CIBC FirstCaribbean International Bank

Annual Report 2011


CIBC
FirstCaribbean
International Bank

Introducing our Wildey branch, a state-of-the-art facility that serves as a prototype for our regional branch redesign project. This full-service banking model creates value and efficiency for our clients by offering Corporate, Retail, Wealth and Small Business services as well as electronic channels in one location. Select branches across the region will benefit from this redesign exercise. As a first option, it offers a range of free electronic banking solutions giving our clients full service, all in quick time and free of charge. Services include:

1. Instant Teller™ Machines
2. In-branch Internet Banking service
3. Telephone Banking kiosks
4. Coin Counting Machines
5. Fast Deposit (Envelopes)
6. Night Wallets

Clients visiting our full-service branches will do so in a functional, ergonomic environment that features:

1. Teller cash recyclers for optimum service delivery
2. Fully-automated, self-service Q-Matic systems with voice and display recognition
3. Facility designed for easy access by the differently-abled
4. Digital and touch-screen marketing and media display units for electronic advertising of product information and rates

The prototype also offers our corporate banking clients:

1. Fully outfitted, dedicated corporate facilities for maximum efficiency and service, including priority parking
2. State-of-the-art electronic monitoring and surveillance for added safety and security
3. Fully-automated, self-service Q-Matic systems with voice and display recognition

Wealth Management services will be facilitated in an upscale lounge-type environment featuring:

1. WiFi - enabled iPads that can be used to complete online applications for services
2. Private Banking platinum service delivered by dedicated teams
3. Client access to fully-outfitted meeting rooms and facilities

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Corporate Profile

CIBC FirstCaribbean International Bank is a relationship bank offering a full range of market-leading financial services through our Corporate Investment Banking and Retail Banking segments. We are located in 17 countries around the Caribbean, providing the banking services that matter to our clients through approximately 3,400 employees, in 100 branches and offices. We are the largest, regionally-listed financial services institution in the English and Dutch-speaking Caribbean, with over US$11.2 billion in assets and a market capitalisation of US$2.2 billion.

Vision

To be the bank of first choice, leading the region in building quality relationships with our clients by providing them with innovative banking solutions to suit their needs.

Mission

To achieve our vision by fulfilling the commitments we have made to each of our stakeholders:

- First for Clients – Help our clients achieve what matters to them
- First for Employees – Create an environment where all of our employees can excel
- First for our Communities – Make a real difference in communities in which we operate
- First for Shareholders – Generate strong total returns for our shareholders

Values

As a member of the CIBC Group of companies, we share an organisational culture based on core values of Trust, Teamwork, and Accountability.

Strategic Priorities

These five strategic priorities support our stated vision and mission:

- Enhancing client value by deepening relationships
- Diversification of our income streams
- Balance sheet management to optimise returns
- Productivity & control to improve the speed and quality of service to our clients
- Leveraging our relationship with our parent, CIBC, to bring new opportunities to benefit our stakeholders

These priorities are the cornerstone for delivering consistent and sustainable performance over the long term.

2011 HIGHLIGHTS

First for Clients

In 2011, we concentrated on delivering excellent customer service and continued to enhance our client experience through new products and system enhancements to help clients achieve what matters to them.

Introducing a new state-of-the-art banking model for select regional deployment, beginning in Barbados with the Wildey branch -

- Unveiled a range of electronic banking solutions for full service in quick time
- Designed a full-service branch area set in a functional, ergonomic environment
- Deployed electronic, seated queuing systems for service identification and prioritisation
- Introduced fully-outfitted, dedicated corporate facilities
- Offered Wealth Management services in an upscale lounge-type environment

Delivering tailored solutions to unique client groups -

- Enhanced our Mobile Banking service
- Enhanced our Internet Banking platform
- Expanded our regional Instant Teller™ network
- Improved our call centres to function as a central customer service channel

Providing advice and financial solutions for Retail and Wealth clients -

- Enhanced Private Banking service for Domestic Wealth Management clients
- Introduced Platinum Service priority access in branches
- Launched Visa Debit Platinum

Supporting corporate clients with best-in-class relationship management products and services -

- Introduced structured notes products
- Introduced commodity hedging products

Reaching new markets and clients -

- Implemented a SWITCH campaign to capture greater market share

First for Employees

In 2011, we placed emphasis on outfitting employees with the skills and tools to execute their jobs with excellence.

Feedback from the E-voice Survey was also incorporated in our overall approach which was reflected in the improved results for 2011 with employee satisfaction three (3) percentage points above 2010 and employee engagement improved by two (2) percentage points.

Enhancing the training offer -

- Focused on technical enhancements for improved efficiency including the automation of the account opening process

Creating an environment for enhanced productivity -

- Reviewed and test piloted a new performance management system for fiscal 2011-12

Pursuing Leadership Excellence -

- Commenced leadership development programme for all managers, beginning with country managers and directors

First for our Communities

In 2011, the CIBC FirstCaribbean Foundation worked to keep its promise of commitment to the people of the Caribbean. Our programmes continued to be spearheaded by our regional team of employees, reaching out in a personal way to those requesting our assistance.

Strengthening our Corporate Social Responsibility partnerships -

- A new alliance with the environmental advocacy group, Seacology
- A renewal of our partnership with Junior Achievement and the Caribbean Association of Youth Business Trusts

Nurturing the entrepreneurial spirit among our people -

- Enhanced support for Caribbean entrepreneurship through the Bank-sponsored Business Plan initiative, under UWI's Student Entrepreneurial Empowerment Development (SEED) project
- Signing of a new Memorandum of Understanding with the Barbados Entrepreneurship Foundation
- Deepening our relationship with Junior Achievement Worldwide

Supporting our communities with pride -

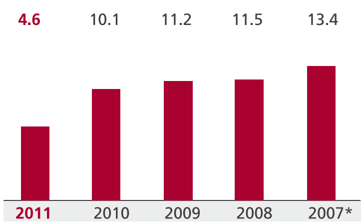
- Engendering the spirit of staff volunteerism through our Adopt-a-Cause programme
- Recognising the work of selfless individuals through our Unsung Heroes flagship initiative

First for our Shareholders

- Maintained our capital strength, with Tier 1 capital ratio at 21%
- Ongoing earnings generation and dividend payments throughout this protracted economic downturn

Financial Highlights

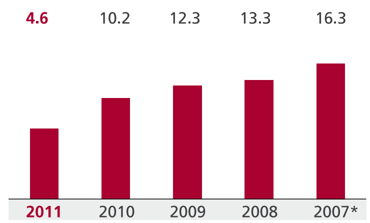
Earnings per share (basic) - US Cents



* 2007 excludes VISA gains of $52 million

Basic EPS is a measure of net income attributable to the parent divided by the weighted-average number of common shares net of treasury shares.

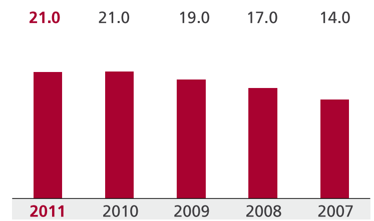
Return on equity (%)



* 2007 excludes VISA gains of $52 million

ROE is a key measure of profitability. It is calculated as net income expressed as a percentage of average common shareholders' equity.

Tier 1 capital ratio (%)



The Tier I capital ratio is calculated by dividing Tier I Capital by risk-weighted assets

US $ millions, except per share amounts, as at or for the year ended October 31		2011	2010	2009	2008	2007**
Common share information* **						
Per share (US cents)	- basic and diluted earnings	**4.6**	10.1	11.2	11.5	16.8
	- dividends	**4.5**	6.0	6.0	6.0	6.3
Share price (US cents)	- closing	**142.0**	138.0	134.0	164.0	194.0
Shares outstanding (thousands)	- end of the period	**1,577,095**	1,525,177	1,525,177	1,525,177	1,525,177
Market capitalisation		**2,239**	2,105	2,044	2,501	2,959
Value measures						
Price to earnings multiple (share price/earnings per share)		**30.9**	13.4	12.0	14.3	11.5
Dividend yield (dividends per share/share price)		**3.2%**	4.3%	4.5%	3.7%	3.2%
Dividend payout ratio (dividends/net income)		**97.8%**	58.3%	53.6%	52.2%	37.2%
Financial results						
Total revenue		**507**	563	568	551	606
Loan loss impairment expense		**87**	73	43	32	17
Operating expenses		**338**	317	320	314	302
Net income		**74**	157	175	180	261
Financial measures						
Efficiency ratio (operating expenses/total revenue)		**66.7%**	56.3%	56.3%	57.0%	49.8%
Return on equity (net income/average equity)		**4.6%**	10.2%	12.3%	13.3%	20.4%
Net interest margin (net interest income/average total assets)		**3.6%**	3.9%	4.0%	4.0%	3.7%
Balance sheet information						
Loans and advances to customers		**6,591**	6,576	6,905	6,814	6,080
Total assets		**11,228**	9,766	10,503	10,940	11,856
Deposits & other borrowed funds		**9,415**	7,988	8,696	9,220	10,034
Debt securities in issue		**31**	31	125	239	274
Total equity		**1,619**	1,573	1,519	1,336	1,361
Balance sheet quality measures						
Common equity to risk weighted assets		**27%**	27%	25%	21%	22%
Risk weighted assets		**6,097**	5,856	6,124	6,472	6,300
Tier I capital ratio		**21%**	21%	19%	17%	14%
Tier I and II capital ratio		**22%**	22%	22%	20%	17%
Other information						
Full time equivalent employees (#)		**3,399**	3,439	3,452	3,541	3,538

** 2007 includes VISA gains of $52 million
*** Based on shares outstanding 2007-2010: 1,525,176,762; Nov 2010 - Sep 2011: 1,525,176,762; Oct 2011: 1,577,094,570

Chairman's Letter

Michael K. Mansoor
Executive Chairman

In 2011 the Bank achieved a profit of $74 million compared to $157 million last year. Excluding the variance in securities gains of $34 million, the decline year on year of $49 million was primarily because of increases in operating expenses, mainly driven by remuneration & benefits and higher loan loss impairment allowances, which were $87 million in 2011 versus $73 million last year.

EPS is US$0.046 per share versus US$0.101 per share in 2010. In these circumstances, the Board approved dividend for 2011 is US$0.045 per share versus US$0.060 per share in the prior year.

These results need to be considered in the context of a set of very difficult conditions being faced by regional economies whose primary business is tourism and wealth management international activities, both of which have suffered considerably in the prevailing global climate. While it remains difficult to forecast when conditions will revert to acceptable levels of growth there are indications that lead me to expect that the economies of the region are adjusting to the global down turn and that all sectors are responding in a constructive fashion to optimise our prospects.

CIBC Co-branding

During the year, we changed the logo and brand collateral of the Bank to reflect more accurately the majority ownership, support and infrastructural backing of CIBC. We believe that this change to the "CIBC FirstCaribbean" brand collateral has been welcomed by our staff and customers and brings with it a plethora of benefits because of the overt association and identity with CIBC. In due course, the co-brand will be reflected across our entire regional footprint.

Product Enhancements and Acquisitions

During the year we introduced enhancements to our electronic product suite including the payment systems and merchant services. In addition we have launched our domestic business in Curaçao and are in a very advanced stage of expanding our services in Trinidad. On September 30, 2011, we acquired CIBC Bank and Trust Company (Cayman) Limited and CIBC Trust Company (Bahamas) Limited and expect that we will be able to integrate their trust and fund administration services to private and institutional Wealth customers to augment our growth strategy.

Our People

We have continued to invest in the training and development of all levels of staff and for the first time we have been able to more readily access training opportunities for our people at CIBC and have successfully provided management development programmes initially developed and delivered to CIBC executives to our executives.

Governance

I can report that the Boards of Directors of both the Parent and Operating Banks have met quarterly and continue to function effectively to monitor business performance and our governance and control systems. Additionally and most importantly, they deal with key appointments and provide guidance and leadership in the determination and execution of our strategic agenda.

Appreciation

During the year, Mr. John D. Orr returned to CIBC on the completion of three years at CIBC FirstCaribbean. John took over the management of the Bank in 2008 and has made an important contribution to the development of the infrastructure and co-branding of the Bank at a time of strongly adverse economic headwinds. We thank him for his leadership and wish him well in his new position at CIBC.

During the year, Director Sonia Baxendale retired from CIBC and I would like to place on record our appreciation for her contribution.

Finally Mr. Richard Venn who had been a CIBC Director even before the merger of Barclays and CIBC, resigned from the Board because of new commitments at CIBC. We thank him for his sterling contribution especially during the integration of the heritage banks.

In September 2011, Mr. Rik Parkhill was appointed CEO of the Group. Rik has already visited our staff and clientele in most of our key markets and I am happy to report that he enjoys the support and commitment of all our people.

In conclusion, I wish to place on record our appreciation to our host governments, our regulators, our customers and staff for their support and loyalty during the year. Despite the less than satisfactory financial results I believe that the Bank has made considerable progress during the year, that our people are motivated to improve our performance and that without a doubt, we will grasp every opportunity to return the Bank to the level of profitability that our shareholders and employees expect.

Michael K. Mansoor,
Executive Chairman

Chief Executive Officer's Letter

Rik Parkhill
Chief Executive Officer

CIBC FirstCaribbean's commitment to deliver consistent, sustainable earnings continues to be challenged in this trying economic climate.

Financial Performance

Net income for 2011 was $74 million compared to $157 million in the prior year. Total Revenue was $507 million, a decline of $56 million from 2010.

The credit environment remained difficult in 2011, especially for our commercial clients. Loan loss impairment expenses increased to 1.3% of loans from 1.1% in 2010. The Bank continues to work with customers to manage their debt obligations in these trying times.

With the effect of contractual wage increases and inflation, expenses increased 7% to $338 million which, coupled with the decline in revenue, resulted in a cost-to-revenue ratio of 67%.

Clients

The management team remains focused on achieving service excellence. We opened our new model branch in Wildey, Barbados offering tailored experiences to each of our client segments, and this model is slated to be rolled out region wide. One aspect of the enhanced service experience is a dedicated priority service desk for our Wealth Management clients at branches and through our call centres.

This year we also completed a number of process and product enhancements including the regional rollout of the new account opening experience which has reduced account opening time by over 50%. Last year we were the first bank to launch Mobile Banking regionally – a demonstration of our market leadership in innovation – and this year we enhanced the service with the introduction of bill payment capability.

Our product portfolio was also extended with the launch of e-cheque which allows simple commercial payments to be made electronically rather than in branch, and we launched structured investment solutions to complement commodity derivatives and the Axiom suite of mutual funds initially launched in 2010.

Across the Bank we strive to anticipate and meet the needs of our clients in these difficult times. For our institutional clients, we continue to deepen our advisory services capability.

Most visibly, we elevated the CIBC logo in our corporate identity to leverage further the strength of our parent bank. All co-branding activities planned for 2011 were completed ahead of schedule and work will continue through 2012.

People

Employee engagement is critical to achieving customer service excellence and in 2011 the Bank piloted a redesigned performance management process to increase the alignment of individual performance with overall corporate strategy. This is being deployed across the Bank in 2012. Training has also been a consistent theme with focus this year on new products, customer service and leadership development.

Community

This year we again invested 1% of profit in the CIBC FirstCaribbean Foundation. The Foundation strengthened ties with its community partners and continued collaborative ventures to promote regional community efforts, particularly in education and youth entrepreneurship. This is in addition to our flagship programme Unsung Heroes and Adopt-a-Cause.

With continued economic uncertainty in developed countries, the regional economic climate could continue to be challenging. The Bank is well capitalised and continues to position itself to capture opportunities as they arise.

Rik Parkhill
Chief Executive Officer

Board of Directors

Sitting left – right:
Christina Kramer, Paula Rajkumarsingh, Douglas 'Rik' Parkhill, Michael Mansoor, G. Diane Stewart, Ella N. Hoyos (Corporate Secretary)

Standing left – right:
Brian O'Donnell, Sir Allan Fields, David Ritch, Sir Fred Gollop, Kevin Glass, Richard Nesbitt

Regional Audit & Governance Committee
Kevin Glass – Chairman
Lincoln Eatmon
Sir Allan Fields
Sir Fred Gollop
Michael Mansoor
Richard Nesbitt
Paula Rajkumarsingh
David Ritch
G. Diane Stewart

Executive Management Committee, Senior Management & Advisors

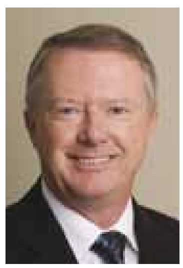
Executive Management Committee

Michael Mansoor
Executive Chairman

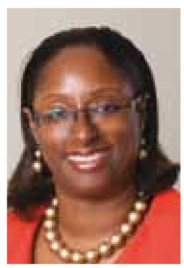
Rik Parkhill
Chief Executive Officer

Hugh Boyle
Chief Risk Officer

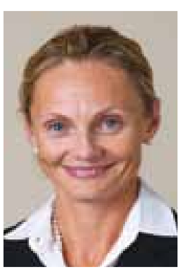
Ian Chinapoo
Managing Director, Investment Banking & Trinidad Operating Company



Tom Crawford
Vice Chairman



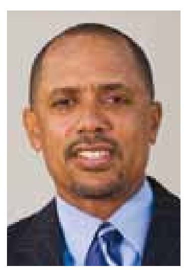
Kiyomi Daniel
Chief Financial Officer



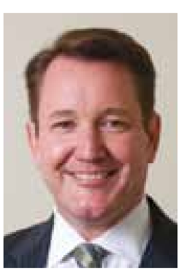
Donna Graham
Chief Internal Auditor

Ella Hoyos
Managing Director, Human Resources

Minish Parikh
Chief Administrative Officer



Rolf Phillips
Managing Director, Retail Banking



Richard Rice
Managing Director, Group Treasurer

Derek Wilson
Chief Information Officer and Managing Director, Technology

Mark Young
Managing Director, Corporate Banking

Senior Management

David Clee
Managing Director, Corporate Credit & Structured Finance

Daniel Farmer
Managing Director, Barbados

Nigel Holness
Managing Director, Jamaica

Marie Rodland-Allen
Managing Director, Bahamas

Pim van der Burg
Managing Director, Curaçao

Tony Velaidum
Managing Director, Shared Services

Advisors

Legal Advisors
Carrington & Sealy
Chancery Chambers
Fitzwilliam, Stone & Alcazar

Registrar and Transfer Agent
Barbados Central Securities Depository Inc.

Auditors
Ernst & Young

Bankers
FirstCaribbean International Bank (Barbados) Limited

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Retail Banking

Despite the challenging economic times which continue to affect all of our territories, the focus for 2011 and beyond continues to be providing **"Best-in-Class Experience for Every Client Every Time"**. We continue to implement products and services tailored to suit our clients' needs.

Using the VisaDebit Platinum product we have created a best-in-class client service experience for our wealth customers allowing them to receive priority service in our branch network and call centres through specialised service zones and queues. We have also extended this to account opening and will soon include the loan application process. We continue to deepen and strengthen our relationships with our wealth clients by offering a comprehensive set of products through our financial health checks driven by a robust regime of client meetings and visits.

We have completed the regional roll out of our new account opening process, allowing all of our territories and customers to now benefit from an improved process and client experience. This led to an increase in new account origination by 30% and cross sell by 50% where implemented.

We continue to provide our clients with new and differentiated service offerings as we lead the industry in innovation. We have enhanced our Mobile Banking service, which now offers clients the capability to pay monthly bills over their mobile phones. Client adoption over this channel continues to impress as we have signed up over 20,000 clients regionally who conducted 248,000 transactions since inception. We have also enhanced our internet banking platform with clients now able to view bills online, receive alerts, and pay bills. They can also obtain statements from their credit cards and accounts on line at their convenience. Security over these channels continues to be our priority as we offer clients alternatives in their security arrangements. To this end we have completed a token replacement for applicable users and implemented enhanced security features. We have also expanded our Instant Teller™ network by adding 7 new locations across the region.

Customers now benefit from improved service using our call centres as we have completed the roll out of our Call Re-direct in the four larger territories. This has resulted in the enhancement of service delivery in our branches with 90% of clients now receiving resolution of service requests on the first call. As a result, volumes have increased 115% as clients have firmly adopted this channel as a medium of service excellence.

While our existing and new customers have benefitted from our regional Switch campaign, receiving great value, this also allowed us to make significant inroads into our competitor bases, enrolling new clients and increasing our product and service offering regionally. In addition, staff were offered the opportunity to earn additional incentives under our sales management performance programme, "Pay4Performance", where they were rewarded for sales excellence. We continue to invest in our human capital as the catalyst for this change towards service excellence and ensured continuous training of our Small Business and Wealth Management Relationship Managers in this regard.

Our ability to deliver a tailored customer value proposition within a world class environment, where every customer can receive excellent service every time is here, with the opening of our prototype branch at Wildey in Barbados. Excellence in service is being delivered through four distinct value propositions: transactional, personal services, private banking and centralised corporate facilities, using state-of-the-art technology. We will soon deploy this model regionally, by incorporating this design into all major renovations and new branch locations.

Notwithstanding the global economic environment, we will continue to work closely with our parent and partner CIBC, to leverage their global reach and banking expertise. With the dedication of our staff and our clients, we will continue to be a leader in the financial services sector by developing new and innovative products.

"Best-in-Class Experience for **Every Client** Every Time"

Corporate Investment Banking

The economic backdrop to most of the countries we serve remained challenging during the last year, with visitor numbers remaining below long-term norms, foreign direct investment and other inward investment flows remaining subdued and consequently fiscal challenges being faced by many regional governments and corporate clients in various sectors.

In light of this, we have continued our commitment to our clients and the communities we serve by providing support and guidance wherever possible including assisting many island states with counter cyclical infrastructure investment project support alongside more traditional short term fiscal supports.

We have continued to enhance client value and achieve service excellence by focusing our client service model via dedicated relationship management aimed at providing holistic banking solutions to all our clients regardless of the industry, location or size. We have strengthened our ability to provide products and services across all of our product lines in one tailored solution to ensure enhanced client satisfaction.

We have devoted particular attention to ensuring we offer our market leading electronic banking solutions to improve productivity and controls for our clients in these cost conscious times. Our range of modern cash management solutions includes our Internet Banking platform, Online Wire Payments services, Automated Payroll, E-Check, Online Bills collections, other E-Commerce and electronic channel solutions. These have been well received in the market. As clients experience the ease, convenience and security of these products we are seeing greater and greater volumes migrating to these channels.

In addition, we have strengthened our ability to serve our clients' investment and risk hedging needs by bringing new products to the Caribbean market. This has included the launch of Axiom Funds in several markets and the launch of Structured Note products for select clients. We have enhanced our traditional interest rate and exchange rate derivative hedging product offering with the introduction of Commodity Hedging products. These products have seen particularly strong take up by clients looking to hedge against fluctuations in fuel costs, which have particularly acute impacts on the costs of doing business in many of our island communities.

Our International Corporate Banking sector has remained vibrant and in several instances has continued to show growth. This sector which is vital to many of the regional economies has provided a welcome buttress to many countries. These clients have been heavy and early adopters of the most advanced electronic banking solutions we have to offer.

The Investment Banking unit has continued to strengthen our presence in the capital markets by increasing our focus on providing excellent client service and value. We have actively sought to anticipate the needs of our clients in these difficult times through the build out of our advisory services capability, the provision of innovative banking solutions and our customer-centric focus.

Over the past year, our strategy of focusing on projects within the Energy & Utilities, Sovereign, Manufacturing & Distribution and Real Estate and Hospitality sectors, enabled us to successfully win and execute over US$600M in mandates. In order to provide our clients with the best financing solutions available we continue to work alongside our strategic international partners, providing depth of market access, not always readily available within the region. For the upcoming year, we will continue to leverage our experience and knowledge across our coverage sectors to bring value to our customers that access our capital markets and investment banking capability.

We thank our clients for their continued trust and support and we will continue to deliver excellent client service and support in return.

“Our **International Corporate Banking** sector has remained vibrant and in several instances has continued to show growth.”

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Our Employees

First for Employees
The successful achievement of our corporate strategy relies on the levels of engagement and job satisfaction amongst our staff. The initiatives implemented were directly informed by the previous employee opinion survey.

Overall the results of the employee opinion survey for 2011 reflected a marked improvement. The employee engagement grew by two percentage points over the previous year, while employee satisfaction increased by three percentage points above 2010. These results were shared across the organisation both by country and segment in an effort to garner feedback and suggestions for further improvement.

With this knowledge and the information generated through E-Voice we were able to further refine our overall talent management approach. Emphasis was placed on outfitting employees with the skills and tools to execute their jobs with excellence; aligning our performance management tools with our overall corporate strategy; the implementation of our leadership development programme; and providing additional outlets for our employees' views to be heard. The impact of these programmes and initiatives will serve to enhance our ability to deliver client service excellence.

Enhancing the training offer
The training programmes offered to employees were designed to enhance the efficiency of our teams and processes. Continued focus was placed on training to support new products, processes and systems, including the automation of the account opening process; the implementation of merchant services platform; the development of software for cards; enhancement of the insurance product; and the expansion of our mobile banking product range. Our customer service training was also revised to make it more relevant and business focused with both online and desk top training.

Creating an environment for enhanced productivity
Our performance management process was revised to improve the performance rating process and to increase the alignment of individual and departmental goals with our overall corporate strategy. This new performance management system was piloted with great success among several teams with a view to implementing for all employees in fiscal 2011-2012.

Employee Assistance Programme
In our attempts to continuously provide a high level of service to employees, the suppliers of the employee assistance programme were changed in Trinidad and British Virgin Islands markets. Following this change, several employee programmes were implemented including the management of stress, work life balance, effective communication and enhancing workplace morale.

Pursuing Leadership Excellence
Succession planning and leadership development continue to be important priorities in our employee management strategy. This year, a programme was implemented for all managers beginning with country managers and directors. In addition, all senior managers were trained in the dynamic People Management Essentials programme. This will continue within the new fiscal year to ensure that all employees with the responsibility to lead people within the organisation are trained. Further, we re-launched our graduate training programme in a bid to attract graduates from around the region with strong leadership potential.

Employee Engagement
To provide our employees with the opportunity to share in the implementation of our corporate strategy, town hall meetings were resumed beginning with our Barbados operating company. These interactions also assist in the promotion of a culture of candid communication and engagement through all employee levels. These open fora will be repeated across our regional footprint.

External Trainer Rich Marshall delivering the day two session based on the Ethics, Principles, Integrity, Character (EPIC) standards

Our Communities

The UWI Cave Hill team on its way to an award winning performance

Barbadian, Dr. Jonathan Lashley, Research Fellow with UWI receives US$25,000 to fund his year-long study from Patricia Rowe-Seale, Audit Portfolio Director, CIBC FirstCaribbean

UWI Student, Marissa Murdock, receiving scholarship award from Mark St. Hill, Director, Corporate Banking Sales

CIBC FirstCaribbean continued to expand its philanthropic work in 2011. During the year, the Bank strengthened ties with its community partners and continued collaborative ventures to promote regional community efforts.

The Bank continues to be driven by these strategic imperatives for corporate social giving:

- Forging formal/ informal education partnerships
- Supporting regional youth entrepreneurship
- Discovering and recognising people involved in humanitarian activities
- Giving back to our communities through staff volunteerism and advocacy
- Contributing to other initiatives through a vibrant community relations programme.

University of the West Indies (UWI) MOU

CIBC FirstCaribbean is proud of its education partnerships. This year there was a further development of initiatives under the MOU and in particular, a pioneering performance by the team from the UWI Cave Hill Campus which won the regional Case Analysis competition for the first time. The campus took the coveted CIBC FirstCaribbean challenge trophy from its competitors from the UWI sister-campuses in Trinidad and Jamaica.

Research grants

The Bank also provided US$62,500 to fund research over the next year, which is being undertaken by six academics across each of UWI's three campuses. The research spans a diverse range of topics including: A Cross-border Comparison of the Use and Application of Marketing Research Capabilities within the Caribbean Banking Sector.

Scholarships

Marissa Murdock was among 11 scholarship winners who received US$2,500 each to assist with expenses toward their studies. The 11 winners hold impressive grade point averages and the Bank is proud to be able to support their continued success.

Shamkoe Pilé receives her first prize cheque for her Business Case under the new SEED programme from Ricardo Charles, Senior Financial Officer, CIBC FirstCaribbean

Another boost for Caribbean youth entrepreneurship

Supporting Student Entrepreneurial Empowerment Development (SEED)

Barbadian university student, Shamkoe Pilé, won the inaugural CIBC FirstCaribbean International Bank-sponsored Business Plan Competition under UWI's SEED project.

Ms. Pilé was first among five finalists with her business plan proposal for "Skai Multimedia". She holds a first class honours degree in Mass Communications, and is now pursuing a Master's degree in Project Management and Evaluation.

Grenadian, Shivelyn Boney placed second with a proposal for "Caribbean Cuisines", while Gamal Chrichton of St. Vincent and the Grenadines was third with "Genephi Monler".

Junior Achievement and Caribbean Association of Youth Business Trust (CYBT) expand programmes

The future of young entrepreneurs continues to be bright with the support they are receiving from the Junior Achievement and CYBT programmes. In 2011, the Bank renewed its commitment to the CYBT for another three years, with a promise of support of US$ 340,000 to fund start up projects for promising young businessmen and women.

For many years, the Junior Achievement programme has been recognised as an influential organisation which seeks to develop strong business acumen among young entrepreneurs. Its strategic areas of focus include financial literacy and workforce readiness. One of the key accomplishments during the year was the expansion of its programme with the revitalisation of the initiative in Barbados. CIBC FirstCaribbean has earmarked US$204,000 in funding for numerous projects under the partnership agreement.

Unsung Heroes – Another great year!

Although Stephen McClatchie doesn't consider himself as a hero, he acknowledges that the title of Regional Unsung Hero goes a long way towards helping him continue his work to preserve the coastal region in his country.

56-year-old McClatchie gave Trinidad and Tobago its first top award in CIBC FirstCaribbean's regional Unsung Heroes programme in 2010. His cause seeks to improve the lives of the entire regional community of Toco, focusing on the conservation of sea turtles, eco-tourism as well as agro-tourism. McLatchie leads a multifaceted sustainable development effort in the community that includes education, economic improvement and protection of the environment.

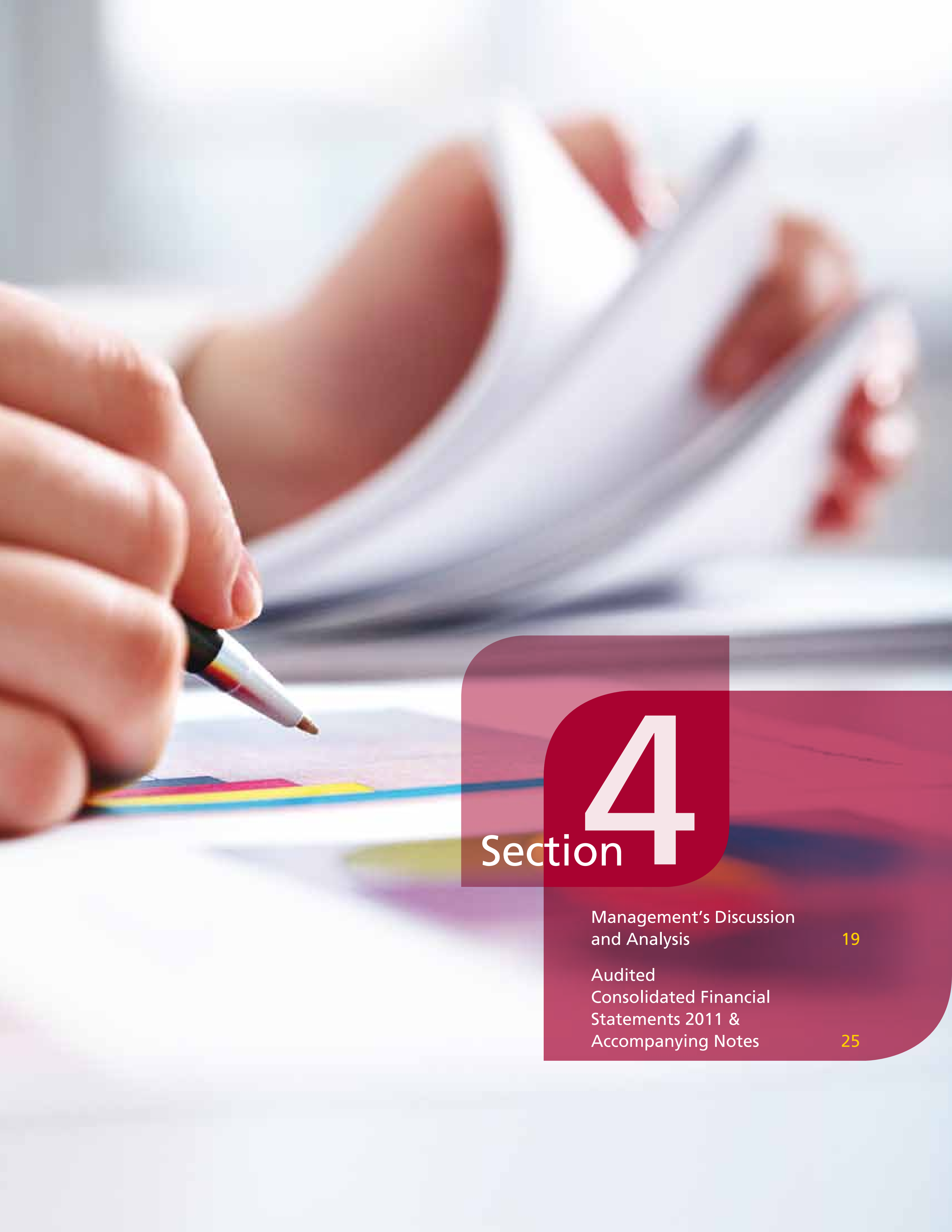
Also chosen for special honour were Stephen Skeete from Barbados, who has been fuelled by strong Christian principles for over 10 years to reform young men, and Ignatia Pascal from Dominica, whose St. Jerome Ministry cares for the elderly.

Volunteerism thrives through Adopt-a-Cause

At the heart of our corporate social responsibility are the undying efforts of staff who have made many projects and initiatives their own. By giving of their personal time they ensure that those lives touched, including their own, are left better for their involvement.

In 2011, the Bank supported just under 100 causes throughout the Caribbean including schools, non-governmental organisations, charities and other interest groups. We look forward to another exciting year of community involvement toward the further empowerment and upliftment of the people in the communities where we operate.

> "The **future** of **young entrepreneurs** continues to be **bright**..."



Section 4

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Audited Consolidated Financial Statements 2011 & Accompanying Notes 25

Management's Discussion and Analysis

Management's discussion and analysis (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 United States dollars. Certain comparative amounts have been reclassified to conform with the presentation adopted in the current year.

Overview

FirstCaribbean International Bank Limited and its subsidiaries ("the Group") is a leading Caribbean financial institution providing individual and business clients with a full range of products and services through our two business segments – Corporate Investment Banking and Retail Banking. Our business segments service clients in 17 countries through our eight operating companies located in Bahamas, Barbados, Cayman, Jamaica and Trinidad.

On September 30, the Group's parent company, FirstCaribbean International Bank Limited ("the Bank") acquired all of the issued and outstanding shares in CIBC Bank and Trust Company (Cayman) Limited and CIBC Trust Company (Bahamas) Limited which provide trust and fund administration services and are expected to augment our Wealth strategy.

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 Section 2 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.

Review of Consolidated Statement of Income

Highlights

$millions for the year ended October 31	2011	2010
Total revenue	**507**	563
Net income	**74**	157
Net income attributable to the equity holders of the parent	**71**	154
Total assets	**11,228**	9,766

		2011	2010
Per share (cents)	- basic and diluted earnings	**4.6**	10.1
	- dividends	**4.5**	6.0
Share price (cents)	- closing	**142.0**	138.0
Return on equity		**4.6%**	10.2%
Efficiency ratio		**66.7%**	56.3%
Tier I capital ratio		**21%**	21%
Tier I and II capital ratio		**22%**	22%

The prevailing global climate continues to adversely affect the Caribbean's key business drivers of tourism and international wealth management with the consequent impact on our clients and the economies in which they operate. It is in this context of trying economic times that we have posted net income to $74 million compared with $157 million in 2010. The results for both of these periods were affected by certain significant events as outlined below:

2011

- $6 million in mark-to-market gains on derivatives held for trading and hedges, inclusive of $5 million in non-recurring gains related to the restructuring of the interest rate swap portfolio
- $14 million increase year on year in loan loss impairment due to decreased collateral values and some new large non-performing loans

2010

- $33 million in gains on the sale of investment securities
- $8 million in mark-to-market gains on derivatives held for trading and hedges
- $18 million in loan loss impairment on a single corporate client

Total revenues declined by $56 million (10%) compared to the prior year driven by the prior year one-off gains on the disposal of securities and lower net interest income.

Total expenses increased by $35 million (9%), due to higher operating expenses and loan loss impairment.

Net interest income and margin

$millions, for the year ended October 31	2011	2010
Average total assets	**10,497**	10,134
Net interest income	**374**	398
Net interest margin	**3.6%**	3.9%

Net interest income declined year on year by $24 million (6%) primarily due to lower productive loan and securities volumes and rates; partially offset by lower deposit volumes and cost of funds.

Operating income

$millions, for the year ended October 31	2011	2010
Net fee & commission income	**71**	69
Foreign exchange earnings	**45**	43
Net securities gains	**4**	35
Net hedging gains	**3**	6
Other	**10**	12
	133	165

Securities gains, which include hedging, decline year on year by $34 million as the Group manages its risk profile. Excluding this, the Group continued to diversify revenues as follows:

- higher fee and commission income ($2 million) primarily from credit cards revenue due to volumes.
- higher foreign exchange earnings ($2 million) notwithstanding compressed spreads in the latter part of the year in exchange controlled territories.
- lower other operating income ($2 million) primarily due to fees earned on a non-recurring transaction in the prior year, partially offset by increases due to the acquisition.

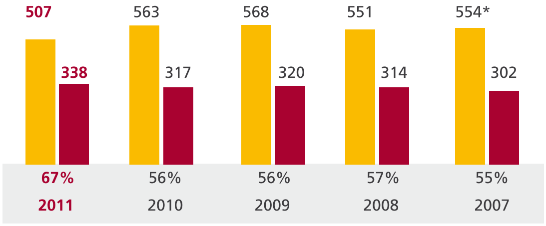
Operating expenses

$millions, for the year ended October 31	2011	2010
Remuneration and benefits		
Wages and salaries	**145**	142
Benefits	**46**	36
	191	178
Property & equipment expenses	**41**	39
Depreciation	**19**	20
Professional fees	**11**	9
Advertising & marketing	**7**	6
Business development & travel	**4**	5
Communications	**10**	9
Other	**55**	51
	338	317

Operating expenses increased year on year by $21 million (7%) mainly due to the following:

- higher remuneration and benefits ($13 million) due to contractual, actuarial and one-time costs, including severance.
- higher property & equipment expenses ($2 million) due to utilities costs.
- higher professional fees ($2 million) due to legal costs associated with an advertising campaign.
- higher other expenses ($4 million) due to new and increased business taxes and new cards processing costs.

Revenues and operating expenses (US $ millions) and efficiency ratio (%)



* 2007 excludes VISA gains of $52 million

Loan loss impairment

$millions, for the year ended October 31	2011	2010
Individual impairment		
Mortgages	**20**	5
Personal loans	**8**	14
Business & Government	**63**	46
	91	65
Collective impairment	**(4)**	8
	87	73

While the Group continued to service and assist clients struggling through a protracted global downturn and challenging local circumstances by working closely with them to develop business strategies to help manage their debt obligations, loan loss impairment still increased by $14 million (19%) year on year. This was driven primarily by net increases in commercial and some residential mortgages and business & government individual impairment due to decreased collateral values and some new large non-performing loans. The collective impairment decreased by $12 million (150%) due to decrease in performing loans and updates to key assumptions.

The ratio of loan loss impairment to gross loans was 1.3%, compared with 1.1% at the end of 2010. The ratio of non-performing loans to gross loans increased to 13.6%, compared to 11.6% at the end of 2010.

Income tax expense

$millions, for the year ended October 31	2011	2010
Income tax expense	**5**	12
Income before taxation	**79**	170
Effective tax rate	**6.3%**	7.1%

Income tax expense was lower than the prior year by $7 million (58%) due to a lower proportion of income earned in taxable jurisdictions.

Review of Consolidated Statement of Comprehensive Income

$millions, as at October 31	2011	2010
Net income for the year	74	157
Other comprehensive (losses)/income		
Net losses on available-for-sale investment securities	(4)	(14)
Exchange (losses)/gains on translation of foreign operations	(2)	3
Other comprehensive losses	(6)	(11)
Total comprehensive income	68	146

Other comprehensive income declined by $78 million year on year primarily as a result of the lower net income. Net losses from investment securities declined due to the significant sales in the prior year.

The Group conducts business in two jurisdictions (Jamaica and Trinidad) that have functional currencies that float against the United States dollar. The Trinidad dollar depreciated slightly by 1% year on year, while the Jamaica dollar remained relatively stable. This resulted in a translation loss on foreign operations of $2 million in the current year compared with a gain of $3 million in the prior year.

Review of Consolidated Statement of Financial Position

$millions, as at October 31	2011	2010
Assets		
Cash & balances with banks	2,298	917
Investment securities	1,717	1,679
Financial assets at FV through profit or loss	27	-
Loans and advances to customers		
Mortgages	2,536	2,501
Personal	710	722
Business & Government	3,566	3,552
Other	(3)	(3)
Provisions for impairment	(218)	(196)
	6,591	6,576
Other assets	595	594
	11,228	9,766
Liabilities & shareholders' equity		
Customer deposits		
Individuals	4,417	3,494
Business & Government	4,954	4,357
Banks	7	62
Other	21	30
	9,399	7,943
Other borrowed funds	16	45
Debt securities in issue	31	31
Financial liabilities at FV through profit or loss	27	-
Other liabilities	136	174
Non-controlling interests	31	30
Equity attributable to equity holders of the parent	1,588	1,543
	11,228	9,766

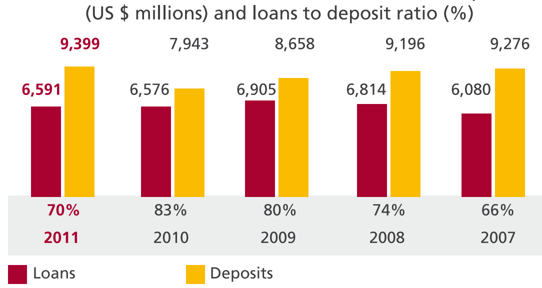
Assets

Total assets increased year on year by $1 billion or 15% due to the acquisition.

Liabilities

The increase in liabilities is driven by higher customer deposits, again due to the acquisition.

Loans and advances to customers and customer deposits (US $ millions) and loans to deposit ratio (%)



Equity attributable to equity holders of the parent

Equity attributable to equity holders of the parent was up by $45 million (3%) driven by the issuance of new shares related to the acquisition, partially offset by the decrease in earnings.

Given the current environment, management believes it prudent to reduce current dividend levels until such time as earnings have demonstrated sustainable improvement.

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. We manage and monitor our capital to maximise risk-adjusted return to shareholders and to meet regulatory requirements. The Bank continues to maintain strong capital ratios of Tier I and Tier I & II of 21% and 22% respectively at the end of 2011 and 2010.

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. Segment performance is evaluated based on economic profits, which for the total of all segments is equal to net income before taxes reflected on the consolidated financial statements. Economic profits include funds transfer pricing, management allocations, and charges for the segments' use of capital.

Income taxes are managed on a group basis and are reflected as part of the Administration segment.

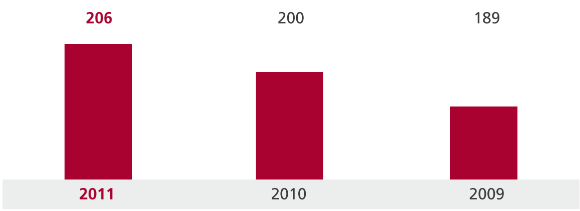
Transactions between the business segments are on normal commercial terms and conditions.

Retail Banking

Retail Banking includes Retail, Wealth Management, Small Business, and Cards businesses across the region excluding Trinidad. This segment provides a full range of financial products and services to individuals which can be accessed through our network of branches and Instant Teller™ Machines, as well as through internet and telephone banking channels. Wealth Management clients are provided investment advice and traditional banking services through a relationship management offer. Small Business clients are provided with products and services to satisfy their day-to-day operational and working capital business needs. Cards offering includes both the issuing and acquiring business.

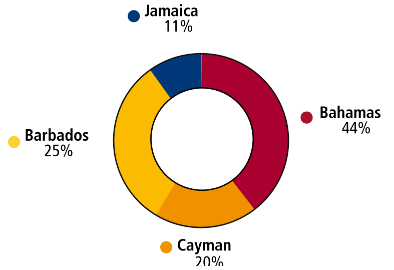
External revenues increased year on year by $6 million or 3% due to higher credit card volumes, lower deposit volumes and rates, as well as, asset management fees earned from recent acquisition.

External Revenues ($'MM)



The geographical distribution of external revenues is depicted in the following table.

External Revenues



Economic profits of $2 million decreased from the prior year by $20 million primarily as a result of the decline in revenues allocated from the Administration segment, mainly Treasury, and an increase in operating expenses.

Corporate Investment Banking (CIB)

This segment includes Corporate Banking, Investment Banking and International Corporate Banking.

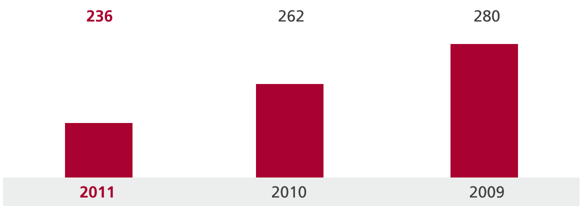
Corporate Banking provides a full range of corporate and commercial banking services to large and mid-size corporate businesses, governments, financial institutions, international trading companies and private wealth vehicles throughout the Caribbean.

Investment Banking provides debt, equity, capital markets and corporate finance products and services to large corporations, financial institutions and governments.

International Corporate Banking is a specialised business that facilitates leveraging of legislation and incentives in the international financial services jurisdictions to offer international clients a wide range of products, services and financial solutions.

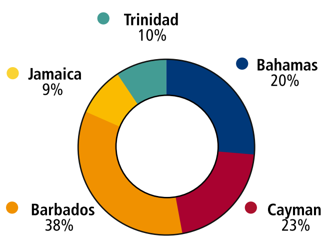
External revenues declined by $26 million or 10% year on year as a result of lower volumes and rates.

External Revenues ($'MM)



The geographical distribution of external revenues is reflected in the following table.

External Revenues



Economic profits of $36 million decreased from the prior year by $57 million primarily as a result of the decline in external revenues and an increase in loan losses.

Administration

The Administration segment includes Finance, HR, 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 on excess capital and the offset to capital charges allocated to the business segments.

Treasury manages the interest rate, foreign exchange and liquidity risk of the Group. In addition, Treasury conducts foreign exchange and other derivative transactions on behalf of the Group's clients. 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 Bank can be found in note 34 of the audited consolidated financial statements section.

Primary responsibility for the management of risk lies with line management in our various individual businesses. The Risk Management department, which reports to the Chief Risk Officer, develops risk policies and procedures and provides independent oversight and analysis through its seven centrally based teams - Credit Risk, Market Risk, Receivables Management, Corporate Security, Compliance, Portfolio Management 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 risk and control governance structure is embedded within each strategic business unit. Representatives from the risk teams interact with the senior leadership of each business unit in order to identify and manage risks in the respective businesses. This approach is supported by comprehensive enterprise reporting.

In addition, the Board of Directors oversees management's responsibilities for internal controls through the Audit & Governance Committee. This Committee is responsible for review of the overall adequacy and the effectiveness of internal controls and the control environment, including controls over the risk management process. The Chief Auditor conducts these reviews and is responsible to this Committee with full and independent access to the Committee. The Audit & Governance Committee reviews the qualifications, independence and performance of the internal auditors as well as the shareholders' auditors. Other key responsibilities of the Committee include the monitoring of compliance with legal and regulatory requirements, and the review of interim and annual consolidated financial statements and approval recommendation to the Board of Directors.

Credit risk

Credit risk is the risk a customer or counterparty will be unable or unwilling to meet a commitment that it has entered into and that the pledged security does not cover the customer's liabilities in the event of a default. The credit risks in the Group arise primarily from lending activities to customers but also occur with bonds, guarantees and securities.

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 and Conduct Review Committee of the Board also delegates credit approval limits to the Credit Committee of the Bank. The Credit Committee is chaired by the Chief Risk Officer who also delegates lending authority to individual members of the Credit Risk Management Department and also to front line lenders. 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. The credit management process is underpinned by an independent system of credit review by Internal Audit. Delinquent facilities are subject to separate and additional oversight. 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 for statutory reporting and in accordance with the Financial Institutions Act to meet regulatory requirements by the central risk and financial controls 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 treasury 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 highlight the adverse impact of interest rate, credit spread and exchange rate movements on profitability and shareholder value and to monitor and report risk within their recommended defined limits.

The Risk and Conduct Review Committee of the Board reviews market risk strategy and overall limits. It approves key policies and oversees the measurement, monitoring and control regime.

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 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 risks are associated with failures 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 Audit & Governance Committee of the Board.

Operational risk management and controls

The Group defines operational risk as the exposure to loss from failed or inadequate internal processes, people and systems or from external events. It is the risk of direct or indirect loss, or damaged reputation, due to deficiencies or errors in the Group's internal operations which may be attributable to fraud, human error, processes or technology failure, or due to external events. Operational risks are inherent in all activities within the Group, including in outsourced activities and in all interactions with external parties.

Internal control and quality management, consisting of a fraud framework, leadership and trained staff, is the key to successful operational risk management. Each strategic business unit is primarily responsible for managing their own operational risks. Risk management develops and maintains the framework for identifying, monitoring and controlling operational risks and supports the business in implementing the framework and raising awareness of operational risks. The team sets policy and monitors compliance. Operational risk management activities across the Group are reported regularly to the Audit & Governance Committee and Risk and Conduct Review Committee.

The Group's operational risk management framework includes ongoing monitoring through self-assessment of control deficiencies and weaknesses, 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 policy approved by the Board. The operation of the policy is delegated to management in the form of the Asset and Liabilities Committee (ALCO). The Group and individual operating company ALCOs are responsible for monitoring liquidity risk. 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 systemic risk level. The results are reported to the Board and independently reviewed by the market risk function.

FirstCaribbean International Bank Limited

Audited Consolidated Financial Statements

Year ended October 31, 2011
with Independent Auditors' Report

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ERNST & YOUNG

P.O. Box 261, Bridgetown, BB11000
Barbados, W.I.

Street Address
Worthing, Christ Church, BB15008
Barbados, W.I.

Tel: 246 430 3900
Fax: 246 426 9551
246 426 0472
246 435 2079
246 430 3879
www.ey.com

INDEPENDENT AUDITORS' REPORT

To the Shareholders of FirstCaribbean International Bank Limited.

We have audited the accompanying consolidated financial statements of FirstCaribbean International Bank Limited and its subsidiaries ("the Group") which comprise the consolidated statement of financial position as of October 31, 2011 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 a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of October 31, 2011 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young

Chartered Accountants
Barbados
December 9, 2011

Consolidated Statement of Income

For the year ended October 31
(expressed in thousands of United States dollars)

	Notes	2011	2010
Interest and similar income		**$ 495,566**	$ 538,183
Interest and similar expense		**121,427**	139,874
Net interest income	3	**374,139**	398,309
Operating income	4	**133,319**	164,733
		507,458	563,042
Operating expenses	5	**338,387**	317,316
Loan loss impairment	16	**87,244**	73,034
Amortisation of intangible assets	20	**2,963**	2,963
		428,594	393,313
Income before taxation		**78,864**	169,729
Income tax expense	6	**5,198**	12,297
Net income for the year		**$ 73,666**	$ 157,432
Attributable to:			
Equity holders of the parent		**$ 70,827**	$ 154,197
Non-controlling interests		**2,839**	3,235
		$ 73,666	$ 157,432
Earnings per share attributable to the equity holders of the parent for the year:			
- basic and diluted (expressed in cents per share)	7	4.6	10.1

Consolidated Statement of Comprehensive Income

For the year ended October 31
(expressed in thousands of United States dollars)

	Notes	2011	2010
Net income for the year		**$ 73,666**	$ 157,432
Other comprehensive (losses)/income:			
Net losses on available-for-sale investment securities, net of tax		**(3,991)**	(14,539)
Net exchange (losses)/gains on translation of foreign operations, net of tax		**(1,383)**	3,197
Other comprehensive losses for the year, net of tax	8, 9	**(5,374)**	(11,342)
Total comprehensive income for the year, net of tax		**$ 68,292**	$ 146,090
Attributable to:			
Equity holders of the parent		**$ 65,714**	$ 142,434
Non-controlling interests		**2,578**	3,656
		$ 68,292	$ 146,090

Consolidated Statement of Financial Position

As of October 31

(expressed in thousands of United States dollars)

	Notes	2011	2010
Assets			
Cash and balances with Central Banks	10	$ **648,565**	$ 509,947
Due from banks	11	**1,648,994**	406,995
Derivative financial instruments	12	**6,355**	4,186
Financial assets at fair value through profit or loss	13	**27,319**	-
Other assets	14	**45,422**	52,968
Taxation recoverable		**15,859**	11,945
Investment securities	15	**1,716,879**	1,679,254
Loans and advances to customers	16	**6,591,023**	6,576,319
Property and equipment	17	**131,256**	126,520
Deferred tax assets	18	**17,067**	12,461
Retirement benefit assets	19	**43,381**	46,975
Intangible assets	20	**335,624**	338,587
Total assets		**$ 11,227,744**	$ 9,766,157
Liabilities			
Derivative financial instruments	12	$ **62,327**	$ 103,815
Customer deposits	21	**9,398,827**	7,942,765
Financial liabilities at fair value through profit or loss	13	**27,319**	-
Other borrowed funds	22	**16,390**	45,488
Other liabilities	23	**50,324**	51,985
Taxation payable		**4,557**	4,925
Deferred tax liabilities	18	**2,684**	4,211
Debt securities in issue	24	**30,697**	31,129
Retirement benefit obligations	19	**15,829**	8,620
Total liabilities		**9,608,954**	8,192,938
Equity attributable to equity holders of the parent			
Issued capital	25	**1,193,149**	1,117,349
Reserves	26	**(231,879)**	(234,518)
Retained earnings		**626,845**	660,680
		1,588,115	1,543,511
Non-controlling interests		**30,675**	29,708
Total equity		**1,618,790**	1,573,219
Total liabilities and equity		**$ 11,227,744**	$ 9,766,157

Approved by the Board of Directors on December 9, 2011

Michael Mansoor
Chairman

Rik Parkhill
Chief Executive Officer

Consolidated Statement of Changes in Equity

For the year ended October 31
(expressed in thousands of United States dollars)

	Notes	Attributable to equity holders of the parent				
		Issued capital	Reserves	Retained earnings	Non-controlling interests	Total equity
Balance at October 31, 2009		$ 1,117,349	$ (246,768)	$ 620,353	$ 27,835	$ 1,518,769
Total comprehensive (losses) / income for the year, net of tax		-	(11,763)	154,197	3,656	146,090
Transfer to reserves	26	-	24,013	(24,013)	-	-
Equity dividends		-	-	(89,857)	-	(89,857)
Dividends of subsidiaries		-	-	-	(1,783)	(1,783)
Balance at October 31, 2010		1,117,349	(234,518)	660,680	29,708	1,573,219
Total comprehensive (losses) / income for the year, net of tax		-	(5,113)	70,827	2,578	68,292
Issue of share capital	25	75,800	-	-	-	75,800
Transfer to reserves	26	-	7,752	(7,752)	-	-
Acquisition of subsidiaries	35	-	-	(7,053)	-	(7,053)
Equity dividends		-	-	(89,857)	-	(89,857)
Dividends of subsidiaries		-	-	-	(1,611)	(1,611)
Balance at October 31, 2011		**$ 1,193,149**	**$ (231,879)**	**$ 626,845**	**$ 30,675**	**$ 1,618,790**

Consolidated Statement of Cash Flows

For the year ended October 31
(expressed in thousands of United States dollars)

	2011	2010
Cash flows from operating activities		
Income before taxation	**$ 78,864**	$ 169,729
Loan loss impairment	**87,244**	73,034
Depreciation of property and equipment	**19,333**	19,822
Amortisation of intangible assets	**2,963**	2,963
Net gains on disposals of property and equipment	**(74)**	(100)
Net gains on disposals and redemption of investment securities	**(1,409)**	(32,673)
Net gains on the repayment of debt securities	**-**	(186)
Net hedging gains	**(3,498)**	(6,283)
Interest income earned on investment securities	**(71,118)**	(80,527)
Interest expense incurred on other borrowed funds and debt securities	**4,388**	6,616
Net cash flows from operating income before changes in operating assets and liabilities	**116,693**	152,395
Changes in operating assets and liabilities:		
-net (increase)/decrease in due from banks	**(564,394)**	268,214
-net (increase)/decrease in loans and advances to customers	**(84,615)**	261,140
-net increase in financial assets at fair value through profit or loss	**(27,319)**	-
-net decrease/(increase) in other assets	**12,674**	(11,548)
-net increase/(decrease) in customer deposits	**517,446**	(715,588)
-net increase in financial liabilities at fair value through profit or loss	**27,319**	-
-net decrease in other liabilities	**(59,545)**	(7,699)
Income taxes paid	**(14,750)**	(18,955)
Net cash used in operating activities	**(76,491)**	(72,041)
Cash flows from investing activities		
Purchases of property and equipment	**(22,933)**	(26,198)
Proceeds from disposals of property and equipment	**80**	944
Purchases of investment securities	**(727,165)**	(3,031,430)
Proceeds from disposals and redemption of investment securities	**749,455**	3,144,214
Interest income received on investment securities	**70,297**	74,818
Acquisition of subsidiaries, net of cash acquired	**949,749**	-
Net cash from investing activities	**1,019,483**	162,348
Cash flows from financing activities		
Net repayments on other borrowed funds and debt securities	**(29,474)**	(86,108)
Interest expense paid on other borrowed funds and debt securities	**(4,444)**	(6,816)
Dividends paid to equity holders of the parent	**(89,857)**	(89,857)
Dividends paid to non-controlling interests	**(1,611)**	(1,783)
Net cash used in financing activities	**(125,386)**	(184,564)
Net increase/(decrease) in cash and cash equivalents for the year	**817,606**	(94,257)
Effect of exchange rate changes on cash and cash equivalents	**(1,383)**	3,197
Cash and cash equivalents, beginning of year	**536,357**	627,417
Cash and cash equivalents, end of year (note 10)	**$ 1,352,580**	$ 536,357

Notes to the Consolidated Financial Statements

October 31, 2011

(expressed in thousands of United States dollars)

1 General Information

FirstCaribbean International Bank Limited and its subsidiaries ("the Group") are registered under the relevant financial and corporate legislations of 17 countries in the Caribbean to carry on banking and other related activities. The Group's parent company, FirstCaribbean International Bank Limited ("the Bank"), is a company incorporated and domiciled in Barbados at Warrens, St. Michael. The ultimate parent company and controlling party of the Bank is Canadian Imperial Bank of Commerce ("CIBC") which holds 91.7% of the Bank's issued shares and is a company incorporated in Canada.

The Bank has a primary listing on the Barbados Stock Exchange, with further listings in Trinidad, Jamaica and the Eastern Caribbean.

2 Accounting policies

2.1 Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, except for available-for-sale investment securities, financial assets and liabilities at fair value through profit or loss and derivative financial instruments, which have all been measured at fair value. The carrying value of recognised assets that are hedged items in fair value hedges, and otherwise carried at amortised cost, are adjusted to record changes in fair value attributable to the risks that are being hedged. The consolidated financial statements are presented in United States dollars, and all values are rounded to the nearest thousand except where otherwise indicated.

Statement of compliance

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

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at October 31, 2011 (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 in which the Bank directly or indirectly holds the majority of the voting rights and where it determines their financial and business policies and is able to exercise control over them in order to benefit from their activities, have been fully consolidated. The principal subsidiaries of the Bank are disclosed in note 37.

All inter-company transactions, balances and unrealised surpluses and deficits on transactions and balances have been eliminated.

Subsidiaries are consolidated from the date on which the effective control is transferred to the Bank. Control is achieved where the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of income from the date of acquisition or up to the date of disposal.

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.

Prior to November 1, 2009, losses incurred by the Group were attributed to the non-controlling interests until the balance was reduced to nil. 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.

In accordance with the requirements of IFRS, the Group has therefore established its accounting policy to account for the acquisition of commonly controlled entities as follows:

1. The assets, liabilities, income and expenses of a subsidiary are included in the consolidated financial statements prospectively from the acquisition date.
2. 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.
3. 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 financial statements in conformity with IFRS requires management to make certain significant estimates and judgements that affect amounts reported in the 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 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 of 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 and liquidity spread and limitations in the model.

Impairment losses on loans and advances

The Group reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in the statement of income. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Bank makes judgements about the borrower's financial situation and the net realisable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance for impairment losses.

Loans and advances that have been assessed individually and found not to be impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provisions should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident.

The collective assessment takes account of data from the loan portfolio such as credit quality, levels of arrears, credit utilisation, loan to collateral ratios, concentrations of risks and economic data, country risk and the performance of different individual groups.

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.

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 impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can 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.

Impairment of available-for-sale investments
Management makes judgements at each reporting date to determine whether available-for-sale investments are impaired. These investments are impaired when the carrying value is greater than the recoverable amount and there is objective evidence of impairment.

Intangible assets
The Group's financial statements include goodwill and customer-related intangible assets arising from acquisitions. In accordance with IAS 36, goodwill is reviewed for impairment annually using the "value in use" method. This requires the use of estimates for determination of future cash flows expected to arise from each cash-generating unit and an appropriate discount rate to calculate present value. Management also makes judgements at each reporting date to determine whether intangible assets are impaired or not.

2.3 Adoption of new accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

The Bank has adopted the elements of Improvements to International Financial Reporting Standards (issued 2009 and 2010) which were required for annual periods beginning after November 1, 2010.

Adoption of these revised standards and interpretations did not have any effect on the financial performance or position of the Group.

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 Barbados dollars, however, these consolidated financial statements are presented in United States dollars as this is the single largest currency of use throughout the Group and is universally accepted and recognised in all the territories in which the Group operates.

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 available-for-sale financial assets, are included in the available-for-sale revaluation reserve in equity.

Group companies
The results and financial position of all the Group entities that 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 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 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
- Hedges of a net investment in a foreign operation.

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.

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 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 statement of income.

Amounts accumulated in other comprehensive income are recycled to the 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 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 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.

Interest income and expense

Interest income and expense are recognised in the statement of income for all interest-bearing instruments on an accrual basis using the effective interest method based on the actual purchase price or estimated recoverable amount. Interest income includes coupons earned on fixed income investment and trading securities and accrued discounts and premiums on treasury bills and other discounted instruments.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the original effective interest rate for the purpose of measuring impairment loss.

Fee and commission income

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Loan origination fees, which have a high probability of being drawn down, are deferred (together with related direct costs) and recognised as an adjustment to the effective interest yield on the loan. Commission and fees arising from negotiating, or participating in the negotiation of a transaction for a third party, such as the acquisition of loans, shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts. Asset management fees related to investment funds are recognised proportionately over the period the service is provided. The same principle is applied for wealth management, financial planning and custody services that are continuously provided over an extended period of time.

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 expire.

Financial instruments

The Group classifies its financial assets into the following categories:

- Financial assets at fair value through profit or loss;
- Loans and receivables; or
- Available-for-sale financial assets.

Management determines the classification of its investments at initial recognition.

Financial assets and liabilities at fair value through profit or loss

This category comprises financial assets or liabilities held for trading. A financial asset or liability is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

Management may designate a financial asset or liability at fair value through profit or loss upon initial recognition when the following criteria are met, and 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 assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains one or more embedded derivatives which significantly modify the cash flows that otherwise would be required by the contract.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Available-for-sale financial assets

Available-for-sale financial assets are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

All purchases and sales of financial assets at fair value through profit or loss and available-for-sale that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recognised at settlement date, which is the date that an asset is delivered to or by the Group. Otherwise such transactions are treated as derivatives until settlement occurs. Loans and receivables are recognised when cash is advanced to borrowers.

Financial assets, not carried at fair value through profit or loss, are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive the cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets or liabilities at fair value through profit or loss are subsequently re-measured at fair value based on quoted bid prices or amounts derived from cash flow models. Loans and receivables are carried at amortised cost using the effective interest method, less any provisions for impairment. Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income. When the securities are disposed of or impaired, the related accumulated fair value adjustments are included in the statement of income as gains and losses from investment securities.

Unquoted equity instruments for which fair values cannot be measured reliably are recognised at cost less impairment.

All gains and losses from disposals and/or changes in the fair value of financial assets and liabilities at fair value through profit or loss and derivatives held for trading are included in operating income as net trading gains or losses. All gains and losses from disposals of investment securities available for sale are included in operating income as net investment securities gains or losses. Where certain financial assets are hedged and there is ineffectiveness, this is included in operating income as net hedging gains or losses. Dividends are recorded on the accrual basis when declared and are included in investment securities interest and similar income.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the 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 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.

Impairment of financial assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of financial assets is impaired includes observable data that comes to the attention of the Group about the following loss events:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the Group granting to a borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
  - adverse changes in the payment status of borrowers in the group; or
  - national or local economic conditions that correlate with default on the assets in the group.

If there is objective evidence that an impairment loss on loans and advances carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the carrying amount and the recoverable amount, being the estimated present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate.

Loans are written off, in whole or in part, against the related allowance for credit losses upon settlement (realisation) of collateral or in advance of settlement (no realisation) where the determination of the recoverable value is completed and there is no realistic prospect of recovery above the recoverable value. Any subsequent recoveries are credited to the statement of income. If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to the statement of income. In circumstances where Central Bank guidelines and regulatory rules require provisions in excess of those calculated under IFRS, the difference is disclosed as an appropriation of retained earnings and is included in a non-distributable general banking reserve.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. 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.

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 statement of financial position as an intangible asset. Goodwill is tested annually for impairment 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.

Customer-related intangible assets

Customer-related intangible assets represent the fair value of each customer relationship acquired in a business combination, as of the acquisition date, which met the contractual legal criterion for identification as an intangible asset in the statement of financial position separated from goodwill. The fair value of the customer relationships is amortised on a straight-line basis over its expected useful life of six years. At each reporting date, an assessment is made to determine whether there are any indications of impairment, and if such an indication exists, then the recoverable amount shall be estimated.

Property and equipment

All property and equipment are 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 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 statement of income during the financial period in which they are incurred.

Depreciation on all property and equipment is computed on the straight-line method at rates considered adequate to write-off the cost of depreciable assets, less salvage, over their 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%

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

When assets are held subject to a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the effective interest method, which reflects a constant periodic rate of return.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition including cash balances, non-restricted deposits with Central Banks (excluding mandatory reserve deposits), treasury bills and other money market placements.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more than likely that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

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 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.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income over the expected average remaining service lives of the related employees.

Past service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, past service costs are amortised on a straight-line basis over the vesting period.

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 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. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income over the expected average remaining service lives of the related employees. 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 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 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 available-for-sale investments, 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 statement of income together with the realised gain or loss.

Borrowings

Borrowings are recognised initially at fair value less transaction costs and are subsequently stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the statement of income over the period of the borrowings, using the effective interest method.

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 financial statements.

Earnings per share

Basic 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.

For the diluted earnings per share, the weighted average number of common shares in issue is adjusted to assume conversion of all dilutive potential shares.

Share-based payments to employees

The Group engages in equity settled share-based payment transactions in respect of services rendered from certain of its employees. The cost of the services received is measured by reference to the fair value of the shares or share options granted. The cost related to the shares or share options granted is recognised in the statement of income over the period that the services of the employees are received, which is the vesting period, with a corresponding credit to equity.

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 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 Management 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.

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

2.5 Future changes in accounting polices

Certain new standards, and amendments to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after November 1, 2011. Of these, the following are relevant to the Group but have not been early adopted:

- IAS 1 Presentation of items of other comprehensive income – amendments to IAS 1
- IAS 19 Employee benefits (revised)
- IAS 24 (Revised), Related party transactions
- IFRS 7 Financial instruments: disclosures (amendment)
- IFRS 9 Financial instruments part 1: classification and measurement
- IFRS 10 Consolidated financial statements
- IFRS 11 Joint arrangements
- IFRS 12 Disclosure of interests in other entities
- IFRS 13 Fair value measurement

The amendment to IAS 1 changes the grouping of items presented in other comprehensive income, separating items that would be reclassified (or recycled) to the statement of income in the future from those that will never be reclassified.

IAS 19 (revised) removes the ability to defer recognition of actuarial gains and losses (the 'corridor approach') requiring instead recognition in other comprehensive income with no subsequent recycling to the statement of income. It also introduces new quantitative and qualitative disclosures.

IAS 24 has been clarified to simplify the identification of related party relationships, particularly in relation to significant influence and joint control with a partial exemption from the disclosures from government related entities.

IFRS 7 (Amendment) requires additional quantitative and qualitative disclosures related to transfers of financial assets in specific circumstances.

IFRS 9 was issued in November 2009 and replaces those parts of IAS 39 relating to the classification and measurement of financial assets.

IFRS 10 includes a new definition of control, which is used to determine which entities are consolidated.

IFRS 11 describes the accounting for joint arrangements with joint control; proportionate consolidation is not permitted for joint ventures (as newly defined).

IFRS 12 includes all of the disclosure requirements for subsidiaries, joint arrangements, associates, and structured entities.

IFRS 13 provides a single source of guidance under IFRS for all fair value measurements.

IAS 24 is mandatory for annual periods beginning on or after January 1, 2011, IFRS 7 (amendment) for annual periods beginning on or after July 1, 2011 and IAS 1 for annual periods beginning on or after July 1, 2012. All of the remaining standards noted above are effective for annual periods beginning on or after January 1, 2013. Early adoption is permitted, and management is considering the implications of these new standards, the impact on the Group and the timing of their adoption by the Group.

3 Net interest income

	2011	2010
Interest and similar income		
Cash, balances with Central Banks and due from banks	$ 8,173	$ 8,734
Investment securities	71,118	80,527
Loans and advances to customers	416,275	448,922
	495,566	538,183
Interest and similar expense		
Customer deposits	101,807	115,387
Debt securities in issue	2,484	2,925
Borrowed funds and other	17,136	21,562
	121,427	139,874
	$ 374,139	$ 398,309

4 Operating income

	2011	2010
Net fee and commission income	$ 71,370	$ 69,120
Foreign exchange commissions	42,666	44,256
Foreign exchange revaluation net gains/(losses)	2,578	(1,343)
Net trading gains	2,219	1,766
Net investment securities gains	1,409	32,673
Net hedging gains	3,498	6,283
Gains on repayment of debt securities	-	186
Other operating income	9,579	11,792
	$ 133,319	$ 164,733

Net trading gains have arisen from either disposals and/or changes in the fair value on financial assets and liabilities at fair value through profit or loss, trading securities and derivatives held for trading which include failed hedges.

Net investment securities gains have arisen from disposals of investment securities held as available-for-sale.

Net hedging gains 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.

Analysis of net fee and commission income:

	2011	2010
Underwriting	$ 1,848	$ 1,995
Deposit services	38,762	37,646
Credit services	9,455	11,141
Card services	19,434	17,303
Other	1,871	1,035
	$ 71,370	$ 69,120

5 Operating expenses

	2011	2010
Staff costs	$ 191,354	$ 177,838
Property and equipment expenses	40,541	38,952
Depreciation (note 17)	19,333	19,822
Other operating expenses	87,159	80,704
	$ 338,387	$ 317,316

Analysis of staff costs:

	2011	2010
Wages and salaries	$ 145,015	$ 142,248
Pension costs - defined contribution plans (note 19)	4,192	4,303
Pension costs - defined benefit plans (note 19)	8,781	4,646
Post retirement medical benefits charge (note 19)	328	579
Other share and cash-based benefits	1,232	1,276
Severance	6,218	2,199
Risk Benefits	7,918	6,457
Other staff related costs	17,670	16,130
	$ 191,354	$ 177,838

Analysis of other operating expenses:

	2011	2010
Professional fees	$ 10,667	$ 8,614
Advertising and marketing	7,390	6,539
Business development and travel	4,379	4,585
Communications	10,113	9,317
Profit on sale of property and equipment	(74)	(100)
Business taxes	17,072	14,834
Consumer related expenses	7,268	6,085
Outside services	5,384	5,153
Other	24,960	25,677
	$ 87,159	$ 80,704

6 Taxation

	2011	2010
The components of income tax expense for the year are:		
Current tax charge	$ 9,428	$ 12,231
Deferred tax (credit)/charge	(5,270)	345
Prior year tax charge/(credit)	1,040	(279)
	$ 5,198	$ 12,297

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

	2011	2010
Income before taxation	$ 78,864	$ 169,729
Tax calculated at the statutory tax rate of 25%	$ 19,716	$ 42,432
Effect of different tax rates in other countries	(25,739)	(36,788)
Effect of income not subject to tax	(10,540)	(12,697)
Effect of income subject to tax at 12.5%	(4,218)	(2,008)
Over provision of prior year deferred tax liability	(443)	(1,506)
Under / (over) provision of current year corporation tax liability	1,428	(143)
Movement in deferred tax asset not recognised	21,298	17,851
Effect of expenses not deductible for tax purposes	3,696	5,156
	$ 5,198	$ 12,297

7 Earnings per share

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

Basic and diluted earnings per share

	2011	2010
Net income attributable to equity holders of the parent	$ 70,827	$ 154,197
Weighted average number of common shares:		
For basic earnings per share	1,529,502	1,525,176
For diluted earnings per share	1,529,502	1,525,343
Basic and diluted earnings per share (expressed in cents per share)	4.6	10.1

The share options are considered to be dilutive potential common shares (note 28).

8 Components of other comprehensive losses, net of tax

	2011	2010
Available-for-sale investment securities, net of tax:		
Net (losses)/gains arising during the year	$ (2,582)	$ 18,134
Reclassification adjustments for gains included in the statement of income	(1,409)	(32,673)
	(3,991)	(14,539)
Attributable to:		
Equity holders of the parent	(3,749)	(14,972)
Non-controlling interests	(242)	433
	(3,991)	(14,539)
Net exchange (losses)/gains on translation of foreign operations, net of tax		
Attributable to:		
Equity holders of the parent	(1,364)	3,209
Non-controlling interests	(19)	(12)
	(1,383)	3,197
Other comprehensive losses for the year, net of tax	$ (5,374)	$ (11,342)

9 Income tax effects relating to other comprehensive losses

	2011	2010
Available-for-sale investment securities, net of tax		
Before tax	$ (4,854)	$ (14,032)
Tax	863	(507)
After tax	(3,991)	(14,539)
Net exchange (losses)/gains on translation of foreign operations, net of tax		
Before and after tax	(1,383)	3,197
Other comprehensive losses for the year, net of tax	$ (5,374)	$ (11,342)

10 Cash and balances with Central Banks

	2011	2010
Cash	$ 88,000	$ 82,622
Deposits with Central Banks - interest bearing	97,584	114,896
Deposits with Central Banks - non-interest bearing	462,981	312,429
Cash and balances with Central Banks	648,565	509,947
Less: Mandatory reserve deposits with Central Banks	(273,047)	(254,949)
Included in cash and cash equivalents as per below	$ 375,518	$ 254,998

Mandatory reserve deposits with Central Banks represent the Group's regulatory requirement to maintain a percentage of deposit liabilities as cash 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

	2011	2010
Cash and balances with Central Banks as per above	$ 375,518	$ 254,998
Due from banks (note 11)	977,062	281,359
	$ 1,352,580	$ 536,357

11 Due from banks

	2011	2010
Included in cash and cash equivalents (note 10)	$ 977,062	$ 281,359
Greater than 90 days maturity from date of acquisition	671,932	125,636
	$ 1,648,994	$ 406,995

The average effective yield on these amounts during the year was 0.7% (2010 – 1.7%).

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.

2011	Notional amount	Assets	Liabilities
Interest rate swaps	$ 552,704	$ 1,378	$ 61,954
Foreign exchange forwards	240,018	4,755	151
Interest rate option	80,750	144	144
Commodity swap contracts	5,984	78	78
		$ 6,355	$ 62,327

2010	Notional amount	Assets	Liabilities
Interest rate swaps	$ 592,738	$ 2,983	$ 102,387
Foreign exchange forwards	237,103	1,164	1,393
Commodity swap contracts	1,089	39	35
		$ 4,186	$ 103,815

As of October 31, 2011, the Bank had positions in the following types of derivatives:

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.

Commodity swap contracts
Commodity swap contracts are contractual agreements to exchange cash flows based on changes in commodity prices.

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.

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 available-for-sale debt securities and are hedged by interest rate swaps.

During the year, the Group recognised gains on effective hedges of $3,498 (2010 - $6,283) due to losses on hedging instruments of $5,851 (2010 - $22,732), and gains on hedged items attributable to the hedged risk of $9,349 (2010 - $29,015). These gains are included within operating income as net hedging gains.

During the year, the Group also recognised gains of $511 (2010 - $2,617) 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.

13 Financial assets/liabilities at fair value through profit or loss

During the year, the Group originated a financial asset which is classified under IAS39 Financial Instruments as held at fair value through profit or loss. This asset is funded by an offsetting liability also designated as held at fair value through profit or loss. The fair value of these financial instruments is based on the fair value of a basket of equity securities, and the equal and offsetting changes in fair value plus the Group's return on the transaction is recognised within operating income.

14 Other assets

	2011	2010
Prepayments and deferred items	$ 8,509	$ 6,361
Other accounts receivable	36,913	46,607
	$ 45,422	$ 52,968

15 Investment securities

	2011	2010
Available-for-sale		
Equity securities - unquoted	$ 877	$ 646
Government debt securities	1,171,741	975,109
Other debt securities	520,807	680,866
	1,693,425	1,656,621
Add: Interest receivable	23,454	22,633
	$ 1,716,879	$ 1,679,254

The average effective yield during the year on debt securities and treasury bills was 4.2% (2010 - 4.5%). 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, 2011 the reserve requirement amounted to $447,243 (2010 - $562,234) of which $273,047 (2010 - $254,949) is included within cash and balances with Central Banks (note 10).

Available-for-sale securities in the amount of $14,670 (2010 - $14,876) were pledged as security for investment note certificates issued by the Group (note 22).

The movement in investment securities (excluding interest receivable) is summarised as follows:

	2011	2010
Balance, beginning of year	$ 1,656,621	$ 1,726,766
Additions (purchases, changes in fair value and foreign exchange)	715,907	3,074,069
Disposals (sales and redemptions)	(749,455)	(3,144,214)
Acquisition of subsidiaries	70,352	-
Balance, end of year	$ 1,693,425	$ 1,656,621

16 Loans and advances to customers

	Mortgages	Personal Loans	Business & Government	2011
Performing loans	$ 2,246,509	$ 648,455	$ 2,990,679	**$ 5,885,643**
Impaired loans	289,966	61,046	575,450	**926,462**
Gross loans	2,536,475	709,501	3,566,129	**6,812,105**
Less: provisions for impairment	(46,079)	(31,413)	(140,472)	**(217,964)**
	$ 2,490,396	$ 678,088	$ 3,425,657	**6,594,141**
Add: Interest receivable				**37,193**
Less: Unearned fee income				**(40,311)**
				$ 6,591,023

	Mortgages	Personal Loans	Business & Government	2010
Performing loans	$ 2,246,369	$ 638,152	$ 3,102,934	$ 5,987,455
Impaired loans	254,751	84,290	448,708	787,749
Gross loans	2,501,120	722,442	3,551,642	6,775,204
Less: provisions for impairment	(29,127)	(36,806)	(130,224)	(196,157)
	$ 2,471,993	$ 685,636	$ 3,421,418	6,579,047
Add: Interest receivable				39,580
Less: Unearned fee income				(42,308)
				$ 6,576,319

Movement in provisions for impairment is as follows:

	Mortgages	Personal Loans	Business & Government	2011
Balance, beginning of year	$ 29,127	$ 36,806	$ 130,224	**$ 196,157**
Individual impairment	20,362	7,472	63,305	**91,139**
Collective impairment	(1,825)	(379)	(1,691)	**(3,895)**
Recoveries and write offs	(1,585)	(12,486)	(42,151)	**(56,222)**
Interest accrued on impaired loans	-	-	(9,215)	**(9,215)**
Balance, end of year	$ 46,079	$ 31,413	$ 140,472	**$ 217,964**

Movement in provisions for impairment is as follows:

	Mortgages	Personal Loans	Business & Government	2010
Balance, beginning of year	$ 30,587	$ 34,750	$ 96,131	$ 161,468
Individual impairment	5,344	14,190	46,202	65,736
Collective impairment	1,462	1,724	4,112	7,298
Recoveries and write offs	(8,266)	(13,858)	(4,953)	(27,077)
Interest accrued on impaired loans	-	-	(11,268)	(11,268)
Balance, end of year	$ 29,127	$ 36,806	$ 130,224	$ 196,157

Ageing analysis of past due but not impaired loans:

	Mortgages	Personal Loans	Business & Government	2011
Less than 30 days	$ 85,545	$ 12,356	$ 47,566	**$ 145,467**
31 – 60 days	69,099	9,510	35,065	**113,674**
61- 90 days	28,893	9,597	93,265	**131,755**
	$ 183,537	$ 31,463	$ 175,896	**$ 390,896**

Ageing analysis of past due but not impaired loans:

	Mortgages	Personal Loans	Business & Government	2010
Less than 30 days	$ 300,018	$ 47,533	$ 220,387	$ 567,938
31 – 60 days	86,030	11,290	176,274	273,594
61- 90 days	35,427	5,136	20,899	61,462
	$ 421,475	$ 63,959	$ 417,560	$ 902,994

The average interest yield during the year on loans and advances was 6.7% (2010 – 6.9%). Impaired loans as at October 31, 2011 amounted to $926,462 (2010 - $787,749) and interest taken to income on impaired loans during the year amounted to $7,494 (2010 - $12,728).

Loans and advances to customers include finance lease receivables:

	2011	2010
No later than 1 year	**$ 6,638**	$ 5,152
Later than 1 year and no later than 5 years	**16,469**	21,574
Gross investment in finance leases	**23,107**	26,726
Unearned finance income on finance leases	**(2,817)**	(4,987)
Net investment in finance leases	**$ 20,290**	$ 21,739

17 Property and equipment

	Land and buildings	Equipment, furniture and vehicles	Leasehold improvements	2011
Cost				
Balance, beginning of year	$ 98,223	$ 188,688	$ 24,295	**$ 311,206**
Acquisition of subsidiaries	-	3,822	1,274	**5,096**
Purchases	726	18,525	3,682	**22,933**
Disposals	-	(297)	(21)	**(318)**
Net transfers/write-offs (*)	912	(1,419)	507	**-**
Balance, end of year	99,861	209,319	29,737	**338,917**
Accumulated depreciation				
Balance, beginning of year	28,531	140,961	15,194	**184,686**
Acquisition of subsidiaries	-	2,768	1,186	**3,954**
Depreciation	2,553	15,029	1,751	**19,333**
Disposals	-	(291)	(21)	**(312)**
Balance, end of year	31,084	158,467	18,110	**207,661**
Net book value, end of year	$ 68,777	$ 50,852	$ 11,627	**$ 131,256**

	Land and buildings	Equipment, furniture and vehicles	Leasehold improvements	2010
Cost				
Balance, beginning of year	$ 96,160	$ 181,115	$ 25,775	$ 303,050
Purchases	1,694	22,904	1,600	26,198
Disposals	(1,476)	(2,937)	-	(4,413)
Net transfers/write offs (*)	1,845	(12,394)	(3,080)	(13,629)
Balance, end of year	98,223	188,688	24,295	311,206
Accumulated depreciation				
Balance, beginning of year	29,437	138,976	13,649	182,062
Depreciation	2,481	15,569	1,772	19,822
Disposals	(677)	(2,892)	-	(3,569)
Net transfers/write offs (*)	(2,710)	(10,692)	(227)	(13,629)
Balance, end of year	28,531	140,961	15,194	184,686
Net book value, end of year	$ 69,692	$ 47,727	$ 9,101	$ 126,520

Included as part of equipment, furniture and vehicles is an amount for $13,575 (2010 - $18,416) relating to systems development costs and work in progress which is incomplete and not yet in operation and on which no depreciation has been charged.

* This refers to transfers and net write-offs of fully depreciated assets which are no longer in use by the Bank.

18 Deferred income taxes

The movement on the deferred income tax account was as follows:

	2011	2010
Deferred tax position, beginning of year	$ 8,250	$ 9,102
Deferred tax credit/(charge) to statement of income for the year	5,270	(345)
Deferred tax credit/(charge) to other comprehensive income/(losses) for the year	863	(507)
Net deferred tax position, end of year	$ 14,383	$ 8,250

Represented by:

	2011	2010
Deferred tax assets	$ 17,067	$ 12,461
Deferred tax liabilities	(2,684)	(4,211)
Net deferred tax position, end of year	$ 14,383	$ 8,250

The components of the net deferred tax position are:

	2011	2010
Accelerated tax depreciation	$ 535	$ 613
Loan loss provisions	1,320	1,581
Other provisions	2,665	3,796
Tax losses carried forward	14,880	8,377
Pension and other post-retirement benefit assets	(7,142)	(7,379)
Changes in fair value of available-for-sale investment securities in other comprehensive income/(losses)	2,125	1,262
	$ 14,383	$ 8,250

The deferred tax includes tax losses of $55,635 (2010 - $33,506), which will expire between 2012 and 2020.

The Group has tax losses of $572,081 (2010 - $510,702) for which no deferred tax assets have been recognised due to uncertainty of their recoverability. These losses will expire between 2012 and 2020.

19 Retirement benefit assets and obligations

The Group has insured group health plans and a number of pension schemes. The pension schemes are a mixture of defined benefit and defined contribution plans. Most of the defined benefit pension plans are non-contributory and allow for additional voluntary contributions. The insured health plans allow for retirees to continue to receive health benefits during retirement. The plans are valued by independent actuaries every three years using the projected unit credit method.

The total expense relating to the contributory plans charged for the year was $4,192 (2010 - $4,303), which represents contributions to defined contribution plans by the Group at rates specified in the rules of the plan. Refer to note 5.

The amounts recognised on the statement of financial position were determined as follows:

	Defined benefit pension plans		Post-retirement medical benefits	
	2011	2010	**2011**	2010
Fair value of plan assets	**$ 278,496**	$ 251,885	**$ -**	$ -
Present value of obligations	**(249,792)**	(229,320)	**(26,655)**	(6,763)
	28,704	22,565	**(26,655)**	(6,763)
Unrecognised actuarial losses/(gains)	**14,677**	24,410	**10,826**	(1,857)
Net retirement benefit assets/(obligations)	**$ 43,381**	$ 46,975	**$ (15,829)**	$ (8,620)

The pension plan assets include the Bank's common shares with a fair value of $1,415 (2010 - $1,690).

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

	2011	2010
Opening fair value of plan assets	**$ 251,885**	$ 234,036
Expected return	**17,624**	18,195
Contributions by employer	**5,727**	5,819
Benefits paid	**(7,174)**	(6,179)
Foreign exchange translation gains	**181**	714
Assets transferred out	**(611)**	-
Actuarial gains/(losses)	**10,864**	(700)
Closing fair value of plan assets	**$ 278,496**	$ 251,885

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

	2011	2010
Opening obligations	**$ (229,320)**	$ (212,865)
Interest cost	**(16,882)**	(16,321)
Current service cost	**(8,325)**	(8,229)
Vested past service costs	**(371)**	-
Benefits paid	**7,174**	6,179
Foreign exchange translation losses	**(123)**	(382)
Actuarial (losses)/gains on obligations	**(1,945)**	2,298
Closing obligations	**$ (249,792)**	$ (229,320)

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

	2011	2010
Opening obligations	$ (6,763)	$ (7,313)
Acquisition of subsidiaries	(10,946)	-
Interest cost	(450)	(534)
Current service cost	(123)	(145)
Vested past service costs	(180)	-
Benefits paid	49	201
Foreign exchange translation losses	(2)	(187)
Actuarial (losses)/gains on obligations	(8,240)	1,215
Closing obligations	$ (26,655)	$ (6,763)

The Bank expects to contribute $6,014 (2010 - $9,575) to its defined benefit pension plan in the following year.

The amounts recognised in the statement of income were as follows:

	Defined benefit pension plans		Post-retirement medical benefits	
	2011	2010	2011	2010
Current service costs	$ 8,325	$ 8,229	$ 123	$ 145
Interest cost	16,882	16,321	450	534
Expected return on plan assets	(17,624)	(18,195)	-	-
Net actuarial losses/(gains) recognised during the year	827	963	(425)	(100)
Limit on economic value of surplus	-	(2,672)	-	-
Vested past service costs	371	-	180	-
Total amount included in staff costs (note 5)	$ 8,781	$ 4,646	$ 328	$ 579
Actual return on plan assets	$ 28,488	$ 17,495	$ -	$ -

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

	Defined benefit pension plans		Post retirement medical benefits	
	2011	2010	2011	2010
Balance, beginning of year	$ 46,975	$ 45,470	$ (8,620)	$ (8,055)
Acquisition of subsidiaries	-	-	(6,928)	-
Charge for the year	(8,781)	(4,646)	(328)	(579)
Contributions by employer	5,727	5,819	-	-
Benefits paid	-	-	49	201
Foreign exchange translation gains/(losses)	71	332	(2)	(187)
Transfer of assets	(611)	-	-	-
Balance, end of year	$ 43,381	$ 46,975	$(15,829)	$ (8,620)

The major categories of plan assets as a percentage of the fair value of total plan assets were as follows:

	Main Plan		Bahamas Plan		Jamaica Plan	
	2011	2010	2011	2010	2011	2010
Equity instruments	52%	50%	57%	54%	13%	14%
Debt instruments	43	47	43	46	50	44
Property	-	-	-	-	21	23
Other assets	5	3	-	-	16	19

The principal actuarial assumptions used at the reporting date for our plans is influenced significantly by the regions that each plan serves and the specific assumptions therefore were as follows:

	Defined benefit pension plans	
	2011	**2010**
Discount rate	5.0 – 10.0%	5.75 – 11.0%
Expected return on plan assets	6.75 – 10.75%	6.0 – 13.2%
Future salary increases	5.0 – 8.0%	4.5 – 9.0%
Future pension increases	0.0 – 6.0%	0.0 – 7.0%

	Post-retirement medical benefits	
	2011	**2010**
Discount rate	5.0 – 10.0%	5.75 – 11.0%
Premium escalation rate	4.5 – 6.0%	4.5 – 5.0%
Existing retiree age	60 – 65	60 – 65

An increase of 1% in the assumed medical cost trend rate for each future year would have resulted in a higher defined benefit obligation of $17,250 at October 31, 2011 (2010 - $7,520) and a higher charge for the year of $600 (2010 - $750). A decrease of 1% in the medical cost trend rate for each future year would have resulted in a lower defined benefit obligation of $13,100 at October 31, 2011 (2010 - $5,760) and a lower charge for the year of $460 (2010 - $570).

Defined benefit pension plan amounts for the current and previous four years were as follows:

	2011	**2010**	**2009**	**2008**	**2007**
Fair value of the plan assets	**$ 278,496**	$ 251,885	$ 234,036	$ 228,285	$ 269,205
Present value of the obligations	**(249,792)**	(229,320)	(212,865)	(194,733)	(178,533)
	$ 28,704	$ 22,565	$ 21,171	$ 33,552	$ 90,672

FirstCaribbean International Bank Limited Retirement Plan
The last actuarial valuation was conducted as at November 1, 2010 and revealed a fund deficit of $699.

FirstCaribbean International Bank (Bahamas) Limited Retirement Plan
The last actuarial valuation was conducted as at November 1, 2010 and revealed a fund surplus of $6,916.

FirstCaribbean International Bank (Jamaica) Limited Retirement Plan
The last actuarial valuation was conducted as at October 31, 2009 and revealed a fund surplus of $14,299.

20 Intangible assets

	Goodwill	Customer-related intangible	**2011**	2010
Cost				
Balance, beginning and end of year	$ 334,907	$ 17,748	**$ 352,655**	$ 352,655
Accumulated amortisation				
Balance, beginning of year	-	14,068	**14,068**	11,105
Amortisation	-	2,963	**2,963**	2,963
Balance, end of year	-	17,031	**17,031**	14,068
Net book value, end of year	$ 334,907	$ 717	**$ 335,624**	$ 338,587

Goodwill

Impairment tests for goodwill
Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to country of operation. This allocation is presented below.

	2011	2010
St. Vincent	**$ 946**	$ 946
Barbados (Wealth Management Operations)	**17,040**	17,040
Bahamas	**177,920**	177,920
Cayman	**105,369**	105,369
Trinidad	**4,260**	4,260
Curaçao	**29,372**	29,372
	$ 334,907	$ 334,907

The recoverable amount for each group of cash-generating units has been determined using value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a three year period. Cash flows beyond the three year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the country in which the CGU operates.

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 budgets/forecasts is noted below. Key assumptions are those to which the CGU's recoverable amount is most sensitive.

	Discount Rate		Growth Rate	
	2011	2010	2011	2010
St. Vincent	13%	13%	3%	2%
Barbados (Wealth Management Operations)	8	8	5	4
Bahamas	11	11	3	3
Cayman	8	8	3	2
Trinidad	12	11	4	5
Curaçao	8	10	2	2

Customer-related intangible assets

Customer-related intangible assets represent the fair value of each customer relationship acquired in a business combination, as of the acquisition date, which met the contractual-legal criterion for identification as an intangible asset in the statement of financial position separated from goodwill. The fair value of the customer relationships is amortised on a straight-line basis over its expected useful life of six years.

21 Customer deposits

	Payable on demand	Payable after notice	Payable at a fixed date	2011	2010
Individuals	$ 719,405	$ 1,744,399	$ 1,953,005	**$ 4,416,809**	$ 3,494,306
Business and Governments	2,177,489	416,863	2,360,085	**4,954,437**	4,356,858
Banks	2,291	-	4,497	**6,788**	61,606
	2,899,185	2,161,262	4,317,587	**9,378,034**	7,912,770
Add: Interest payable	916	1,028	18,849	**20,793**	29,995
	$ 2,900,101	$ 2,162,290	$ 4,336,436	**$ 9,398,827**	$ 7,942,765

The average effective rate of interest on deposits during the year was 1.1% (2010 - 1.4%).

22 Other borrowed funds

	2011	2010
Investment note certificates and other fund raising instruments	$ 14,670	$ 43,716
Add: Interest payable	1,720	1,772
	$ 16,390	$ 45,488

The average effective rate of interest on other borrowed funds during the year was 12.1% (2010 – 11.8%).

Investment note certificates issued by the Group amounting to $14,670 (2010 - $14,876) are secured by debt securities referred to in note 15.

23 Other liabilities

	2011	2010
Accounts payable and accruals	$ 47,622	$ 51,677
Amount due to related parties	2,702	308
	$ 50,324	$ 51,985

The amount due to related parties is due to CIBC entities and is interest-free with no fixed terms of repayment.

24 Debt securities in issue

	2011	2010
TT$195 million subordinated fixed rate notes due 2017	$ 30,432	$ 30,860
Add: Interest payable	265	269
	$ 30,697	$ 31,129

In March 2007, the Group issued subordinated term notes with a face value of TT $195,000 (USD $31,000) through its Trinidad subsidiary due in March 2017. The interest on the notes was fixed for the first two years at 7.90%; then fixed for the next three years at 8.15%; thereafter fixed at 8.75% for the remaining term. The average effective interest rate during 2011 was 8.15% (2010 - 8.15%).

25 Issued capital

	2011	2010
Balance, beginning of year	**$ 1,117,349**	$ 1,117,349
Issue of share capital	**75,800**	-
Balance, end of year	**$ 1,193,149**	$ 1,117,349

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 had 1,525,176,762 shares issued and outstanding at the beginning of the year. During the year the Bank issued 51,917,808 shares pursuant to the acquisition of all of the issued and outstanding shares in CIBC Bank and Trust Company (Cayman) Limited, a Cayman Islands company and CIBC Trust Company (Bahamas) Limited, a Bahamian company, for consideration of US$75.8MM ("the purchase price").

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

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.

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 evolve from the framework of risk-based capital standards developed by the Basel Committee, Bank of 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 a minimum combined ratio of 14%. During the year, we have complied in full with all of our regulatory capital 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 available-for-sale securities.

As at October 31, 2011, Tier I and Tier I & Tier II capital ratios were 21% and 22% respectively (2010 - 21% and 22% respectively).

26 Reserves

	2011	2010
Statutory and general banking reserves	**$ 254,258**	$ 246,506
Revaluation reserve – available-for-sale investment securities	**(6,901)**	(3,152)
Translation reserve	**(18,727)**	(17,363)
Contributed surplus reserve	**3,119**	3,119
Reverse acquisition reserve	**(463,628)**	(463,628)
Total reserves	**$ (231,879)**	$ (234,518)

Statutory and general banking reserves

	2011	2010
Balance, beginning of year	**$ 246,506**	$ 222,493
Transfers from retained earnings	**7,752**	24,013
Balance, end of year	**$ 254,258**	$ 246,506

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 – available-for-sale investment securities

	2011	2010
Balance, beginning of year	**$ (3,152)**	$ 11,820
Net losses from changes in fair value of available-for-sale investment securities	**(3,749)**	(14,972)
Balance, end of year	**$ (6,901)**	$ (3,152)

Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income and are reflected in the revaluation reserve.

Translation reserve

	2011	2010
Balance, beginning of year	**$ (17,363)**	$ (20,572)
Foreign currency translation difference arising during the year	**(1,364)**	3,209
Balance, end of year	**$ (18,727)**	$ (17,363)

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 recognised in other comprehensive income and are reflected in the translation reserve.

Contributed surplus reserve

	2011	2010
Balance, beginning and end of year	**$ 3,119**	$ 3,119

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

Reverse acquisition reserve

	2011	2010
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.

27 Dividends

As at October 31, 2011, the Directors recommended for approval a final common share dividend, which is not reflected in these financial statements, of one point five cents ($0.015) per common share (2010 - $0.030), bringing the total dividend payout for 2011 to four point five cents ($0.045) per common share (2010 - $0.060).

28 Other employee benefits

Stock option plan

One of the predecessor organisations, CIBC West Indies, had a stock option plan. Under the rules of the plan, options to purchase common shares in the Bank were granted to employees that entitled the employee to purchase common shares of the Bank at the market price (strike price) of the shares on the date of granting the options. The options vest over a four-year period and the maximum period within which an option may be exercised is ten years.

In February 1999, 1,775,000 options were granted to current employees at a strike price of one dollar and seventy-two cents ($1.72) per share. These options expired in February 2010 and to date no further options have been granted.

During 2011, no options were exercised (2010 - nil) and all of the remaining 500,000 were forfeited in 2010. The number of options outstanding as at October 31, 2011 amounted to nil (2010 - nil).

There are no expenses arising from this plan as the vesting period has passed and liabilities at October 31, 2011 amounted to nil (2010 - nil).

Long-term incentive plan

The Group operates a long-term incentive plan whereby under the rules of the plan, awards are granted to employees on a discretionary basis and vest over varying periods. Prior to October 31, 2008, these awards were share-based awards whereby common shares of the Bank were granted to employees on a discretionary basis and the shares vested over varying periods. Effective from November 1, 2008, the plan was changed to a cash-based award whereby cash is granted to employees on a discretionary basis and vest over varying periods.

The award granted in 2011 amounted to $3,800 (2010 - $3,000). The amounts expensed during the year related to these cash awards were $2,362 (2010 - $2,219).

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 Bank. The Bank matches 50% of the employee contribution amount, up to a maximum contribution of 6% of eligible earnings, depending upon length of service and job level. The Bank'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 Bank's contributions are expensed as incurred and totalled $1,236 in 2011 (2010 - $1,092).

29 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, and further details on the acquisition of two subsidiaries from the Group's ultimate Parent is disclosed in Note 35.

	Directors and key management personnel		Major shareholder	
	2011	2010	**2011**	2010
Asset balances:				
Cash and due from banks	**$ -**	$ -	**$ 1,107,472**	$ 13,572
Loans and advances to customers	**2,561**	2,165	**2**	2
Derivative financial instruments	**-**	-	**4,969**	2,254
Liability balances:				
Customer deposits	**4,893**	6,042	**422**	33,507
Derivative financial instruments	**-**	-	**14,573**	70,032
Financial liabilities at fair value through profit or loss	**-**	-	**27,319**	-
Due to banks	**-**	-	**567**	185
Revenue transactions:				
Interest income earned	**153**	89	**338**	399
Other revenue	**3**	14	**2,110**	298
Expense transactions:				
Interest expense incurred	**24**	80	**11,543**	18,284
Other expenses for banking and support services	**-**	-	**872**	2,197

Key management compensation

	2011	2010
Salaries and other short-term benefits	**$ 6,820**	$ 7,020
Post-employment benefits	**561**	385
Long-term incentive benefits	**419**	437
	$ 7,800	$ 7,842

Non-executive directors' remuneration

A listing of the members of the Board of Directors is included within the Group's Annual Report. In 2011, the total remuneration for the non-executive directors was $180 (2010 - $175). The executive directors' remuneration is included under key management compensation.

30 Commitments, guarantees and contingent liabilities

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

	2011	2010
Letters of credit	**$ 108,221**	$ 103,271
Loan commitments	**707,264**	701,350
Guarantees and indemnities	**161,381**	158,602
	$ 976,866	$ 963,223

The Group is the subject of legal actions arising in the normal course of business. Management considers that the liability, if any, of these actions would not be material beyond what is already provided for in these financial statements.

31 Future rental commitments under operating leases

As at October 31 the Group held leases on buildings for extended periods. The future rental commitments under these leases were as follows:

	2011	2010
Not later than 1 year	$ 8,179	$ 5,238
Later than 1 year and less than 5 years	14,856	11,772
Later than 5 years	3,274	3,772
	$ 26,309	$ 20,782

32 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 financial statements. At the reporting date, the Group had investment assets under administration on behalf of third parties amounting to $61,019,311 (2010 - $3,532,299).

33 Business segments

The Group's operations are organised into two business segments, Retail Banking and Corporate Investment Banking (CIB) which are supported by the functional units within the Administration segment (which includes Finance, HR, Technology and Operations, Treasury, Risk and other).

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on economic profits, which for the total of all segments is equal to net income before taxes reflected on the consolidated financial statements. Economic profits include funds transfer pricing, management allocations, and charges for the segments' use of capital.

Income taxes are managed on a group basis and are not allocated to business segments. Transactions between the business segments are on normal commercial terms and conditions.

Segment assets and liabilities comprise operating assets and liabilities, being the majority of the statement of financial position, but exclude items such as taxation and intangible assets. Securities and cash placements are normally held within the Treasury unit within the Administration segment.

The Administration segment results include the earnings on economic capital and the capital charges for Treasury and the offset of the same for Retail Banking and CIB.

	Retail Banking	CIB	Administration	2011
External revenues	$ 206,218	$ 236,410	$ 64,830	$ 507,458
Revenues from other segments	39,858	19,977	(59,835)	-
Total revenues	$ 246,076	$ 256,387	$ 4,995	$ 507,458
Segment results	$ 1,915	$ 35,865	$ 41,084	$ 78,864
Income tax expense	-	-	5,198	5,198
Net income for the year				$ 73,666

Segment results include the following items of income or expense:

	Retail Banking	CIB	Administration	2011
Interest income	$ 225,687	$ 212,617	$ 57,262	**$ 495,566**
Interest expense	60,850	33,363	27,214	**121,427**
Loan loss impairment	10,267	76,977	-	**87,244**
Net hedging gains	-	-	3,498	**3,498**
Depreciation	5,830	360	13,143	**19,333**
Amortisation	-	-	2,963	**2,963**

Total assets and liabilities by segment are as follows:

	Retail Banking	CIB	Administration	2011
Segment assets	$ 2,838,169	$ 3,861,664	$ 4,159,361	**$ 10,859,194**
Unallocated assets				**368,550**
Total assets				**$ 11,227,744**
Segment liabilities	$ 4,475,054	$ 3,958,057	$ 1,168,602	**$ 9,601,713**
Unallocated liabilities				**7,241**
Total liabilities				**$ 9,608,954**

	Retail Banking	CIB	Administration	2010
External revenues	$ 199,912	$ 261,594	$ 101,536	$ 563,042
Revenues from other segments	55,405	29,356	(84,761)	-
Total revenues	$ 255,317	$ 290,950	$ 16,775	$ 563,042
Segment results	$ 21,798	$ 93,004	$ 54,927	$ 169,729
Income tax expense	-	-	12,297	12,297
Net income for the year				$ 157,432

Segment results include the following items of income or expense:

	Retail Banking	CIB	Administration	2010
Interest income	$ 229,358	$ 236,316	$ 72,509	$ 538,183
Interest expense	69,200	37,391	33,283	139,874
Loan loss impairment	11,141	61,893	-	73,034
Net hedging gains	-	-	6,283	6,283
Depreciation	5,628	245	13,949	19,822
Amortisation	-	-	2,963	2,963

Total assets and liabilities by segment are as follows:

	Retail Banking	CIB	Administration	2010
Segment assets	$ 2,855,651	$ 3,992,824	$ 2,554,689	$ 9,403,164
Unallocated assets				362,993
Total assets				$ 9,766,157
Segment liabilities	$ 4,054,134	$ 3,552,148	$ 577,520	$ 8,183,802
Unallocated liabilities				9,136
Total liabilities				$ 8,192,938

Geographical segments are set out in note 34.

34 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 and market risk, the latter being subdivided into trading and non-trading risks. It is also subject to various operating risks.

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

CRMD 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 the front line business are approved by CRMD and above this level by the Credit Committee and the Risk & Conduct Review Committee of the Board (R&CRC). The R&CRC also has the responsibility for setting policy and key risk limits including portfolio limits which are reviewed annually.

Credit risk limits

Credit limits are established for all loans (mortgages, personal and business & government) for the purposes of diversification and managing concentration. These include limits for individual borrowers, groups of related borrowers, industry sectors, country and geographic regions and products or portfolios.

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 and accounts receivable
- 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.

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.

	Drawn	Undrawn	Gross maximum exposure 2011	Drawn	Undrawn	Gross maximum exposure 2010
Barbados	$ 841,483	$ 191,336	**$ 1,032,819**	$ 856,079	$ 196,024	$ 1,052,103
Bahamas	2,028,189	149,613	**2,177,802**	2,111,279	149,565	2,260,844
Cayman	1,376,899	94,120	**1,471,019**	1,266,684	94,734	1,361,418
Eastern Caribbean	850,096	80,324	**930,420**	855,752	90,181	945,933
Jamaica	375,931	50,099	**426,030**	382,279	44,870	427,149
BVI	156,259	18,738	**174,997**	159,855	17,682	177,537
Belize	67,410	11,866	**79,276**	77,575	13,028	90,603
Curaçao	140,278	7,986	**148,264**	109,956	13,951	123,907
Other	975,560	103,182	**1,078,742**	955,745	81,315	1,037,060
	$ 6,812,105	$ 707,264	**$ 7,519,369**	$ 6,775,204	$ 701,350	$ 7,476,554

Exposures by industry groups

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

	Drawn	Undrawn	Gross maximum exposure 2011	Drawn	Undrawn	Gross maximum exposure 2010
Agriculture	$ 62,601	$ 1,102	**$ 63,703**	$ 55,760	$ 1,618	$ 57,378
Governments	944,988	51,483	**996,471**	646,248	47,840	694,088
Construction	601,001	49,408	**650,409**	783,747	33,291	817,038
Distribution	377,269	90,068	**467,337**	389,355	95,834	485,189
Education	-	-	**-**	60	-	60
Electricity, gas & water	69,354	12,580	**81,934**	63,345	5,995	69,340
Fishing	44,643	4,328	**48,971**	63,424	4,024	67,448
Health & social work	23,940	-	**23,940**	24,991	-	24,991
Hotels & restaurants	502,412	17,098	**519,510**	574,304	9,269	583,573
Individuals & individual trusts	2,187,673	353,391	**2,541,064**	2,068,144	323,674	2,391,818
Manufacturing	182,441	36,764	**219,205**	123,364	36,154	159,518
Mining & quarrying	26,149	4,534	**30,683**	41,927	10,783	52,710
Miscellaneous	967,243	41,701	**1,008,944**	1,039,715	64,943	1,104,658
Other financial corporations	48,585	12,576	**61,161**	44,634	13,545	58,179
Real estate, renting & other activities	664,552	21,602	**686,154**	725,362	44,203	769,565
Transport, storage & communications	109,254	10,629	**119,883**	130,824	10,177	141,001
	$ 6,812,105	$ 707,264	**$ 7,519,369**	$ 6,775,204	$ 701,350	$ 7,476,554

Impaired financial assets and provision for credit losses

The Group takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one counterparty, borrower, or group of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and 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 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.

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 further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of 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 commitments

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 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 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.

	Gross maximum exposure	
	2011	**2010**
Balances with Central Banks	$ 560,565	$ 427,325
Due from banks	1,648,994	406,995
Derivative financial instruments	6,355	4,186
Financial assets at fair value through profit or loss	27,319	-
Investment securities		
-Government debt securities	1,171,741	975,109
-Other debt securities	520,807	680,866
-Interest receivable	23,454	22,633
Loans and advances to customers		
-Mortgages	2,536,475	2,501,120
-Personal loans	709,501	722,442
-Business and Government loans	3,566,129	3,551,642
-Interest receivable	37,193	39,580
Other assets	45,422	52,968
Total	10,853,955	9,384,866
Commitments, guarantees and contingent liabilities (Note 30)	976,866	963,223
Total credit risk exposure	$ 11,830,821	$ 10,348,089

Geographical concentration

The following table reflects additional geographical concentration information.

2011	Total assets	Total liabilities	Commitments, guarantees and contingent liabilities	External revenues	Capital expenditure (*)	Non-current assets (**)
Barbados	$ 2,856,718	$ 1,898,090	$ 253,520	$ 175,768	$ 13,597	$ 39,320
Bahamas	3,453,919	2,734,783	234,100	149,575	3,139	214,452
Cayman	2,140,402	1,740,598	120,452	75,907	638	159,822
Eastern Caribbean	965,448	942,484	95,891	65,636	3,346	21,023
Jamaica	608,213	506,557	75,149	52,512	1,392	8,167
BVI	577,624	476,332	24,016	14,660	226	5,345
Belize	130,074	112,387	20,604	8,287	129	2,234
Curaçao	729,573	646,393	26,092	14,253	179	1,555
Other	1,566,142	1,394,591	127,042	55,324	287	29,019
	13,028,113	10,452,215	976,866	611,922	22,933	480,937
Eliminations	(1,800,369)	(843,261)	-	(104,464)	-	(14,057)
	$ 11,227,744	$ 9,608,954	$ 976,866	$ 507,458	$ 22,933	$ 466,880

2010	Total assets	Total liabilities	Commitments, guarantees and contingent liabilities	External revenues	Capital expenditure (*)	Non-current assets (**)
Barbados	$ 2,755,009	$ 1,834,839	$ 251,363	$ 228,232	$ 15,772	$ 37,932
Bahamas	3,086,166	2,413,459	238,428	148,408	2,353	213,094
Cayman	1,484,915	1,118,356	120,810	109,632	361	162,604
Eastern Caribbean	963,561	891,745	109,785	72,058	3,852	15,764
Jamaica	611,141	511,966	65,920	51,781	2,320	8,165
BVI	590,815	496,195	22,756	15,025	359	5,141
Belize	127,764	107,455	24,190	9,179	528	2,033
Curaçao	520,890	440,522	24,067	18,474	85	797
Other	1,451,762	1,299,357	105,904	64,356	568	33,640
	11,592,023	9,113,894	963,223	717,145	26,198	479,170
Eliminations	(1,825,866)	(920,956)	-	(154,103)	-	(14,063)
	$ 9,766,157	$ 8,192,938	$ 963,223	$ 563,042	$ 26,198	$ 465,107

* 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.

Credit quality

A mapping between the 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.

	Loans and advances to customers	Investment securities	
Grade description	**Days past due**	**Standard & Poor's equivalent**	**Moody's Investor Services**
High grade	0-7	AAA to BBB-	Aaa to Baa3
Standard	8-60	BB+ to B-	Ba to B3
Substandard	61-89	CCC+ to CC	Caa1 to Ca
Impaired	90+	D	C

A credit scoring methodology is used to assess Personal customers and a grading model is used for Corporate clients and an ageing analysis of the portfolio assists in the development of a consistent risk-rating system. 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 Credit Risk Management and are subject to an annual review.

At the reporting date, investment securities were all rated standard or high grade, except for $2,218 classified as 'sub-standard' (2010 – nil). Cash balances and amounts due from banks are held with counterparties that are standard, high grade or CIBC group entities.

The table below shows the credit quality by class of asset for gross loans and advances to customers, based on an ageing analysis of the portfolio, a key measure of credit quality as described above. Amounts provided are before allowance for credit losses, and after credit risk mitigation, valuation adjustments related to the financial guarantors, and collateral on agreements.

	Notes	High grade	Standard	Substandard	Impaired	2011
Loans and advances to customers						
-Mortgages		$ 2,081,546	$ 128,245	$ 36,718	$ 289,966	**$ 2,536,475**
-Personal loans		620,724	18,056	9,675	61,046	**709,501**
-Business and Government loans		2,823,722	73,171	93,786	575,450	**3,566,129**
Total	16	$ 5,525,992	$ 219,472	$ 140,179	$ 926,462	**$ 6,812,105**

	Notes	High grade	Standard	Substandard	Impaired	2010
Loans and advances to customers						
-Mortgages		$ 2,185,378	$ 21,240	$ 39,751	$ 254,751	$ 2,501,120
-Personal loans		629,038	3,771	5,343	84,290	722,442
-Business and Government loans		3,030,858	34,395	37,681	448,708	3,551,642
Total	16	$ 5,845,274	$ 59,406	$ 82,775	$ 787,749	$ 6,775,204

For our Business and Government loans, we further employ risk ratings in managing our credit portfolio. Business and Government 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 also delinquent, but this is not always the case. As of October 31, 2011, Early Warning List customers in the medium to high risk category amounted to $255,910 (2010 - $263,579).

Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to the changes in the market variables. Market risk arises from positions in securities and derivatives as well as from our core retail, wealth and corporate businesses. The key risks to the Group are foreign exchange, interest rate and credit spread. Market risk within the Bank is a centralised group. The parent bank classifies market risk exposures into trading and non-trading, however due to the small size of the trading portfolio the key types of measures used for market risk are not segregated and 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 its identification and to the measurement, monitoring and control of those risks. The policy is reviewed and approved annually by the Risk and Conduct Review Committee. The policy includes the annual approval of the Board limits which are used by the Group to establish explicit risk tolerances expressed in terms of the four 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 Treasury, which limits traders to specific size of deal, documented through a formal delegation letter and monitored using the Group's treasury system.

Process and control

Market risk measures are monitored with differing degrees of frequency dependent upon the relative risk and speed with which the risk changes. FX positions, Value at Risk (VaR), and certain profit and loss measures are all measured daily, whereas others such as stress tests and credit spread sensitivity are performed on at least either a weekly or 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 Group has four main measures of market risk:

- 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
- Value at Risk (VaR) measures for both interest rate risk and for non-pegged currencies
- Stress scenarios based upon a combination of theoretical situations and historical events

Position

This risk measure is used predominantly for the Group's foreign exchange business. The measure produced and reported daily focuses upon the outright long or short position in each currency from both a pre-structural and post-structural basis. Any forward contracts or FX swaps are also incorporated.

Sensitivity

The two main 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 effect on earnings 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 not further curve risk of having, 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 using two different approaches, a pre-structural basis that focuses upon predominantly contractual date positions and a post-structural basis that considers core balances for non-contractual maturities as well as assigning risk to capital and non-product general ledger accounts, as well as considering market specific pricing situations.

The CSDV01 sensitivity is a way to look at the risk of the spreads between the USD denominated, locally issued bond portfolio and the benchmark USD interest rate curve widening or narrowing as well as to look at the effect of that same type of credit spread move impacting the value of the USD structural hedge positions.

Value at Risk

The Group's VaR methodology utilises the tested and validated CIBC parent models. It is a statistical, probability-based approach that uses volatilities and correlations to quantify risk into dollar terms. VaR measures the potential loss from the adverse market movements that can occur overnight with a less than 1% probability of occurring under normal market conditions, based on equally weighted historical data. VaR uses numerous risk factors as inputs and is computed through the use of historical volatility of each risk factor and the associated correlations among them, evaluated over a 1 year period and updated on a regular basis. The use of these historical measures cause a degree of limitation to its accuracy as it assumes that future price movements will follow a statistical distribution and thus may not clearly predict the future impact. A further weakness of the VaR measure is that it does not estimate the effects of market variable moves outside of the 99% parameter and hence may underestimate losses. To counter this, the Group has various stress measures to calculate potential tail event losses.

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 a concern.

The Group has two distinct approaches to this which are as follows:

- For the hard currency testing it sends its position sensitivity to CIBC and utilises 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 again for the Group's hard currency exposures simulate 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 our parent company's economists, business leaders and risk managers. These tests are run on our behalf 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 Sales & Trading 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. 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 judgemental, 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
From the multitude of market risks arising from the various currencies, yield curves and spreads throughout the regional and broader international markets, the following risks are considered by management the most significant for the Group. The risk of credit spreads widening in a similar fashion to the Credit Crisis of 2008 on bonds held within the investment portfolios, and the magnitude of the risk, but low probability 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 run through multiple scenarios is that of the USD yield curve moves in a similar fashion to the 60 day recovery period after the sub prime crisis. 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 and that is why more emphasis is put upon the overall position limit and related stress tests. The Board has set limits on positions by currency. Positions are monitored on a daily basis and Treasury Sales & Trading are solely responsible for the hedging of the exposure of the Group.

The following table highlights the currencies that the Bank has significant exposures to at October 31, 2011. It also highlights the measures used by the Group to measure, monitor and control that risk.

	2011				2010			
Currency	OPCO Position long/(short) against USD	VaR	Stressed Loss	Total FX Position (OPCO + Structural)	OPCO Position long/(short) against USD	VaR	Stressed Loss	Total FX Position (OPCO + Structural)
Cayman dollars	**$ (43,545)**	**$ N/A**	**$ 3,484**	**$ 239,364**	$ (943)	$ N/A	$ 75	$ 257,088
Trinidad & Tobago dollars	**(5,791)**	**17**	**463**	**58,709**	72	1	18	60,061
Barbados dollars	**68,064**	**N/A**	**20,419**	**(130,432)**	31,686	N/A	9,506	(262,116)
Bahamas dollars	**3,986**	**N/A**	**1,196**	**681,705**	1,513	N/A	454	635,099
Jamaican dollars	**7,173**	**68**	**2,869**	**97,551**	(1,910)	24	153	85,305
Eastern Caribbean dollars	**15,459**	**N/A**	**4,638**	**125,177**	14,686	N/A	4,406	167,487

Note: N/A above arises since the respective currency is pegged to the US Dollar.

The Group also uses a measure to quantify non-trading foreign exchange risk, also referred to as post-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 USD currencies. Due to the size of investments in the Bahamas, Cayman, the Eastern Caribbean and Jamaica this significantly increases the Group's long exposure to these currencies and is reflected in the total FX position.

Interest rate risk

As described earlier, the Group utilises a combination of high level Board measures and limits to monitor risk as well as the more granular Chief Risk Officer's measurements and limits. The key interest risk measures are shown in the tables below with the second being a subset highlighting the currencies where the Group has their more significant interest rate exposures.

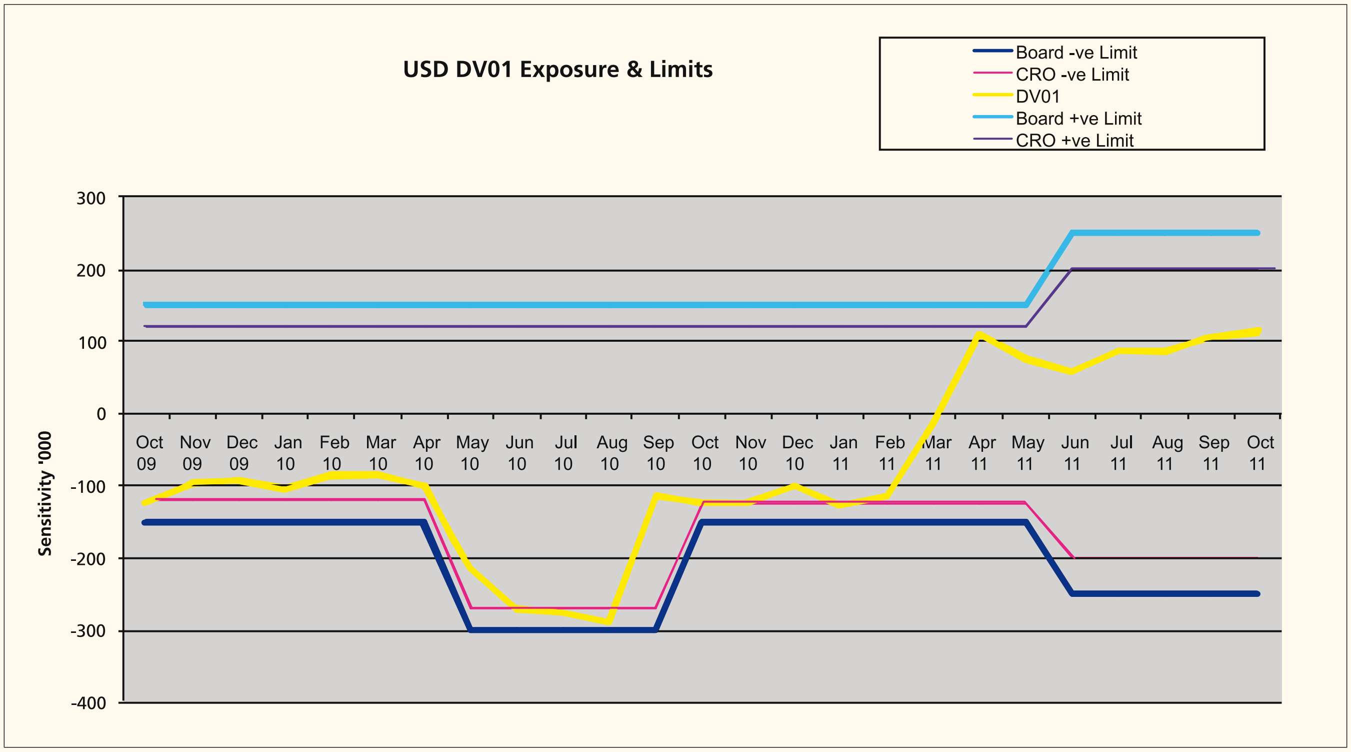
Market risk metrics	2011	2010
Interest rate VaR – hard currency (HC)	**$ 1,454**	$ 514
Interest rate VaR – local currency (LC)	**371**	301
Interest rate VaR – total	**1,517**	655
Interest rate stress worst case loss of value – HC 1 day	**6,048**	7,996
Interest rate stress worst case loss of value – HC 60 days	**14,572**	19,754
Interest rate stress worst case loss of value – LC 1 day	**5,346**	5,700
Interest rate stress worst case loss of value – LC 60 days	**15,512**	17,390
DV01 HC	**111**	(129)
DV 01 LC	**74**	59

The following table shows the key measures for the significant currencies of the Group:

	2011			2010		
Currency	DV01	VaR	60 day stressed loss	DV01	VaR	60 day stressed loss
United States dollars	$ 111	$ 1,495	$ 14,572	$ (123)	$ 550	$ 19,754
Trinidad & Tobago dollars	5	111	702	(2)	26	206
Barbados dollars	69	240	4,478	57	37	3,458
Bahamas dollars	58	16	1,627	66	67	2,175
Jamaican dollars	(19)	57	3,793	(16)	171	3,366
Eastern Caribbean dollars	(11)	214	527	(19)	201	1,530

Note: DV01 above are shown on a post-structural basis and brackets highlight a short position.

The USD DV01 has moved quite significantly during the fiscal year as the following chart shows. After the rebuilding of the structural hedge during the third quarter of 2010 the sensitivity was relatively constant until the second quarter of 2011 at which point it was decided to move from net short to net long. This was achieved by a series of actions in March and April including the termination of multiple swaps that had been part of a hedge effectiveness programme matching either fixed rate loans or bonds and only partially hedging some new large loans. Changes in Board Limits highlight the decision made in advance of implementing each major US interest rate strategy change over the last two years.



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. The risk is measured using an estimated CSDV01 and stress scenarios. The results of these are reported monthly to senior management.

Credit spread risk by operating company (OPCO)

October 31, 2011

	Regional hard currency debt portfolio			Non-regional hard currency debt portfolio			Total		
OPCO	**Notional**	**Credit spread DV01**	**Stress loss**	**Notional**	**Credit spread DV01**	**Stress loss**	**Notional**	**Credit spread DV01**	**Stress loss**
Bahamas	$ 246,366	$ 151	$ 37,661	$ 38,835	$ 9	$ 2,283	$ 285,201	$ 160	$ 39,944
Cayman	118,276	53	14,284	266,602	94	18,969	384,878	147	33,253
Barbados	50,000	13	1,284	-	-	-	50,000	13	1,284
Offshore	563	-	27	-	-	-	563	-	27
Trinidad	71,963	50	12,433	-	-	-	71,963	50	12,433
Jamaica	958	-	75	-	-	-	958	-	75
TOTAL	$ 488,126	$ 267	$ 65,764	$ 305,437	$ 103	$ 21,252	$ 793,563	$ 370	$ 87,016

The above table has been an enhancement for 2011. In 2010, this risk was not measured in such granularity and only the most significant positions which made up 85% of the notional were calculated for CSDV01 and stress risks were covered. In summary, the risk as reported in 2010 appears as follows:

	2010		
	Notional	**CSDV01 (*)**	**Stress loss (*)**
Regional hard currency debt portfolio	$ 482,400	$ 298	$ 71,200
Non-regional hard currency bonds (Supranational / Bank paper)	334,800	133	27,400

* For the regionally issued debt, based upon over 85% of the portfolio by notional.

The Regional Hard Currency portfolio did not change significantly year over year, most of the change in risk relates to the effect of reduced time to maturity. At fiscal year end the weighted average rating of the positions in this portfolio as at October 31, 2011 was BBB+ and the average weighted maturity was 6.2 years. Similarly the non-regional bonds had a very low rate of turnover and most of the change year over year was due to maturities. These positions form a significant part of the structural interest rate hedge and thus all of the positions currently have a maturity within five years. Virtually all of the positions are in supranational financial institutions or AA rated banks.

Commodity risk

During 2011, the Group assisted regional clients in hedging their exposure to moves in energy prices. All of these transactions are hedged with the parent bank such that immaterial market risk remains on the Group's books.

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 Group 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 statement of financial position with changes in the fair value reflected in the statement of income. 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.

Currency concentrations of assets, liabilities and commitments, guarantees and contingent liabilities

	EC	BDS	CAY	BAH	US	JA	Other	2011
Assets								
Cash and balances with Central Banks	$ 122,188	$ 117,486	$ 3,702	$ 136,499	$ 48,563	$ 96,269	$ 123,858	**$ 648,565**
Due from banks	4,618	16,167	304	24,355	1,408,751	262	194,537	**1,648,994**
Derivative financial instruments	-	-	-	-	6,355	-	-	**6,355**
Financial assets at fair value through profit or loss	-	-	-	-	-	-	27,319	**27,319**
Other assets	3,934	10,233	972	15,222	4,381	4,672	6,008	**45,422**
Taxation recoverable	13,824	517	-	-	-	1,518	-	**15,859**
Investment securities	48,093	185,604	-	238,826	971,529	59,577	213,250	**1,716,879**
Loans and advances to customers	650,583	663,112	393,764	1,301,943	3,146,625	137,550	297,446	**6,591,023**
Property and equipment	19,882	45,462	14,805	21,179	16,260	8,172	5,496	**131,256**
Deferred tax assets	5,422	7,460	-	-	3	139	4,043	**17,067**
Retirement benefit assets	7,148	13,440	-	5,348	3,144	12,756	1,545	**43,381**
Intangible assets	-	305,535	-	-	30,089	-	-	**335,624**
Total assets	875,692	1,365,016	413,547	1,743,372	5,635,700	320,915	873,502	**11,227,744**
Liabilities								
Derivative financial instruments	-	-	-	-	62,327	-	-	**62,327**
Customer deposits	716,143	1,324,986	172,902	1,704,568	4,464,066	194,781	821,381	**9,398,827**
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	27,319	**27,319**
Other borrowed funds	-	-	-	-	-	-	16,390	**16,390**
Other liabilities	36,591	(397)	1,076	6,352	654	2,981	3,067	**50,324**
Taxation payable	470	487	-	-	29	598	2,973	**4,557**
Deferred tax liabilities	90	712	-	-	9	1,865	8	**2,684**
Debt securities in issue	-	-	-	-	-	-	30,697	**30,697**
Retirement benefit obligations	999	1,747	-	6,618	1,279	435	4,751	**15,829**
Total liabilities	754,293	1,327,535	173,978	1,717,538	4,528,364	200,660	906,586	**9,608,954**
Net assets/(liabilities)	**$ 121,399**	**$ 37,481**	**$ 239,569**	**$ 25,834**	**$ 1,107,336**	**$ 120,255**	**$ (33,084)**	**$ 1,618,790**
Commitments, guarantees and contingent liabilities (Note 30)	$ 52,615	$ 115,740	$ 8,986	$ 91,451	$ 607,521	$ 25,539	$ 75,014	**$ 976,866**

	EC	BDS	CAY	BAH	US	JA	Other	2010
Assets								
Cash and balances with Central Banks	$ 104,846	$ 103,969	$ 3,546	$ 76,702	$ 39,983	$ 113,119	$ 67,782	$ 509,947
Due from banks	4,848	839	35	10,332	176,310	14	214,617	406,995
Derivative financial instruments	-	40	-	-	3,954	-	192	4,186
Other assets	4,958	12,052	1,246	14,931	12,347	5,805	1,629	52,968
Taxation recoverable	9,985	512	-	-	-	1,448	-	11,945
Investment securities	40,797	60,022	-	259,360	1,055,186	29,578	234,311	1,679,254
Loans and advances to customers	678,167	717,830	426,479	1,320,982	3,017,485	154,782	260,594	6,576,319
Property and equipment	14,861	51,043	15,231	19,509	13,590	8,172	4,114	126,520
Deferred tax assets	1,725	6,606	-	-	-	189	3,941	12,461
Retirement benefit assets	7,446	13,144	-	8,773	3,772	12,252	1,588	46,975
Intangible assets	-	305,535	-	-	33,052	-	-	338,587
Total assets	867,633	1,271,592	446,537	1,710,589	4,355,679	325,359	788,768	9,766,157
Liabilities								
Derivative financial instruments	-	-	-	-	98,506	-	5,309	103,815
Customer deposits	678,291	1,362,242	177,063	1,242,262	3,256,158	223,249	1,003,500	7,942,765
Other borrowed funds	-	-	-	-	28,025	-	17,463	45,488
Other liabilities	43,172	56	1,571	(13,752)	8,933	5,698	6,307	51,985
Taxation payable	741	-	-	-	1,564	1,417	1,203	4,925
Deferred tax liabilities	202	1,186	-	-	-	2,589	234	4,211
Debt securities in issue	-	-	-	-	-	-	31,129	31,129
Retirement benefit obligations	900	1,536	-	4,296	1,316	439	133	8,620
Total liabilities	723,306	1,365,020	178,634	1,232,806	3,394,502	233,392	1,065,278	8,192,938
Net assets/(liabilities)	$ 144,327	$ (93,428)	$ 267,903	$ 477,783	$ 961,177	$ 91,967	$(276,510)	$ 1,573,219
Commitments, guarantees and contingent liabilities (Note 30)	$ 67,842	$ 121,290	$ 18,543	$ 98,677	$ 538,191	$ 23,804	$ 94,876	$ 963,223

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 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 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 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 ALCO and reviewed annually.

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.

	0-3 months	3-12 months	1-5 years	Over 5 years	2011
Assets					
Cash and balances with Central Banks	$ 637,409	$ 8,929	$ 2,227	$ -	**$ 648,565**
Due from banks	1,350,115	215,584	83,295	-	**1,648,994**
Derivative financial instruments	6,355	-	-	-	**6,355**
Financial assets at fair value through profit or loss	27,319	-	-	-	**27,319**
Other assets	44,592	830	-	-	**45,422**
Taxation recoverable	15,859	-	-	-	**15,859**
Investment securities	138,563	167,105	920,502	490,709	**1,716,879**
Loans and advances to customers	803,491	668,686	992,008	4,126,838	**6,591,023**
Property and equipment	212	237	38,945	91,862	**131,256**
Deferred tax assets	-	-	4,042	13,025	**17,067**
Retirement benefit assets	-	-	-	43,381	**43,381**
Intangible assets	717	-	-	334,907	**335,624**
Total assets	3,024,632	1,061,371	2,041,019	5,100,722	**11,227,744**
Liabilities					
Derivative financial instruments	29,130	-	278	32,919	**62,327**
Customer deposits	7,598,040	1,651,394	140,456	8,937	**9,398,827**
Financial liabilities at fair value through profit or loss	27,319	-	-	-	**27,319**
Other borrowed funds	1,720	-	-	14,670	**16,390**
Other liabilities	49,151	1,166	7	-	**50,324**
Taxation payable	1,958	2,599	-	-	**4,557**
Deferred tax liabilities	8	-	-	2,676	**2,684**
Debt securities in issue	-	30,697	-	-	**30,697**
Retirement benefit obligations	-	-	-	15,829	**15,829**
Total liabilities	7,707,326	1,685,856	140,741	75,031	**9,608,954**
Net assets/(liabilities)	$(4,682,694)	$ (624,485)	$1,900,278	$ 5,025,691	**$1,618,790**
Commitments, guarantees and contingent liabilities (Note 30)	$ 731,779	$ 159,189	$ 36,450	$ 49,448	**$ 976,866**

	0-3 months	3-12 months	1-5 years	Over 5 years	2010
Assets					
Cash and balances with Central Banks	$ 497,594	$ 12,353	$ -	$ -	$ 509,947
Due from banks	3,282	190,271	213,442	-	406,995
Derivative financial instruments	4,186	-	-	-	4,186
Other assets	52,968	-	-	-	52,968
Taxation recoverable	11,945	-	-	-	11,945
Investment securities	316,344	100,939	724,769	537,202	1,679,254
Loans and advances to customers	1,040,381	312,216	1,175,118	4,048,604	6,576,319
Property and equipment	-	-	28,943	97,577	126,520
Deferred tax assets	-	-	-	12,461	12,461
Retirement benefit assets	-	-	-	46,975	46,975
Intangible assets	734	2,224	720	334,909	338,587
Total assets	1,927,434	618,003	2,142,992	5,077,728	9,766,157
Liabilities					
Derivative financial instruments	88,901	-	-	14,914	103,815
Customer deposits	6,530,407	1,268,165	84,131	60,062	7,942,765
Other borrowed funds	28,026	838	-	16,624	45,488
Other liabilities	51,985	-	-	-	51,985
Taxation payable	2,626	2,299	-	-	4,925
Deferred tax liabilities	14	-	487	3,710	4,211
Debt securities in issue	-	269	-	30,860	31,129
Retirement benefit obligations	-	-	-	8,620	8,620
Total liabilities	6,701,959	1,271,571	84,618	134,790	8,192,938
Net assets/(liabilities)	$ (4,774,525)	$ (653,568)	$ 2,058,374	$ 4,942,938	$ 1,573,219
Commitments, guarantees and contingent liabilities (Note 30)	$ 825,023	$ 77,653	$ 28,179	$ 32,368	$ 963,223

Fair values of financial assets and liabilities

Determination of fair value and the fair value hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

All of the Group's financial instruments recorded at fair value use the Level 2 valuation technique in the hierarchy to determine and disclose the fair value.

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.

- Available-for-sale investment securities
  Available-for-sale investment securities valued using a valuation technique or pricing models primarily consist 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.

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 financial statements:

- Loans and advances to customers
  Loans and advances to customers are stated net of specific and other 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.

- Financial assets and liabilities with carrying values that approximate fair value
  For financial assets and liabilities that are liquid or have a short-term maturity, it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits savings accounts without a specific maturity and variable rate financial instruments.

  Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are not carried in the financial statements at fair value. It therefore excludes balances related to non-financial assets and liabilities, as well as other assets and other liabilities.

	2011			2010		
	Carrying value	Fair value	Unrecognised gain/(loss)	Carrying value	Fair value	Unrecognised gain/(loss)
Financial assets						
Cash and balances with Central Banks	$ 648,565	$ 648,565	$ -	$ 509,947	$ 509,947	$ -
Due from banks	1,648,994	1,648,994	-	406,995	406,995	-
Loans and advances to customers	6,591,023	6,623,941	32,918	6,576,319	6,584,847	8,528
Financial liabilities						
Customer deposits	9,398,827	9,408,516	(9,689)	7,942,765	7,948,667	(5,902)
Other borrowed funds	16,390	25,204	(8,814)	45,488	54,678	(9,190)
Debt securities in issue	30,697	37,638	(6,941)	31,129	39,811	(8,682)
			$ 7,474			$ (15,246)

35 Acquisition of subsidiaries

On September 30, 2011, the Group entered into an agreement with its majority shareholder CIBC Investments (Cayman) Limited, to acquire all of the issued and outstanding shares in CIBC Bank and Trust Company (Cayman) Limited, a Cayman Islands Company and CIBC Trust Company (Bahamas) Limited, a Bahamian company, for a consideration of US$75.8 MM (the "purchase price").

The Bank issued 51,917,808 common shares as payment of the purchase price. CIBC Investments (Cayman) Limited now owns 1,445,725,257 or 91.67% (91.39% prior to the transaction) of the shares of the Bank.

The Group has accounted for this acquisition as a transaction between jointly controlled entities in accordance with the accounting policy defined in Note 2.1: Transactions with jointly controlled entities, and the carrying value of the net assets acquired is disclosed below:

	CIBC Trust Company (Bahamas) Limited	CIBC Bank and Trust Company (Cayman) Limited	Total
Assets			
Cash and balances with banks	$ 503,973	$ 445,776	$ 949,749
Investment securities	-	70,523	70,523
Property and equipment	353	789	1,142
Other assets	904	2,799	3,703
Total assets	505,230	519,887	1,025,117
Liabilities			
Customer deposits	473,892	464,724	938,616
Other liabilities	9,838	7,916	17,754
Total liabilities	483,730	472,640	956,370
Net assets	21,500	47,247	68,747
Consideration share capital issued at fair value	21,500	54,300	75,800
Adjustment recorded in retained earnings	$ -	$ 7,053	$ 7,053

36 Subsequent event

Delisting of the Ordinary Shares of FirstCaribbean International Bank (Jamaica) Limited ("the Jamaica Bank") from the Jamaica Stock Exchange.

The Jamaica Stock Exchange (JSE) requires a proportion of not less than 20% of the Jamaica Bank's shares to be publicly held in order to maintain a listing on the JSE. The Board of the Jamaica Bank has determined that, given the size of the market, it will not be feasible for the proportion of non-majority held shares to be raised to the minimum required by the JSE rules in the foreseeable future. As a consequence, the Board of the Jamaica Bank has decided to accept the delisting of its ordinary shares by the JSE. The Jamaica Bank has been advised that the Board of the Jamaica Stock Exchange has exercised its discretion under Rule 411A of the JSE Rules, and determined that the ordinary shares of the Jamaica Bank shall be delisted from the JSE with effect from the close of business on Friday, December 30, 2011.

37 Principal subsidiary undertakings

Name	Country of incorporation
FirstCaribbean International Bank Limited	Barbados
FirstCaribbean International Wealth Management Bank (Barbados) Limited	Barbados
FirstCaribbean International Bank (Barbados) Limited	Barbados
FirstCaribbean International Trust and Merchant Bank (Barbados) Limited	Barbados
FirstCaribbean International Land Holdings (Barbados) Limited	Barbados
FirstCaribbean International Operations Centre Limited	Barbados
FirstCaribbean International Finance Corporation (Leeward & Windward) Limited	St. Lucia
FirstCaribbean International Bank (Bahamas) Limited (95.2%)	Bahamas
FirstCaribbean Insurance Agency (Bahamas) Limited	Bahamas
FirstCaribbean International (Bahamas) Nominees Company Limited	Bahamas
CIBC Trust Company (Bahamas) Limited	Bahamas
FirstCaribbean International Land Holdings (TCI) Limited	Turks & Caicos Islands
FirstCaribbean International Bank (Jamaica) Limited (96.3%)	Jamaica
FirstCaribbean International Securities Limited	Jamaica
FirstCaribbean International Building Society Limited	Jamaica
FirstCaribbean International Bank (Trinidad & Tobago) Limited	Trinidad
FirstCaribbean International Bank (Cayman) Limited	Cayman Islands
FirstCaribbean International Finance Corporation (Cayman) Limited	Cayman Islands
FirstCaribbean International (Cayman) Nominees Company Limited	Cayman Islands
CIBC Bank and Trust Company (Cayman) Limited	Cayman Islands
FirstCaribbean International Finance Corporation (Netherlands Antilles) Limited	Netherlands Antilles
FirstCaribbean International Bank (Curaçao) N.V.	Netherlands Antilles

All subsidiaries are wholly owned unless otherwise stated.

Section 5

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Notice of Meeting

Annual General Meeting

Notice is hereby given that the Eighteenth Annual General Meeting of the Shareholders of FirstCaribbean International Bank Limited will be held at the Flamboyant Room North, Lloyd Erskine Sandiford Conference Centre, Two Mile Hill, St. Michael, Barbados, on Thursday, March 22, 2012 at 5 p.m. for the following purposes:

1. To receive audited Accounts for the year ended October 31, 2011 and the Reports of the Directors and Auditors thereon.

2. To elect the following Directors:
   (i) Kevin Glass for a period of one year;
   (ii) Rik Parkhill for a period of one year;
   (iii) Christina Kramer for a period of two years;
   (iv) Brian O'Donnell for a period of two years.

3. To re-elect the following Directors who retire by rotation and being eligible seek re-election:
   (v) Paula Rajkumarsingh for a period of three years;
   (vi) Richard Nesbitt for a period of three years;
   (vii) Sir Allan Fields for a period of three years.

4. To appoint the Auditors and to authorise the Directors to fix their remuneration.

5. To discuss any other business which may be properly considered at the Annual General Meeting.

By Order of the Board of Directors

Ella N. Hoyos
Corporate Secretary
January 31, 2012

Proxies

Shareholders of the Company entitled to attend and vote at the meeting are entitled to appoint one or more proxies to attend and, in a poll, vote instead of them. A proxy need not also be a shareholder. Any instrument appointing a Proxy must be received at the office of the Registrar & Transfer Agent, Barbados Central Securities Depository Inc., 8th Avenue, Belleville, St. Michael, Barbados not less than 48 hours before the meeting. Members who return completed proxy forms are not precluded, subsequently if they so wish, from attending the Meeting instead of their proxies and Voting in person. In the event of a poll, their Proxies' votes lodged with the Registrar & Transfer Agent will be excluded.

Dividend

A final dividend of US$0.015 per share was approved for the year ended October 31, 2011 and was paid on January 27, 2012, to the holders of Common Shares whose names were registered in the books of the Company at the close of business on December 13, 2011.

An interim dividend of US$0.030 per share was paid on June 30, 2011 to holders of Common Shares whose names were registered in the books of the Company at the close of business on June 8, 2011.

Total dividend for the 2011 financial year amounted to US$0.045 per share.

Documents Available for inspection:

There are no service contracts granted by the Company, or our subsidiary companies, to any Director.

Registered Office:

Warrens, St. Michael, Barbados, West Indies.

Directors' Report

Directors

During the year, Ms. Sonia Baxendale and Mr. A. John Orr resigned as Directors of the Company. The Board of Directors accepted their resignations and appointed Mr. Kevin Glass and Mr. Douglas Rik Parkhill to fill the casual vacancies created on the Company's Board of Directors by the resignation of Ms. Baxendale and Mr. Orr.

Mr. Richard Venn who served as an Alternate Director on our Board also retired during the year.

The shareholders are now being asked to elect Mr. Kevin Glass and Mr. Rik Parkhilll to the Board of Directors for one year each as well as Ms. Christina Kramer and Mr. Brian O'Donnell for a period of two years each. They are also asked to re-appoint as directors, to the Board of Directors, Mrs. Paula Rajkumarsingh; Mr. Richard Nesbitt; and Sir Allan Fields who retire by rotation and being eligible offer themselves for re-election for a period of three years.

Directors' interest

As at October 31, 2011, particulars of Directors' shareholdings in the issued capital of the Company are as follows:

Common Shares of No Par Value

Directors	Beneficial Interest	Non Beneficial Interest
1. Michael Mansoor	220,334	nil
2. Douglas R. Parkhill	nil	nil
3. John D. Orr	nil	nil
4. Richard Nesbitt	nil	nil
5. David Ritch	nil	nil
6. Sir Fred Gollop	1,416	nil
7. Sir Allan Fields	1,000	nil
8. G. Diane Stewart	nil	nil
9. Paula Rajkumarsingh	nil	nil
10. Christina Kramer	nil	nil
11. Brian O'Donnell	nil	nil
12. Kevin Glass	nil	nil
13. Sonia Baxendale	nil	nil
14. Richard Venn (Alternate Director)	nil	nil

Senior Management		
1. Kiyomi Daniel	20,205	nil
2. Richard Rice	nil	nil
3. Ian Chinapoo	nil	nil
4. Mark Young	25,677	nil
5. Thomas Crawford	27,024	nil
6. Hugh Boyle	nil	nil
7. Daniel Farmer	nil	nil
8. Minish Parikh	nil	nil
9. Marie Rodland-Allen	nil	nil
10. Nigel Holness	nil	nil
11. Pim Van der Burg	12,465	nil
12. Mahes Wickramasinghe	nil	nil
13. Donna Graham	nil	nil
14. Rolf Phillips	30,376	nil
15. Ella Hoyos	nil	nil

Financial Results and Dividends

The Directors report that the Company's consolidated net income for the period ended October 31, 2011 amounted to US$74 million. All statutory requirements for the period ended October 31, 2011 have been fulfilled.

The Company has declared a final dividend of US$0.015 per Common Share for the period ended October 31, 2011. An interim dividend of US$0.030 per Common Share was also paid in the 2011 fiscal period. Total dividend for the period was US$0.045 per Common Share.

Share Capital

CIBC Investments (Cayman) Limited (CICL) is the majority shareholder of the Company now holding 91.67% of the Company's issued and outstanding shares.

Substantial Interest as at October 31, 2011*

Common shares of no par value

1. CIBC Investments (Cayman) Limited
   1,445,725,257 (91.67%)

*Substantial Interest means a holding of 5% or more of the Company's issued share capital.

Auditors

Messrs. Ernst and Young, Chartered Accountants served as external auditors of the Company for the 2010-2011 financial year. A resolution relating to the re-appointment of Ernst and Young as Auditors will be proposed at the Annual Meeting of the Shareholders of the Company.

By Order of the Board

Ella N. Hoyos
Corporate Secretary

Management Proxy Circular

Barbados
The Companies Act, Chapter 308
[Section 140]

1. **Name of Company:**
   FirstCaribbean International Bank Limited
   Company No. 8521

2. **Particulars of Meeting:**
   Eighteenth Annual Meeting of the Shareholders of the Company to be held at the Flamboyant Room North, Lloyd Erskine Sandiford Conference Centre, Two Mile Hill, St. Michael on Thursday, March 22, 2012 at 5 p.m.

3. **Solicitation:**
   It is intended to vote the Proxy hereby by the Management of the Company (unless the shareholder directs otherwise) in favour of all resolutions specified on the Proxy Form sent to the Shareholders with this Circular and in the absence of a specific direction, in the discretion of the Proxy Holder in respect of any other resolution.

4. **Any Director's Statement Submitted Pursuant to Section 71 (2):**
   No statement has been received from any Director of the Company pursuant to Section 71 (2) of the Companies Act, Chapter 308.

5. **Any Auditor's Statement Submitted to Pursuant to Section 163 (1):**
   No statement has been received from the Auditors of the Company pursuant to Section 163 (1) of the Companies Act, Chapter 308.

6. **Any Shareholder's Proposal Submitted Pursuant to Section 112:**
   No proposal has been received from any Shareholder pursuant to Section 112 of the Companies Act, Chapter 308.

Date	Name and title	Signature
January 31, 2012	Ella N. Hoyos Corporate Secretary FirstCaribbean International Bank Limited	

Proxy Form

I/We, the undersigned shareholder/shareholders of FirstCaribbean International Bank Limited hereby appoint Mr. Michael Mansoor or failing him, Mr. Rik Parkhill, or any Director of the Company or
as my/our proxy to vote for me/us on my/our behalf as indicated below on the Resolutions to be proposed at the Annual Meeting of the shareholders of the Company to be held on Thursday, March 22, 2012.

Dated this ______________ day of ______________ 2012.

Name of shareholder(s) of the Company ______________________________

Signature ______________________________

Name(s) of signatory in block capitals ______________________________

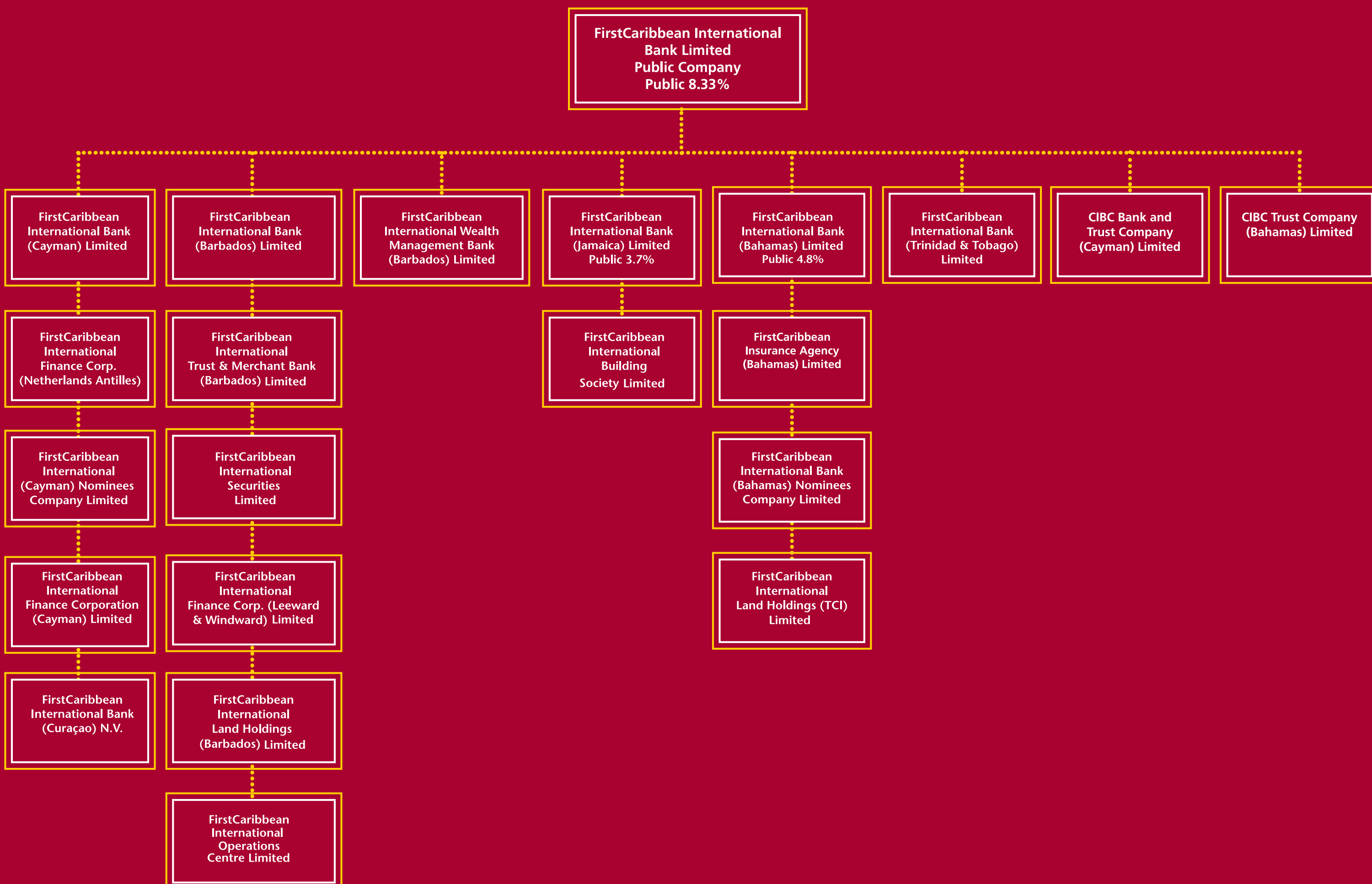
Please indicate with an "X" in the spaces below how you wish your proxy to vote on the Resolutions referred to. If no indication is given the proxy will exercise his or her discretion as to how he or she votes or whether he or she abstains from voting.

	FOR	AGAINST
Resolution 1 To approve the adoption of the audited consolidated financial statements of the Company for the year November 1, 2010 to October 31, 2011.		
Resolution 2 To approve the election of the following person as a Director for the term hereinafter set forth:		
(i) Kevin Glass for a period of one year.		
(ii) Rik Parkhill for a period of one year.		
(iii) Christina Kramer for a period of two years.		
(iv) Brian O'Donnell for a period of two years.		
And to re-elect the following persons as Directors:		
(v) Paula Rajkumarsingh for a period of three years.		
(vi) Richard Nesbitt for a period of three years.		
(vii) Sir Allan Fields for a period of three years.		
Resolution 3 To approve the appointment of the Auditors, and to authorise the Directors to fix their remuneration.		

Notes:

1. If it is desired to appoint a proxy other than the named Directors, the necessary deletion must be made and initialled and the name inserted in the space provided.
2. In the case of joint holders, the signature of any holder is sufficient, but the name of all joint holders should be stated.
3. If the appointer is a Corporation, this form must be under its Common Seal or under the name of an officer of the Corporation duly authorised in this behalf.
4. To be valid, this form must be completed and deposited with the Registrar & Transfer Agent, Barbados Central Securities Depository Inc., 8th Avenue, Belleville, St. Michael, Barbados at least 48 hours before the time appointed for holding the Meeting or adjourned Meeting.

Ownership Structure



CIBC FirstCaribbean International Bank

Main Branches and Centres

Head Office
P.O. Box 503
Warrens, St. Michael
Barbados
Tel: (246) 367-2300

Anguilla
P.O. Box 140
The Valley
Tel: (264) 497-2301

Antigua
P.O. Box 225
High 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 405
Broad Street
St. Michael
Bridgetown
Tel: (246) 367-2300

Belize
P.O. Box 363
21 Albert Street
Belize City
Tel: 011+(501) 227-7212

British Virgin Islands
P.O. Box 70
Road Town
Tortola, VG1110
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
Tel: (+5999) 433-8000

Dominica
P.O. Box 4
Old Street, Roseau
Tel: (767) 255-7900

Grenada
P.O. 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

St. Maarten
P.O. Box 941
38 Back Street
Philipsburg
Tel: (721) 542-3511

Nevis
P.O. Box 502
Charlestown
Tel: (869) 469-5309

Trinidad and Tobago
74 Long Circular Road
Maraval
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

FINANCIAL CENTRES & TRUST COMPANIES

Corporate Banking Centre
P.O. Box N -7125
Shirley Street
Nassau, The Bahamas
Tel: (242) 322-8455

Wealth Management Centre
P.O. Box N -8350
Shirley Street
Nassau, The Bahamas
Tel: (242) 302-6000

Finance Corporation
P.O. Box N -8350
Shirley Street
Nassau, The Bahamas
Tel: (242) 322-7466

Corporate Banking Centre
P.O. Box 503
Rendezvous
Christ Church, Barbados
Tel: (246) 467-8768

Trust and Merchant Bank
P.O. Box 1014C
1st Floor, Broad Street
Bridgetown
Tel: (246) 467-2657

Wealth Management Centre
P.O. Box 180
Ground Floor, Head Office
Warrens, St. Michael
Barbados
Tel: (246) 367-2012

Wealth Management Centre
23-27 Knutsford Blvd
Kingston 5, Jamaica
Tel: (876) 935-4619

Wealth Management Centre
P.O. Box 68
Grand Cayman KY
1-1102
25 Main Street, George Town
Grand Cayman
Cayman Islands
Tel: (345) 949-7300

Wealth Management Centre
De Ruyterkade 61
P.O. Box 3144
Willemstad, Curaçao
Netherlands Antilles
Tel: (+599) 9 433-8000

Wealth Management Centre
P.O. Box 70
Road Town, Tortola
British Virgin Islands
Tel: (284) 494-2171

Wealth Management Centre
P.O. Box 698
Leeward Highway
Providenciales
Turks and Caicos Islands
Tel: (649) 946-5303

Corporate Banking Centre
23-27 Knutsford Blvd
Kingston 5, Jamaica
Tel: (876) 929-9310

Building Society
P.O. Box 403
23-27 Knutsford Blvd
Kingston 5, Jamaica
Tel: (876) 929-4606

Securities
P.O. Box 162
Kingston 10
23-27 Knutsford Blvd
Kingston 5, Jamaica
Tel: (876) 929-4606

Finance Corporation
P.O. Box 335
Castries, St. Lucia
Tel: (758) 452-6371

Investment Banking
74 Long Circular Road
Maraval, Trinidad
Tel: (868) 628-4685

Corporate Banking Centre
P.O. Box 28
Old Parham Road
St John's, Antigua
Tel: (268) 480-5000

Notes

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CIBC
FirstCaribbean
International Bank
THE BAHAMAS
TURKS AND
CAICOS ISLANDS
THE CAYMAN ISLANDS
JAMAICA
BELIZE
BRITISH
VIRGIN ISLANDS
ANGUILLA
ST. MAARTEN
ST. KITTS & NEVIS
ANTIGUA
& BARBUDA
DOMINICA
CARIBBEAN SEA
ST. LUCIA
BARBADOS
ST. VINCENT AND
THE GRENADINES
GRENADA
& CARRIACOU
CURAÇAO
TRINIDAD
& TOBAGO

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Antigua and Barbuda

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Grenada and Carriacou

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St. Kitts and Nevis

St. Lucia

St. Maarten

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Trinidad and Tobago

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