	**$ -**	**$ 362,690**	**$ 505,212**
Total securities FVOCI & amortised cost	**$ 2,307,724**	**$ 266,207**	**$ 362,690**	**$ 2,936,621**
Add: Interest receivable				9,248
Total	**$ 2,307,724**	**$ 266,207**	**$ 362,690**	**$ 2,945,869**

2021	Stage 1	Stage 2	Stage 3	Total
Securities measured at FVOCI:				
Government securities				
- Regional	$ 142,481	$ 288,665	$ -	$ 431,146
- Non Regional	569,411	-	-	569,411
Total Government securities	711,892	288,665	-	1,000,557
Corporate debt securities	1,046,756	45,429	-	1,092,185
Total debt securities	$ 1,758,648	$ 334,094	$ -	$ 2,092,742
Equity securities – unquoted	622	-	-	622
Total securities measured at FVOCI	$ 1,759,270	$ 334,094	$ -	$ 2,093,364
Debt securities amortised cost				
Government securities at amortised cost	$ 78,169	$ -	$ 318,851	$ 397,020
Corporate securities at amortised cost	33,860	19,857	-	53,717
Total securities amortised cost	$ 112,029	$ 19,857	$ 318,851	$ 450,737
Total securities FVOCI & amortised cost	$ 1,871,299	$ 353,951	$ 318,851	$ 2,544,101
Add: Interest receivable				9,217
Total				$ 2,553,318

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Allowance for credit losses on securities

The tables below provide a reconciliation of the opening balance to the closing balance of the ECL allowances for debt securities measured at FVOCI and at amortised cost:

2022

	Stage 1 Collective provision 12 month ECL performing	Stage 2 Collective provision lifetime ECL performing	Stage 3 Collective and individual provision lifetime ECL credit impaired	Total
Debt Securities at FVOCI				
Balance at beginning of year	$ 2,780	$ 12,342	$ -	$ 15,122
Originations net of repayments and other derecognitions	(180)	(687)	-	(867)
Changes in model	-	-	-	-
Net remeasurement	(431)	2,918	-	2,487
Transfers	-	-	-	-
- to 12-month ECL	-	-	-	-
- to lifetime ECL non-credit impaired	-	-	-	-
- to lifetime ECL credit impaired	-	-	-	-
Credit loss expense	(611)	2,231	-	1,620
Net (write-offs)/recoveries	-	-	-	-
Foreign exchange and other	78	46	-	124
Balance at end of year	$ 2,247	$ 14,619	$ -	$ 16,866
Debt securities at amortised cost				
Balance at beginning of year	$ 1,766	$ 143	$ 10,215	$ 12,124
Originations net of repayments and other derecognitions	99	-	-	99
Changes in model	-	-	-	-
Net remeasurement	(684)	-	(2,037)	(2,721)
Transfers				
- to 12-month ECL	-	-	-	-
- to lifetime ECL non-credit impaired	143	(143)	-	-
- to lifetime ECL credit impaired	-	-	-	-
Credit loss release	(442)	(143)	(2,037)	(2,622)
Net (write-offs)/recoveries	-	-	-	-
Foreign exchange and other	-	-	891	891
Balance at end of year	$ 1,324	$ -	$ 9,069	$ 10,393

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2021

	Stage 1 Collective provision 12 month ECL performing	Stage 2 Collective provision lifetime ECL performing	Stage 3 Collective and individual provision lifetime ECL credit impaired	Total
Debt Securities at FVOCI				
Balance at beginning of year	$ 13,469	$ 2,895	$ -	$ 16,364
Originations net of repayments and other derecognitions	(611)	(559)	-	(1,170)
Changes in model	-	-	-	-
Net remeasurement	891	90	-	981
Transfers				
- to 12-month ECL	-	-	-	-
- to lifetime ECL non-credit impaired	(10,840)	10,840	-	-
- to lifetime ECL credit impaired	-	-	-	-
Credit loss release	(10,560)	10,371	-	(189)
Net (write-offs)/recoveries	-	-	-	-
Foreign exchange and other	(129)	(924)	-	(1,053)
Balance at end of year	$ 2,780	$ 12,342	$ -	$ 15,122
Debt securities at amortised cost				
Balance at beginning of year	$ 1,392	$ -	$ 10,215	$ 11,607
Originations net of repayments and other derecognitions	18	-	-	18
Changes in model	-	-	-	-
Net remeasurement	396	103	-	499
Transfers				
- to 12-month ECL	-	-	-	-
- to lifetime ECL non-credit impaired	(40)	40	-	-
- to lifetime credit impaired	-	-	-	-
Credit loss expense	374	143	-	517
Net (write-offs)/recoveries	-	-	-	-
Foreign exchange and other	-	-	-	-
Balance at end of year	$ 1,766	$ 143	$ 10,215	$ 12,124
Total ECL Allowance	$ 4,546	$ 12,485	$ 10,215	$ 27,246

Impact of COVID-19 pandemic on expected credit losses for Securities

To address the uncertainties inherent in the current environment, management overlays were utilised for the impact that the COVID-19 pandemic will have on the migration of exposures that are most susceptible to these risks. As at October 31, 2022, the COVID-19 overlay for securities stood at $nil (2021 - $19 million). The management overlay has now been incorporated directly in the ECL model.

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The average effective yield during the year on debt securities was 2.86% (2021 – 2.78%). The Group has a regulatory reserve requirement to maintain a percentage of deposit liabilities in cash or in the form of Government securities. At October 31, 2022 the reserve requirement amounted to $666,044 (2021 - $719,521) of which $382,980 (2021 - $363,047) is included within cash and balances with Central Banks (note 10).

The movement in debt securities at FVOCI and amortised cost (excluding interest receivable) is summarised as follows:

	2022	2021
Balance, beginning of year	**$ 2,544,101**	$ 3,015,378
Additions (purchases, changes in fair value and foreign exchange)	**10,529,952**	7,069,121
Disposals (sales and redemptions)	**(10,136,868)**	(7,478,175)
Transferred to a disposal group classified as held for sale	**(564)**	(62,223)
Balance end of year	**$ 2,936,621**	$ 2,544,101

Note 15 Loans and advances to customers

2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Residential mortgages				
Gross loans	$ 1,863,597	$ 153,897	$ 157,146	$ 2,174,640
ECL allowance	(21,473)	(7,755)	(85,491)	(114,719)
Net residential mortgages	1,842,124	146,142	71,655	2,059,921
Personal				
Gross loans	590,385	29,799	38,479	658,663
ECL allowance	(13,031)	(2,889)	(26,373)	(42,293)
Net personal	577,354	26,910	12,106	616,370
Business & Sovereign				
Gross loans	3,045,996	965,030	82,260	4,093,286
ECL allowance	(43,270)	(34,575)	(41,965)	(119,810)
Net Business & Sovereign	3,002,726	930,455	40,295	3,973,476
Total net loans				
Gross loans	$ 5,499,978	$ 1,148,726	$ 277,885	$ 6,926,589
ECL allowance	(77,774)	(45,219)	(153,829)	(276,822)
Net loans	5,422,204	1,103,507	124,056	6,649,767
Add: Interest receivable				31,524
Less: Unearned fee income				(31,780)
Total				$ 6,649,511

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2021	Stage 1	Stage 2	Stage 3	Total
Residential mortgages				
Gross loans	$ 1,683,790	$ 310,087	$ 152,705	$ 2,146,582
ECL allowance	(25,224)	(19,365)	(78,045)	(122,634)
Net residential mortgages	1,658,566	290,722	74,660	2,023,948
Personal				
Gross loans	572,318	52,638	41,921	666,877
ECL allowance	(11,515)	(3,794)	(29,084)	(44,393)
Net personal	560,803	48,844	12,837	622,484
Business & Sovereign				
Gross loans	2,785,878	1,135,627	93,107	4,014,612
ECL allowance	(57,708)	(50,386)	(51,326)	(159,420)
Net Business & Sovereign	2,728,170	1,085,241	41,781	3,855,192
Total net loans				
Gross loans	5,041,986	1,498,352	287,733	6,828,071
ECL allowance	(94,447)	(73,545)	(158,455)	(326,447)
Net loans	$ 4,947,539	$ 1,424,807	$ 129,278	$ 6,501,624
Add: Interest receivable				29,142
Less: Unearned fee income				(29,481)
Total				$ 6,501,285

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2022

	Stage 1 Collective provision 12 month ECL performing	Stage 2 Collective provision lifetime ECL performing	Stage 3 Collective and individual provision lifetime ECL credit impaired	Total
Residential mortgages				
Balance at beginning of year	$ 25,224	$ 19,365	$ 78,045	$ 122,634
Originations net of repayments and other derecognitions	2,242	(375)	(1,203)	664
Changes in model	(3,280)	(1,174)	-	(4,454)
Net remeasurement	(13,006)	1,759	26,364	15,117
Transfers				
- to 12-month ECL	11,615	(10,971)	(644)	-
- to lifetime ECL non-credit impaired	(1,889)	2,504	(615)	-
- to lifetime ECL credit impaired	(35)	(3,389)	3,424	-
Credit loss expense	(4,353)	(11,646)	27,326	11,327
Net (write-offs)/recoveries	-	-	(19,145)	(19,145)
Interest income on impaired loans	-	-	(4,175)	(4,175)
Foreign exchange and other	602	36	3,440	4,078
Balance at end of year	$ 21,473	$ 7,755	$ 85,491	$ 114,719
Personal				
Balance at beginning of year	$ 8,614	$ 2,153	$ 28,891	$ 39,658
Originations net of repayments and other derecognitions	1,865	(135)	(1,032)	698
Changes in model	1,114	245	-	1,359
Net remeasurement	(2,414)	(3)	6,647	4,230
Transfers				
- to 12-month ECL	1,770	(1,464)	(306)	-
- to lifetime ECL non-credit impaired	(908)	919	(11)	-
- to lifetime ECL credit impaired	(40)	(463)	503	-
Credit loss expense	1,387	(901)	5,801	6,287
Net (write-offs)/recoveries	-	-	(7,140)	(7,140)
Interest income on impaired loans	-	-	(861)	(861)
Foreign exchange and other	3	(3)	(491)	(491)
Balance at end of year	$ 10,004	$ 1,249	$ 26,200	$ 37,453

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2022

	Stage 1 Collective provision 12 month ECL performing	Stage 2 Collective provision lifetime ECL performing	Stage 3 Collective and individual provision lifetime ECL credit impaired	Total
Credit card				
Balance at beginning of year	$ 2,901	$ 1,641	$ 193	$ 4,735
Originations net of repayments and other derecognitions	(59)	6	-	(53)
Changes in model	-	-	-	-
Net remeasurement	187	(9)	4,051	4,229
Transfers				
- to 12-month ECL	-	-	-	-
- to lifetime ECL non-credit impaired	-	-	-	-
- to lifetime ECL credit impaired	-	-	-	-
Credit loss expense	128	(3)	4,051	4,176
Net (write-offs)/recoveries	-	-	(4,042)	(4,042)
Interest income on impaired loans	-	-	-	-
Foreign exchange and other	(2)	2	(29)	(29)
Balance at end of year	$ 3,027	$ 1,640	$ 173	$ 4,840
Business and government				
Balance at beginning of year	$ 57,708	$ 50,386	$ 51,326	$ 159,420
Originations net of repayments and other derecognitions	12,160	(1,553)	(396)	10,211
Changes in model	(10,121)	(4,180)	-	(14,301)
Net remeasurement	(15,834)	(9,727)	7,959	(17,602)
Transfers				
- to 12-month ECL	5,439	(5,299)	(140)	-
- to lifetime ECL non-credit impaired	(5,386)	5,797	(411)	-
- to lifetime ECL credit impaired	(22)	(920)	942	-
Credit loss release	(13,764)	(15,882)	7,954	(21,692)
Net (write-offs)/recoveries	-	-	(9,812)	(9,812)
Interest income on impaired loans	-	-	(3,077)	(3,077)
Foreign exchange and other	(674)	71	(4,426)	(5,029)
Balance at end of year	$ 43,270	$ 34,575	$ 41,965	$ 119,810

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2022

	Stage 1 Collective provision 12 month ECL performing	Stage 2 Collective provision lifetime ECL performing	Stage 3 Collective and individual provision lifetime ECL credit impaired	Total
Total Bank				
Balance at beginning of year	$ 94,447	$ 73,545	$ 158,455	$ 326,447
Originations net of repayments and other derecognitions	16,208	(2,057)	(2,631)	11,520
Changes in model	(12,287)	(5,109)	-	(17,396)
Net remeasurement	(31,067)	(7,980)	45,021	5,974
Transfers				
- to 12-month ECL	18,824	(17,734)	(1,090)	-
- to lifetime ECL non-credit impaired	(8,183)	9,220	(1,037)	-
- to lifetime ECL credit impaired	(97)	(4,772)	4,869	-
Credit loss expense	(16,602)	(28,432)	45,132	98
Net (write-offs)/recoveries	-	-	(40,139)	(40,139)
Interest income on impaired loans	-	-	(8,113)	(8,113)
Foreign exchange and other	(71)	106	(1,506)	(1,471)
Balance at end of year	$ 77,774	$ 45,219	$ 153,829	$ 276,822
Total ECL allowance comprises:				
Loans	$ 69,892	$ 44,079	$ 153,829	$ 267,800
Undrawn credit facilities	7,882	1,140	-	9,022

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2021

	Stage 1 Collective provision 12 month ECL performing	Stage 2 Collective provision lifetime ECL performing	Stage 3 Collective and individual provision lifetime ECL credit impaired	Total
Residential mortgages				
Balance at beginning of year	$ 20,874	$ 66,902	$ 59,354	$ 147,130
Originations net of repayments and other derecognitions	2,812	(869)	(684)	1,259
Changes in model	1,859	(8,076)	4,675	(1,542)
Net remeasurement	(31,266)	(2,336)	14,914	(18,688)
Transfers				
- to 12-month ECL	34,374	(33,879)	(495)	-
- to lifetime ECL non-credit impaired	(2,753)	3,703	(950)	-
- to lifetime ECL credit impaired	(75)	(4,986)	5,061	-
Credit loss release	4,951	(46,443)	22,521	(18,971)
Net (write-offs)/recoveries	-	-	1,304	1,304
Interest income on impaired loans	-	-	(3,764)	(3,764)
Foreign exchange and other	(601)	(1,094)	(1,370)	(3,065)
Balance at end of year	$ 25,224	$ 19,365	$ 78,045	$ 122,634
Personal				
Balance at beginning of year	$ 10,139	$ 7,839	$ 21,416	$ 39,394
Originations net of repayments and other derecognitions	1,847	(383)	(754)	710
Changes in model	(2,789)	(1,079)	1,538	(2,330)
Net remeasurement	(3,985)	195	7,390	3,600
Transfers				
- to 12-month ECL	4,689	(4,325)	(364)	-
- to lifetime ECL non-credit impaired	(764)	864	(100)	-
- to lifetime ECL credit impaired	(42)	(884)	926	-
Credit loss expense	(1,044)	(5,612)	8,636	1,980
Net (write-offs)/recoveries	-	-	249	249
Interest income on impaired loans	-	-	(790)	(790)
Foreign exchange and other	(481)	(74)	(620)	(1,175)
Balance at end of year	$ 8,614	$ 2,153	$ 28,891	$ 39,658

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2021

	Stage 1 Collective provision 12 month ECL performing	Stage 2 Collective provision lifetime ECL performing	Stage 3 Collective and individual provision lifetime ECL credit impaired	Total
Credit card				
Balance at beginning of year	$ 3,102	$ 3,390	$ 247	$ 6,739
Originations net of repayments and other derecognitions	(166)	-	-	(166)
Changes in model	-	-	-	-
Net remeasurement	112	(1,648)	11,200	9,664
Transfers				
- to 12-month ECL	-	-	-	-
- to lifetime ECL non-credit impaired	-	-	-	-
- to lifetime ECL credit impaired	-	-	-	-
Credit loss expense	(54)	(1,648)	11,200	9,498
Net (write-offs)/recoveries	-	-	(11,197)	(11,197)
Interest income on impaired loans	-	-	-	-
Foreign exchange and other	(147)	(101)	(57)	(305)
Balance at end of year	$ 2,901	$ 1,641	$ 193	$ 4,735
Business and government				
Balance at beginning of year	$ 75,177	$ 29,034	$ 41,827	$ 146,038
Originations net of repayments and other derecognitions	5,751	(83)	(2,070)	3,598
Changes in model	(8,973)	(19,887)	929	(27,931)
Net remeasurement	(6,654)	38,817	16,389	48,552
Transfers				
- to 12-month ECL	10,337	(10,074)	(263)	-
- to lifetime ECL non-credit impaired	(15,347)	15,738	(391)	-
- to lifetime ECL credit impaired	(267)	(1,095)	1,362	-
Credit loss expense	(15,153)	23,416	15,956	24,219
Net (write-offs)/recoveries	-	-	(1,512)	(1,512)
Interest income on impaired loans	-	-	(3,202)	(3,202)
Foreign exchange and other	(2,316)	(2,064)	(1,743)	(6,123)
Balance at end of year	$ 57,708	$ 50,386	$ 51,326	$ 159,420

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2021

	Stage 1 Collective provision 12 month ECL performing	Stage 2 Collective provision lifetime ECL performing	Stage 3 Collective and individual provision lifetime ECL credit impaired	Total
Total Bank				
Balance at beginning of year	$ 109,292	$ 107,165	$ 122,844	$ 339,301
Originations net of repayments and other derecognitions	10,243	(1,336)	(3,509)	5,398
Changes in model	(9,903)	(29,042)	7,143	(31,802)
Net remeasurement	(41,790)	35,027	49,893	43,130
Transfers				
- to 12-month ECL	49,399	(48,277)	(1,122)	-
- to lifetime ECL non-credit impaired	(18,865)	20,305	(1,440)	-
- to lifetime ECL credit impaired	(384)	(6,964)	7,348	-
Credit loss expense	(11,300)	(30,287)	58,313	16,726
Net (write-offs)/recoveries	-	-	(11,156)	(11,156)
Interest income on impaired loans	-	-	(7,756)	(7,756)
Foreign exchange and other	(3,545)	(3,333)	(3,790)	(10,668)
Balance at end of year	$ 94,447	$ 73,545	$ 158,455	$ 326,447
Total ECL allowance comprises:				
Loans	$ 84,935	$ 71,506	$ 158,455	$ 314,896
Undrawn credit facilities	9,512	2,039	-	11,551

Impaired loans

	2022			2021		
	Gross impaired	**Stage 3 allowance**	**Net impaired**	Gross impaired	Stage 3 allowance	Net impaired
Residential mortgages	**$ 157,146**	**$ 85,491**	**$ 71,655**	$ 152,705	$ 78,045	$ 74,660
Personal	**38,479**	**26,373**	**12,106**	41,921	29,084	12,837
Business & Sovereign	**82,260**	**41,965**	**40,295**	93,107	51,326	41,781
Total impaired loans	**$ 277,885**	**$ 153,829**	**$ 124,056**	$ 287,733	$ 158,455	$ 129,278

The average interest yield during the year on loans and advances was 5.3% (2021 – 5.1%). Impaired loans as at October 31, 2022 amounted to $277,885 (2021 - $287,733) and interest taken to income on impaired loans during the year amounted to $8,067 (2021 – $7,755).

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Contractually past due loans but not impaired

This comprises loans where repayment of principal or payment of interest is contractually in arrears. The following tables provides an aging analysis of the contractually past due but not impaired loans:

2022	Residential Mortgages	Personal Loans	Business & Sovereign	Total
Less than 30 days	$ 60,767	$ 11,066	$ 71,795	$ 143,628
31 – 60 days	65,041	14,812	21,498	101,351
61 – 89 days	44,623	5,009	28,504	78,136
	$ 170,431	$ 30,887	$ 121,797	$ 323,115

2021	Residential Mortgages	Personal Loans	Business & Sovereign	Total
Less than 30 days	$ 65,468	$ 8,948	$ 68,544	$ 142,960
31 – 60 days	76,050	17,405	29,981	123,436
61 – 89 days	52,071	6,236	19,081	77,388
	$ 193,589	$ 32,589	$ 117,606	$ 343,784

Impact of COVID-19 pandemic on expected credit losses for Loans and advances to customers

As a result of the impact of the COVID-19 pandemic and the potential negative impact on the Group's loan portfolio arising from the decline in economic activity, a heightened application of judgement in a number of areas was required in the determination of whether a significant increase in credit risk (SICR) has occurred. This included the careful evaluation of the evolving macroeconomic environment and the various client relief programs that were provided to our clients. Interest or principal deferments pursuant to various relief programs provided in some cases resulted in a SICR, that would trigger migration to stage 2 as we determined that there was a SICR based on our assessment of related forward-looking indicators. Management overlays to ECL allowance estimates are adjustments, which we use in circumstances where our existing inputs, assumptions and model techniques are determined to not capture all relevant risk factors. To address the uncertainties inherent in the current environment, management overlays were utilised for the impact that the COVID-19 pandemic will have on the migration of exposures that are most susceptible to these risks. As at October 31, 2022, the COVID-19 overlay for loans stood at $nil (2021 - $5.4 million). The decrease in 2022 was due to assumption and model updates to reflect the current economic environment, eliminating the need for a COVID-19 management overlay assessment.

Loans and advances to customers include finance lease receivables:

	2022	2021
No later than 1 year	**$ 640**	$ 1,094
Later than 1 year and no later than 5 years	**3,355**	4,545
Gross investment in finance leases	**3,995**	5,639
Unearned finance income on finance leases	**(217)**	(321)
Net investment in finance leases	**$ 3,778**	$ 5,318

During the year ended October 31, 2022, $714 (2021 - $677) of lease income was recorded in net income.

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Note 16 Property and equipment

2022	Land and buildings	Equipment, Furniture and vehicles	Leasehold improvements	Right of use assets (Buildings)	Total
Cost					
Balance, beginning of year	$ 97,670	$ 397,163	$ 48,581	$ 49,057	$ 592,471
Purchases	925	33,848	2,177	199	37,149
Disposals	-	(8,634)	(2,555)	(1,362)	(12,551)
Modifications, net transfers/write off *	(192)	909	(1,372)	9,827	9,172
Transferred to disposal group classified as held for sale	-	-	-	-	-
Balance, end of year	$ 98,403	$ 423,286	$ 46,831	$ 57,721	$ 626,241
Accumulated depreciation					
Balance, beginning of year	$ 41,590	$ 298,233	$ 38,665	$ 20,759	$ 399,247
Depreciation for continuing operations	2,478	29,028	2,803	10,200	44,509
Depreciation for discontinued operations	-	241	-	-	241
Disposals	-	(7,385)	(2,160)	(586)	(10,131)
Modifications, net transfers/write off *	-	-	-	(224)	(224)
Transferred to disposal group classified as held for sale	(98)	(178)	-	-	(276)
Balance, end of year	$ 43,970	$ 319,939	$ 39,308	$ 30,149	$ 433,366
Net book, value end of year	$ 54,433	$ 103,347	$ 7,523	$ 27,572	$ 192,875

2021	Land and buildings	Equipment, Furniture and vehicles	Leasehold improvements	Right of use assets (Buildings)	Total
Cost					
Balance, beginning of year	$ 99,570	$ 376,604	$ 48,524	$ 50,481	$ 575,179
Effect of adoption of IFRS16	-	-	-	-	-
Purchases	1,294	20,118	1,243	337	22,992
Disposals	-	(1,401)	(276)	(21)	(1,698)
Modifications, net transfers/write off *	2,545	5,725	(910)	(1,740)	5,620
Transferred to disposal group classified as held for sale	(5,739)	(3,883)	-	-	(9,622)
Balance, end of year	$ 97,670	$ 397,163	$ 48,581	$ 49,057	$ 592,471
Accumulated depreciation					
Balance, beginning of year	$ 43,134	$ 279,300	$ 36,667	$ 10,452	$ 369,553
Depreciation for continuing operations	2,520	22,816	2,926	10,492	38,754
Depreciation for discontinued operations	-	278	-	-	278
Disposals	-	(1,402)	(276)	(15)	(1,693)
Modifications, net transfers/write off *	(411)	25	(652)	(170)	(1,208)
Transferred to disposal group classified as held for sale	(3,652)	(2,783)	-	-	(6,435)
Balance, end of year	$ 41,591	$ 298,234	$ 38,665	$ 20,759	$ 399,249
Net book, value end of year	$ 56,079	$ 98,929	$ 9,916	$ 28,298	$ 193,222

**This refers to lease modifications, transfers as well as net write-offs of fully depreciated assets, which are no longer in use by the Group.*

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This note also provides information for operating leases where the group is a lessee. There are no operating leases where the group is a lessor. Included as part of equipment, furniture and vehicles is an amount for $27,572 (2021 - $28,298) relating to systems development costs and work in progress which is incomplete, not yet in operation and on which no depreciation has been charged.

Property and equipment transferred to the disposal group classified as held-for-sale amounts to $2,909 (2021 - $3,187). See note 33 for further details regarding the disposal group held for sale.

Note 17 | Deferred tax assets/(liabilities)

The movement on the net deferred tax assets/ (liabilities) was as follows:

		2022		2021
Net deferred tax position, beginning of year	**$**	**8,928**	$	15,664
Deferred tax charge/(credit) to consolidated statement of income from continuing operations		**1,560**		(3,225)
Deferred tax asset charge/(credit) to consolidated statement of income from discontinuing operations		**211**		(486)
Deferred tax charge/(credit) to other comprehensive income for the year		**3,365**		(3,025)
Net deferred tax position, end of year	**$**	**14,064**	$	8,928

Represented by:

		2022		2021
Deferred tax assets	**$**	**27,194**	$	27,415
Deferred tax liabilities		**(13,130)**		(18,487)
Net deferred tax position, end of year	**$**	**14,064**	$	8,928

The components of the net deferred tax position are:

		2022		2021
Accelerated tax depreciation	**$**	**2,381**	$	333
ECL allowances		**12,952**		15,971
Other provisions		**3,084**		3,026
Tax losses carried forward		**5,522**		5,349
Pension and other post-retirement benefit assets		**(10,507)**		(14,507)
Changes in fair value of debt securities in other comprehensive income		**632**		(1,244)
	$	**14,064**	$	8,928

The deferred tax assets include assets established on tax losses carried forward of $2,223 (2021 - $2,028), $2,037 will expire over the next seven years (2021 - $1,560). The Group has tax losses of $722,042 (2021 - $724,769) from continuing operations and $22,411 (2021- $27,827) for which no deferred tax assets have been recognised due to uncertainty of their recoverability. These losses will expire over the next seven years.

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Note 18 | Retirement benefit assets and obligations

The Group has insured group health plans and a number of pension schemes established and regulated by relevant legislation in the territories in which the Group operates. The pension schemes are a mixture of defined benefit and defined contribution plans.

Plan characteristics, funding and risks

The benefits that members receive at retirement under the defined contribution plans depend on their account balances at retirement and the cost of purchasing an annuity. Most of the defined benefit pension plans are non-contributory and allow for additional voluntary contributions with benefits dependent on either highest average annual pensionable earnings in the last ten years of membership or highest inflation adjusted salary in any one of the last three years of membership. The defined benefit plans are fully integrated with the benefits provided by any national insurance or social security schemes in the different countries that are covered by the plans. The insured health plans allow for retirees to continue receiving health benefits during retirement. The plans require contributions to separate funds, are administered independently and are valued by independent actuaries every three years using the projected unit credit method.

Benefit changes

There were no other material changes to the terms of the Group's defined benefit pension or post-retirement medical benefit plans in 2022 and 2021.

Risks

The defined benefit pension and post-retirement medical benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk, market risk (investment risk) and health care cost inflation risk arising in the relevant sectors.

Plan governance

The Group is responsible for the establishment of the plans and oversight of their administration. The Bank's Board of Directors has delegated powers and authorities to a Pension Steering Committee ("PSC") as set out in its mandate to that committee. The PSC has established Management Committees ("MC") and an Investment Sub-Committee ("ISC") as advisory sub-committees and delegated to each of them certain of its responsibilities in connection with the management and administration of the relevant plans and the investment of plan assets. A separate trust fund has been established for each plan to receive and invest contributions and pay benefits due under each plan. All benefits are calculated and paid out in accordance with the rules of the pension plan. Funds are physically held by a trustee or trustees (whether corporate or individual) as appointed in accordance with the Trust Deeds. Each year, the PSC with input from the ISC and MC reviews the level of funding in the plans. Such a review includes the asset-liability matching strategy and investment risk management policy. The PSC decides its contribution based on the results of this annual review. The plan assets include significant investments in quoted equity shares and bonds.

Amounts recognised on the consolidated statement of financial position

The following tables present the financial position of our defined benefit pension and post-retirement medical benefit plans in which the Group operates.

The total expense relating to the contributory plans charged for the year for continuing operations was $6,594 (2021 - $5,599), which represents contributions to defined contribution plans by the Group at rates specified in the rules of the plan. Refer to note 5.

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	Defined benefit pension plans		Post-retirement medical benefits	
	2022	2021	**2022**	2021
Fair value of the plan assets	**$ 409,090**	$ 491,172	**$ -**	$ -
Present value of the obligations	**(326,538)**	(335,274)	**(18,630)**	(19,703)
Net retirement benefit assets/(obligations)	**$ 82,552**	$ 155,898	**$ (18,630)**	$ (19,703)

The pension plan assets include the Bank's common shares with a fair value of $1,923 (2021 - $1,508).

Changes in the fair value of the defined benefit pension plan assets were as follows:

	2022	2021
Opening fair value of plan assets	**$ 491,172**	$ 424,915
Actual return on plan assets	**(63,056)**	86,400
Contributions by employer	**(770)**	(698)
Benefits paid	**(17,460)**	(16,694)
Foreign exchange translation gains/(losses)	**68**	(1,947)
Plan administration costs	**(864)**	(804)
Closing fair value of plan assets	**$ 409,090**	$ 491,172

Changes in the present value of the obligations for defined benefit pension plans were as follows:

	2022	2021
Opening obligations	**$ (335,274)**	$ (327,857)
Interest cost on defined benefit obligation	**(22,295)**	(22,306)
Current service costs	**(5,581)**	(6,774)
Past service costs	**(97)**	1,785
Benefits paid	**17,460**	16,694
Foreign exchange translation gains	**-**	1,394
Actuarial gains on obligations	**19,293**	1,844
Contributions by employee	**(44)**	(54)
Closing obligations	**$ (326,538)**	$ (335,274)

Changes in the present value of the obligations for post-retirement medical benefits were as follows:

	2022	2021
Opening obligations	**$ (19,703)**	$ (21,142)
Interest costs	**(1,258)**	(1,327)
Current service costs	**(11)**	(37)
Past service costs	**-**	1
Benefits paid	**915**	1,053
Foreign exchange translation losses	**(7)**	-
Actuarial gains on obligations	**1,434**	1,749
Closing obligations	**$ (18,630)**	$ (19,703)

The Bank expects to contribute $nil (2021 - $nil) to its defined benefit pension plans in the following year as the plans are on a contribution holiday. The Plan Actuary of the Bank has recommended a Defined Benefit contribution holiday for the next two years. The contribution holiday is expected to last for six years if the existing surplus is to be fully amortised, and will be re-evaluated in the plans next triennial valuation.

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	Defined benefit pension plans		Post-retirement medical benefits	
	2022	2021	**2022**	2021
Current service costs	**$ 5,581**	$ 6,774	**$ 11**	$ 35
Past service costs	**97**	(1,785)	**-**	1
Interest costs on defined benefit obligation	**22,295**	22,306	**1,258**	1,327
Interest income on plan assets	**(33,511)**	(29,756)	**(11)**	-
Plan administration costs	**879**	807		-
Total amount included in staff costs (note 5)	**$ (4,659)**	$ (1,654)	**$ 1,258**	$ 1,363
Actual return on plan assets	**$ (63,056)**	$ 86,400	**$ -**	$ -

The net re-measurement gain recognised in the consolidated statement of other comprehensive income was as follows:

	Defined benefit pension plans		Post-retirement medical benefits	
	2022	2021	**2022**	2021
Actuarial gain on defined benefit obligation arising from:				
- Financial assumptions	**$ (28,549)**	$ 889	**$ (566)**	$ (198)
- Experience adjustments	**9,258**	(2,733)		-
- Return on plan assets excluding interest income	**96,567**	(56,086)	**(868)**	(1,551)
Net re-measurement losses/(gains) in OCI	**$ 77,276**	$ (57,930)	**$ (1,434)**	$ (1,749)

The movements in the net asset/(obligations) recognised in the consolidated statement of financial position were as follows:

	Defined benefit pension plans		Post-retirement medical benefits	
	2022	2021	**2022**	2021
Balance, beginning of year	**$ 155,898**	$ 97,058	**$ (19,703)**	$ (21,140)
Charge for the year	**4,659**	1,654	**(1,258)**	(1,363)
Contributions by employer	**(770)**	(698)	**-**	-
Contributions by employee	**(44)**	(54)	**-**	-
Benefits paid		-	**915**	1,053
Foreign exchange translation (losses)/gains	**85**	8	**(18)**	(2)
Effect on statement of Other Comprehensive Income	**(77,276)**	57,930	**1,434**	1,749
Balance, end of year	**$ 82,552**	$ 155,898	**$ (18,630)**	$ (19,703)

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The breakdown of the gross obligations between active members and inactive and retired members is as follows:

	Defined benefit pension plans		Post-retirement medical benefits	
	2022	2021	**2022**	2021
Active members	**$ (134,993)**	$ (148,143)	**$ (82)**	$ (128)
Inactive and retired members	**(191,545)**	(187,131)	**(18,548)**	(19,575)
	$ (326,538)	$ (335,274)	**$ (18,630)**	$ (19,703)

The average duration of the net asset/(obligation) at the end of the reporting year

	Defined benefit pension plans		Post-retirement medical benefits	
	2022	2021	**2022**	2021
Average duration, in years	**14**	15	**11**	12

The major categories of plan assets and the actual ($ in thousands and %) fair value of total plan assets were as follows:

	Main				Bahamas				Jamaica			
	2022		2021		**2022**		2021		**2022**		2021	
	$	**%**	$	%	**$**	**%**	$	%	**$**	**%**	$	%
Quoted Equity instruments												
- Canada	-	-	-	-	**-**	**-**	-	-	**184**	**-**	188	-
- International	**74**	**1%**	81	-	**1,522**	**1%**	1,149	1%	**5,877**	**16%**	6,703	18%
Quoted Debt instruments												
- Government bonds	**24,997**	**10%**	25,199	9%	**783**	**-**	853	-	**8,324**	**22%**	9,435	25%
- Corporate bonds	**-**	**-**	-	-	**-**	**-**	-	-	**5,504**	**15%**	6,057	16%
- Inflation Adj. bonds	**-**	**-**	-	-	**-**	**-**	-	-	**1,802**	**5%**	1,369	4%
Investment Funds												
- U.S Equity	**110,899**	**46%**	131,546	45%	**60,443**	**46%**	82,022	51%	**-**	**-**	-	-
- International Equity	**42,614**	**18%**	59,364	20%	**24,836**	**19%**	34,103	21%	**-**	**-**	-	-
- Fixed Income	**41,647**	**17%**	60,850	21%	**43,341**	**33%**	42,987	27%	**-**	**-**	-	-
- Other												
- Cash and Cash equiv.	**19,166**	**8%**	15,044	5%	**1,456**	**1%**	444	-	**5,397**	**14%**	4,550	12%
- Other	**-**	**-**	-	-	**-**	**-**	-		**10,224**	**28%**	9,228	25%
	239,397	**100%**	292,084	100%	**132,381**	**100%**	161,558	100%	**37,312**	**100%**	37,530	100%

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The principal actuarial assumptions used at the reporting date for the Group's plans are influenced significantly by the regions that each plan serves, and the specific assumptions therefore were as follows:

	Defined benefit pension plans	
	2022	2021
Discount rate	**2.91 - 11.50%**	2.69 - 9.00%
Future salary increases	**4.0 - 6.5%**	4.0 - 7.5%
Future pension increases	**0.0 - 3.75%**	0.0 - 4.5%

	Post-retirement medical benefits	
	2022	2021
Discount rate	**2.91 - 11.50%**	2.69 - 9.00%
Premium escalation rate	**6.0%**	6.0%
Existing retiree age	**55 - 65**	55 - 65

A quantitative sensitivity analysis for significant assumptions as at October 31, 2022 is as shown below:

Assumption	Sensitivity level	Impact on net defined benefit pension plans		Impact on Post-retirement medical benefits	
		Increase	Decrease	Increase	Decrease
Discount rate	1%	(42,594)	52,845	(1,780)	2,117
Future salary increases	0.50%	5,444	(4,742)	n/a *	n/a *
Future pension increases	0.50%	17,700	(16,139)	n/a *	n/a *
Premium escalation rate	1%	n/a *	n/a *	2,017	(1,731)
Existing retiree age	1	8,036	n/a *	775	n/a *

* n/a - not applicable

The sensitivity analysis presented above is indicative only, and should be considered with caution as they have been calculated in isolation without changes in other assumptions. In practice, changes in one assumption may result in changes in another, which may magnify or counteract the disclosed sensitivities.
The sensitivity analysis has been determined based on a method that extrapolates the impact on the net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

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The following payments are expected benefit payments to be made in the future years out of the defined benefit plan obligation:

		2022		2021
Within the next 12 months	**$**	**11,855**	$	11,883
Between 2 and 5 years		**56,406**		50,039
Between 5 and 10 years		**101,897**		101,066
Total expected payment	**$**	**170,158**	$	162,988

FirstCaribbean International Bank Limited Retirement Plan

The last actuarial valuation was conducted as at November 1, 2019 and revealed a fund surplus of $22,155.

FirstCaribbean International Bank (Bahamas) Limited Retirement Plan

The last actuarial valuation was conducted as at November 1, 2019 and revealed a fund surplus of $35,448.

FirstCaribbean International Bank (Jamaica) Limited Retirement Plan

The last actuarial valuation was conducted as at November 1, 2021 and revealed a fund surplus of $16,878.

Note 19 | Intangible assets

		2022		2021
Goodwill				
Cost, beginning and end of year	**$**	**44,372**	$	44,372
Net book value, beginning and end of year	**$**	**44,372**	$	44,372

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to country of operation. The goodwill of $44,372 is allocated to the Cayman CGU.

The carrying amount of goodwill is reviewed annually for impairment and whenever there are events or changes in circumstances, which indicate that the carrying amount may not be recoverable. The goodwill impairment test is performed by comparing the recoverable amount of the CGU to which goodwill has been allocated, with the carrying amount of the CGU including goodwill, with any deficiency recognised as impairment to goodwill. The recoverable amount for each CGU has been determined using value-in-use calculations that are estimated using five-year cash flow projections along with an estimate of capital required to support ongoing operations. The five-year cash flow projections have been approved by management.

Based on the impairment testing performed during the fourth quarter of fiscal 2022, we have determined that the estimated recoverable amount of the Cayman CGU was in excess of its carrying amount. As a result, no impairment charge was recognised during 2022.

Key assumptions used for value-in-use calculations

A description of each assumption on which management has based its cash flow projections for the period covered by the most recent forecasts is noted below. Key assumptions are those to which the CGU's recoverable amount is most sensitive, which include the discount and growth rates. The discount rates were determined based on the following primary factors: (i) the risk-free rate, (ii) an equity risk premium, (iii) beta adjustment to the equity risk premium based on a review of betas of comparable financial institutions in the region, and (iv) a country risk premium. The terminal growth rates were based on management's expectations of real growth rates.

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	Discount Rate (%)		Growth Rate (%)	
	2022	2021	**2022**	2021
Cayman	**11.1**	9.9	**2.5**	2.5

Estimation of the recoverable amount is an area of significant judgment. Reductions in the estimated recoverable amount could arise from various factors, such as, reductions in forecasted cash flows, an increase in the assumed level of required capital, and any adverse changes to the discount rate or the growth rate, either in isolation or in any combination thereof.

Note 20 Customer deposits

	Payable on demand	Payable after notice	Payable at a fixed date		**2022 Total**		2021 Total
Individuals	1,383,654	2,347,914	750,905	**$**	**4,482,473**	$	4,490,085
Business & Sovereign	4,751,341	709,291	1,467,412		**6,928,044**		6,545,889
Banks	538	-	1,543		**2,081**		6,660
	6,135,533	3,057,205	2,219,860		**11,412,598**		11,042,634
Add: Interest payable	572	309	15,267		**16,148**		16,606
	6,136,105	3,057,514	2,235,127	**$**	**11,428,746**	$	11,059,240

These customer deposits are measured at amortised cost.

The average effective rate of interest on customer deposits during the year was 0.3% (2021 - 0.4%).

Note 21 Other liabilities

		2022		2021
Accounts payable and accruals	**$**	**136,429**	$	135,221
Lease liabilities (i)		**28,335**		28,901
Restructuring costs (ii)		**8,230**		11,675
Amounts due to related parties		**695**		662
	$	**173,689**	$	176,459

(i) Lease Liabilities
Set out below are the carrying amounts of lease liabilities and the movements during the year:

		2022		2021
Balance, beginning of the year	**$**	**28,901**	$	40,498
Additions		**199**		337
Terminations		**(797)**		(5)
Modifications		**10,103**		(1,707)
Accretion of interest		**886**		1,049
Payments		**(10,957)**		(11,271)
Balance, end of year	**$**	**28,335**	$	28,901

The maturity analysis of lease liabilities is disclosed in Note 32 and the future rental commitments (undiscounted) under these leases in Note 29.

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Total expenditure related to leases which are not recognised on the consolidated statement of financial position due to the recognition exemption per the IFRS 16 practical expedients are outlined below:

		2022		2021
Expenses relating to short-term leases included in administrative expenses	**$**	**243**	$	235
Expenses relating to leases of low-value assets not shown above as short-term		**1,562**		3,091
Expenses relating to variable lease payments not included in lease liability payments		**16**		17
	$	**1,821**	$	3,343

The Group had total cash outflows for leases of $11.0 million (2021 - $11.3 million).

(ii) Restructuring costs
Included in other liabilities is a restructuring provision for severance of $8,230 (2021-$11,675) resulting from the Group's restructuring efforts to improve efficiency. During the year, net decreases to the severance provisions totaled ($109) (2021 – $16,399 net addition) and payments from the severance provision totaled $3,336 (2021 - $8,124).

(iii) Amounts due to related parties
The amounts due to related parties are due to CIBC entities and are interest-free with no fixed terms of repayment.

Note 22 | Debt securities in issue

		2022		2021
Subordinated notes issued	**$**	**26,137**	$	26,137
Add: Interest payable		**462**		462
	$	**26,599**	$	26,599

The Group holds one debt issue, which is an outstanding guaranteed obligation, and this is measured at amortised cost. The terms and conditions of the notes issued are as follows:

Subsidiary	Description	Contractual maturity date	Interest rate		**2022 Total**		2021 Total
FirstCaribbean (Trinidad & Tobago) Limited	TT$175 million sub debt	July 11, 2024	Fixed	**$**	**26,137**	$	26,137
				$	**26,137**	$	26,137

TTD$175 million in sub debt was issued in July 2018. The effective interest rate was 5.75% (2021: 5.75%). This debt is guaranteed by FirstCaribbean International Bank Limited.

The Group has not had any defaults of principal, interest or other breaches with respect to these instruments during the years ended 2022 and 2021.

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The below tables show the changes during the year for the debt securities in issue, including the changes from financing cash flows.

	1 November 2021	Cash outflows	Foreign exchange movement	New issues	Other	**31 October 2022**
Debt securities in issue	$ 26,137	$ -	$ -	$ -	$ -	$ 26,137

	1 November 2020	Cash outflows	Foreign exchange movement	New issues	Other	31 October 2021
Debt securities in issue	$ 74,656	$ (48,630)	$ 111	$ -	$ -	$ 26,137

Note 23 Issued capital

	2022	2021
Balance, beginning and end of year	**$ 1,193,149**	$ 1,193,149

The Bank is entitled to issue an unlimited number of common shares with no par value. Common shareholders are entitled to attend and vote at all meetings of shareholders. Common shareholders have one vote for each share owned.

The Bank has 1,577,094,570 common shares issued and outstanding at the end of both years.

Capital

Objectives, policies and procedures

Capital strength provides protection for depositors and creditors and allows the Group to undertake profitable business opportunities as they arise. Our objective is to employ a strong and efficient capital base.

No changes were made in the objectives, policies or processes for managing capital during the years ended October 31, 2022 and 2021.

Regulatory requirements

Our regulatory capital requirements are determined in accordance with guidelines issued by our banking regulators across the region and in the case of Barbados, by the Central Bank of Barbados. These guidelines evolved from the framework of risk-based capital standards developed by the Basel Committee-Bank for International Settlement (BIS).

BIS standards require that banks maintain minimum Tier I and Tier I & Tier II ratios of 4% and 8% respectively. The Central Bank of Barbados has established that FirstCaribbean International Bank Limited maintains minimum ratios of 5% and 10% respectively. During the year, we have complied in full with all of our minimum regulatory capital ratio requirements.

Regulatory capital

Regulatory capital consists of Tier I and Tier II capital, less certain deductions. Tier I capital comprises common stock, retained earnings, and non-controlling interests in consolidated subsidiaries, less goodwill and other deductions. Tier II capital principally comprises hybrid capital instruments such as subordinated debt and general provisions and 45% of revaluation reserves on debt securities measured at FVOCI.

As at October 31, 2022, Tier I and Tier I & II capital ratios were 14.8% and 16.4% respectively (2021 – 13.0% and 15.7% respectively).

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Note 24 Reserves

	2022	2021
Statutory and general banking reserves	**$ 349,327**	$ 334,550
Revaluation reserve - debt securities measured at FVOCI	**(6,003)**	26,044
Revaluation reserve – buildings	**2,846**	2,846
Translation reserve	**(80,312)**	(80,713)
Contributed surplus reserve	**3,119**	3,119
Retirement benefit reserve	**16,313**	86,513
Reverse acquisition reserve	**(463,628)**	(463,628)
	$ (178,338)	$ (91,269)

Statutory and general banking reserves

	2022	2021
Balance, beginning of year	**$ 334,550**	$ 328,839
Transfers from retained earnings	**14,777**	5,711
Balance, end of year	**$ 349,327**	$ 334,550

Statutory reserves represent accumulated transfers from retained earnings in accordance with local legislation and general banking reserves represent transfers from retained earnings to meet qualifying capital requirements under local legislation, which are not distributable.

Revaluation reserve - debt securities measured at FVOCI

	2022	2021
Balance, beginning of year	**$ 26,044**	$ 39,586
Net fair value losses	**(32,047)**	(13,542)
Balance, end of year	**$ (6,003)**	$ 26,044

Unrealised gains and losses arising from changes in the fair value on debt securities measured at fair value through OCI are recognised in other comprehensive income and are reflected in the revaluation reserve.

Revaluation reserve – buildings

	2022	2021
Balance, beginning and end of year	**$ 2,846**	$ 2,846

This reserve represents the carrying amount arising on revaluation of buildings recognised in other comprehensive income.

Translation reserve

	2022	2021
Balance, beginning of year	**$ (80,713)**	$ (76,583)
Net exchange gains/(losses) on translation of foreign operations	**401**	(4,130)
Balance, end of year	**$ (80,312)**	$ (80,713)

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are recognised in other comprehensive income and are reflected in the translation reserve.

Contributed surplus reserve

	2022	2021
Balance, beginning and end of year	**$ 3,119**	$ 3,119

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This reserve represents the settlement of certain obligations on behalf of the Bank by the parent.

Retirement benefit reserve

		2022		2021
Balance, beginning of year	**$**	**86,513**	$	32,101
Re-measurement (losses)/gains on retirement benefit plans		**(70,200)**		54,412
Balance, end of year	**$**	**16,313**	$	86,513

Gains and losses arising from re-measurement of retirement benefit plans in other comprehensive income are reflected in this reserve.

Reverse acquisition reserve

		2022		2021
Balance, beginning and end of year	**$**	**(463,628)**	$	(463,628)

Under the combination on October 11, 2002, CIBC West Indies became the legal parent company with Barclays transferring its operations to subsidiaries of CIBC West Indies in exchange, ultimately, for common shares and newly created classes of non-voting and preference shares of CIBC West Indies. Barclays was identified as the acquirer as the fair value of its business prior to the combination was significantly greater than the fair value of CIBC West Indies' business and as a result, Barclays had the greater economic interest. This situation is described by IFRS as a reverse acquisition.

In accordance with IFRS, the equity of the Bank at October 11, 2002 (the date of the combination) comprised the equity of Barclays ($135,290) together with the fair value of the consideration given to acquire CIBC West Indies ($848,149). However, legally the share capital and statutory reserves of the Bank comprise the issued share capital and statutory reserves of CIBC West Indies plus the shares issued to effect the combination, recorded at fair value. The reverse acquisition reserve is therefore the difference between the legally required share capital and statutory reserves together with the retained earnings of Barclays, and the equity of the Bank presented in accordance with IFRS.

Note 25 Dividends

The total recurring dividend paid for 2022 was four cents ($0.04) per common share (2021 - $0.01).

Note 26 Other employee benefits

Long-term incentive plan

The Group operates a long-term incentive plan, whereby under the rules of the plan, cash based awards are granted to employees on a discretionary basis and vest over varying periods. Effective for the 2019 award, which will vest in 2022 and other subsequent awards, business performance criteria will be applied over the vesting criteria with the amount ultimately vested determined by the cumulative business performance over the three-year vesting period.
The awards granted in 2022 amounted to $4,110 (2021 - $3,830). The amounts expensed during the year related to awards under the long-term incentive plan were $4,943 (2021 - $3,428).

Employee share purchase plan

Under our employee share purchase plan, qualifying employees can choose each year to have up to 10% of their eligible earnings withheld to purchase common shares in the Group. The Group matches 50% of the employee's contribution amount, up to a maximum contribution of 6% of eligible earnings, depending upon length of service and job level. The Group's contributions vest after employees have two years of continuous participation in the plan, and all subsequent contributions vest immediately. All contributions are paid into a trust and used by the plan trustees to purchase common shares in the open market. The Group's contributions are expensed as incurred and totaled $1,455 in 2022 (2021 - $1,485).

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Note 27 Related party transactions and balances

The Group's major shareholder is CIBC.

A number of banking transactions are entered into with related parties in the normal course of business. The key related party balances and transactions included in the Group's financials are disclosed below.

	Directors and key management personnel		Major shareholder	
	2022	2021	**2022**	2021
Asset balances:				
Cash and due from banks	**$ -**	$ -	**$ 319,371**	$ 509,505
Loans and advances to customers	**5,883**	6,135	**-**	-
Derivative financial instruments	**-**	-	**13,729**	364
Liability balances:				
Customer deposits	**10,440**	13,445	**10,188**	10,117
Derivative financial instruments	**-**	-	**918**	10,629
Due to banks	**-**	-	**696**	662
Revenue transactions:				
Interest income earned	**194**	180	**2,014**	17
Other revenue	**2**	2	**-**	-
Other income from derivative relationship	**-**	-	**17,938**	8,391
Expense transactions:				
Interest expense incurred	**84**	61	**1,772**	2,841
Other expenses for banking and support services	**-**	-	**4,170**	4,447

The Group obtains a number of services through its parent, CIBC. These services include infrastructure hosting, corporate credit and operational support, cards application support, project management, information security management and other miscellaneous services. The cost of these services amounted to $4,872 (2021 - $5,316) of which $702 (2021 - $839) relates to system development costs and capital expenditure.

Key management compensation	**2022**	2021
Salaries and other short-term benefits	**$ 7,375**	$ 6,810
Post-employment benefits	**343**	344
Long-term incentive benefits	**3,490**	2,601
	$ 11,208	$ 9,755

Non-executive directors' remuneration

A listing of the members of the Board of Directors is included within the Group's Annual Report. In 2022, the total remuneration for the non-executive directors was $370 (2021 - $300). The executive director's remuneration is included under key management compensation.

Note 28 Commitments, guarantees and contingent liabilities

The Group conducts business involving letters of credit, guarantees, performance bonds and indemnities, which are not reflected in the consolidated statement of financial position.

	2022	2021
Letters of credit	**$ 89,210**	$ 83,854
Loan commitments	**1,142,622**	1,046,747
Guarantees and indemnities	**58,498**	56,310
	$ 1,290,330	$ 1,186,911

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Note 29 Future rental commitments under operating leases

As at October 31, the Group held leases on buildings for extended periods. The leases have an average life of between 1 and 10 years. There are no restrictions placed upon the lessee by entering into these contracts. The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. As at October 31, 2022 and 2021 there are no material extension options expected not to be exercised or termination options expected to be exercised. The future rental commitments (undiscounted) under these leases were as follows:

		2022		2021
Not later than 1 year	**$**	**8,733**	$	9,443
Later than 1 year and less than 5 years		**17,690**		16,647
Later than 5 years		**4,515**		5,618
	$	**30,938**	$	31,708

Leases not yet commenced to which the Group is committed amount to $1.1 million as at October 31, 2022 (2021 - $1.1 million).

Note 30 Fiduciary activities

The Group provides custody and trustee discretionary investment management services to third parties. Those assets that are held in a fiduciary capacity are not included in these consolidated financial statements. At the reporting date, the Group had on behalf of third parties investment assets under management of $50,910,791 (2021 - $45,040,359) and investment assets under administration of $789,127 (2021- $560,352).

Note 31 Business segments

The Group'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, 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 consolidated statement of financial position, but exclude intangible assets. Securities and cash placements are normally held within the Treasury unit within the Admin segment.

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2022 Segment reporting

2022	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
	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 from continuing operations	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 discontinuing and 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

Total assets and liabilities by segment are as follows:

2022	RBB	CIB	WM	Admin	Total
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 discontinuing 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 discontinuing 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

2021 Segment reporting

2021	RBB	CIB	WM	Admin	Total
External revenue	$ 145,768	$ 164,990	$ 1,787	$ 50,723	$ 363,268
Internal revenue	8,588	9,599	18,459	(36,646)	-
Net interest income	154,356	174,589	20,246	14,077	363,268
Operating income	71,302	64,744	45,756	(2,018)	179,784
	225,658	239,333	66,002	12,059	543,052
Depreciation	7,911	2,077	1,743	27,023	38,754
Operating expenses	93,904	37,234	33,760	181,627	346,525
Indirect expenses	93,508	81,539	25,562	(200,609)	-
Credit loss expense on financial assets	2,476	14,581	(202)	199	17,054
Income before taxation from continuing operations	27,859	103,902	5,139	3,819	140,719
Income tax expense	(5,347)	8,800	163	8,540	12,156
Net income for the year from continuing operations	33,206	95,102	4,976	(4,721)	128,563
Net loss from discontinuing and discontinued operations	(5,346)	3,093	-	(589)	(2,842)
Net income for the year	$ 27,860	$ 98,195	$ 4,976	$ (5,310)	$ 125,721

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Total assets and liabilities by segment are as follows:

2021	RBB	CIB	WM	Admin	Total
Segment assets	$ 2,571,776	$ 3,876,845	$ 233,187	$ 5,760,539	$ 12,442,347
Segment assets of disposal group classified as held for sale	105,155	87,951	-	220,095	413,201
Total segment assets	2,676,931	3,964,796	233,187	5,980,634	12,855,548
Segment liabilities	4,168,935	4,011,918	2,989,832	142,743	11,313,428
Segment liabilities of disposal group classified as held for sale	228,268	162,637	-	-	390,905
Total segment liabilities	$ 4,397,203	$ 4,174,555	$ 2,989,832	$ 142,743	$ 11,704,333

Note 32 Financial risk management

Introduction

Risk is inherent in the Group's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk, market risk, and operating risk.

By its nature, the Group's activities are principally related to the use of financial instruments. The Group accepts deposits from customers at both fixed and floating rates and for various periods and seeks to earn above average interest margins by investing these funds in high quality assets. The Group seeks to increase these margins by consolidating short- term funds and lending for longer periods at higher rates whilst maintaining sufficient liquidity to meet all claims that might fall due.

The Group also seeks to raise its interest margins by obtaining above average margins, net of provisions, through lending to commercial and retail borrowers with a range of credit standings. The Group also enters into guarantees and other commitments such as letters of credit and performance and other bonds.

Credit risk

Credit risk primarily arises from direct lending activities, as well as trading, investment and hedging activities. Credit risk is defined as the risk of financial loss due to a borrower or counterparty failing to meet its obligations in accordance with agreed terms.

Process and control

The Risk Management Team is responsible for the provision of the Group's adjudication, oversight and management of credit risk within its portfolios. The Credit Executive Committee (CrExCo) has responsibility for monitoring credit metrics, providing direction on credit issues and making recommendations on credit policy.

The Risk Management Team is guided by the Group's Delegation of Authority policy, which is based on the levels of exposure and risk. Credits above the discretion delegated to certain front line employees are approved by Risk Management and where applicable by the Credit Committee and the RIsk Committee of the Board.

The Risk Committee also has the responsibility for approving credit policies and key risk limits including portfolio limits, which are reviewed annually.

Credit risk limits

Credit risk limits are established for all loans (mortgages, personal, business & sovereign) for the purposes of diversification and managing concentration. Limits are also established for individual borrowers, groups of related borrowers, industry sectors, individual countries and geographic regions and also for products and portfolios. Such risks are monitored on a revolving basis and the limits are subject to an annual or more frequent review.

The exposure to any one counterparty including banks and brokers is further restricted by sub-limits, which include exposures not recognised in the consolidated statement of financial position, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral including corporate and personal guarantees.

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Credit Valuation Adjustment (CVA)

A CVA is determined using the fair value based exposure we have on derivative contracts. We believe that we have made appropriate fair value adjustments to date. The establishment of fair value adjustments involves estimates that are based on accounting processes and judgments by management. We evaluate the adequacy of the fair value adjustments on an ongoing basis. Market and economic conditions relating to derivative counterparties may change in the future, which could result in significant future losses. The CVA is driven off market-observed credit spreads or proxy credit spreads and our assessment of the net counterparty credit risk exposure. In assessing this exposure, we also take into account credit mitigants such as collateral, master netting arrangements, and settlements through clearing houses.

Collateral

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances to customers are:

- Mortgages over residential properties
- Charges over business assets such as premises, inventory, accounts receivable and equipment
- Charges over financial instruments such as debt securities and equities

The Group's credit risk management policies include requirements relating to collateral valuation and management, including verification requirements and legal certainty. Valuations are updated periodically depending upon the nature of the collateral. Management monitors the market value of collateral and requests additional collateral in accordance with the underlying agreement during its periodic review of loan accounts in arrears. Policies are in place to monitor the existence of undesirable concentration in the collateral supporting the Group's credit exposure. As at October 31, 2022, 79% of stage 3 impaired loans were either fully or partially collateralised (2021: 74%).

Geographic distribution

The following table provides a geographic distribution of gross drawn and undrawn loans and advances to customers, which therefore excludes provisions for impairment, interest receivable and unearned fee income.

			2022			2021
	Drawn	Undrawn	**Gross maximum exposure**	Drawn	Undrawn	Gross maximum exposure
Barbados	**$ 924,845**	**$ 163,258**	**$ 1,088,103**	$ 757,800	$ 151,931	$ 909,731
Bahamas	**1,884,889**	**186,781**	**2,071,670**	1,980,197	130,374	2,110,571
Cayman	**1,456,310**	**358,313**	**1,814,623**	1,352,117	375,339	1,727,456
Eastern Caribbean	**697,163**	**123,838**	**821,001**	695,668	88,457	784,125
Jamaica	**525,186**	**84,812**	**609,998**	533,952	52,693	586,645
BVI	**195,989**	**50,728**	**246,717**	186,743	49,197	235,940
Curaçao	**379,403**	**66,210**	**445,613**	396,181	88,308	484,489
Trinidad	**417,927**	**47,914**	**465,841**	395,653	38,536	434,189
Other	**444,877**	**60,768**	**505,645**	529,760	71,912	601,672
	$ 6,926,589	**$ 1,142,622**	**$ 8,069,211**	$ 6,828,071	$ 1,046,747	$ 7,874,818

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Exposures by industry groups

The following table provides an industry-wide breakdown of gross drawn and undrawn loans and advances to customers, which therefore excludes provisions for impairment, interest receivable and unearned fee income.

	2022			2021		
	Drawn	Undrawn	**Gross maximum exposure**	Drawn	Undrawn	Gross maximum exposure
Agriculture	**$ 22,864**	**$ 5,278**	**$ 28,142**	$ 27,234	$ 853	$ 28,087
Sovereign	**650,714**	**37,434**	**688,148**	618,133	173,543	791,676
Construction	**385,249**	**73,485**	**458,734**	466,745	61,190	527,935
Distribution	**429,550**	**161,683**	**591,233**	385,245	172,012	557,257
Education	**2,273**	**267**	**2,540**	2,662	279	2,941
Electricity, gas & water	**372,946**	**94,656**	**467,602**	383,679	51,224	434,903
Fishing	**1,605**	**76**	**1,681**	1,280	575	1,855
Health & social work	**13,772**	**5**	**13,777**	15,244	4	15,248
Hotels & restaurants	**418,552**	**61,720**	**480,272**	410,826	31,482	442,308
Individuals & individual trusts	**2,626,971**	**338,485**	**2,965,456**	2,621,834	329,622	2,951,456
Manufacturing	**204,992**	**45,503**	**250,495**	185,615	49,048	234,663
Mining & quarrying	**108,682**	**5,952**	**114,634**	133,623	25,005	158,628
Miscellaneous	**489,033**	**122,526**	**611,559**	432,729	55,035	487,764
Other depository corporations	**-**	**3,900**	**3,900**	-	3,900	3,900
Other financial corporations	**376,559**	**28,415**	**404,974**	364,358	17,106	381,464
Real estate, renting & other activities	**553,657**	**121,115**	**674,772**	555,759	28,787	584,546
Recreational, personal & community work	**1,039**	**539**	**1,578**	882	125	1,007
Transport, storage & communications	**268,131**	**41,583**	**309,714**	222,223	46,957	269,180
	$ 6,926,589	**$ 1,142,622**	**$ 8,069,211**	$ 6,828,071	$ 1,046,747	$ 7,874,818

Derivatives

The Group maintains strict control limits on net open derivative positions, that is, the difference between purchase and sale contracts, by both amount and term. At any one time the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Group (i.e. assets), which in relation to derivatives is only a small fraction of the contract or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is usually obtained for credit risk exposures on these instruments.

Master-netting arrangements

The Group restricts its exposure to credit losses by entering into master-netting arrangements with counterparties with whom it undertakes a significant volume of transactions. Master-netting arrangements do not generally result in an offset of consolidated statement of financial position assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by a master-netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Group's overall exposure to credit risk on derivative instruments subject to master-netting arrangements can change substantially within a short period since it is affected by each transaction subject to the arrangement.

Credit-related instruments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot

meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods or appropriate assets to which they relate and therefore carry less risk than a direct borrowing.

Commitments to extend credit represent the unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term of maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Maximum exposure to credit risk

The following table shows the maximum exposure to credit risk for the components of the consolidated statement of financial position. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral arrangements. Where financial instruments are recorded at fair value, the amounts shown represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

	2022	2021
Balances with Central Banks	**$ 1,427,193**	$ 1,343,314
Due from banks	**1,186,938**	1,376,560
Derivative financial instruments	**13,507**	5,852
Securities		
- Government debt securities	**2,024,598**	1,397,577
- Other debt securities	**911,396**	1,145,902
- Interest receivable	**9,248**	9,127
Loans and advances to customers		
- Mortgages	**2,174,640**	2,146,582
- Personal loans	**658,663**	666,877
- Business & Sovereign loans	**4,093,286**	4,014,612
- Interest receivable	**31,524**	29,142
Other assets	**106,161**	87,242
Total	**12,637,154**	$ 12,222,787
Commitments, guarantees and contingent liabilities (Note 28)	**1,290,330**	1,186,911
Total credit risk exposure	**$ 13,927,484**	$ 13,409,698

Geographical concentration

The following table reflects additional geographical concentration information.

2022	Total assets	Total liabilities	Commitments guarantees and contingent liabilities	Total revenues	Capital expenditure*	Non-current assets**
Barbados	$ 3,702,750	$ 2,944,236	$ 193,787	$ 154,912	$ 25,277	$ 74,369
Bahamas	3,394,558	2,875,065	211,990	166,024	1,140	32,825
Cayman	2,686,080	2,439,107	407,254	109,778	819	69,342
Eastern Caribbean	1,283,710	1,242,946	149,729	52,080	1,644	17,113
Jamaica	951,496	852,944	99,716	58,509	1,714	13,903
BVI	667,074	496,683	51,624	20,354	253	7,386
Curacao	669,091	563,673	66,342	20,931	2,821	6,848
Trinidad	587,216	497,069	49,470	25,174	1,502	5,303
Other	1,675,086	1,525,397	60,418	54,453	1,979	15,459
	15,617,061	13,437,120	1,290,330	662,215	37,149	242,548
Eliminations	(2,486,463)	(1,465,599)	-	(62,935)	-	(5,301)
	$ 13,130,598	$ 11,971,521	$ 1,290,330	$ 599,280	$ 37,149	$ 237,247

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2021	Total assets	Total liabilities	Commitments guarantees and contingent liabilities	Total revenues	Capital expenditure*	Non-current assets**
Barbados	$ 3,807,615	$ 3,015,510	$ 172,445	$ 205,793	$ 12,786	$ 69,645
Bahamas	2,952,567	2,417,801	155,354	162,899	3,536	33,892
Cayman	2,667,951	2,482,804	426,420	86,359	1,350	69,725
Eastern Caribbean	1,327,977	1,276,493	104,232	50,851	2,198	23,186
Jamaica	945,557	856,544	73,674	57,124	2,141	14,111
BVI	607,505	449,279	49,802	14,189	133	6,891
Curacao	759,959	634,743	89,160	19,632	36	2,932
Trinidad	568,109	483,379	39,716	18,581	(33)	3,976
Other	1,622,607	1,471,683	76,108	43,330	845	18,500
	15,259,847	13,088,236	1,186,911	658,758	22,992	242,858
Eliminations	(2,404,299)	(1,383,903)	-	(115,706)	-	(5,264)
	$ 12,855,548	$ 11,704,333	$ 1,186,911	$ 543,052	$ 22,992	$ 237,594

* Capital expenditure is shown by geographical area in which the property and equipment or intangible assets are located.

** Non-current assets relate only to property and equipment and intangible assets.

Impairment assessment

The references below show where the Group's impairment assessment and measurement approach is set out in this report. This section should be read in conjunction with the Summary of significant accounting policies.

Definition of default and cure

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- Internal rating of the borrower indicating default or near-default
- The borrower requesting emergency funding from the Group
- The borrower having past due liabilities to public creditors or employees
- The borrower is deceased
- A material decrease in the underlying collateral value where the recovery of the loan is expected from the sale of the collateral
- A material decrease in the borrower's turnover or the loss of a major customer
- A covenant breach not waived by the Group
- The debtor (or any legal entity within the debtor's group) filing for bankruptcy application/protection
- Debtor's listed debt or equity suspended at the primary exchange because of rumours or facts about financial difficulties

It is the Group's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria has been present for at least twelve consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the obligor risk rating (ORR) if available or the days past due and delinquency criteria in the Group's policy, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

The Group's internal rating and probability of default (PD) estimation process

The Group's Credit Risk Department operates its internal rating models. The Group monitors all corporate facilities with a value exceeding US$250,000, which are assigned an ORR of 1 to 9 under the Group's internal rating system. The models used incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilise supplemental external information that could affect the borrower's behaviour. This internal rating system is also mapped to Moody's and Standard and Poor's ratings. Movement in a facility's ORR from origination to the reporting date is what determines the stage assigned to that facility. Staging for facilities that do not have an ORR is based on historical days past due and delinquency. The Group calculates 12-month and lifetime PDs on a product by country basis. 12-month PDs are determined using historical default data and then incorporate forward-looking information. Lifetime PDs are determined by applying a scaling factor to the 12-month PDs forward looking factor. Lifetime PDs are also capped at a 10-year maturity.

Treasury, trading and interbank relationships

The Group's treasury, trading and interbank relationships and counterparties comprise financial services institutions, Groups, broker-dealers, exchanges and clearing-houses. For these relationships, the Group's credit risk department analyses publicly available information such as financial information and other external data, for example, the rating of Moody's and Standard and Poor's, and assigns the internal rating, as shown in the credit quality table.

Corporate and small business lending

For corporate and investment banking loans, the borrowers are assessed by specialised credit risk employees of the Group. The credit risk assessment is based on a credit scoring model that takes into account various historical, current and forward-looking information such as:

- Historical financial information together with forecasts and budgets prepared by the client. This financial information includes realised and expected results, solvency ratios, liquidity ratios and any other relevant ratios to measure the client's financial performance. Some of these indicators are captured in covenants with the clients and are, therefore, measured with greater attention.
- Any publicly available information on the clients from external parties. This includes external rating grades issued by rating agencies, independent analyst reports, publicly traded bond or press releases and articles.
- Any macro-economic or geopolitical information, for example, GDP growth relevant for the specific industry and geographical segments where the client operates.
- Any other objectively supportable information on the quality and abilities of the client's management relevant for the company's performance.

The complexity and granularity of the rating techniques varies based on the exposure of the Group and the complexity and size of the customer. Some of the less complex small business loans are rated within the Group's models for retail products.

Consumer lending and retail mortgages

Consumer lending comprises unsecured personal loans, credit cards and overdrafts. These products along with retail mortgages and some of the less complex small business lending are rated by an automated scorecard tool primarily driven by days past due. Other key inputs into the models are:

- Consumer lending products: use of limits and volatility thereof, GDP growth, unemployment rates, changes in personal income/salary levels based on records of current accounts, personal indebtedness and expected interest repricing
- Retail mortgages: GDP growth, unemployment rates, changes in personal income/salary levels based on records of current accounts, personal indebtedness and expected interest repricing.

Credit quality

For the retail portfolio, which includes residential mortgages and personal loans, the Group's assessment of credit quality is in line with the IFRS 9 methodology for staging which is based on days past due and trends to support significant increases in credit risk on a more forward-looking basis. The trends are established in order to avoid volatility in the movement of significant increases in credit risk. All retail loans on which repayment of principal or payment of interest is contractually 30 days in arrears are automatically migrated to Stage 2.

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For the business & sovereign loans and securities, a mapping between the obligor risk rating grades used by the Group and the external agencies' ratings is shown in the table below. As part of the Group's risk-rating methodology, the risk assessed includes a review of external ratings of the obligor. The obligor rating assessment takes into consideration the Group's financial assessment of the obligor, the industry, and the economic environment of the country in which the obligor operates. In certain circumstances, where a guarantee from a third party exists, both the obligor and the guarantor will be assessed. Deterioration or improvement in the risk ratings or adjustments to the risk rating downgrade thresholds used to determine a significant increase in credit risk can cause significant migration of loans and securities between Stage 1 and Stage 2, which in turn can have a significant impact on the amount of ECL allowances recognised. All business & sovereign loans on which repayment of principal or payment of interest is contractually 30 days in arrears are automatically migrated to stage 2 regardless of ORR movement.

	Loans and advances to customers
Grade description	Days past due
Very low (Stage 1)	0
Low (Stage 1)	1 – 29
Medium (Stage 2)	30-60[1]
High (Stage 2)	61-89
Default (Stage 3)	90+

	Business & Sovereign loans and Securities		
Grade description	Standard & Poor's equivalent	Moody's Investor Services	Internal ORRs
Investment grade	AAA to BBB-	Aaa to Baa3	1.0 to 4.0
Non-investment grade	BB+ to C	Ba to C	5.0 to 8.0
Default	D	D	9.0
Not rated	No obligor risk rating (ORR)		

This risk-rating system is used for portfolio management, risk-limit setting, product pricing, and in the determination of economic capital. The effectiveness of the risk-rating system and the parameters associated with the risk ratings are monitored within Risk Management and are subject to an annual review.

[1]Includes accounts subject to trends for significant increases in credit risk less than 29 days past due at reporting date

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The table below shows the credit quality by class of asset for gross loans and advances to customers, based on the risk rating, systems, trends and the methodology to support performing credits, along with significant increases in credit risk. Amounts provided are before allowance for credit losses, after credit risk mitigation, valuation adjustments related to the financial guarantors, and collateral on agreements.

2022	Stage 1	Stage 2	Stage 3	Total
Residential mortgages				
-Very low	$ 1,664,583	$ -	$ -	$ 1,664,583
-Low	199,014	-	-	199,014
-Medium	-	116,679	-	116,679
-High	-	37,218	-	37,218
-Default	-	-	157,146	157,146
Gross residential mortgages	$ 1,863,597	$ 153,897	$ 157,146	$ 2,174,640
Personal				
-Very low	$ 546,421	$ -	$ -	$ 546,421
-Low	43,964	-	-	43,964
-Medium	-	22,968	-	22,968
-High	-	6,831	-	6,831
-Default	-	-	38,479	38,479
Gross personal	$ 590,385	$ 29,799	$ 38,479	$ 658,663
Business & Sovereign				
-Investment grade	$ 695,366	$ 2,859	$ -	698,225
-Non-Investment grade	2,190,841	951,302	-	3,142,143
-Default	-	-	82,260	82,260
-Not rated	159,789	10,869	-	170,658
Gross Business & Sovereign	$ 3,045,996	$ 965,030	$ 82,260	$ 4,093,286
Total gross amount of loans	$ 5,499,978	$ 1,148,726	$ 277,885	$ 6,926,589

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2021	Stage 1	Stage 2	Stage 3	Total
Residential mortgages				
-Very low	$ 1,519,834	$ -	$ -	$ 1,519,834
-Low	163,956	-	-	163,956
-Medium	-	252,145	-	252,145
-High	-	57,942	-	57,942
-Default	-	-	152,705	152,705
Gross residential mortgages	$ 1,683,790	$ 310,087	$ 152,705	$ 2,146,582
Personal				
-Very low	$ 528,958	$ -	$ -	$ 528,958
-Low	43,360	-	-	43,360
-Medium	-	41,271	-	41,271
-High	-	11,367	-	11,367
-Default	-	-	41,921	41,921
Gross personal	$ 572,318	$ 52,638	$ 41,921	$ 666,877
Business & Sovereign				
-Investment grade	$ 461,585	$ 53,697	$ -	$ 515,282
-Non-Investment grade	2,183,741	1,065,651	-	3,249,392
-Default	-	-	93,107	93,107
-Not rated	140,552	16,279	-	156,831
Gross Business & Sovereign	$ 2,785,878	$ 1,135,627	$ 93,107	$ 4,014,612
Total gross amount of loans	$ 5,041,986	$ 1,498,352	$ 287,733	$ 6,828,071

For our Business & Sovereign loans, we employ risk ratings in managing our credit portfolio. Business borrowers with elevated default risk are monitored on our Early Warning List. Early Warning List characteristics include borrowers exhibiting a significant decline in revenue, income, or cash flow or where we have doubts as to the continuing viability of the business. Early Warning List customers are often, but not always, also delinquent. As of October 31, 2022, Early Warning List customers in the medium to high risk category amounted to $223,923 (2021 - $163,453). The Group also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset which involves assessment of a customer's historical days past due and delinquency pattern. If contractual payments are more than 30 days past due and the trends of delinquency over the lifetime of the loan indicates increased risk, the credit risk is deemed to have increased significantly. When estimating ECLs on a collective basis for a group of similar assets the Group applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

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The following table highlights credit quality of securities based on the risk rating, systems, trends and the methodology to support performing securities, along with significant increases in credit risk.

2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Securities				
-Investment grade	$ 2,203,034	$ -	$ -	$ 2,203,034
-Non-Investment grade	104,063	266,207	-	370,270
-Default	-	-	362,690	362,690
-Not rated	627	-	-	627
Gross Securities	$ 2,307,724	$ 266,207	$ 362,690	$ 2,936,621

2021	Stage 1	Stage 2	Stage 3	Total
Securities				
-Investment grade	$ 1,722,170	$ -	$ -	$ 1,722,170
-Non-Investment grade	148,507	353,951	-	502,458
-Default	-	-	318,851	318,851
-Not rated	622	-	-	622
Gross Securities	$ 1,871,299	$ 353,951	$ 318,851	$ 2,544,101

Model adjustments

The Group considers the use and nature of material additional adjustments, which are used to capture factors not specifically embedded in the models used. While many adjustments are part of the normal modelling process (for example, to adjust PDs as defined for capital purposes to accounting requirements or to incorporate forward- looking information), management may determine that additional, post-modelling adjustments are needed to reflect macro-economic or other factors which are not adequately addressed by the current models such as management overlays for unexpected events e.g. hurricanes and the economic stress overlay. Such adjustments would result in an increase or decrease in the overall ECLs.

Modified financial assets and client relief moratorium programs

On March 11, 2020, the outbreak of COVID-19 was officially declared a pandemic by the World Health Organization. During the financial year, the COVID-19 pandemic continues to have a significant adverse impact on the global economy. All territories across the region were negatively affected, and we were able to respond by providing support to our clients via our COVID-19 relief program. As at October 31, 2022 the gross outstanding balance of loans in the moratorium program was $Nil for residential mortgages (2021: $2.2 million), $Nil for personal loans (2021: $0.1 million) and $Nil for Business & Sovereign loans (2021: $78.7 million). Of the loans that were under the program as of October 31, 2022, the gross outstanding balance of loans that received extension of an initial deferral or in the process of being provided an extension was $Nil (2021: $79 million). In addition to the loans that are under moratorium, $1.2 million (2021: 237 million) of loans are expected to be restructured in the near term, and a further $170 million (2021: 171 million) have exited the moratorium and have been restructured as of October 31, 2022.

Several of the regional regulators have provided guidance stating that clients who have entered into the COVID-19 moratorium programs should be frozen at their days past due position prior to entry into the program until expiry of the moratorium period. Additionally, no loans which have greater than 90 days past due (non-performing) should be granted entry into the program.

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The following tables provides the aging profile of accounts under moratorium by Product as at October 31, 2022.

2022	Clean	1-30 days	31-60 days	61-90 days	Total
Residential mortgages	$ -	$ -	$ -	$ -	$ -
Personal	-	-	-	-	-
Business & Sovereign	-	-	-	-	-
Total	$ -	$ -	$ -	$ -	$ -

2021	Clean	1-30 days	31-60 days	61-90 days	Total
Residential mortgages	$ 2,190	$ -	$ -	$ 4	$ 2,194
Personal	64	51	-	-	115
Business & Sovereign	64,029	14,268	63	343	78,703
Total	$ 66,283	$ 14,319	$ 63	$ 347	$ 81,012

From time to time, we may modify the contractual terms of loans classified as stage 2 and stage 3 for which the borrower has experienced financial difficulties, through the granting of a concession in the form of below-market rates or terms that we would not otherwise have considered.

During the year ended October 31, 2022, loans classified as stage 2 or stage 3 with an amortised cost of $144 million (2021: $396 million) were either modified through the granting of a financial concession in response to the borrower having experienced financial difficulties or were subject to the client relief programs in response to COVID-19, in each case before the time modification or deferred. In addition, the gross carrying amount of previously modified of deferred stage 2 or stage 3 loans that have returned to stage 1 during the year ended October 31, 2022 was $106 million (2021: $76 million).

Impact on regulatory capital

Annually, the base Capital Plan is assessed under a central stress scenario with ranges (mild recession & severe recession) as part of stress testing. The results of the stress tests are taken into consideration when setting the annual capital targets and may, by extension, have an effect on the quantum or timing of planned capital initiatives. The following key assumptions are adversely varied under each recession scenario (mild & severe) to arrive at Capital Plan results:

i. Changes in GDP growth rates are assumed to directionally affect performing loan growth rates and fee income levels.

ii. Changes in interest rates are assumed to impact net interest income based on the proportion of hard vs. soft currency balance split for interest sensitive assets and liabilities, namely cash placements, securities, loans and deposit liabilities.

iii. Changes in GDP growth rates are assumed to impact non-performing loans growth rates, which in turn affect interest income and loan loss expenses.

iv. Changes in inflation rates are assumed to directionally impact expense growth.

The Group meets regulatory ratio and policy liquidity metrics such as the Structural Liquidity Ratio and Liquidity Horizon. The Group anticipates that regional regulators will continue implementation of Basel Liquidity metrics in the near future and continually updates internal processes to ensure compliance with these ratios.

The Group also monitors and reports to senior management its leverage ratio monthly with quarterly reporting to the Board of Directors.

Market Risk

Market risk is defined as the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables. Market risk arises from positions in securities and derivatives in addition to our core retail, wealth and corporate businesses. The key risks to the Group are foreign exchange, interest rate and credit spread. The Group's Market Risk Team is a centralized team that is independent from the front line. The following sections give a comprehensive review of the Group's entire exposures.

Policies and Standards

The Group has a comprehensive policy for market risk management related to the identification, measurement, monitoring and control of market risks. This policy is reviewed and approved every two years by the Risk Committee. The Board limits, which are approved

annually, are used by the Bank to establish explicit risk tolerances expressed in term of the three main risk measures mentioned below. There is a three tiered approach to limits at the Bank. The highest level is set at the Board. The second tier is delegated by the Chief Risk Officer and the third tier to the Business Unit, which limits traders to specific products and size of deals. These limits are documented through a formal electronic delegation letter and monitored using the Group's treasury system.

Process & Control

Market risk measures are monitored with differing degrees of frequency dependent upon the nature of the risk. FX positions measures are measured daily whereas others such as stress tests are performed on a monthly basis. Detailed market risk compliance reports are produced and circulated to senior management on a monthly basis and a summary version supplied to the Board quarterly.

Risk Measurement

The Bank has four main measures of market risk:

- Value at Risk (VaR), wherever feasible VaR enables the meaningful comparison of the risks in different asset classes,
- Outright position, used predominantly for FX,
- Sensitivity to a 1 basis point move in a curve, used for both interest rate and credit spread risk,
- Stress scenarios based upon a combination of theoretical situations and historical events.

VaR

VaR is used to measure the group's overall Market Risk. The group's VaR methodology is a statistically defined, probability-based approach that uses volatilities and correlations to quantify risk in dollar terms. VaR measures the potential loss from market movements that can occur overnight at a confidence interval under normal conditions VaR uses numerous risk factors as inputs and is computed using the historical volatility of each risk factor and the associated historical correlations among them, updated on a regular basis.

Position

This risk measure is used predominantly for the Group's foreign exchange business. This measure, monitored daily, focuses upon the outright long or short position in each currency from either the spot/trading position and on a structural basis. Any forward contracts or FX swaps are also incorporated. There are also notional position limits on the size of the bond portfolios.

Sensitivity

The main two measures utilised by the Group are the DV01 (delta value of a 1 basis point move, also known as the PV01 or present value of a 1 basis point move) and the CSDV01 (credit spread delta of a 1 basis point move). The DV01 measure is calculated for a 1 basis point move down in the yield curve. This generates the change in economic value by individual currency of a parallel shift down in the related yield curve. As curves rarely move in a parallel fashion it is measured across different tenors to ensure that there is no further curve risk; for example, a long position in the short end of the curve offset by a short position in the longer tenors. This is then utilised within the scenario analysis. The sensitivities are calculated on a post-structural basis that includes structural assumptions for core balances of non-contractual maturity positions. The CSDV01 sensitivity is a way to measure the risk of the interest rate spread between Treasury securities and the non-Treasury securities in the bond portfolio widening or narrowing.

Stress Testing & Scenario Analysis

Stress testing and scenario Analysis are designed to add insight to possible outcomes of abnormal (or tail event) market conditions and to highlight where risk concentrations could be of concern. The Group has two distinct approaches to this which are as follows:

- For the hard currency testing it utilizes the suite of measures that the parent company has developed. The stress testing measures the effect on the hard currency portfolio values over a wide range of extreme moves in market prices. The stress testing methodology assumes no actions are taken or are able to be taken during the event to mitigate the risk, reflecting the decreased liquidity that frequently accompanies market shocks. The Scenario Analysis approach for the Group's hard currency exposures simulates an impact on earnings of extreme market events up to a period of one quarter. Scenarios are developed using actual historical data during periods of market disruption, or are based upon hypothetical occurrence of economic or political events or natural disasters and are designed by economists, business leaders and risk managers.
  These tests are run on a daily basis
- The local currency stress tests are designed on a similar but smaller scale. For interest rate stresses, Market Risk in conjunction with Treasury consider the market data over approximately the last 10 years and identify the greatest curve or data point moves over both sixty and single days. These are then applied to the existing positions/sensitivities of the Group. This is performed and reported on a monthly basis, as they do not tend to change rapidly.

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- For Foreign Exchange Stresses, the Group considers what the effect of a currency coming off a peg would have on the earnings of the Group. This is largely judgmental, as it has happened so infrequently in the region and it is supplemented by some historical reviews both within the region and in other areas where pegged currency regimes have existed or do exist.

Summary of Key Market Risks

The following market risks are considered by management the most significant for the Group arising from the various currencies, yield curves and spreads throughout the regional and broader international markets,

(i) The risk of credit spreads widening in a similar fashion to the Credit Crisis of 2008 on bonds held within the investment portfolios,
(ii) The low probability, high impact of a peg breaking between the USD and a local currency, particularly the BSD, impacting the structural long position of the Bank.

The largest interest rate risk, 1 Month Stress, is derived from multiple historical and hypothetical market scenarios, including the US Fed Tightening 94 and Brexit-leave/Brexit-Remain. The following section highlights these key risks as well as some of the lesser ones that arise from the Group's ongoing banking operations.

Foreign Exchange Risk

Foreign Exchange (or currency) Risk is defined as the risk that the value of a financial instrument will fluctuate as a result of changes in foreign exchange rates. A significant number of the regional currencies are pegged to the USD and hence the VaR measure is not appropriate resulting in more emphasis being placed on the overall position limit and related stress tests. The Board has set limits on positions by currency. These positions are monitored on a daily basis and the Forex & Derivatives Sales team are solely responsible for the hedging of the exposure of the Group.

The Group also uses a measure to quantify non-trading foreign exchange risk, also referred to as Structural Foreign Exchange Risk. This considers the effect of currency change on the Group's investment in foreign operations, retained earnings and profit derived throughout the year in non-functional. Due to the size of investments in the Bahamas, Cayman, the Eastern Caribbean and Jamaica, this significantly increases the Group's exposure to these currencies and is reflected in the "Structural FX Position" columns. The increase in Barbados dollar trading position is due to the regulatory requirement to sell foreign currency earnings in Barbados.

The following table highlights the currencies that the Bank had significant exposures to at October 31, 2022. It also highlights the metrics used by the Group to measure, monitor and control that risk.

2022

Currency	Trading Position Long/(Short) vs USD	VaR	Stressed Loss	Structural Position	Total FX Position (Structural +Trading)
Cayman Island dollars	(59,773)	Pegged	4,782	209,734	149,961
Trinidad and Tobago dollars	(18,356)	221	1,468	90,147	71,791
Netherlands Antillean guilder	(453)	Pegged	36	142,394	141,941
Barbados dollars	121,065	Pegged	36,320	202,803	323,868
Bahamian dollars	1,016	Pegged	305	519,493	520,509
Jamaican dollars	(9,001)	144	720	98,553	89,551
Eastern Caribbean dollars	(186,150)	Pegged	14,892	40,698	(145,452)

2021

Currency	Trading Position Long/(Short) vs USD	VaR	Stressed Loss	Structural Position	Total FX Position (Structural +Trading)
Cayman Island dollars	(138,835)	Pegged	11,107	146,229	7,394
Trinidad and Tobago dollars	(15,702)	210	1,256	84,730	69,028
Netherlands Antillean guilder	(6,444)	Pegged	516	169,146	162,702
Barbados dollars	89,305	Pegged	26,791	208,937	298,242
Bahamian dollars	1,023	Pegged	307	534,765	535,788
Jamaican dollars	(4,697)	80	376	89,012	84,315
Eastern Caribbean dollars	(172,036)	Pegged	13,763	51,756	(120,280)

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Interest Rate Risk

As described earlier, the Group utilizes a combination of high level Board limits to monitor risk as well as the more granular Chief Risk Officer's limits. The key interest rate risk measures are shown in the tables below with the second table being a subset highlighting the currencies where the Group has their most significant Interest Rate Exposures.

	2022	2021
Market Risk Metrics		
Interest rate VaR – total	**2,471**	5,368
Interest rate stress worst case loss of value – Hard Currency 1 day	**85**	422
Interest rate stress worst case loss of value – Hard Currency 60 days	**11,297**	26,266
Interest rate stress worst case loss of value – Local Currency 1 day	**4,086**	3,501
Interest rate stress worst case loss of value – Local Currency 60 days	**35,416**	25,067
1 Month Stress	**31,403**	32,492
DV01 Hard Currency	**44**	(124)
DV01 Regional Currency**	**(61)**	136

			2022			2021
Currency	DV01	VaR	60 day stressed loss	DV01	VaR	60 day stressed loss
United States dollars*	**59**	**2,002**	**11,297**	(85.0)	2,446	26,266
Trinidad and Tobago dollars	**5**	**131**	**170**	(0.8)	112	1,659
Netherlands Antillean guilder	**(1)**	**-**	**326**	6.7	-	196
Barbados dollars	**2**	**-**	**17,811**	159.7	-	17,312
Bahamian dollars	**(10)**	**2**	**747**	(0.1)	29	414
Jamaican dollars	**4**	**136**	**4,874**	1.2	150	1,984
Eastern Caribbean dollars	**(13)**	**876**	**1,740**	(13.0)	1,563	1,732
Cayman Islands dollars	**(48)**	**154**	**9,748**	(9.3)	141	1,768

*United States Dollar – 60 Day stressed loss represents the Hard Currency (USD/EUR/CAD) loss. VaR is conventionally reported as a positive number.

** Regional Currency comprises of Cayman Islands dollars, Trinidad and Tobago dollars, Netherlands Antillean guilder, Barbados dollars, Bahamian dollars, Jamaican dollars, and Eastern Caribbean dollars.

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IBOR reform

Interest rate benchmarks including the London Interbank Offered Rate (LIBOR) and other similar benchmarks, are being reformed and replaced by new risk-free rates that are largely based on traded markets. The U.K.'s Financial Conduct Authority (FCA) originally announced in July 2017 that it would not compel banks to submit LIBOR rates after December 2021. In March 2021, the FCA and the ICE Benchmark Administrator (IBA) announced the dates for the cessation or loss of representativeness of various LIBOR rates including that certain non-USD LIBORs will cease on December 31, 2021 and that most USD LIBOR tenors will cease on June 30, 2023. As IBORs are widely referenced by large volumes of derivative, loan and cash products, the transition presents a number of risks to the Group, and the industry as a whole. These transition risks include market risk, conduct risk, legal risk, financial risk, pricing risk, operational and accounting risk. The Group has established a comprehensive enterprise-wide program to manage and coordinate all aspects of the transition, including the identification and mitigation of these risks.

Following the decision by global regulators to phase out IBORs and replace them with alternative reference rates, the Group has established a project to manage the transition for any of its contracts that could be affected. The project was sponsored by the Managing Director Corporate & Investment Banking and was led by senior representatives from functions across the Group including the client facing teams, Legal, Finance, Operations and Technology. The project provides monthly progress updates to the Managing Board and bi-annually to the Audit Committee. During 2021, the Group successfully completed the transition of a significant portion of its IBOR exposure to RFRs and implemented detailed plans, processes and procedures to support the transition of the remainder during 2022. Following the progress made during 2022, the Group is confident that it has the operational capability to process the large volume of transitions to RFRs that will be necessary during 2022 for those interest rate benchmarks such as USD London Interbank Offered Rate "LIBOR" that will cease to be available and so will be replaced by Secured Overnight Financing Rate "SOFR". For other benchmark interest rates such as Euro Interbank Offer Rate "EURIBOR" that have been reformed and can therefore continue, financial instruments referencing those rates will not need to transition.

IBOR reform exposes the Group to various risks, which the project is managing and monitoring closely. These risks include but are not limited to the following:

- Market risk as new basis risks emerge due to the IBOR reform
- Conduct risk arising from discussions with clients and market counterparties due to the amendments required to existing contracts necessary to effect IBOR reform
- Legal risk arising as contracts are revised based final amended terms
- Financial risk to the Group and its clients that markets are disrupted due to IBOR reform giving rise to financial losses
- Pricing risk from the potential lack of market information if liquidity in IBORs reduces and RFRs are illiquid and unobservable
- Operational risk arising from changes to the Group's IT systems and processes (current or newly introduced), also the risk of payments being disrupted if an IBOR ceases to be available
- Accounting risk if the Group's hedging relationships fail and from unrepresentative income statement volatility as financial instruments transition to RFRs

The following table presents the approximate notional amounts of our derivatives and the gross outstanding balances of our non-derivative financial assets and financial liabilities that are indexed to USD LIBOR and EUR LIBOR as at October 31, 2022 with a maturity date beyond December 31, 2021, which are expected to be affected by IBOR reform.

For the year ended October 31, 2022
(Expressed in thousands of United States dollars, except as noted)

2022	Notional/gross outstanding amounts		
	USD LIBOR		Others(1)
	Maturing after December 31, 2021 and before June 30, 2023	Maturing after June 30, 2023	Maturing after December 31, 2022
Non-derivative financial assets			
Securities	$ 135,000	$ 34,705	$ -
Loans	$ 54,240	$ 754,743	$ 4,527
	$ 189,240	$ 789,448	$ 4,527
Non-derivative financial Liabilities			
Secured borrowings deposits and subordinated indebtedness	$ -	$ -	$ -
Other deposits	$ -	$ -	$ -
	$ -	$ -	$ -
Derivatives	$ 21,354	$ 238,031	$ -

2021	Notional/gross outstanding amounts		
	USD LIBOR		Others(1)
	Maturing after December 31, 2021 and before June 30, 2023	Maturing after June 30, 2023	Maturing after December 31, 2021
Non-derivative financial assets			
Securities	$ 166,000	$ 34,375	$ -
Loans	$ 304,176	$ 1,175,351	$ -
	$ 470,176	$ 1,209,726	$ -
Non-derivative financial Liabilities			
Secured borrowings deposits and subordinated indebtedness	$ -	$ -	$ -
Other deposits	$ -	$ -	$ -
	$ -	$ -	$ -
Derivatives	$ 70,641	$ 270,695	$ -

The tables above excludes undrawn loan commitments. As at October 31, 2022, the total outstanding undrawn loan commitments that are potentially subject to USD LIBOR the transition with a maturity date beyond June 30, 2023 are approximately $55 million.

(1) No material hold positions are noted in any other currency denominated Libor products.

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Credit Spread Risk

Credit Spread exists as the benchmark curve and the reference asset curves either converge or diverge. The Group has two portfolios that have a material amount of credit spread risk. This risk is measured using an estimated CSDV01 and stress scenarios, the results are reported daily to Senior Management.

Credit spread risk by Operating Company (OPCO)

2022

	Regional Hard Currency Bonds			Non-Regional Hard Currency Bonds			Total		
	Notional	**Credit Spread DV01**	**Stress Loss**	Notional	Credit Spread DV01	Stress Loss	Notional	Credit Spread DV01	Stress Loss
Bahamas	$ 93,690	$ 53	$ 10,962	$ 185,000	$ 13	$ 2,686	$ 278,690	$ 66	$ 13,648
Cayman	107,900	27	6,380	316,660	22	4,344	424,560	49	10,724
Barbados	69,066	10	2,325	180,840	18	3,654	249,906	28	5,979
IWM*	15,121	3	711	46,000	3	640	61,121	6	1,351
Trinidad	24,267	1	137	-	-	-	24,267	1	137
Jamaica	-	-	-	-	-	-	-	-	-
Total	$ 310,044	$ 94	$ 20,515	$ 728,500	$ 56	$ 11,324	$ 1,038,544	$ 150	$ 31,839

Credit spread risk by OPCO

2021

	Regional Hard Currency Bonds			Non-Regional Hard Currency Bonds			Total		
	Notional	Credit Spread DV01	Stress Loss	Notional	Credit Spread DV01	Stress Loss	Notional	Credit Spread DV01	Stress Loss
Bahamas	$ 71,138	$ 13	$ 3,259	$ 252,000	$ 28	$ 5,580	$ 323,138	$ 41	$ 8,839
Cayman	135,707	47	11,145	428,660	46	9,215	564,367	93	20,360
Barbados	119,315	27	6,044	169,840	32	6,410	289,155	59	12,454
IWM*	7,588	3	640	63,500	7	1,508	71,088	10	2,148
Trinidad	32,426	3	870	-	-	-	32,426	3	870
Jamaica	-	-	-	-	-	-	-	-	-
Total	$ 366,174	$ 93	$ 21,958	$ 914,000	$ 113	$ 22,713	$ 1,280,174	$ 206	$ 44,671

At fiscal year end the weighted average rating of the positions in the Regional Hard Currency Portfolio is A.

The average weighted maturity is 2 years. The weighted average rating of the positions in the Non-Regional Hard Currency Portfolio remained AA. The average weighted maturity is 1 year.

Derivatives held for ALM purposes

Where derivatives are held as hedges against either sizeable loans from core businesses or to reduce Interest Risk Exposure to USD denominated local bond issues and if the transactions meet the regulatory criteria then the Bank applies for Hedge Accounting. Derivative hedges that do not qualify for Hedge Accounting treatment are considered to be Economic Hedges and are recorded at Market Value on the consolidated statement of financial position with changes in the fair value reflected through profit and loss. It should be noted that these are only Interest Rate Risk Hedges and other risks such as Credit Spread on the underlying still exist and are measured separately.

*FirstCaribbean International Wealth Management Bank (Barbados) Limited.

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(Expressed in thousands of United States dollars, except as noted)

Currency concentrations of assets, liabilities and commitments, guarantees and contingent liabilities:

2022	EC	BDS	CAY	BAH	US	JA	Other	Total
Assets								
Cash and balances with Central Banks	$ 203,699	$ 455,422	$ 4,515	$ 519,078	$ 106,884	$ 74,154	$ 176,163	**$ 1,539,915**
Due from banks	4,577	(4,954)	772	(1,155)	794,229	5,982	387,487	**1,186,938**
Derivative financial instruments	-	-	-	-	13,507	-	-	**13,507**
Other assets	(1,647)	70,701	12,715	18,614	21,359	3,997	(1,982)	**123,757**
Taxation recoverable	17,272	1,015	128	-	247	14	3,235	**21,911**
Securities	7,414	536,182	-	233,510	2,135,902	32,861	-	**2,945,869**
Loans and advances to customers	500,642	786,450	421,795	1,285,753	2,926,801	293,425	434,645	**6,649,511**
Property and equipment	16,864	73,758	11,329	32,602	34,580	12,861	10,881	**192,875**
Deferred tax assets	13,597	4,593	-	-	26	5,262	3,716	**27,194**
Retirement benefit assets	18,736	8,260	(1,486)	39,847	(2,057)	16,706	2,546	**82,552**
Intangible Assets	-	44,372	-	-	-	-	-	**44,372**
	781,154	1,975,799	449,768	2,128,249	6,031,478	445,262	1,016,691	**12,828,401**
Assets of disposal group classified as held for sale	209,727	411	-	-	90,859	33	1,167	**302,197**
Total assets	**$ 990,881**	**$1,976,210**	**$ 449,768**	**$2,128,249**	**$6,122,337**	**$ 445,295**	**$1,017,858**	**$13,130,598**
Liabilities								
Derivative financial instruments	$ -	$ -	$ -	$ -	$ 11,626	$ -	$ -	**$ 11,626**
Customer deposits	722,519	1,779,067	422,353	1,716,474	5,506,109	355,171	927,053	**11,428,746**
Other liabilities	(145,046)	180,674	(39,846)	(88,149)	264,010	(1,814)	3,860	**173,689**
Taxation payable	146	(5,021)	128	-	5,038	1,172	3,290	**4,753**
Deferred tax liabilities	4,926	951	-	-	87	6,505	661	**13,130**
Debt securities in issue	-	-	-	-	-	-	26,599	**26,599**
Retirement benefit obligations	2,232	1,840	(148)	6,426	7,435	477	368	**18,630**
	584,777	1,957,511	382,487	1,634,751	5,794,305	361,511	961,831	**11,677,173**
Laibilities of disposal group classified as held for sale	239,346	-	-	-	55,002	-	-	**294,348**
Total liabilities	**$ 824,123**	**$1,957,511**	**$ 382,487**	**$1,634,751**	**$5,849,307**	**$ 361,511**	**$ 961,831**	**$11,971,521**
Net assets	**$ 166,758**	**$ 18,699**	**$ 67,281**	**$ 493,498**	**$ 273,030**	**$ 83,784**	**$ 56,027**	**$ 1,159,077**
Commitments, guarantees and contingent liabilities	**$ 133,077**	**$ 155,994**	**$ 47,529**	**$ 155,143**	**$ 640,253**	**$ 72,749**	**$ 85,585**	**$ 1,290,330**

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Currency concentrations of assets, liabilities and commitments, guarantees and contingent liabilities:

2021	EC	BDS	CAY	BAH	US	JA	Other	Total
Assets								
Cash and balances with Central Banks	$ 199,710	$ 442,726	$ 5,259	$ 384,078	$ 95,235	$ 131,424	$ 191,971	$ 1,450,403
Due from banks	1,362	1,758	2,059	(239)	840,516	1,362	529,742	1,376,560
Derivative financial instruments	-	-	-	-	5,852	-	-	5,852
Financial assets at fair value through profit and loss	-	-	-	-	-	-	-	-
Other assets	5,303	56,041	17,541	16,942	5,391	3,909	970	106,097
Taxation recoverable	20,019	2,838	536	-	248	-	4,284	27,925
Securities	7,383	522,310	-	286,011	1,693,623	38,856	5,135	2,553,318
Loans and advances to customers	514,703	680,753	389,341	1,317,558	2,942,924	248,840	407,166	6,501,285
Property and equipment	23,385	68,084	11,740	33,687	33,973	11,809	10,544	193,222
Deferred tax assets	11,762	5,301	-	-	(214)	5,665	4,901	27,415
Retirement benefit assets	39,189	39,803	(2,309)	66,843	(298)	10,124	2,546	155,898
Intangible Assets	-	44,372	-	-	-	-	-	44,372
	822,816	1,863,986	424,167	2,104,880	5,617,250	451,989	1,157,259	12,442,347
Assets of disposal group classified as held for sale	209,195	472	-	-	116,949	7	86,578	413,201
Total assets	$ 1,032,011	$1,864,458	$ 424,167	$2,104,880	$5,734,199	$ 451,996	$1,243,837	$12,855,548
Liabilities								
Derivative financial instruments	$ -	$ -	$ -	$ -	$ 10,674	$ -	$ -	$ 10,674
Customer deposits	751,268	1,714,332	477,787	1,607,146	5,064,491	378,413	1,065,803	11,059,240
Financial assets at fair value through profit and loss	-	-	-	-	-	-	-	-
Other borrowed funds	-	-	-	-	-	-	-	-
Other liabilities	(122,841)	129,416	(126,730)	(68,877)	349,001	1,276	15,214	176,459
Taxation payable	146	(1,524)	536	-	1,374	2,057	(323)	2,266
Deferred tax liabilities	11,305	1,220	-	-	103	4,088	1,771	18,487
Debt securities in issue	-	-	-	-	-	-	26,599	26,599
Retirement benefit obligations	2,181	1,908	(967)	2,888	12,804	518	371	19,703
	642,059	1,845,352	350,626	1,541,157	5,438,447	386,352	1,109,435	11,313,428
Liabilities of disposal group classified as held for sale	236,450	-	-	-	64,490	-	89,965	390,905
Total liabilities	$ 878,509	$1,845,352	$ 350,626	$1,541,157	$5,502,937	$ 386,352	$1,199,400	$11,704,333
Net assets	$ 153,502	$ 19,106	$ 73,541	$ 563,723	$ 231,262	$ 65,644	$ 44,437	$ 1,151,215
Commitments, guarantees and contingent liabilities	$ 94,773	$ 165,494	$ 39,803	$ 123,445	$ 633,148	$ 56,752	$ 73,496	$ 1,186,911

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Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. Limits are set on the level of mismatch of interest rate repricing that may be undertaken, which are monitored on an ongoing basis.

Expected repricing and maturity dates do not differ significantly from the contract dates, except for the maturity of deposits up to one month, which represent balances on current accounts considered by the Group as a relatively stable core source of funding for its operations.

Liquidity risk

Liquidity risk arises from the Group's general funding activities in the course of managing assets and liabilities. It is the risk of having insufficient cash resources to meet current financial obligations without raising funds at unfavourable rates or selling assets on a forced basis.

The Group's liquidity management strategies seek to maintain sufficient liquid financial resources to continually fund the consolidated statement of financial position under both normal and stressed market environments.

Process and control

Actual and anticipated inflows and outflows of funds generated from exposures including those not recognised in the consolidated statement of financial position are managed on a daily basis within specific short-term asset/liability mismatch limits by operational entity.

Potential cash flows under various stress scenarios are modelled using carrying amounts recognised in the consolidated statement of financial position. On a consolidated basis, prescribed liquidity levels under a selected benchmark stress scenario are maintained for a minimum time horizon.

Risk measurement

The Group's liquidity measurement system provides daily liquidity risk exposure reports for monitoring and review by the Treasury department. The Group's Assets and Liabilities Committee (ALCO) is responsible for recommending the liquidity ratio targets, the stress scenarios and the contingency funding plans. The Group's Board of Directors is ultimately responsible for the Group's liquidity.

The Group manages liquidity risk by maintaining a significant base of core customer deposits, liquid assets and access to contingent funding as part of its management of risk. Each operational entity has internally established specific liquidity requirements that are approved by the Group's ALCO and reviewed annually.

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The table below analyses the assets, liabilities and commitments, guarantees and contingent liabilities of the Group into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

2022	0-3 months	3-12 months	1-5 years	Over 5 years	Total
Assets					
Cash and balances with Central Banks	$ 1,539,915	$ -	$ -	$ -	**$ 1,539,915**
Due from banks	1,118,900	68,038	-	-	**1,186,938**
Derivative financial instruments	3,756	102	5,842	3,807	**13,507**
Other assets	123,757	-	-	-	**123,757**
Taxation recoverable	21,911				**21,911**
Securities	1,062,281	242,846	389,156	1,251,586	**2,945,869**
Loans and advances to customers	1,038,533	266,067	1,910,132	3,434,779	**6,649,511**
Property and equipment	86,847	388	19,659	85,981	**192,875**
Deferred tax assets	23,736	-	2,758	700	**27,194**
Retirement benefit assets	61,000	-	-	21,552	**82,552**
Intangible assets	-	-	-	44,372	**44,372**
Assets of disposal group classified as held for sale or discontinuing operations	-	302,197	-	-	**302,197**
Total assets	**$ 5,080,636**	**$ 879,638**	**$ 2,327,547**	**$ 4,842,777**	**$ 13,130,598**
Liabilities					
Derivative financial instruments	$ 4,061	$ 90	$ 5,473	$2,002	**$ 11,626**
Customer deposits	10,607,030	757,644	61,483	2,589	**11,428,746**
Other liabilities	173,111	71	507	-	**173,689**
Taxation payable	4,753	-	-	-	**4,753**
Deferred tax liabilities	12,870	-	122	138	**13,130**
Debt securities in issue	-	461	26,138	-	**26,599**
Retirement benefit obligations	-	-	-	18,630	**18,630**
Liabilities of disposal group classified as held for sale or discontinuing operations	-	294,348	-	-	**294,348**
Total liabilities	**$ 10,801,825**	**$ 1,052,614**	**$ 93,723**	**$ 23,359**	**$ 11,971,521**
Net assets/(liabilities)	**$ (5,721,189)**	**$ (172,976)**	**$ 2,233,824**	**$ 4,819,418**	**$ 1,159,077**
Commitments, guarantees and contingent liabilities (Note 28)	**$ 200,044**	**$ 233,583**	**$ 344,023**	**$ 512,680**	**$ 1,290,330**

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2021	0-3 months	3-12 months	1-5 years	Over 5 years	Total
Assets					
Cash and balances with Central Banks	$ 1,450,403	$ -	$ -	$ -	$ 1,450,403
Due from banks	1,328,807	47,753	-	-	1,376,560
Derivative financial instruments	108	23	4,839	882	5,852
Other assets	106,097	-	-	-	106,097
Taxation recoverable	27,925	-	-	-	27,925
Securities	516,800	318,313	490,674	1,227,531	2,553,318
Loans and advances to customers	923,093	327,978	1,854,161	3,396,053	6,501,285
Property and equipment	83,627	5,362	36,542	67,691	193,222
Deferred tax assets	20,189	-	5,665	1,561	27,415
Retirement benefit assets	82,872	-	-	73,026	155,898
Intangible assets	-	-	-	44,372	44,372
Assets of disposal group classified as held for sale	-	413,201	-	-	413,201
Total assets	$ 4,539,921	$ 1,112,630	$ 2,391,881	$ 4,811,116	$ 12,855,548
Liabilities					
Derivative financial instruments	$ 561	$ 23	$ 4,218	$ 5,872	$ 10,674
Customer deposits	10,136,059	852,283	68,254	2,644	11,059,240
Other liabilities	165,193	2,599	8,548	119	176,459
Taxation payable	305	1,961	-	-	2,266
Deferred tax liabilities	12,705	-	4,088	1,694	18,487
Debt securities in issue	26,599	-	-	-	26,599
Retirement benefit obligations	-	-	-	19,703	19,703
Liabilities of disposal group classified as held for sale	-	390,905	-	-	390,905
Total liabilities	$ 10,341,422	$ 1,247,771	$ 85,108	$ 30,032	$ 11,704,333
Net assets/(liabilities)	$ (5,801,501)	$ (135,141)	$ 2,306,773	$ 4,781,084	$ 1,151,215
Commitments, guarantees and contingent liabilities (note 28)	$ 363,532	$ 217,691	$ 127,777	$ 477,911	$ 1,186,911

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Fair values of financial assets and liabilities

Fair value is defined as the price that would be received to sell an asset, or paid to transfer a liability, between market participants in an orderly transaction in the principal market at the measurement date under current market conditions (i.e., the exit price).

The determination of fair value requires judgment and is based on market information, where available and appropriate. Fair value measurements are categorized into three levels within a fair value hierarchy (Level 1, 2 or 3) based on the valuation inputs used in measuring the fair value, as outlined below:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities we can access at the measurement date. Bid prices, ask prices or prices within the bid and ask, which are the most representative of the fair value, are used as appropriate to measure fair value. Fair value is best evidenced by an independent quoted market price for the same instrument in an active market. An active market is one where transactions are occurring with sufficient frequency and volume to provide quoted prices on an ongoing basis.
- Level 2 - Quoted prices for identical assets or liabilities in markets that are inactive or observable market quotes for similar instruments, or use of valuation technique where all significant inputs are observable. Inactive markets may be characterized by a significant decline in the volume and level of observed trading activity or through large or erratic bid/offer spreads. In instances where traded markets do not exist or are not considered sufficiently active, we measure fair value using valuation models.
- Level 3 - Non-observable or indicative prices or use of valuation technique where one or more significant inputs are non-observable.

The table below presents the level in the fair value hierarchy into which the fair values of financial instruments that are carried at and disclosed at fair value on the consolidated statement of financial position, are categorized.

	Level 1 Quoted market price	Level 2 Valuation technique-observable market input	Level 3 Valuation technique-non-observable market input	**Total 2022**	Total 2021
Financial Assets					
Cash and balances with Central Banks	1,539,915	-	-	1,539,915	1,450,403
Due from banks	1,186,938	-	-	1,186,938	1,376,560
Derivative financial instruments	-	13,507	-	13,507	5,852
Debt Securities at FVOCI	-	2,439,125	-	2,439,125	2,102,581
Debt Securities at amortised cost	6,150	93,027	352,367	451,544	401,294
Loans and advances to customers	-	-	6,570,651	6,570,651	6,473,769
Assets of disposal group classified as held for sale	-	-	301,509	301,509	412,497
Total Financial Assets	$ 2,733,003	$ 2,545,659	$ 7,224,527	$ 12,503,189	$ 12,222,956
Financial Liabilities					
Derivative financial instruments	-	11,626	-	11,626	10,674
Customer Deposits	-	-	11,444,531	11,444,531	11,073,046
Debt securities in issue	-	27,993	-	27,993	27,993
Assets of disposal group classified as held for sale	-	-	294,349	294,349	395,246
Total Financial Liabilities	$ -	$ 39,619	$ 11,738,880	$ 11,778,499	$ 11,506,959

*Financial assets with carrying values that approximate fair value.

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Transfers between levels in the fair value hierarchy are deemed to have occurred at the beginning of the year in which the transfer occurred. Transfers between levels can occur as a result of additional or new information regarding valuation inputs and changes in their observability.

2022	Carrying value	Fair value	Fair value over/(under) carrying value
Financial assets			
Cash and balances with Central Banks	$ 1,539,915	$ 1,539,915	$ -
Due from banks	1,186,938	1,186,938	-
Derivative financial instruments	13,507	13,507	-
Securities at FVOCI	2,439,125	2,439,125	-
Securities at amortised cost	506,744	451,544	(55,200)
Loans and advances to customers	6,649,511	6,570,651	(78,860)
Assets of disposal group classified as held for sale	302,197	301,509	(688)
Total financials assets	**$ 12,637,937**	**$ 12,503,189**	**$ (134,748)**
Financial liabilities			
Derivative financial instruments	$ 11,626	$ 11,626	$ -
Customer deposits	11,428,746	11,444,531	15,785
Debt securities in issue	26,599	27,993	1,394
Liabilities of disposal group classified as held for sale	294,348	294,349	1
Total financial liabilities	**$ 11,761,319**	**$ 11,778,499**	**$ 17,180**

2021	Carrying value	Fair value	Fair value over/(under) carrying value
Financial assets			
Cash and balances with Central Banks	$ 1,450,403	$ 1,450,403	$ -
Due from banks	1,376,560	1,376,560	-
Derivative financial instruments	5,852	5,852	-
Securities at FVOCI	2,102,581	2,102,581	
Securities at amortised cost	450,737	401,294	(49,443)
Loans and advances to customers	6,501,285	6,473,769	(27,516)
Assets of disposal group classified as held for sale	413,201	412,497	(704)
Total financials assets	**$ 12,300,619**	**$ 12,222,956**	**$ (77,663)**
Financial liabilities			
Derivative financial instruments	$ 10,674	$ 10,674	$ -
Customer deposits	11,059,240	11,073,046	13,806
Debt securities in issue	26,599	27,993	1,394
Liabilities of disposal group classified as held for sale	390,905	395,246	4,341
Total financial liabilities	**$ 11,487,418**	**$ 11,506,959**	**$ 19,541**

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Quantitative information about significant non-observable inputs

Valuation techniques using one or more non-observable inputs are used for a number of financial instruments. The following table discloses the valuation techniques and quantitative information about the significant non-observable inputs used in Level 3 financial instruments:

	2022				Range of inputs	
As at October 31,	Amortised cost	Fair value	Valuation technique	Key non-observable inputs	Low	High
Loans and advances to customers	6,649,511	6,570,651	Market proxy	Market proxy	3.0%	24.7%
Customer Deposits	11,428,746	11,444,531	Market proxy	Market proxy	0.0%	1.4%
Securities at amortised cost	506,744	451,544	Market proxy or direct broker quote	Market proxy or direct broker quote	2.7%	8.1%
Equity securities	627	627	n/a	n/a	n/a	n/a

	2021				Range of inputs	
As at October 31,	Amortised cost	Fair value	Valuation technique	Key non-observable inputs	Low	High
Loans and advances to customers	6,501,285	6,473,769	Market proxy	Market proxy	2.6%	24.7%
Customer Deposits	11,059,240	11,073,046	Market proxy	Market proxy	0.0%	1.4%
Securities at amortised cost	450,737	401,294	Market proxy or direct broker quote	Market proxy or direct broker quote	0.5%	7.9%
Equity securities	622	622	n/a	n/a	n/a	n/a

These financial assets and liabilities are carried at amortised cost and as such, sensitivity analysis on the inter-relationships between significant non-observable inputs and the sensitivity of fair value to changes in those inputs is not necessary.

Financial instruments recorded at fair value

The following is a description of the determination of fair value for financial instruments, which are recorded at fair value using valuation techniques. These incorporate the Group's estimate of assumptions that a market participant would make when valuing the instruments:

- *Derivative financial instruments*

  Derivative products valued using a valuation technique with market observable inputs are interest rate swaps and foreign exchange forward contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

- *Debt instruments at FVOCI*

  Debt instruments at FVOCI are valued using a valuation technique or pricing models primarily consisting of debt securities. These assets are valued using models which sometimes only incorporate data observable in the market and at other times use both observable and non-observable data. The non-observable inputs to the models include assumptions about liquidity and price disclosure, counterparty credit spreads and sector specific risks.

For the year ended October 31, 2022
(Expressed in thousands of United States dollars, except as noted)

Fair value of financial instruments not carried at fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments, which are not already recorded at fair value in the consolidated financial statements:

- ***Loans and advances to customers***

  Loans and advances to customers are stated net of provisions for impairment. The estimated fair values of loans and advances to customers represents the discounted amount of estimated future cash flows expected to be received.

- ***Customer deposits and other borrowed funds***

  The estimated fair value of customer deposits and other borrowed funds is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and maturity.

- ***Debt securities in issue***

  The fair value is calculated using a discounted cash flow model based on a current interest rate yield curve appropriate for the remaining term to maturity.

Note 33 Assets/Liabilities of Disposal Group classified as Held for Sale

On October 12th, 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.

On February 25, 2022, the Bank completed the sale of its banking assets in Aruba upon the satisfaction of the closing conditions. The proposed sale of banking assets in St. Vincent and St. Kitts received regulatory approval in the third quarter of 2022 and is expected to close within a year. The parties continue to discuss and negotiate key aspects of the transaction in the proposed sale of banking assets in Grenada. On September 1, 2022, the Directors approved the closure of the Dominica Branch, subject to regulatory approval. The transactions relating to Grenada and Dominica have not been classified as Held for Sale as at October 31, 2022 and 2021.

The Bank recognised a severance provision and negative past services costs of $1,858 (2021- $5,918) from discontinuing operations. This loss is recognised in the consolidated statement of income.

The classes of assets and liabilities classified as held for sale are, as follows:

(a) Assets of disposal group classified as held for sale and discontinuing operations

		2022		2021
Cash and balances with Central bank	**$**	**80,441**	$	98,221
Investment securities		**564**		62,407
Loans and advances to customers		**130,768**		189,923
Due from banks		**87,515**		59,463
Property and equipment		**2,909**		3,187
Total	**$**	**302,197**	$	413,201

(b) Liabilities of disposal group classified as held for sale discontinuing operations

		2022		2021
Customer deposits	**$**	**294,348**	$	390,905
Total	**$**	**294,348**	$	390,905

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(Expressed in thousands of United States dollars, except as noted)

The financial results of the discontinued and discontinuing operations are presented below

		2022		2021
Interest and similar income	**$**	**10,124**	$	13,449
Interest and similar expense		**3,530**		5,104
Net interest income		**6,594**		8,345
Operating income		**5,812**		5,630
		12,406		13,975
Operating expenses		**11,354**		15,839
Credit loss expense/(release) on financial assets		**524**		(778)
		11,878		15,061
Income/(loss) before taxation		**528**		(1,086)
Income tax expense		**2,399**		1,756
Loss for the year from discontinued and discontinuing operations	**$**	**(1,871)**	$	(2,842)

		2022		2021
Loss for the year from discontinued and discontinuing operations	**$**	**(1,871)**	$	(2,842)
Other comprehensive loss (net of tax) to be reclassified to net income or losses in subsequent periods				
Net losses on debt securities at fair value through OCI		**(231)**		(458)
Net other comprehensive loss (net of tax) to be reclassified to net income or loss in subsequent periods		**(231)**		(458)
Comprehensive loss for the year, net tax from discontinued and discontinuing operations	**$**	**(2,102)**	$	(3,300)

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Cash flows from discontinued and discontinuing operations

		2022		2021
Net income/(loss) before tax from discontinued and discontinuing operations	**$**	**528**	$	(1,086)
Net cash flows from/(used in) operating activities before changes in operating assets and liabilities from discontinued and discontinuing operations		**528**		(1,086)
Changes in operating assets and liabilities from discontinued and discontinuing operations				
- net decrease/(increase) in loans and advances to customers		**59,155**		(189,923)
- net (decrease)/increase in customer deposits		**(96,557)**		390,905
Income taxes paid		**(2,399)**		(1,756)
Net cash (used in)/from operating activities from discontinued and discontinuing operations	**$**	**(39,273)**	$	198,140
Cash flows from investing activities from discontinued and discontinuing operations				
Purchases of property and equipment		**-**		(3,187)
Proceeds from disposal of property and equipment		**278**		-
Purchase of securities		**-**		(62,407)
Proceed from disposals and redemption of securities		**61,843**		-
Net cash from/(used in) investing activities from discontinued and discontinuing operations	**$**	**62,121**	$	(65,594)
Net increase in cash equivalents		**22,848**		132,546
Movement of assets/liabilities of disposal group not classified as Held For Sale		**(12,576)**		25,138
Cash and cash equivalents, beginning of year from discontinued and discontinuing operations		**157,684**		-
Cash and cash equivalents, end of year from discontinued and discontinuing operations	**$**	**167,956**	$	157,684

For the year ended October 31, 2022
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Note 34 Principal subsidiary undertakings

FirstCaribbean International Bank Limited	Barbados
FirstCaribbean International Wealth Management Bank (Barbados) Limited	Barbados
FirstCaribbean International Bank (Barbados) Limited	Barbados
FirstCaribbean International Bank (Bahamas) Limited (95.2%)	Bahamas
Sentry Insurance Brokers Ltd	Bahamas
FirstCaribbean International (Bahamas) Nominees Company Limited	Bahamas
FirstCaribbean International Trust Company (Bahamas) Limited	Bahamas
March Limited	Bahamas
Commerce Services Limited	Bahamas
Corporate Associates Limited	Bahamas
FirstCaribbean International Land Holdings (TCI) Limited	Turks & Caicos Islands
FirstCaribbean International Bank (Jamaica) Limited	Jamaica
FirstCaribbean International Securities Limited	Jamaica
FirstCaribbean International Bank (Trinidad & Tobago) Limited	Trinidad
FirstCaribbean International Bank (Cayman) Limited	Cayman Islands
FirstCaribbean International (Cayman) Nominees Company Limited	Cayman Islands
FirstCaribbean International Bank and Trust Company (Cayman) Limited	Cayman Islands
Commerce Advisory Services Limited	Cayman Islands
Commerce Corporate Services Limited	Cayman Islands
Commerce Management Services Limited	Cayman Islands
CIBC Fund Administration Services Asia Limited	Hong Kong
FirstCaribbean International Finance Corporation (Netherlands Antilles) N.V.	Netherlands Antilles
FirstCaribbean International Bank (Curaçao) N.V.	Netherlands Antilles

All subsidiaries are wholly owned unless otherwise stated.

Statement of Corporate Governance

Introduction to the Corporate Governance Statement

It is important that you, our shareholders, understand how the Board of Directors of CIBC FirstCaribbean (the "Board") fulfills its corporate governance oversight responsibilities.

The governance framework that guides the Board is described in CIBC FirstCaribbean's Corporate Governance Statement, which follows this introduction.

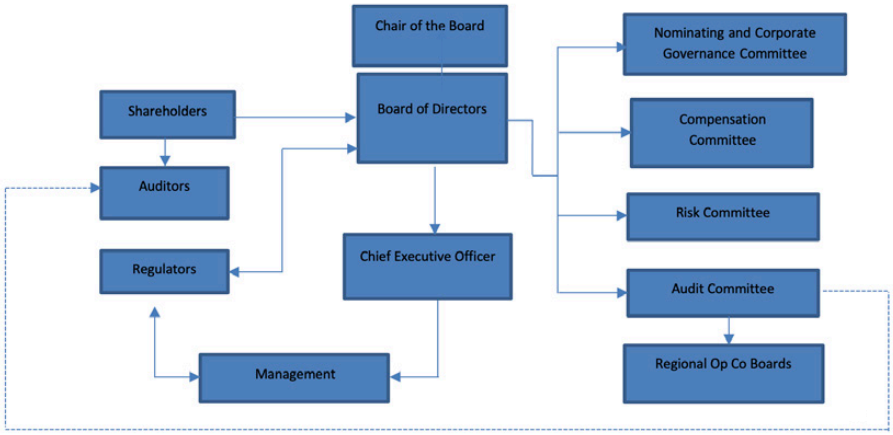
Certain documents are incorporated by reference into the Corporate Governance Statement and may be found on the Bank's website at cibcfcib.com. These include:

1. Board of Directors Mandate
2. Audit Committee Mandate
3. Compensation Committee Mandate
4. Nominating and Corporate Governance Committee Mandate
5. Risk Committee Mandate
6. Chair of the Board of Directors Mandate
7. Board Committee Chair Mandate
8. Chief Executive Officer Mandate
9. Code of Conduct for Employees
10. Code of Ethics for Directors
11. Insider Trading Policy

This statement of corporate governance practices describes the governance framework that guides CIBC FirstCaribbean's Board and management in fulfilling their obligation to CIBC FirstCaribbean and its stakeholders. It was reviewed and approved by the Nominating and Corporate Governance Committee and the Board in December 2022.

1. Governance Structure

At the foundation of CIBC FirstCaribbean's governance structure are knowledgeable, effective, independent and non-independent directors. Documenting clear roles and responsibilities for the Board and its committees assists the Board in supervising the management of CIBC FirstCaribbean's business and affairs. This diagram provides a snapshot of how the Board interacts with management and CIBC FirstCaribbean's stakeholders.



2. Board Composition

The composition of the Board and its committees is driven by legal and regulatory requirements and the strategic direction of CIBC FirstCaribbean.

Legal requirements – The Board adheres to all local and regional legal and regulatory requirements, guidelines and recommendations applicable to directors and the Board, including the legal and regulatory requirements of our lead central bank regulator, the Central Bank of Barbados, the Barbados Financial Services Commission and the Barbados Stock Exchange, as well as the legal and regulatory requirements, guidelines and recommendations of other central banks and regulators in the region.

Board size – CIBC FirstCaribbean's by-laws require a minimum of ten directors and a maximum of eighteen directors, and that the majority of the Board's directors reside outside of Canada. The Board is comprised of ten directors, nine of whom permanently reside outside of Canada. Four of the Board's directors are independent, as required by the Central Bank of Barbados.

Board responsibilities

The Board is responsible for the management of the business and affairs of CIBC FirstCaribbean and the overall direction and supervision of the CIBC FirstCaribbean Group. The Board, directly and through its committees, provides direction to senior management, generally through the Chief Executive Officer, to pursue the best interests of the CIBC FirstCaribbean Group.

Strategic planning – The Board oversees the development of CIBC FirstCaribbean's strategic direction and priorities. Throughout the year, the Board reviews management's assessment of emerging trends, the competitive environment, risk issues and significant business practices and products, culminating in the Board's review and approval of the strategic, financial and capital plans for the next fiscal year.

Risk management – With assistance from its committees, as applicable, the Board approves CIBC FirstCaribbean's risk appetite and reviews management reports on material risks associated with CIBC FirstCaribbean's business and operations, the implementation by management of systems to manage those risks and material deficiencies in the operation of those systems.

Human resources management – With assistance from its committees, as applicable, the Board reviews CIBC FirstCaribbean's approach to human resources management, employment arrangements, compensation, and the succession planning process for senior management considering business performance, including its risk-related aspects and the extent to which management fosters a culture of integrity.

Corporate governance – At least annually, the Board reviews CIBC FirstCaribbean's approach to corporate governance, including the governance principles and guidelines applicable to CIBC FirstCaribbean.

Financial information – With assistance from its committees, the Board reviews CIBC FirstCaribbean's internal controls relating to financial information, management reports on material deficiencies relating to those controls and the integrity of CIBC FirstCaribbean's financial information and systems, the effectiveness of internal controls and management's assertion on internal control and disclosure procedures.

Board committees – The Board establishes committees and their mandates and is made aware of all material matters considered by the committees.

Director development and evaluation – Each director participates in CIBC FirstCaribbean's orientation programme and director development sessions. Each year the Board engages in a process to evaluate Board performance to enhance its effectiveness, and at least quarterly all directors participate in interactive development sessions on a variety of relevant topics.

3. Director Independence

The Board believes that director independence is an important part of fulfilling its duty to supervise the management of CIBC FirstCaribbean's business and affairs. The Board relies on regulatory requirements and guidance, best practices and good judgment to determine independence. A director is considered to be independent only where the Board determines that the director has no material relationship with CIBC FirstCaribbean.

The Board and its committees also foster independence by:

- Having an independent non-executive Chair of the Board to oversee the operations and deliberations of the Board;
- Having independent directors on each of the Board's committees;
- Reviewing board interlocks;
- Conducting in camera sessions without management;
- Determining whether directors have a material interest in transactions;
- Having the Audit Committee chaired by an independent director and is comprised of a majority of independent members;
- Having the Nominating and Corporate Governance Committee nominate independent directors.

A majority of the members of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee are independent.

Board interlocks and outside board membership

The Board does not limit the number of public companies on which a director sits. However, the Nominating and Corporate Governance Committee verifies that a director continues to fulfill his or her obligations to CIBC FirstCaribbean's Board, and determines whether there are circumstances which would impair a director's ability to exercise independent judgment by reviewing the number of other public boards on which CIBC FirstCaribbean's directors sit and the business relationship between CIBC FirstCaribbean and those companies.

The Board believes disclosing other public company board memberships and interlocking board membership is important.

They are currently no interlocking board memberships among CIBC FirstCaribbean's directors.

Conflicts of interest

To foster ethical and independent decision-making, CIBC FirstCaribbean has a process in place to identify and deal with director conflicts

of interest. Where a director or executive officer has an interest in a material transaction or agreement with CIBC FirstCaribbean that is being considered by the Board or a Board committee, he or she discloses that interest and excuses himself or herself from the meeting while the Board or Board committee considers the transaction or agreement and does not vote on any resolution to approve that transaction or agreement.

4. Director Nomination Process

Nominating a new director for election

The Nominating and Corporate Governance Committee is responsible for recommending director candidates for election. In practice, before making a recommendation on a new director candidate, the Chair of the Board, the Chair of the Nominating and Corporate Governance Committee, and any other designated Board member(s) will agree on the skills and characteristics of a prospective director candidate. Once a candidate or candidates are identified, the Chair of the Board, the Chair of the Nominating and Corporate Governance Committee and other board members meet with the candidate to discuss his or her background, skill set, and ability to devote the time and commitment required to serve on CIBC FirstCaribbean's Board. The Nominating and Corporate Governance Committee assesses the candidate's integrity and suitability by obtaining references, verifies his or her educational background, conducts a background check on the candidate and assesses any potential conflicts, independence concerns or disclosure issues.

Meeting attendance record

Quarterly Board and committee meetings are scheduled approximately one year in advance. Interim meetings are scheduled as required. Members of the Board are expected to attend meetings of the Board and any Board committees of which the directors are members. This standard is not applied to attendance at interim Board or committee meetings that are called on short notice.

During fiscal 2022 the Board met seven times. The Audit Committee met four times. The Risk Committee met thirteen times. The Compensation Committee met six times and the Nominating and Corporate Governance Committee met five times.

Scheduled quarterly meetings

Board Member	Board of Directors' Meetings	Audit Committee Meetings	Compensation Committee Meetings	Nominating and Corporate Governance Committee Meetings	Risk Committee Meetings
David Ritch	4/4	4/4	4/4	4/4	4/4
Chris de Caires	4/4	4/4	4/4	4/4	4/4
Colette Delaney	3/4	Not a member	Not a member	Not a member	4/4
Robert Frentzel	4/4	4/4	4/4	4/4	4/4
Craig Gomez	4/4	4/4	Not a member	Not a member	4/4
Wayne Lee	4/4	4/4	Not a member	Not a member	4/4
Brian McDonough	4/4	4/4	Not a member	Not a member	4/4
Achilles Perry	3/4	Not a member	3/4	3/4	Not a member
Paula Rajkumarsingh	4/4	4/4	4/4	4/4	4/4
Mark St. Hill@	4/4	Not a member	Not a member	Not a member	1/4
Willem van der Burg#	1/4	Not a member	Not a member	Not a member	Not a member
Lincoln Eatmon+	Not a member	4/4	Not a member	Not a member	Not a member

Interim meetings called at short notice

	Board of Directors' Meetings	Audit Committee Meetings	Compensation Committee Meetings	Nominating and Corporate Governance Committee Meetings	Risk Committee Meetings[1]
David Ritch	3/3	No meetings held	2/2	1/1	9/9
Chris de Caires	2/3	No meetings held	1/2	0/1	8/9
Colette Delaney	1/3	No meetings held	Not a member	Not a member	6/9
Robert Frentzel	3/3	No meetings held	2/2	1/1	6/9
Craig Gomez	3/3	No meetings held	Not a member	Not a member	8/9
Wayne Lee	3/3	No meetings held	Not a member	Not a member	6/9
Brian McDonough=	3/3	No meetings held	Not a member	Not a member	9/9
Achilles Perry	3/3	Not a member	2/2	1/1	Not a member
Paula Rajkumarsingh	3/3	No meetings held	2/2	1/1	5/9
Mark St. Hill@	3/3	Not a member	Not a member	Not a member	2/9
Willem 'Pim' van der Burg#	2/3	Not a member	Not a member	Not a member	Not a member
Lincoln Eatmon+	Not a member	No meetings held	Not a member	Not a member	Not a member

@ Was appointed a member of the Risk Committee effective November 1, 2022
# Joined the board effective November 1, 2022
+ Member of the Audit Committee only
=Directors residing in Canada must normally attend meetings in person, not by telephone. Attending meetings by telephone has however been permitted on a temporary basis as travel was impossible due to COVID-19. In person meetings re-commenced in June.

Annual Meeting

CIBC FirstCaribbean's annual meeting was held virtually on March 11, 2022 and was attended by the Board. CIBC FirstCaribbean's Chief Financial Officer and external auditor, Ernst & Young Ltd. ("EY"), were also present as well as other members of CIBC FirstCaribbean's Executive Committee and Senior Executive Team.

[1] The Risk Committee met on December 23, 2021 post the publication of the 2021 annual report.

5. Director Tenure

Unless his or her tenure is sooner determined, a director holds office from the date on which he or she is first elected or appointed until the next annual meeting at which time he or she shall be eligible for re-election. A director may serve for up to fifteen years. The Board may, if determined in the best interest of the Bank, recommend a director for re-election for not more than five additional one-year terms after fifteen years of service.

6. Annual Performance Evaluation of the Board

The Board of Directors Mandate requires the Board to conduct a review of the role of the Board and its committees, the methods and processes by which the Board fulfills its duties, the effectiveness of the Board structure and its directors, and the performance of the Chair of the Board against criteria the Board considers appropriate.

The Nominating and Corporate Governance Committee conducts this evaluation with the assistance of the Group Corporate Secretary. The evaluation addresses the performance and effectiveness of the Board, each Board committee and the Chair of the Board. The evaluation is based on confidential feedback obtained from a survey completed by each director and submitted to the Group Corporate Secretary.

The survey solicits feedback on what was done well, what could be done better and covers Board and committee structure and composition, Board leadership, the Board's relationship with the Chief Executive Officer, management, succession planning, strategic planning, risk management, operational performance and Board processes and effectiveness. The evaluation process helps identify opportunities of continuing Board and director development and forms the basis of any action plans for improving the Board's operations.

7. The Chief Executive Officer

The primary objectives of the Chief Executive Officer ("CEO") are to lead the management of CIBC FirstCaribbean's operations, and to lead the implementation of resolutions, strategy and policies set by the Board. The Chief Executive Officer Mandate sets out the CEO's key accountabilities and responsibilities, which include duties relating to CIBC FirstCaribbean's operational direction, strategy, financial performance, governance, risk management, risk appetite, financial information, human resources management, succession review, integrity of management, vision, mission, values and reputation, risk management, senior executive team, interaction with the Board and communication with stakeholders. The CEO is appointed by the Board, having considered the recommendations of the Nominating and Corporate Governance Committee. The Board and the Nominating and Corporate Governance Committee must be satisfied that the CEO is qualified in all respects to successfully discharge the requirements imposed by the Chief Executive Officer Mandate.

8. The Chair of the Board

The primary functions of the Chair of the Board are to facilitate the operations and deliberations of the Board and the satisfaction of the Board's responsibilities under its mandate. The Chair of the Board of Directors Mandate sets out the Chair's key accountabilities and responsibilities, which include setting Board meeting agendas, chairing Board and shareholder meetings, leading director development, providing input on the integrity and suitability of potential director candidates, leading the Board in overseeing the development of CIBC FirstCaribbean's strategic direction, processes, plans, priorities and benchmarks, providing Board feedback to the CEO and communicating with shareholders, regulators and other stakeholders.

9. Board Committees

Each member of a committee is appointed by the Board on an annual basis and serves at the pleasure of the Board, or until the earlier of:

(a) the close of the next annual meeting of shareholders of CIBC FirstCaribbean at which the member's term of office expires;

(b) the death of the member; or

(c) the resignation, disqualification or removal of the member from the committee or from the Board.

The Board may fill a vacancy in the membership of the committee. At the time of the annual appointment of the members of the committee, the Board appoints a chair of the committee.

Audit Committee
The Audit Committee is responsible for reviewing the integrity of the financial statements of CIBC FirstCaribbean, related management's discussion and analysis and internal control over financial reporting, monitoring the system of internal control, monitoring compliance with legal and regulatory requirements, selecting external auditors for shareholder approval, reviewing the qualifications, independence and performance of the external auditors, reviewing the qualifications, independence and performance of the internal auditors, managing the determination the Bank's financial year, and monitoring the internal audit function and auditing, accounting and financial reporting processes generally. All members of the Audit Committee are financially literate.

The members of the Audit Committee are:

Chair:	Paula Rajkumarsingh (independent)
Membership:	Christopher de Caires (independent)
	Lincoln Eatmon (independent)
	Robert Frentzel
	Craig Gomez (independent)
	Wayne Lee
	Brian McDonough
	David Ritch (independent)

Compensation Committee
The Compensation Committee is responsible for assisting the Board in fulfilling its governance and supervisory responsibilities relating to compensation of the Chief Executive Officer, the Chief Financial Officer and other executive officers and senior management. The committee is also responsible for assisting the Board in fulfilling its strategic oversight of the Bank's human capital, including overall employee compensation, the levels and degrees of participation in incentive compensation programs, including bonuses and stock plans, and oversight of management's progress in employee development and relations, and their alignment with the Bank's strategy of consistent, sustainable performance, its risk appetite and risk and control governance framework.[2]

The members of the Compensation Committee are:

Chair:	Achilles Perry
Membership:	Christopher de Caires (independent)
	Robert Frentzel
	Paula Rajkumarsingh (independent)
	David Ritch (independent)

[2] Although not all the members of the Compensation Committee are independent, no member of the committee is a member of management, as recommended by the Barbados Stock Exchange Inc.

Nominating and Corporate Governance Committee
The Nominating and Corporate Governance Committee is responsible for assisting the Board in fulfilling its responsibilities relating to identifying individuals qualified to become directors and selecting, or recommending that the Board selects, the candidates for all directorships to be filled by the Board or by the shareholders. The committee is also responsible for taking a leadership role in shaping the corporate governance of the CIBC FirstCaribbean Group. In addition, the committee is the nominating committee for membership in all boards of directors in the CIBC FirstCaribbean Group.

The members of the Nominating and Corporate Governance Committee are:

Chair:	David Ritch (independent)
Membership:	Christopher de Caires (independent)
	Robert Frentzel
	Achilles Perry
	Paula Rajkumarsingh (independent)

Risk Committee
The Risk Committee is responsible for overseeing and approving the enterprise-wide risk management practices to assist the Board in fulfilling its governance and supervisory responsibilities including strategic oversight of business risks and for reviewing and approving significant disposals, investments, changes in nature of business, expansion and major contracts. The committee is also responsible for the review of the performance of operations and technology functions, and the management of information security and for the review and monitoring of risks such as strategic, financial, credit, investment, market, security, treasury and liquidity, property, IT, legal, regulatory, reputational, operational and other risks of the CIBC FirstCaribbean Group.

The members of the Risk Committee are:

Chair:	Brian McDonough
Membership:	Christopher de Caires (independent)
	Colette Delaney[3]
	Robert Frentzel
	Craig Gomez (independent)
	Wayne Lee
	Paula Rajkumarsingh (independent)
	David Ritch (independent)

[3] Mr. Mark St. Hill was appointed a member of the Risk Committee effective November 1, 2022 to fill the vacancy arising from the retirement of Ms. Delaney.

10. Board Access to Independent Advisors and Management

To assist the Board, the Chair of the Board, and the Board committees in satisfying their responsibilities and to foster their independence, the Board, the Chair of the Board and the Board committees have authority to retain and terminate external legal counsel, consultants or other advisors to assist them in fulfilling their responsibilities and to set and pay the compensation of these advisors without consulting or obtaining approval of management. The Board, the Chair of the Board and the Board Committees also have unrestricted access to management and employees of CIBC FirstCaribbean, as well as the external auditors.

11. Director Orientation and Continuing Development

CIBC FirstCaribbean's ongoing director development programme fosters the continuous education of Board members. The programme has two components:

1. New director orientation to assist new directors in becoming fully engaged as quickly as possible; and

2. Ongoing director development.

New director orientation

New directors are presented with an orientation package which includes the Board and committee mandates, the most recent CEO business update, current financial and capital plans, the most recent annual report, the Code of Ethics for Directors, a description of the committee and Group structure, information on director and officer liability insurance, Board meeting dates, and any other material the Chair of the Board considers appropriate.

New directors may also attend various orientation meetings and, at the Chair of the Board's request, may be assigned a current Board member as mentor. They may also meet separately with each of the Chair of the Board, the Chief Executive Officer, the Chief Risk Officer, the Chief Financial Officer, the Group Corporate Secretary, one or more members of the Executive Committee and the Senior Executive Team or any other person the Chair of the Board considers appropriate.

Ongoing director development

All directors participate in the development sessions held during each quarterly Board meeting. The sessions are comprised of presentations to the Board by internal and external experts. One-on-one sessions between a director and an internal or external subject matter expert may be arranged at the request of the Chair of the Board or a committee chair. A director or committee member may contact the Group Corporate Secretary or the Chair of the Board about participating in an external education program or session related to development as a CIBC FirstCaribbean director or committee member.

12. Director Compensation

The Nominating and Corporate Governance Committee reviews director compensation annually to assess whether it aligns with CIBC FirstCaribbean's strategy imperative to deliver consistent and sustainable earnings, fosters prudent decision-making, and is competitive with other director compensation programmes and levels among regional financial institutions. The Nominating and Corporate Governance Committee recommends changes in director compensation to the Board for approval when considered appropriate or necessary to align with these objectives and recognize the workload, time, commitment and responsibility of the Board and committee members. The Nominating and Corporate Governance Committee may retain an independent external consultant to provide data and advice to that committee on its director compensation policy and practices.

The Board Chair and independent directors are paid a flat annual fee for attending all board and committee meetings, whether scheduled or not. Neither CIBC FirstCaribbean executives, nor CIBC executives, who are directors, are paid fees. Independent committee chairs and committee members who are not directors[4] are paid fees. The Board Chair, independent directors and independent committee members are paid an aggregate total of US$369,500 annually.

13. Approval of the CEO's Service Contract

The Compensation Committee reviews the performance and compensation of the Chief Executive Officer annually.

[4] Mr. Lincoln Eatmon, a member of the Audit Committee, is the only committee member who is not a director of FirstCaribbean International Bank Limited. Mr. Eatmon is a member of the board of FirstCaribbean International Bank (Jamaica) Limited.

14. Organization of Management

An Executive Committee ("EXCO")[5], appointed by the CEO, leads the execution of the Bank's business strategy. The EXCO is constituted as follows:

Chief Executive Officer	Colette Delaney[6]
Chief Administrative Officer	Neil Brennan
General Counsel & Group Corporate Secretary	Brian Clarke
Chief Financial Officer	Carl Lewis
Chief Risk Officer	Patrick McKenna
Chief Information Officer and Managing Director, Technology & Operations	Esan Peters
Managing Director, Retail and Business Banking	Mark St. Hill[7]
Managing Director, Corporate & Investment Banking	Willem van der Burg[8]
Managing Director, Wealth Management	Daniel Wright

The execution of day-to-day management of the Bank is led by the Senior Executive Team ("SET"). The SET comprises the members of the EXCO plus:

Managing Director, The Bahamas & TCI	Jacqueline Bend
Chief Auditor	Khadija Bourne
Managing Director, Jamaica	Nigel Holness
Managing Director, Cayman, BVI & Dutch Islands	Mark McIntyre
Managing Director, Trinidad	Anthony Seeraj
Managing Director, Barbados & Eastern Caribbean	Donna Wellington

As at November 1, 2022, CIBC FirstCaribbean has combined its three business lines; Retail & Business Banking, Corporate & Investment Banking and Wealth Management led by the Chief Commercial Officer. An Executive Director runs each line of business.

In addition to the above, a number of other senior management committees are in place to support the day-to-day management of the organization. These are:

- Asset Liability Committee
- Credit Committee
- Strategic Projects Office
- Operational Risk & Control Committee
- Reputational & Legal Risks Committee

[5] Effective November 1, 2022, the Executive Committee and SET were merged to form the Executive Committee.
[6] Ms. Colette Delaney retired as Chief Executive Officer and director effective October 31, 2022.
[7] Mr. Mark St. Hill was appointed Chief Executive Officer effective November 1, 2022.
[8] Mr. Willem van der Burg was appointed as Chief Commercial Officer effective November 1, 2022. He was also appointed a director of CIBC FirstCaribbean effective November 1, 2022.

15. Executive compensation

CIBC FirstCaribbean's executive compensation philosophy is simple and consistent from year to year. The aim is to reward the CEO and senior leaders for delivering enhanced shareholder value through successful execution of the corporate strategy. Pay programmes are also designed to attract, retain and motivate key talent while aligning pay and performance.

It is the mandate of the Compensation Committee to make executive pay decisions and recommendations to the Board.

The elements of CIBC FirstCaribbean's executive compensation programs are:

ELEMENT	PURPOSE	HOW IT IS DETERMINED
Base Salary	Provide competitive fixed pay	• Based on job scope, experience and market pay
Discretionary Variable Incentive Award (cash incentive and deferred cash incentive)	Align compensation with business and individual performance	• Absolute and relative business performance measured against balanced scorecard • Measures are weighted, vary by role, and are designed to promote strong alignment with CIBC FirstCaribbean's corporate and business unit goals • Individual performance assessed against a series of Committee approved goals focused on strategy execution
Benefits and Perquisites	Investment in employee health, wellness and engagement	• A range of benefit programmes provided to all employees across the Caribbean to support health and well-being
Retirement Programmes	Contribute to financial security after retirement	• Competitive pension arrangements as provided to all employees in the Caribbean

CIBC FirstCaribbean's discretionary variable incentive award elements are designed to reward performance over both the long and short term. In cases where a decision is taken to make a variable incentive award, the following considerations apply:

ELEMENT	PERFORMANCE MEASURES	DESCRIPTION

Annual Cash Incentive Award (50% of total incentive)	• Grant measures:
	  • Financial
	  • Risk
	  • Client
	  • Employee
	  • Strategy execution
		• Short term (annual)
		• Focused on:
		  • Profitability
		  • Growth
		  • Adherence to Risk Appetite
		  • Strategy execution
		  • Client and employee satisfaction

Deferred Cash Award (50% of total incentive)	• Grant measures:
	  • Financial
	  • Risk
	  • Client
	  • Employee
	  • Strategy execution
	• Vesting measures:
	  • Cumulative company performance over vesting period using a range of financial performance measures
		• Long term
		• Deferred cash incentive award with 3 year (3) cliff vesting
		• Each year over the vesting period business performance factor is applied to initial grant to reflect the performance of the business over that year
		• Business performance factor is determined based on a number of financial performance measures
		• At vesting the initial grant multiplied by the business performance factor for each of the three years of the vesting period is paid, subject to a maximum of 125% and minimum of 75% of the original award
		• Board retains discretion to adjust further to reflect extraordinary circumstances

16. CIBC FirstCaribbean's Code of Conduct and Code of Ethics for Directors

CIBC FirstCaribbean is committed to the highest standards of ethical and professional conduct. The Code of Conduct applies to all full and part time employees. The Code of Conduct also applies to consultants, independent contractors and temporary agency staff providing services to CIBC FirstCaribbean.

The Code of Ethics for Directors applies to all members of the Board. When a new director joins the Board, he or she will be required to review the Code of Ethics for Directors and acknowledge in writing that he or she has reviewed it and agrees to abide by its terms.

All directors are required to review and attest to compliance with the applicable code annually.

Together, these codes establish the standards that govern the way employees and directors deal with each other, CIBC FirstCaribbean shareholders, clients, suppliers, competitors and communities. The codes also address general conduct, conflicts of interest, information management, protection of CIBC FirstCaribbean's assets and internal and regulatory investigations.

17. External Auditors: Oversight & Fees

The external auditors report to the Audit Committee.

Fees billed for professional services rendered by our external auditors across its regional footprint for the consolidated financial statements years ended October 31, 2022 and October 31, 2021, are set out as follows:

Unaudited, $000's	2022	2021
Audit Fees [1]	2,808	2,658
Audit related fees [2]	269	243
Tax fees [3]	215	205
Total	3,292	3,106

(1) For the audit of CIBC FirstCaribbean's annual financial statements and services normally provided by the auditors in connection with statutory and regulatory filings.

(2) For the assurance and related services that are reasonably related to the performance of the audit or review of CIBC FirstCaribbean's financial statements.

(3) For tax compliance services.

18. Engagement of Non-Audit Services by External Auditors

CIBC FirstCaribbean's Scope of Services of the Shareholders' Auditors Policy requires Audit Committee pre-approval of non-audit services provided by our external auditors.

19. Oversight of the Internal Audit function by the Audit Committee

Internal Audit function

The Audit Committee has ultimate responsibility for the internal audit function and oversees its performance.

Organizational Framework

At least annually, the Audit Committee will review Internal Audit's organizational framework and charter (developed in accordance with professional standards promulgated by the Institute of Internal Auditors), having regard to its role and an independent control function. The Committee will also review the activities, staffing, organizational structure and credentials of Internal Audit.

At least annually, the Audit Committee will:

i. Review the Internal Audit function's financial plan, staff resources and recommend for Board approval;
ii. Receive and review reports on the status of significant findings, recommendations and Management's responses.

At least annually, the Audit Committee will review Internal Audit's organizational framework and charter (developed in accordance with professional standards promulgated by the Institute of Internal Auditors), having regard to its role and an independent control function. The Committee will also review the activities, staffing, organizational structure and credentials of Internal Audit.

Chief Auditor
The Audit Committee will review and, if advisable, approve the appointment of the Chief Auditor. At least annually, the Committee will review the goals, approve the Internal Audit Charter and review an assessment of the effectiveness and performance of the Chief Auditor and the Internal Audit function, as required. The Audit Committee will also have input into the performance evaluation of the Chief Auditor, as required.

Organization Placement
Internal Audit is led by the Chief Auditor, who in turn reports directly to the Chief Auditor of CIBC, and to the Audit Committee Chair. The Chief Auditor also reports administratively to the Chief Executive Officer.

The Chief Auditor has unencumbered access to the Audit Committee, and may freely discuss policies, audit findings recommendations, audit follow-up, guidance issues and any other matters deemed applicable.

Professional Standards and Independence
Internal Audit follows the professional standards of relevant professional organizations including:

i. Code of Ethics of the Institute of Internal Auditors (IIA) and the International Standards for the Professional Practice of Internal Auditing as set forth by the IIA and;
ii. Code of Professional Ethics of the Information Systems Audit and Control Association (ISACA) and the Information Systems Audit and Assurance Standards as set forth by the (ISACA).

Resources and skillset
The Audit Committee recognizes that professional standards require internal auditors to have knowledge of operations and appropriate expertise in the subject matter that is being audited. The Chief Auditor provides the Audit Committee with an annual report on personnel, including the sufficiency of resources, qualifications, certifications and development.

Independence
The Chief Auditor will periodically discuss standards of professional audit independence with the Audit Committee Chair and the Audit Committee. The Audit Committee also periodically reviews management's assessment of the independence and effectiveness of the Internal Audit function, and evaluates the Chief Auditor's administrative reporting line.

Internal Audit will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair its independence.

Periodic Review
The Audit Committee is responsible for reviewing the effectiveness of the Internal Audit function and will receive quarterly reports from the Chief Auditor. Additionally, once every five years, the Committee will engage an independent third party to assess the Internal Audit function in accordance with professional standards promulgated by the Institute of Internal Auditors and in the context of regulatory expectations and practices of leading institutions. The Audit Committee will review the results of that assessment.

Audit Plan
The Audit Committee will review and approve the annual audit plan including the audit scope and all major changes to the plan presented by the Chief Auditor to ensure that it is appropriately risk based and addresses all relevant activities over a measurable cycle. The Audit Committee will review and discuss with the Chief Auditor the scope, progress and results of executing the Internal Audit plan.

The Chief Auditor, on a quarterly basis, will review the status of the audit plan and any changes needed, including a review of:

i. the results of audit activities, including any significant issues reported to Management and Management's response and/or corrective actions
ii. the status of identified control weaknesses
iii. the adequacy and degree of compliance with systems of internal control

20. Risk and Control Governance Framework

CIBC FirstCaribbean's management follows a consistent approach in developing and determining, with reasonable assurance, that the Bank's risk and control environment is designed and operating effectively. It also provides key stakeholders with the structure required to assess the strength of CIBC FirstCaribbean's Risk and Control Governance systems.

In addition, CIBC FirstCaribbean has implemented the Risk and Control Governance Framework to help to ensure that its parent, CIBC, meets the requirements of the Sarbanes-Oxley Act (2002), for management to assess the effectiveness of the system of internal control.

The Framework has been developed based on the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) widely accepted "Enterprise Risk Management – Integrated Framework" (the COSO Framework) which is the most broadly used standard.

There are five (5) components to this Framework, these are defined as follows:

1. **Management Objectives** – The Bank's risk and control systems are designed to ensure the achievement of three categories of objectives:

    a) Effective Operations - The operations of CIBC FirstCaribbean are effective in meeting its strategic objectives;

    b) Reliable Reporting - The financial reports provided to shareholders and other external stakeholders are accurate and reliable in all material respects; and

    c) Regulatory Compliance - The conduct and actions of CIBC FirstCaribbean's Board of Directors, executives, employees and contingent workers comply with all applicable laws and regulations.

2. **Internal Environment** – The internal environment sets the foundation for how risk is viewed and encompasses the Bank's General Entity Controls (GEC), this is represented by three main components:

    a) Vision, Mission, Values and Strategic Priorities – Tone from the Top – the board of directors and executive management of the Bank has overall responsibility for the Bank including determining, approving and overseeing the Bank's strategic objectives, risk strategy, governance structure, corporate values and strategic priorities. This shapes the Risk and Control Governance Framework of the Bank.

    b) Risk Appetite – defines the level of risk the Bank is prepared to accept in pursuit of the Bank's mission, vision, strategic objectives and corporate values.

    c) Risk and Control related Policies and Limits - sets the boundaries for positive actions and behaviors of CIBC FirstCaribbean employees and contingent workers in alignment with the Bank's Risk Appetite.

3. **Risk Identification and Control Management Activities** – This is the process to identify and assess risks and controls relevant to the achievement of the Bank's objectives, which has six elements:

    a) Risk Assessment, Documentation and Maintenance – determining what needs to be done (objectives/goals being assessed), determining what can go wrong (risks) and prioritizing what can go wrong (ranking). Control Activities must be documented and updated as changes occur;

    b) Monitoring and Testing – a robust monitoring and testing methodology must be designed and implemented to confirm risks are within acceptable thresholds and key controls are designed and operating effectively;

    c) Assessment – management must complete steps to determine whether or not their risks are within acceptable thresholds and the system of internal control is working effectively or if there are deficiencies that need to be identified;

    d) Deficiency Management – once a deficiency has been identified, the severity of the issue must be determined, action plans to remediate should be documented and executed to ensure the issue is addressed; and

e) Assertion – Accountable officers and executive management complete quarterly assertions on the state of controls and deficiencies within their respective strategic business units and Strategic Support Units

f) Procedures, Standards and Guidelines – Procedures, standards and guidelines are developed and implemented to support respective risk policies and limits.

4. **Stress Testing** – CIBC FirstCaribbean performs stress tests and scenario analyses in order to gain a better understanding of the significant risks the Bank potentially faces under extreme conditions and to provide important input into the determination of related regulatory and economic capital requirements. Stress testing refers to shifting the values of individual parameters that affect our financial position and determining the effect on the business (for example, a doubling of staff turnover in a key, high dependence business function). Scenario analysis refers to a wider range of parameters being varied at the same time.

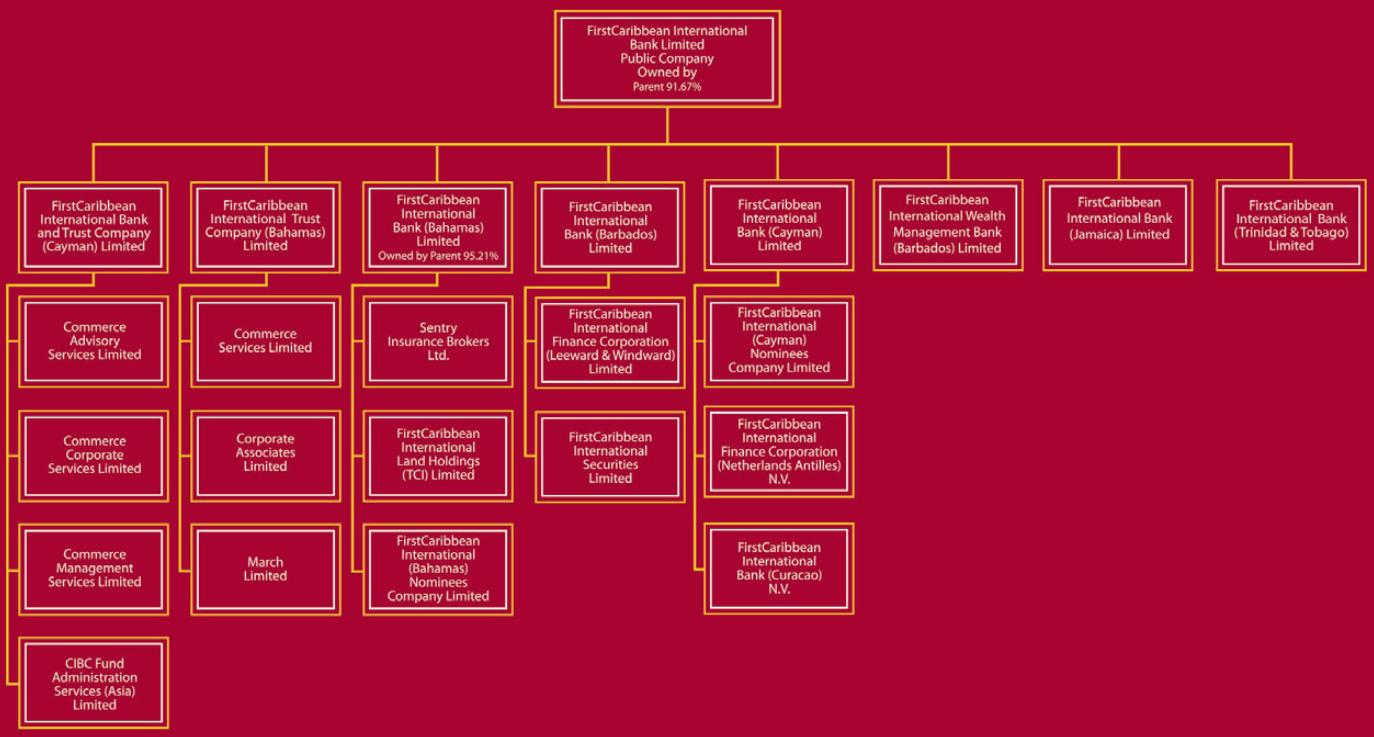
5. **Reporting** – The appropriate management information must be communicated to the Board and the executive management in a timely, complete, understandable and accurate manner so that they are equipped to make informed decisions.

21. Insider Trading

CIBC FirstCaribbean's policy on insider trading can be found at www.cibcfcib.com.

CIBC FirstCaribbean is in compliance with the Insider Trading Guidelines issued by the Barbados Stock Exchange Inc., which can be found at www.bse.com.bb.

OWNERSHIP STRUCTURE



CIBC FirstCaribbean International Bank

Main Branches and Centres

Head Office
P.O. Box 503 Warrens, St. Michael
Barbados
Tel: (246) 367-2300

Antigua
P.O. Box 225
High & Market Street
St. John's
Tel: (268) 480-5000

The Bahamas
P.O. Box N -8350
Shirley Street, Nassau
Tel: (242) 322-8455

Barbados
P.O. Box 503
Broad Street
St. Michael
Bridgetown
Tel: (246) 367-2300

British Virgin Islands
P.O. Box 70
Road Town
Tortola, VGlll0
Tel: (284) 852-9900

Cayman Islands
P.O. Box 68
Grand Cayman KY
1-1102
25 Main Street
George Town
Grand Cayman
Tel: (345) 949-7300

Curaçao
P.O. Box 3144
De Ruyterkade 61
Willemstad
Curaçao
Tel: (+5999) 433-8000

Dominica
P.O. Box 4
Old Street, Roseau
Tel: (767) 255-7900

Grenada
PO. Box 37
Church Street
St. George's
Tel: (473) 440-3232

Jamaica
P.O. Box 403
23-27 Knutsford Blvd
Kingston 5
Tel: (876) 929-9310

St. Kitts
P.O. Box 42
Bank Street, Basseterre
Tel: (869) 465-2449

St. Lucia
P.O. Box 335
Bridge Street, Castries
Tel: (758) 456-1000

Sint Maarten
Philipsburg Branch
Emmaplein 1,
Philipsburg
Tel: 721-542-3511
Fax: 721-542-4531

Trinidad & Tobago
CIBC FirstCaribbean Bank
Financial Centre
74 Long Circular Road
Maraval, Trinidad, W.I.
Tel: (868) 628-4685

Turks and Caicos Islands
P.O. Box 236
62 Salt Mills Plaza
Grace Bay Branch
Providenciales
Turks & Caicos Islands
Tel: (649) 941-4558

St. Vincent
P.O. Box 604
Halifax Street,
Kingstown
Tel: (784) 456-1706

CORPORATE BANKING CENTRES

Corporate Banking Centre
P.O. Box N -7125
Shirley Street
Nassau, The Bahamas
Tel: (242) 322-8455

Corporate Banking Centre
Head Office
Warrens, St. Michael
Barbados
Tel: (246) 467-8768

Corporate Banking Centre
23-27 Knutsford Blvd
Kingston 5, Jamaica
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Corporate Banking

Corporate Banking Centre
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Maraval, Trinidad, W.I.
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Corporate banking Centre
P.O. Box 335
Castries St. Lucia
Tel: (758) 456-lll0

Corporate Banking Centre
P.O. Box 28
Old Parham Road
St John's, Antigua
Tel: (268) 480-5000

Corporate Banking Centre
St. Kitts
P.O. Box 42
The Circus, Basseterre
Tel: (869) 465-2449

Main Branches and Centres

Private Wealth Management & International Corporate Banking Centre
Goodman's Bay Corporate Centre
West Bay Street
P.0. Box N. 3933
Nassau, Bahamas
Tel: (242) 356-1800

Private Wealth Management & International Corporate Banking Centre
P.O. Box 180
Ground Floor
Head Office
Warrens, St. Michael, Barbados
Tel: (246) 367-2040

Private Wealth Management & International Corporate Banking Centre
P.0. Box 68
25 Main Street George Town
Grand Cayman Cayman Islands
Tel: (345) 949-7300

Private Wealth Management & International Corporate Banking Centre
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De Ruyterkade
61 Willemstad
Curacao
Tel: (5999) 433-8000

International Corporate Banking Centre
P.0. Box 236
62 Salt Mills Plaza Grace Bay
Branch Providenciales
Turks & Caicos Islands
Tel: (649) 941-4558

International Corporate Banking Centre
P.O. Box 70
Road Town
Tortola, VGlll0
Tel: (284) 494-2171

OTHER SUBSIDIARIES

Trust & Merchant Bank Asset Management & Securities Trading
Ground Floor
Head Office
Warrens, St. Michael
Barbados
Tel: (246) 467-8838

CIBC Bank and Trust Company (Cayman) Limited
P.0. Box 68
25 Main Street George Town
Grand Cayman Cayman Islands
Tel: (345) 949-7300

FirstCaribbean International Trust Company (Bahamas) Limited
Goodman's Bay Corporate Centre
West Bay Street
P.0. Box N. 3933
Nassau, Bahamas
Tel: (242) 356-1800


CIBC
FirstCaribbean
International Bank
THE BAHAMAS
TURKS AND
CAICOS ISLANDS
THE CAYMAN ISLANDS
JAMAICA
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VIRGIN ISLANDS
ST. MAARTEN
ST. KITTS & NEVIS
ANTIGUA
& BARBUDA
DOMINICA
CARIBBEAN SEA
ST. LUCIA
BARBADOS
ST. VINCENT AND
THE GRENADINES
CURAÇAO
GRENADA &
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& TOBAGO
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