Saluting The Contribution Of Our Frontline Colleagues

CIBC FirstCaribbean International Bank

2021 ANNUAL REPORT

BAHAMAS

CIBC FirstCaribbean
International Bank

2021 | ANNUAL REPORT

Inside this report

Corporate Profile

CIBC FirstCaribbean is a relationship bank offering a full range of market leading financial services through our Corporate and Investment Banking, Retail and Business Banking and Wealth Management segments. We are located in sixteen (16) countries around the Caribbean, providing the banking services through approximately 2,800 employees in 64 branches and offices. We are one of the largest regionally listed financial services institutions in the English and Dutch speaking Caribbean, with US$13 billion in assets and market capitalization of US$1 billion. We also have a representative office in Hong Kong that provides business development and relationship management for our fund administration. The face of banking is changing throughout the world and CIBC FirstCaribbean intends to lead these changes with the expertise, integrity and knowledge gained from banking in the Caribbean since 1836.

The Bahamas Operating Company comprises operations in The Bahamas and Turks and Caicos Islands where there are fifteen (15) branches and agencies, sixty-one (61) Instant Teller Machines, and Wealth Management and Corporate Investment Banking centres spread over New Providence, Grand Bahama, Abaco, Eleuthera and the Turks and Caicos Islands.

Vision

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

Mission

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

Values - Trust, Teamwork, Accountability

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

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

Strategic Priorities

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

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

2021 Highlights

First for Clients

The challenges faced globally due to COVID-19 continued into Fiscal 2021 and showcased the resilience and commitment of our sales and service teams in The Bahamas and the Turks & Caicos Islands (TCI). This was reflected in our overall performance delivering record loan originations, the return of card spend and significantly advanced client experiences via our digital network capabilities providing a modern banking experience.

Retail and Business Banking

Despite the continued economic challenges due to the pandemic, the segment maintained focus on customer service excellence, sustainment of credit growth supported by technological advancements and convenient digital banking. The Bank remained committed to delivering products and services which are personalized, responsive and an easy experience to our clients.

- During the year the need for increased digital channels took precedence resulting in the enhancement to our ABM Network via the introduction of SMART (Intelligent) ABMs at various locations such as Pioneers Way branch in Freeport, Grand Bahama, Marsh Harbour Branch in Abaco, JFK, Mall at Marathon, Palmdale and Carmichael branches in The Bahamas, and the Leeward Highway in TCI. These digital service avenues will improve the customer experience by eliminating the need to enter banking halls to conduct business. Additionally, our online platform was enhanced to enrich our mobile banking access giving allowance to add notes to transfers, provide automatic notification for wires and domestic payments and provide clients a view of pending transactions.
- Within the year, we also focused attention on premises enhancements by firstly completing construction on our newly built state of the art building at Pioneers Way, Freeport Grand Bahama. The new building facility offers enhanced convenience servicing by use of the SMART (Intelligent) ABMs and Digital Client Onboarding process. Additionally, the renovation to our new site in Marsh Harbour, Abaco was also completed giving allowance for the Bank's return to the island to offer banking services to the residents, following the Hurricane Dorian devastation. The new outfitted building was well received by all.
- We continued to present ourselves as a Bank that remains committed to ensuring both our employees and customers are top priority. As such, we continued to invest in training for staff both via our innovative CIBC FirstCaribbean Online learning portal, virtual sessions and limited face to face experiences, ensuring our staff are well equipped to provide exceptional service.
- We continued to support our client journey during this COVID period, by bridging the impact on their financial positions due to the economic pressures which exist. Our task force continued to provide financial solutions during hardship and created forums for financial advisory within the branch units.
- Our brand image remained paramount as "the bank of choice", therefore we continued to refresh the banking halls of our branches to create a more comfortable and inviting environment conducive for banking. The current Covid-19 protocols continued to be a guide as our refreshments proceeded.

Corporate & Investment Banking

Despite the headwinds of persistently low interest rates and the economic uncertainty driven by the SARS-CoV-2 pandemic, Corporate & Investment Banking had a strong and balanced year with respect to its financial performance. The Segment was able to grow revenues, operating profit and the productive loan book while shrinking its portfolio of non-productive loans. During the fiscal, we were able to provide significant net new lending to our corporate clients particularly in the infrastructure and hospital sectors which further diversified our portfolio. This was achieved through our committed and focused effort to place our clients at the center of everything we do, while positioning ourselves to be a regional leader in digital innovation.

- Additionally, in 2021, we continued to stand shoulder to shoulder with our clients who were impacted by the COVID-19 pandemic through our moratorium programme, relief financing and targeted loan restructurings.
- We continue to invest in digital channels, further building on the successful launch of our new Corporate Online banking platform as we migrated our clients to online wires, which allowed for faster and more efficient transaction settlements.
- As a relationship oriented bank, our #1 job remains staying close to, being engaged with and supporting our clients, who we eagerly look forward to finding new and more efficient ways to serve.

Private Wealth Management

Wealth Management continues to generate a growing interest in its various business segments despite the ongoing impact of the global pandemic. The Wealth Management teams remain focused on delivering exceptional customer service to our clients and improving the client experience. We continue to live up to the Bank's brand pillars and our commitment to clients on providing service that is personalized, responsive and easy, remains at the forefront of what we do. We were able to deliver on enhancing our digital footprint to our clients and enhanced our offering with the new Corporate online banking platform which allowed our clients the convenience of completing their banking remotely. We have leveraged our cross selling opportunities by referring clients within the various segments of our business which have yielded some promising opportunities and returns. We are looking forward to 2022 with a sustained concentration on deepening and expanding our client relationships, which will aid in enhancing the overall client experience and the Bank's profitability.

First For Employees

In 2020 our focus was very much on the initial response to the Covid-19 pandemic and changing the way we were operating to ensure we continued to function in the new environment and to ensure the health and safety of our employees. This required a significant change in our priorities at the time and many of our traditional people programmes were suspended or scaled back.

Even though the pandemic continued throughout 2021, we were able to refocus our efforts this year and return our attention to driving forward our strategic people agenda with a number of key initiatives launched throughout the year. Continued support for all of our employees and line managers remained key as our operating circumstances evolved throughout the year in response to the ebbs and flows of the pandemic.

The health and safety of our employees remained paramount and a number of initiatives to support this were also put in place during the year. In terms of the pandemic response, some of the key initiatives in 2021 were:

- The implementation of a new support programme for our senior leaders aimed at providing them with practical support to help them better manage their teams in a continually changing environment as well as providing wellbeing support to ensure their own mental and physical wellbeing.
- Lifestyle checkups for our wider employee population through our wellness programme to ensure they continued to pay the right amount of attention to their own health and wellbeing as well as supporting their families and executing the requirements of their roles.
- We reviewed and updated our remote working policy to provide more flexibility for staff to work in different locations on an ongoing basis.
- Advocating for our staff and communities, we donated funds to the Bahamas Ministry of Health to assist with their vaccinaton programme. The Bank partnered with BRIDGES, the Bahamas Financial Services Union, Bahamas Financial Services Management Worker's Union and Dr. Nikkiah Forbes, Director of National HIV/AIDS and Infectious Disease Programme to educate our employees on the benefits of the vaccines and debunk the myths.
- We augmented our suite of leadership development programmes with the introduction of three new programmes aimed at different levels within the organization – one for more junior employees aspiring to leadership positions, one for our middle managers and one for employees who have just moved into leadership positions.
- A new cross training programme was launched to allow employees at all levels of the organization who are looking to explore new opportunities to get practical experience of different areas of the business and to help them plan their future careers.
- We introduced a new mentoring programme for our more junior employees which gives them the opportunity to partner with a more senior employee who can provide them with support and guidance on an ongoing basis.
- We held our first virtual career EXPO in August which showcased to our employees the range of opportunities available across the organization as well as providing helpful hints on how to prepare themselves to take advantage of the opportunities available. This year we again focused on improving the connection between our employees and the organization through a number of engagement programmes which included:
  - The launch of a new employee recognition programme, FirstStars, which combines a number

of forms of recognition including peer to peer recognition, rewards for sales excellence, individual and team awards for epitomizing our corporate behaviours and long service awards.
    - The introduction of a new Thriving Conversations initiative which provides a forum for management at all levels to engage with employees from across the organization to discuss and explore a wide variety of issues that are important to our employees.
    - A new diversity programme was implemented this year to promote inclusion across the organization which included a diversity statement, and a series of engagement sessions to discuss all aspects of diversity and inclusion.
- From an operational perspective, we continued our drive to simplify and automate our people programmes to improve the employee experience and reduce our impact on the environment. This year we:
    - Launched the second phase of our new Human Resources Information System which provides line managers and employees with online portals to manage their information and execute key HR processes in a simple, automated and electronic way.
    - Completed the move to paperless delivery of information to employees with pay slips, pension statements, Employee Share Purchase plan statements and compensation statements all now delivered to employees electronically.

Our people remain a key priority and a key pillar of our overall strategy and we will continue to drive forward with new initiatives to support all of our employees and their development as our Bank continues to evolve.

First For Communities

In 2021, we continued to execute our outreach and support activities in new and creative ways as the COVID-19 pandemic and stringent health and safety protocols changed the way we engaged with our clients and communities again this year. Despite the challenges, however, the Bank, through its charitable arm, the FirstCaribbean International ComTrust Foundation, continued to support medical, educational and youth activities.

- The Bank's COVID-19 disaster response continued with a major financial injection to The Bahamas' fight against the virus. The government's National Vaccination Programme received a shot in the arm with a $100,000 donation from the FirstCaribbean International ComTrust Foundation for the procurement of vaccines and relevant supplies.
- Traditional feeding programmes by the Salvation Army, the Red Cross' Meals-on-Wheels, Great Commission Ministries and other charities were also given additional financial support as more families turned to them due to high levels of unemployment as a result of the fall-out from the pandemic. Organisations involved with the government's national food assistance programme including the Bahamas Feeding Network and Hands for Hunger, were also given a boost.
- In celebration of 100 years of banking in the Caribbean, the bank planted 100 trees across all the territories in which it operates. To demonstrate that it is deeply rooted in the communities the Bank serves, the team in The Bahamas planted native trees - lignum vitae, yellow elder, Persian lime and cocoplum - at the Bahamas Girl Guides Association Campsite, Camp Discovery, in partnership with the Ministry of Environment and Housing's Forestry Unit. The donation came as the campsite restored its Bush Medicine Garden and Native Plants Reserve, which was destroyed by Hurricane Matthew in 2016.
- While we were not able to host our annual signature fundraising event Walk for the Cure (WFTC) in its usual form in 2021, our commitment to the fight against cancer continued. Teams in The Bahamas and Turks and Caicos Islands (TCI) were still able to raise funds for cancer support organizations on those islands, thanks to staff fundraising activities, WFTC T-shirt sales, client donations and loyal corporate sponsors.
- Women across the bank celebrated International Women's Day in March 2021 by coming together to purchase, package and donate feminine hygiene products to assist and empower young women and girls in need. The Bahamas team partnered with non-profit organisation, The Dignified Girl Project, while TCI made a presentation to the Department of Gender Affairs.
- Male employees took charge of the outreach efforts in November to celebrate International Men's Day. In The Bahamas, residents of the Colby House for Boys, a transitional home for at risk young men and boys, received mentorship, life advice and free haircuts and lunch courtesy of the Bank.
- The Bank was the major sponsor of the Salvation Army of The Bahamas and Turks & Caicos' Christmas

Fundraising initiatives again this year. Our donation of $10,000 kicked off the popular Kettle Bell Ringing Campaign.

- In lieu of an employee Christmas party, the Bahamas team made a major donation to the Red Cross Society of The Bahamas to assist with its Meals On Wheels programme, which saw a significant increase in numbers due to the devastating financial impact of the pandemic.
- Donations were made to a number of other non-profit organizations in 2021 such as The Bahamas Crisis Centre, REACH, all children's homes in The Bahamas, TCI Gender's Affairs programmes, The Salvation Army's TCI branch, Erin H. Gilmore School for Blind and Visually Impaired Children, just to name a few.

Financial Performance

The Bank reported net income of $82.2 million for fiscal 2021. This result was significantly higher than prior year's net loss of $63.5 million, and $72.7 million higher than fiscal 2020's adjusted net income[1] of $9.2 million. Significantly lower credit loss provisions and a rebound in origination activity contributed to our improved performance.

The Bank's Tier 1 and Total Capital ratios remain strong at 23% each, and remain in excess of applicable regulatory requirements.

[1]Prior year reported net income was adjusted for goodwill impairment charge of $73MM.

2021 Highlights

Financial Highlights

B$ thousands, except per share amounts, as at or for the year ended October 31		2021	2020	2019	2018	2017
Common share information						
Per share (B$ cents)	- basic (loss)/earnings	68.4	(52.9)	78.5	70.8	63.9
	- adjusted basic earnings	68.4	68.2	83.6	70.8	66.5
	- regular dividends paid	54.0	9.0	36.00	34.0	30.0
	- special dividends paid	42.0	42.0	-	54.0	-
Share price	- closing	11.26	11.26	11.06	9.25	8.60
Shares outstanding (thousands)	- end of period	120,216	120,216	120,216	120,216	120,216
Market capitalisation		1,353,632	1,353,632	1,329,589	1,111,998	1,033,858
Value measures*						
Dividend yield (dividends per share/share price)		4.8%	0.8%	3.3%	3.7%	3.5%
Dividend payout ratio (dividends/net/income(loss))		79.0%	n/m	45.9%	48.1%	47.0%
Adjusted dividend payout ratio (dividends/adjusted net income)		79.0%	13.2%	43.1%	48.1%	45.1%
Financial results						
Total revenue		184,123	191,013	205,415	188,122	180,286
Credit loss (release)/expense on financial assets		(5,526)	70,027	4,515	12,085	12,308
Operating expenses		107,466	111,782	106,524	90,977	91,219
Net income/(loss)		82,183	(63,543)	94,376	85,060	76,759
Adjusted net income (1) (2) (3)		82,183	9,204	97,418	85,060	79,958
Financial measures						
Efficiency ratio (operating expenses/total revenue)		58.4%	58.5%	51.9%	48.4%	50.6%
Return on equity (net income/average equity)		13.3%	(9.5%)	13.7%	12.6%	11.4%
Adjusted Return on equity (adjusted net income/average equity)		13.3%	1.4%	14.2%	12.6%	11.9%
Net interest margin (net interest income/average total assets)		3.6%	3.9%	4.4%	4.2%	4.1%
Statement of Financial Position Information						
Loans and advances to customers		2,124,785	2,031,739	2,023,654	2,001,401	2,072,500
Total assets		3,980,182	3,654,931	3,705,256	3,499,627	3,522,156
Customer deposits		3,281,731	2,953,593	2,903,743	2,762,770	2,750,848
Total equity		614,383	619,815	723,573	652,568	693,144
Statement of Financial Position quality measures						
Common equity to risk weighted assets		26%	28%	32%	28%	30%
Risk weighted assets		2,335,916	2,236,052	2,277,684	2,304,033	2,315,471
Tier I capital ratio		23%	26%	28%	25%	27%
Tier I and II capital ratio		23%	26%	28%	25%	28%
Other information						
Full time equivalent employees (#)		404	415	474	516	514

* - exclude special dividends

n/m - not meaningful
Adjusted net income excludes:
(1) 2020 - Goodwill impairment $73 million
(2) 2019 - 2019 Hurricane Dorian impact $3 million
(3) 2017 - Hurricane Irma and Maria impact $3 million

We Salute Our Frontline Heroes.

We thank and salute our frontline heroes who throughout the pandemic continued to serve our clients with professionalism.

Delivering on our Strategic Objectives

Jacqui Bend
Managing Director

I am delighted to introduce the 2021 Annual Report, my first as Managing Director of the Bahamas Operating Company. Since starting this role in April, it has become increasingly clear to me that while the financial sector continues to go through a period of unprecedented challenges brought on by the global Covid-19 pandemic, our Bahamas OpCo remains strong. We remain well positioned to deliver on our strategic objectives, staying focused on the client experience, digital transformation and improving operational efficiency with meaningful investments in our systems and people. Despite the challenges, we have seen advances in digital banking, successful remote work practices and process modernisation. We remained steadfast in our commitment to demonstrate the many benefits we offer, increase our innovation, and use technology for advancement.

Financial Performance

For the year ended October 31, 2021, the Bank reported net income of $82.2 million. This result was significantly higher than prior year's net loss of $63.5 million, and $72.7 million higher than fiscal 2020's adjusted net income[1] of $9.2 million. Improvement in our performance was mainly due to significantly lower credit loss provisions and a rebound in origination activity, however, we continued to operate in a low interest rate environment.

The Bank's Tier 1 and Total Capital ratios remain strong at 23% each, and remain in excess of applicable regulatory requirements.

Client Relationships

We have not wavered from our aspiration to put the client at the centre of everything we do. As the pandemic has lingered with sporadic lockdowns and restrictions, economic activity and unemployment have not yet returned to pre-pandemic levels. With the latest forecasts suggesting we may not get there until 2024, the Bank has focused on working with our clients to assist with their cash flow constraints. Although the pandemic has pushed advances in digital banking, branch access is still important. That is why, in The Bahamas, we opened a new state-of-the-art branch in Freeport and reopened a branch in Abaco, following the devastation caused by Hurricane Dorian.

Modern Everyday Banking Experience

As we continue modernizing our technology, we successfully rolled out 12 Smart ABMs across both markets in 2021. Clients can now enjoy modern, intelligent machines that read cheques, count currency notes and give instant credit for cash deposits at our Pioneer's Way, Marathon Mall, Palmdale, JFK, Carmichael, Harbour Bay and Marsh Harbour branches in The Bahamas, and our Leeward Highway branch in TCI. We look forward to introducing even more of these in the upcoming year to further improve the client experience.

Simplification

We remain steadfast in our efforts to simplify our processes and remove paper from our business. We continue to promote online statements, and this year, more clients switched from cheques to more efficient and timely electronic payments. Over the last three years, we have seen a reduction in issued cheque volumes.

People

Our employees in The Bahamas and The Turks & Caicos Islands (TCI) continued to demonstrate their unwavering commitment to the Bank and provide support to our clients in 2021. As the pandemic challenged us to develop new ways of working, the Bank implemented a formal work from home (WFH) policy. I commend employees for adapting to the evolving policy and health and safety procedures as we worked together to keep each other and our clients safe and healthy.

Despite the challenges, investing in our employees remained a priority for us. In July 2021, the Bank hosted a Virtual Career Development EXPO to provide employees with support on managing their own career development and showcase opportunities across the company. This year, we also upgraded our learning and development programme to provide employees with broader content and allow for more convenient access to training material.

Community

The ongoing pandemic has changed our approach to life, the way we do business, and has reshaped the way we give back to our communities. However, our commitment to those who are less fortunate and in need has not wavered. In 2021, we continued assistance to youth and education; the community & the environment and health & wellness, and major focus was once again placed on the COVID-19 pandemic response.

We know that vaccination remains one of the key weapons in the fight against the virus, therefore, assisting the government and public health officials in their efforts to provide access to vaccines was high on the list of our ComTrust Foundation this year. The Bank donated USD$100,000 to the Bahamas Ministry of Health's national vaccination programme to aid in procurement and distribution of vaccines, and public awareness.

We once again made major contributions to feeding programmes, including the Salvation Army of The Bahamas and TCI, the Red Cross' Meals-on-Wheels, and other charities that continue to see an increase in the number of families that turn to them as a result of the fall-out from the pandemic.

Our investment in education continued with a donation to the Junior Achievement of The Bahamas' scholarship programme and the School for the Blind. The Bank also donated laptops, desktop towers and all in-one computers to several public schools and libraries to ensure that as many students as possible have access to online education, which has become the new normal as a result of the pandemic.

The 10th anniversary of our signature fundraising event, Walk for the Cure, was a highlight of our corporate social responsibility efforts this year. Despite the challenges posed by the pandemic, and the inability to host our popular in-person walk event, employees in The Bahamas and TCI raised funds for cancer support organizations on those islands, thanks to staff fundraising activities and loyal sponsors. The amount of money raised during this difficult time was heart-warming.

Donations were made to a number of other non-profit organizations in 2021.

Looking to the Future

As we look towards a new year with optimism, I wish to express sincere gratitude to the Board of Directors, clients, employees and shareholders for their unwavering support and commitment during the challenges of an ongoing pandemic.

Dr. Jacqueline Bend
Managing Director

[1]Prior year reported net income was adjusted for goodwill impairment charge of $73MM.

THE BOARD OF DIRECTORS

Colette Delaney
Chief Executive Officer

Daniel Wright
Managing Director,
Wealth Management

Dr. Jacqueline Bend
Managing Director,
Bahamas Operating Company

Craig Gomez
Certified Public Accountant

Felix Stubbs
Business Executive

Willie Moss
Attorney-at-Law

THE BOARD OF DIRECTORS

COLETTE DELANEY
Chair of the Board
Barbados
Non-Independent

Colette Delaney was appointed Chief Executive Officer of CIBC FirstCaribbean with effect from November 1, 2018.

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

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

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

Year Joined Board	2021 Meeting Attendance	
	Overall Attendance	Interim Meetings
2017	4/4	2/2
Board Committee Memberships		
• Risk Committee	4/4	7/7

Other Current Directorships

FirstCaribbean International Bank Limited
FirstCaribbean International Bank (Cayman) Limited
FirstCaribbean International Bank and Trust Company (Cayman) Limited - Chair
FirstCaribbean International Trust Company (Bahamas) Limited

DR. JACQUELINE BEND
The Bahamas
Non-Independent

Dr. Jacqueline Bend was appointed Managing Director on April 1, 2021.

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

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

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

Year Joined Board	2021 Meeting Attendance	
	Overall Attendance	Interim Meetings
2021	2/4	1/2
Board Committee Memberships		
None	N/A	N/A

Other Current Directorships

FirstCaribbean International Trust Company (Bahamas) Limited
FirstCaribbean International (Bahamas) Nominees Company Limited
Sentry Insurance Brokers Ltd

CRAIG GOMEZ
The Bahamas
Independent

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

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

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

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

Year Joined Board	2021 Meeting Attendance	
	Overall Attendance	Interim Meetings
2019	4/4	2/2
Board Committee Memberships		
• Audit Committee	4/4	1/1
• Risk Committee	4/4	7/7

Other Current Directorships

Bahamas Central Securities Depository
FirstCaribbean International Bank Limited
FirstCaribbean International Trust Company (Bahamas) Limited
Trustee of the Mitchell/Ekedede Brain Injury Foundation
Minnesota State University Foundation - Audit Committee Chair

WILLIE MOSS
The Bahamas
Independent

Willie Moss is a Counsel & Attorney-at-Law of the Supreme Court of The Bahamas with over forty (40) years' experience in structuring, negotiating, developing and administering commercial, residential and resort developments, industrial projects and transactions.

Willie is a partner in GrahamThompson, one of the largest and oldest law firms in The Bahamas. Her practice areas include Corporate and Commercial Law, Real Estate/ Development – Resort, Industrial, Residential & Commercial, Acquisitions and Mergers and Investment and Regulatory Law.

Prior to joining GrahamThompson, Willie held the positions of Deputy Chairman, President and General Counsel of the Grand Bahama Port Authority and its Group of Companies over a period of some twenty-six years.

Year Joined Board	2021 Meeting Attendance	
	Overall Attendance	Interim Meetings
1998	4/4	2/2
Board Committee Memberships		
None	N/A	N/A

Other Current Directorships

First Caribbean International Bank (Bahamas) Ltd.
Colina Holdings Bahamas Limited

FELIX STUBBS
The Bahamas
Independent

Mr. Felix N. Stubbs, MBE, D.H.L., is a citizen of the Commonwealth of The Bahamas with Turks and Caicos ancestry. He has been recognized in The Bahamas for his contribution to the commercial growth and economic progress of that country and his involvement in community-building initiatives.

Felix is a former President and General Manager of IBM Bahamas Ltd, a position he held for over 32 years, opting to take early retirement in 2014 so that he could devote more time to his Rotary obligations.

Committed to the Bahamas' wholesome development, Felix sits on several governmental, non-governmental, civic, and charitable committees. He helps to shape and implement strategic, policy, budgetary, and fundraising plans. He is also a past president of The Bahamas Chamber of Commerce, a former Director of the Central Bank of The Bahamas, former Chairman and Director of the Grand Bahama Port Authority, a former Director and Committee Chair of Famguard Corporation, and a current member of several boards of private Bahamian enterprises. He also served as Chairman of Junior Achievement for nineteen years. As a result of his commitment to country and dedication to excellence, he has frequently been called upon to lend his commercial expertise and leadership skills in many other areas that would lead to the betterment of the Bahamian society at large. In 2014 he was appointed as Chairman of the National Development Plan Steering Committee, a committee whose mandate was to create a 25-year strategic plan for the development of the Commonwealth of The Bahamas. That same year he was declared a Bahamian Icon when he was nominated for, and won, the Bahamian Icon Award in the field of Commerce.

In 2006 he was bestowed with the degree of Doctor of Humane Letters, an honorary doctorate, by the BWR Ministries & Seminary, Richmond, Virginia, USA. In 1996 he was made a Member of The Most Excellent Order of The British Empire by Her Majesty, Queen Elizabeth II. He obtained the Chartered Director (C.Dir.) designation from The Caribbean Governance Training Institute in 2020.

Felix is a passionate Rotarian. He is a Past District Governor for Rotary International, District 7020, which comprises ten countries and 16 islands in the Northern Caribbean. He is Past Assistant Governor of the Rotary Clubs of the Bahamas District 7020 (2007-2010), Disaster Relief Chair and Future Vision Area Coordinator for District 7020, and a Past President of The Rotary Club Nassau Sunrise. He began his Rotary service in 2001 as a charter member of his Club. Before his role as President in 2006 – 2007, he served his Club as Vocational Services Director, International Services Director, and later as Foundation Chair. Under his leadership as President, his Club grew membership by more than 30%, was awarded the Presidential Citation, the District Governors' top award, and a Rotary Literacy Award. In 2006, while serving as 1st Vice President, he was recognized by his Club as Rotarian of the Year. In 2016, he received the Sir Durward Knowles Humanitarian Recognition Award, and in 2019, he received RI's Four Avenues of Service Citation. He is a Rotary Foundation Benefactor and a Discussion Leader for the Sunshine Division of RLI. Currently, he serves as Assistant Rotary Coordinator for Zone 34 with responsibility for Districts 7000, 7020, and 7030, District 7020's Membership Extension Chair, and the district's training Chair.

FELIX STUBBS
The Bahamas
Independent

Felix has two children and is married to Carla, a Rotarian and a past president of the Rotary Club of Nassau Sunrise and Assistant Governor for Bahamas West Rotary Clubs. They are Benefactor, members of the Paul Harris Society, Level Two Major Donors, and Level Four Bequest Society members.

Felix's motto is "from success to significance."

Year Joined Board	2021 Meeting Attendance	
	Overall Attendance	Interim Meetings
2014	4/4	2/2
Board Committee Memberships		
None	N/A	N/A

Other Current Directorships

FirstCaribbean International Trust Company (Bahamas) Limited
FINS Investment Limited
Doctors Hospital Health System Limited - Chair

DANIEL WRIGHT
The Cayman Islands
Non-Independent

Dan Wright is Managing Director, Wealth Management

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

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

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

Year Joined Board	2021 Meeting Attendance	
	Overall Attendance	Interim Meetings
2018	4/4	2/2
Board Committee Memberships		
None	N/A	N/A

Other Current Directorships

FirstCaribbean International Trust Company (Bahamas) Limited
FirstCaribbean International Bank and Trust Company (Cayman) Limited
Commerce Advisory Services Limited
Commerce Corporate Services Limited
Commerce Management Services Limited
Suffolk Corporate Services Ltd.
Carlingford Center Point Inc.
Desert Sky Limited
Grosvernor Holdings Inc
Jimbolia Two Rock LLC
Kedgeree Inc
Nolisa LLC
Rathlin Inc
TI & T Realty Investments Inc
Natascha Establishment Ltd.
Merrimac Cayman Corp.
Safira Limited
Bickford Enterprises Inc.
CIBC Capital Partners Cayman No. 2 Ltd.
CIBC Cayman Capital Limited
FirstCaribbean International Bank (Cayman) Limited
CIBC Fund Administration Services (Asia) Limited
CIBC Cayman Bank Limited
CIBC Cayman Reinsurance Company Limited
CIBC Cayman Holdings Limited
FirstCaribbean International (Cayman) Nominees Company Limited
CIBC Term Funding Limited

SENIOR MANAGEMENT AND ADVISORS

Bahamas Country Management Committee

Front Row left to right, are:

LaToya Barnes
Head of Human Resources,
Bahamas and Turks & Caicos Islands

Beulah Arthur
Country Treasurer

Jacqui Bend
Managing Director,
Bahamas and Turks & Caicos Islands

Glenda Whylly
Senior Manager,
Managing Director's Office

Sherrylyn Bastian
Legal Counsel and Corporate Secretary

Back Row left to right, are:

Kemar Polius
Head,
Corporate and Investment Banking

Ricardo St. Hill
Senior Manager,
Client Credit Management

Stacia Williamson
Financial Controller

Tonia Cartwright
Senior Manager,
Private Wealth Management &
International Corporate Banking

Samuel Gardiner
Manager,
Branch Support Services

Gaye Dean
Manager Technology,
Operations & Corporate Services

Gezel Farrington
Director,
Retail Banking Channels

SENIOR MANAGEMENT AND ADVISORS

Turks & Caicos Country Management Committee

Standing left to right, are:

Claudette Higgs Head, Retail and Business Banking	Rudell Williams Branch Manager, Leeward Highway Branch	Terrance Gibson Country Manager, Turks & Caicos Islands	Kayla Delancy Operations Supervisor	Becky Glinton Branch Manager, Grace Bay Branch

Registered Office
FirstCaribbean International Financial Centre
2nd Floor, Shirley Street
Nassau, The Bahamas

Regional Audit Committee
Paula Rajkumarsingh - Chair
David Ritch
Chris De Caires
Robert Frenzel
Craig Gomez
Brian McDonough
Wayne Lee
Lincoln Eatmon

Auditors
Ernst & Young Ltd.

Legal Advisors
Harry B. Sands, Lobosky & Company
McKinney, Bancroft & Hughes

Registrar and Transfer Agents
FirstCaribbean International Trust Company (Bahamas) Ltd.

Management's discussion and analysis (MD&A) is provided to enable readers to assess CIBC FirstCaribbean's financial condition and results of operations as at and for the year ended October 31, 2021, compared with prior years. The MD&A should be read in conjunction with the audited consolidated financial statements included in this Annual Report. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and are expressed in thousands of Bahamian dollars. Certain comparative amounts have been reclassified to conform to the presentation adopted in the current year.

Overview

FirstCaribbean International Bank (Bahamas) Limited (the "Bank") is a leading Caribbean financial institution, providing individual and business clients with a full range of products and services through our four (4) segments – Retail and Business Banking, Corporate and Investment Banking, Wealth Management and Administration.

The business segments 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 2021 Highlights Section of this annual report.

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

Nature of the business

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

Objectives and strategies

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

Resources, risks and relationships

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

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

Review of results, performance measures and indicators

Review of the Consolidated Statement of Income

B$ thousands, except per share amounts, as at or for the year ended October 31	2021	2020
Total revenue	184,123	191,013
Net income/(loss)	82,183	(63,543)
Adjusted net income	82,183	9,204
Total assets	3,980,182	3,654,931
Basic earnings per share (cents)	68.4	(52.9)
Adjusted basic earnings per share (cents)	68.4	68.2
Dividend per share (cents)	96.0	51.0
Closing share price - per share (dollars)	11.26	11.26
Return on equity	13.3%	(9.5%)
Adjusted return on equity	13.3%	1.4%
Efficiency ratio	58.4%	58.5%
Tier I capital ratio	23%	26%
Tier I and II capital ratio	23%	26%

Net income for the year was $82 million, compared to net loss of $64 million in 2020. Excluding the goodwill impairment charge of $73 million, the adjusted net income in 2020 was $9 million.

Item of note in 2020 was a goodwill impairment charge of $73 million.

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

- $76 million decrease in credit loss expense as the current year reflected an improvement in our economic outlook, while the prior year was adversely impacted by the onset of the COVID-19 pandemic
- $7 million decrease in net interest income due primarily to lower US interest rates
- $5 million in lower staff costs and overall decrease in discretionary operating costs

Net interest income and margin

B$ thousands for the year ended October 31	2021	2020
Average total assets	3,817,556	3,680,094
Net interest income	136,995	144,139
Net interest margin	3.6%	3.9%

Net interest margin on average assets was down 0.3% due to the current low interest rate environment.

Operating income

B$ thousands for the year ended October 31	2021	2020
Net fee & commission income	34,695	34,235
Foreign exchange earnings	11,951	11,705
Net loss on trading activity, disposal of securities and hedging	(302)	(77)
Other	784	1,011
	47,128	46,874

Operating income increased marginally year-on-year primarily due to higher transaction based fee income and foreign exchange earnings.

Operating expenses

B$ thousands for the year ended October 31	2021	2020
Staff costs		
Wages and salaries	20,302	21,122
Benefits and others	4,973	6,411
	25,275	27,533
Business license	8,770	8,447
Occupancy and maintenance	5,172	5,956
Depreciation	7,838	7,875
Communications	1,999	2,329
Professional fees and group service costs	44,266	43,799
Other	14,146	15,843
	107,466	111,782

Operating expenses decreased year-on-year by $4 million (4%). The significant movements related to decreased staff costs and an overall decrease in discretionary expenses as a result of reduced spending.

Credit loss expense on financial assets

B$ thousands for the year ended October 31	2021	2020
Expense on impaired loans – Stage 3		
Residential Mortgages	16,785	(16)
Personal	8,804	(907)
Business & Sovereign	4,366	(1,209)
	29,955	(2,132)
Expense on non-impaired loans		
Stage 1	(658)	18,891
Stage 2	(35,531)	50,001
	(36,189)	68,892
Total loans credit loss expense	(6,234)	66,760
Expense on debt securities		
Stage 1	(8,990)	2,367
Stage 2	9,698	(440)
Stage 3	-	1,340
Total debt securities credit loss expense	708	3,267
Total credit loss (reversal)/expense on financial assets	(5,526)	70,027

Loan credit loss expense decreased by $73 million as the current year reflected an improvement in our economic outlook, while the prior year was adversely impacted by the onset of the COVID-19 pandemic. Stage 3 credit loss expense on impaired loans was offset by the reversal of credit losses on Stages 1 and 2 loans.

The ratio of credit loan allowances to gross loans was 6.4% compared with 7.3% at the end of 2020. Nonperforming loans to gross loans increased to 5.9% at the end of 2021 compared to 4.6% as at 2020.

Debt securities credit loss expense decreased by $3 million due to an improved economic outlook. Prior year included credit loss expense to address the uncertainties in the economic environment inherent to the COVID-19 pandemic.

Review of the Consolidated Statement of Comprehensive Income/(Loss)

B$ thousands for the year ended October 31	2021	2020
Net income/(loss) for the year	82,183	(63,543)
Other comprehensive income		
Net (losses)/gains on debt securities at fair value through OCI	(3,310)	6,494
Re-measurement gains on retirement benefits plan	31,103	14,600
Other comprehensive income for the year	27,793	21,094
Total comprehensive income/(loss)	109,976	(42,449)

The year-on-year increase in net income primarily reflects the goodwill impairment charge in 2020, and a net reversal of credit loss expense during the year compared to the significant credit loss expense in 2020.

Other comprehensive income increased year-on-year as a result of higher re-measurement gains on retirement benefit plans mainly due to changes in key assumptions and experience gains on pension liabilities. This was partially offset by net losses from debt securities at fair value through OCI (compared to net gains in 2020) due primarily to lower fair values.

Review of the Consolidated Statement of Financial Position

B$ thousands for the year ended October 31	2021	2020
Assets		
Cash & balances with The Central Bank and due from banks	814,522	606,282
Securities	918,420	917,925
Loans and advances to customers:		
Residential mortgages	1,002,648	993,898
Personal	206,711	202,516
Business & Government	1,061,295	994,987
Provision for impairment (net of recoveries and write-offs)	(144,334)	(158,945)
Interest receivable	9,579	10,475
Unearned fee income	(11,114)	(11,192)
	2,124,785	2,031,739
Other assets	122,455	98,985
	3,980,182	3,654,931
Liabilities and equity		
Customer deposits		
Individuals	1,146,398	1,086,104
Business & Sovereign	1,954,552	1,747,716
Banks	177,854	116,744
Interest payable	2,927	3,029
	3,281,731	2,953,593
Other liabilities	84,068	81,523
Equity	614,383	619,815
	3,980,182	3,654,931

Total assets increased by $325 million (9%) primarily due to increases in cash and due from banks as a result of increased liquidity.

Total liabilities increased by $331 million (11%) predominantly due to normal core deposit movements.

Equity decreased marginally year on year by $5 million (1%) mainly as net income for the year of $82 million and comprehensive income of $28 million was offset by dividends of $115 million.

Our capital strength protects our depositors and creditors from risks inherent in our business, allows us to absorb unexpected losses and enables us to take advantage of attractive business opportunities. The Bank continues to maintain strong Tier I and Tier I & II capital ratios of 23%, each, at the end of 2021, well in excess of regulatory requirements.

Business Segment Overview

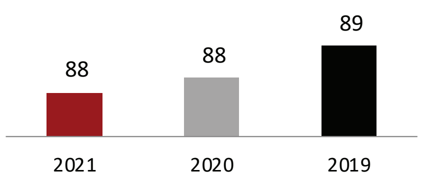
Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Transactions between the business segments are on normal commercial terms and conditions.

Retail & Business Banking

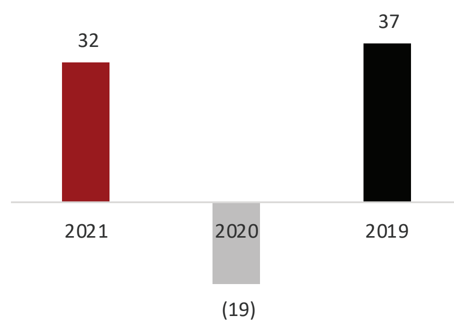
Retail & Business Banking includes Retail, Business Banking, International Banking and Cards Issuing business. The segment provides a full range of financial products and services to individuals which can be accessed through our network of branches and ABMs, as well as through internet and telephone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

Total revenues was stable as lower performing loans income was partially offset by lower Fund Transfer Pricing (FTP) on loans, and by higher foreign exchange commissions and cards services income. Net income increased year-on-year by $51 million driven by the lower revenues provision for credit losses.

Total Revenues ($Millions)



Net Income ($Millions)

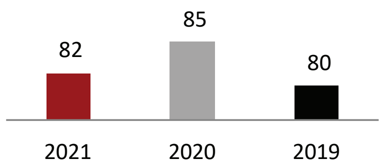


Corporate & Investment Banking

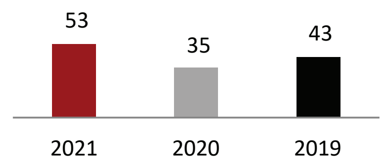
Corporate & Investment Banking includes Corporate, Investment Banking, Forex & Derivative Sales and the Merchant Services businesses. The segment provides a full range of corporate and commercial banking services to large and mid-size corporate businesses, governments, financial institutions, international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

Total revenues decreased year-on-year by $3 million or 4% primarily due to lower FTP primarily due to lower FTP earnings on deposits, FX earnings and credit services fee income. These decreases were partially offset by higher net interest income. Net income increased year-on-year by $18 million primarily as a result of lower provision for credit losses.

Total Revenues ($Millions)



Net Income ($Millions)



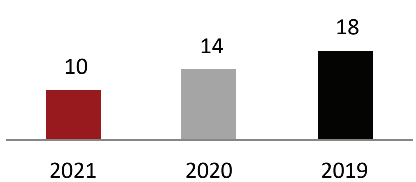
Wealth Management

Wealth management comprises Private Wealth Management, International Corporate Banking and Investment Management. Dedicated wealth management relationship managers provide traditional core banking, complex credit, investment advice, discretionary portfolio management, trust services and wealth planning to the high and ultra-high net worth clients.

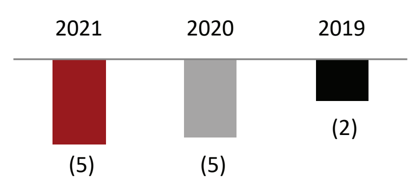
International Corporate Banking is a specialised business that services non-domestic, international corporate and institutional clients with core banking, international payments & cash management, lending, standby letters of credit and investment management alternatives.

Total revenues decreased year-on-year by $4 million or 29% as a result of lower FTP earnings on deposits due to lower margins. Net income declined marginally year-on-year as the lower FTP earnings was offset by lower internal expense allocations and provisions for credit losses.

Total Revenues ($Millions)



Net Income ($Millions)



Administration

The Administration segment includes Finance, Human Resources, Risk, Technology & Operations, Treasury, and other units, which support the business segments. The revenues and expenses of the functional groups are generally allocated to the business segments. The Administration segment retains earnings or losses on excess capital and the offset to capital charges allocated to the business segments.

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

Risk Management Approach

The Bank 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 Bank; increase earnings or cash flow volatility; reduce capital; threaten business reputation or viability; and/or breach regulatory or legal obligations.

The Bank'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 27 of the consolidated financial statements.

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

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

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

Credit Risk

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

Credit risk is managed and controlled on the basis of established credit processes and policies operating within a framework of delegated authorities. In addition to approving the Bank's key credit policies and setting credit risk appetite and tolerances, the Risk 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. There is appropriate segregation of duties between customer-facing functions responsible for originating and managing exposures, the Credit Risk Management function responsible for credit adjudication and oversight, and the Operations function responsible for disbursing loans and safekeeping security.

Credit grading, scoring and monitoring systems facilitate the early identification and management of deterioration in loan quality. Delinquent facilities are subject to separate and additional oversight by specialised loan restructuring teams. Classification is automated and operates strictly in line with regulatory and accounting standards. Credit provisions are independently calculated in accordance with International Financial Reporting Standards (IFRS) for statutory reporting and in accordance with the Bank and Trust Companies Regulation Act, 2000 to meet regulatory requirements by the central risk team.

Market Risk

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

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

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

Compliance Risk

Compliance risk is associated with 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 Bank.

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 Bank operates. It also provides advice and guidance to the business lines on compliance risks and the development of appropriate policies and procedures to ensure compliance with all legislation and internal code of conduct and ethics policies. It independently assesses and monitors compliance and reports to the Risk Committee of the Board.

Operational Risk

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

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

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

Liquidity Risk

Liquidity risk is defined as the risk that the Bank 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 Bank is exposed to liquidity risk through our general funding activities and in the management of our assets and liabilities.

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

The Bank performs stress tests and scenario analyses to evaluate the impact of stresses on its liquidity position. The results of these tests are independently reviewed by the market risk function and reported to the Board quarterly.

Ernst & Young Ltd.
Caves Corporate Centre
West Bay Street & Blake Road
Nassau N-3231
The Bahamas

Tel: +242 502 6000
Fax: +242 502 6095
ey.com

Building a better working world

Independent Auditor's Report

The Shareholders and Directors
FirstCaribbean International Bank (Bahamas) Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of FirstCaribbean International Bank (Bahamas) Limited (the "Bank") which comprise the consolidated statement of financial position as at October 31, 2021, and the consolidated statement of income/(loss), consolidated statement of comprehensive income/(loss), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Bank as at October 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

Building a better working world

Key Audit Matter	How our Audit Addressed the Key Audit Matter
Expected credit loss allowances	
Related disclosures in the consolidated financial statements are included in Note 2.4, Summary of significant accounting policies–Impairment of financial assets, Note 7, Securities, Note 8, Loans and advances to customers and Note 27, Financial risk management. IFRS 9: Financial Instruments uses an expected credit loss ("ECL") model which requires significant management judgment and incorporation of forward-looking information. IFRS 9 requires the Bank to record an allowance for ECLs for all loans and advances to customers and other financial assets not held at fair value through profit and loss, together with loan commitments and financial guarantee contracts. The Bank estimated a total ECL allowance of $155M as at October 31, 2021. This is a key audit matter as the estimation of ECLs is inherently uncertain and requires the application of judgment and use of subjective assumptions by management. Furthermore, models used to determine credit impairment are complex, and certain inputs used are not fully observable. Management compensates for any model and data deficiencies by applying management's judgmental adjustments overlays to ECL model outputs.	• We obtained an understanding, evaluated the design and tested the operating effectiveness of management's controls over the process for estimation of ECLs. • We evaluated the modelling techniques and methodologies developed by the Bank in order to estimate ECLs and assessed their compliance with the requirements of IFRS 9. • We tested the completeness and accuracy of data input to the models used to determine the ECLs. We assessed the reasonableness of the methodologies and assumptions applied in determining 12 month and lifetime probabilities of default (PD), loss given default (LGD), exposure at default (EAD) and the determination of when a loan has experienced a significant increase in credit risk (SICR) by performing the procedures, amongst others, as described below. Management has applied significant judgment in the areas noted above and in their assessment of the impact of COVID-19 on the ECL allowance. • We involved our internal credit risk specialists to assist us in evaluating the methodology and assumptions used in the significant models that estimate ECL in comparison to the requirements of IFRS, the Bank's own historical data and industry standards. This included an assessment of the thresholds used to determine a SICR and the evaluation of management's judgmental adjustments by evaluating that the amounts recorded were reflective of the credit quality and macroeconomic trends, including the impact of COVID-19, amongst other factors.

Key Audit Matter	How our Audit Addressed the Key Audit Matter
Expected credit loss allowances (continued)	
	• We also assessed the reasonableness of the generation of forward-looking information (FLI) by comparing a sample of management's FLI variables to independently derived forecasts and publicly available information and evaluated the probability weights used in the ECL models. On a sample basis, we recalculated the ECL to test the mathematical accuracy of management's models. • We used our internal valuation specialists to assess the methodology used and values obtained for third party appraisals of real estate held as collateral for loans. • We assessed the adequacy of disclosures in the consolidated financial statements.

Key Audit Matter	How our Audit Addressed the Key Audit Matter
Fair value of investment securities	
Related disclosures in the consolidated financial statements are included in Note 2.4, Summary of significant accounting policies, Debt instruments at FVOCI, Equity instruments at FVOCI, Note 7, Securities and Note 27, Financial risk management. This is a key audit matter due to the complexity of valuation models used to determine fair value. These valuation models can be subjective in nature and involve observable and unobservable data and various assumptions. These include the valuation of financial instruments with higher estimation uncertainty for which observable market prices or market parameters are not available. The use of different valuation techniques and assumptions could result in significantly different estimates of fair value. The associated risk management disclosure is also complex and dependent upon high quality data.	• We obtained an understanding, evaluated the design and tested the operating effectiveness of management's controls over the investment securities valuation process. • We reviewed the market prices applied to the Bank's debt securities by comparing the prices used by management to an independent external source. • We involved internal valuation specialists to assess the reasonableness of the fair value of investment securities which did not have observable market prices by testing a sample of modelling assumptions and significant inputs used in the Bank's valuation methodologies to estimate the fair value. • We assessed the adequacy of the disclosures in the consolidated financial statements.

Other information included in the Bank's 2021 Annual Report

Other information consists of the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

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

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

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

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

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

The Board of Directors is responsible for overseeing the Bank's financial reporting process.

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

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

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

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

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

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

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

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

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

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The partner in charge of the audit resulting in this independent auditor's report is LaNishka F. McSweeney.

Ernst + Young Ltd.

January 26, 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at October 31, 2021
(Expressed in thousands of Bahamian dollars)

	Notes	2021	2020
ASSETS			
Cash and balances with The Central Bank	3	$ 398,881	$ 286,949
Due from banks	4	415,641	319,333
Derivative financial instruments	5	-	33
Other assets	6	10,903	11,267
Securities	7	918,420	917,925
Loans and advances to customers	8	2,124,785	2,031,739
Property and equipment	9	40,493	45,400
Retirement benefit assets	10	71,059	42,285
Total assets		$ 3,980,182	$ 3,654,931
LIABILITIES			
Derivative financial instruments	5	-	21
Customer deposits	12	3,281,731	2,953,593
Other liabilities	13	70,572	65,443
Retirement benefit obligations	10	13,496	16,059
Total liabilities		$ 3,365,799	$ 3,035,116
EQUITY			
Issued capital	14	477,230	477,230
Reserves	14	76,246	48,159
Retained earnings		60,907	94,426
Total equity		614,383	619,815
Total liabilities and equity		$ 3,980,182	$ 3,654,931

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

Approved by the Board of Directors on January 11, 2022, and signed on its behalf by:

Director

Director

CONSOLIDATED STATEMENT OF INCOME/(LOSS)

For the year ended October 31, 2021
(Expressed in thousands of Bahamian dollars, except as noted)

	Notes	2021	2020
Interest and similar income		$ 142,288	$ 153,804
Interest and similar expense		5,293	9,665
Net interest income	15	136,995	144,139
Operating income	16	47,128	46,874
		184,123	191,013
Operating expenses	17	107,466	111,782
Credit loss (reversal)/expense on financial assets	7,8	(5,526)	70,027
Impairment of goodwill	11	-	72,747
		101,940	254,556
Net income/(loss) for the year		$ 82,183	$ (63,543)
Basic and diluted earnings/(loss) per share (expressed in cents per share)	18	68.4	(52.9)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS)

For the year ended October 31, 2021
(Expressed in thousands of Bahamian dollars)

	Notes	2021	2020
Net income/(loss) for the year		$ 82,183	$ (63,543)
Other comprehensive (loss)/income to be reclassified to net income or loss in subsequent periods:			
Net (losses)/gains on debt securities at fair value through OCI	20	(3,310)	6,494
Net other comprehensive (loss)/income to be reclassified to net income or loss in subsequent periods		(3,310)	6,494
Other comprehensive income not to be reclassified to net income or loss in subsequent periods:			
Re-measurement gains on retirement benefit plans	10	31,103	14,600
Net other comprehensive income not to be reclassified to net income or loss in subsequent periods		31,103	14,600
Other comprehensive income for the year		27,793	21,094
Comprehensive income/(loss) for the year		$ 109,976	$ (42,449)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended October 31, 2021
(Expressed in thousands of Bahamian dollars)

	Notes	Issued capital	Reserves	Retained earnings	Total equity
Balance at October 31, 2019		$ 477,230	$ 19,810	$ 226,532	$ 723,572
Net loss for the year		-	-	(63,543)	(63,543)
Other comprehensive income for the year		-	21,094	-	21,094
Total comprehensive loss		-	21,094	(63,543)	(42,449)
Dividends	19	-	-	(61,308)	(61,308)
Transfer to statutory reserve fund – Turks & Caicos Islands	14	-	7,255	(7,255)	-
Balance at October 31, 2020		$ 477,230	$ 48,159	$ 94,426	$ 619,815
Net income for the year		-	-	82,183	82,183
Other comprehensive income for the year		-	27,793	-	27,793
Total comprehensive income		-	27,793	82,183	109,976
Dividends	19	-	-	(115,408)	(115,408)
Transfer to statutory reserve fund – Turks & Caicos Islands	14	-	294	(294)	-
Balance at October 31, 2021		$ 477,230	$ 76,246	$ 60,907	$ 614,383

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended October 31, 2021
(Expressed in thousands of Bahamian dollars)

	Notes	2021	2020
Cash flows from operating activities			
Net income/(loss) for the year		$ 82,183	$ (63,543)
Adjustments to reconcile net income to net cash from operating activities			
Credit loss (reversal)/expense on financial assets	7, 8	(5,526)	70,027
Depreciation of property and equipment	9	7,838	7,875
Impairment of goodwill	11	-	72,747
Net losses/(gains) on disposals and redemption of securities	16	323	(60)
Interest income earned on securities	15	(19,281)	(25,407)
Interest income earned on derivative financial instruments	15	(14)	(24)
Interest expense incurred on lease liabilities	15	307	725
Net cash flows from operating income before changes in operating assets and liabilities		65,830	62,340
Changes in operating assets and liabilities:			
- net decrease in due from banks greater than 90 days	4	-	1,150
- net decrease/(increase) in mandatory reserves with The Central Bank	3	1,549	(9,185)
- net increase in loans and advances to customers		(86,812)	(80,454)
- net (increase)/decrease in other assets		(276)	9,227
- net increase in customer deposits		328,138	49,851
- net decrease in other liabilities		(16,930)	(2,254)
Net cash from operating activities		291,499	30,675
Cash flows from investing activities			
Purchases of property and equipment	9	(6,514)	(7,296)
Purchases of investment securities	7	(3,578,374)	(1,946,930)
Proceeds from disposals and redemption of securities	7	3,572,219	1,970,652
Interest income received on investment securities		20,602	29,232
Interest income/(expense) received/(paid) on derivative financial instruments		14	(86)
Net cash from investing activities		7,947	45,572
Cash flows from financing activities			
Dividends paid		(86,514)	(68,176)
Payment of principal portion of lease liabilities		(3,143)	(3,298)
Net cash used in financing activities		(89,657)	(71,474)
Net increase in cash and cash equivalents		209,789	4,773
Cash and cash equivalents, beginning of year		517,778	513,005
Cash and cash equivalents, end of year	3	$ 727,567	$ 517,778

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

For the year ended October 31, 2021
(Expressed in thousands of Bahamian dollars)

Note 1 Corporate Information

FirstCaribbean International Bank (Bahamas) Limited (the "Bank") was formerly named CIBC Bahamas Limited ("CIBC Bahamas") and was controlled by Canadian Imperial Bank of Commerce (CIBC), a company incorporated in Canada. The Bank changed its name to FirstCaribbean International Bank (Bahamas) Limited on October 11, 2002, following the combination of the retail, corporate and offshore banking operations of Barclays Bank PLC in The Bahamas and the Turks & Caicos Islands ("Barclays Bahamas") and CIBC Bahamas. The Bank is incorporated in The Commonwealth of The Bahamas and is licensed to carry on banking and other related activities.

The Bank is a subsidiary of FirstCaribbean International Bank Limited (the "Parent" or "FCIB"), a company incorporated and domiciled in Barbados, which owns 95.2% of the Bank. The Parent and its subsidiaries (collectively, the "Parent Group") is owned by CIBC (the "Ultimate Parent"), a company incorporated in Canada. From October 11, 2002, the major shareholders of FirstCaribbean International Bank (Bahamas) Limited were jointly CIBC and Barclays Bank PLC, ("Barclays"), a company incorporated in England. On December 22, 2006, CIBC acquired Barclays' interest in the Parent and now owns 91.7% of the shares of FirstCaribbean International Bank Limited.

The registered office of the Bank is located at the FirstCaribbean Financial Centre, 2nd Floor, Shirley Street, Nassau, The Bahamas. The Bank is listed on the Bahamas International Securities Exchange ("BISX").

These consolidated financial statements have been authorised for issue by the Board of Directors on January 11, 2022. The Board of Directors has the power to amend these consolidated financial statements after issue, if required.

Note 2 Basis of Preparation and Summary of Significant Accounting Policies

2.1 Basis of preparation

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

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

Statement of compliance

The consolidated financial statements of the 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, 2021 (the "reporting date"). The financial statements of the subsidiaries are prepared for the same reporting year as the Bank, using consistent accounting policies.

For the year ended October 31, 2021
(Expressed in thousands of Bahamian dollars)

Subsidiaries

All subsidiaries, which are those companies controlled by the Bank, have been fully consolidated. The principal subsidiaries of the Bank are disclosed in Note 28.

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

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

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

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

2.2 Significant accounting judgements and estimates

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

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

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

- Capital management – Note 14
- Financial risk management and policies – Note 27
- Sensitivity analysis disclosures – Notes 10, 11, 27

The estimates and judgments 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 Bank's best estimates

For the year ended October 31, 2021
(Expressed in thousands of Bahamian dollars)

of the most appropriate model assumptions. Models are adjusted to reflect the spread for bid and ask prices, to reflect costs to close out positions, counterparty credit, liquidity spread and limitations in the model.

Impairment losses on financial assets

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

The Bank's expected credit loss ("ECL") calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgments and estimates include:

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

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

Retirement benefit obligations

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

In determining the appropriate discount rate, management considers the interest rates of government bonds, in the absence of corporate bonds, in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases and pension increases are based on expected future inflation rates. Further details about pension obligations are given in Note 10.

Taxes

Income taxes

The Bank is not subject to income taxes in The Bahamas and the Turks and Caicos Islands.

Value Added Tax (VAT)

The Bank is required to pay value added tax (VAT) at a rate of 12% on goods and services as prescribed by the Value Added Tax Act of the Commonwealth of The Bahamas. VAT is an indirect tax which is considered a broadly based

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consumption tax charged on the value added to goods and services. It applies to almost all goods and services that are imported, bought and sold for use or consumption. Conversely, exported goods and services supplied to customers abroad are exempted or zero-rated. The Company is a VAT registrant.

Goodwill

In accordance with International Accounting Standards ("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. The Bank had no goodwill as at October 31, 2021 and 2020. Refer to Note 11 for details.

Going Concern

The Bank's management has made an assessment of the Bank's ability to continue as a going concern and is satisfied that the Bank has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

2.3 Adoption of new accounting policies

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

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

Several other amendments and interpretations apply for the first time in 2021, but did not have an impact on the Bank's consolidated financial statements. The Bank has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective.

IBOR reform Phase 1

The Bank adopted Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7 (IBOR reform Phase 1) with effect from November 1, 2020. IBOR reform Phase 1 includes a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument during the period before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (RFR). This may lead to uncertainty whether a forecast transaction is highly probable and whether prospectively the hedging relationship is expected to be highly effective. IBOR reform Phase 1 provides reliefs which require the Bank to assume that hedging relationships are unaffected by the uncertainties caused by IBOR reform. This includes assuming that hedged cash flows are not altered as a result of IBOR reform. Also, the reliefs allow the Bank to not discontinue hedging relationships as a result of retrospective or prospective ineffectiveness. IBOR reform Phase 1 also requires additional disclosures in relation to those hedging relationships to which the reliefs are applied. The Bank continues to assess the impact of IBOR reform on its operations and continues to engage with industry associations on recent developments on the transition to risk-free rates, which includes the development of supporting business processes.

IBOR reform Phase 2

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

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(Expressed in thousands of Bahamian dollars)

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

The Bank has early adopted IBOR reform Phase 2 for its October 2021 year-end. IBOR reform Phase 2 provides temporary reliefs that allow the Bank's hedging relationships to continue upon the replacement of an existing interest rate benchmark with an RFR. The reliefs require the Bank to amend the hedge designations and hedge documentation. The Bank elected, as a policy choice permitted under IFRS 9, to continue to apply hedge accounting in accordance with IAS 39. As a result, additional disclosures related to the Bank's exposures to significant benchmark rates subject to the reform are disclosed in Notes 5 and 27 to the Bank's consolidated financial statements.

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

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. The amendments also specify that if a set of activities and assets does not have outputs at the acquisition date, an acquired process must be considered substantive only if: (a) it is critical to the ability to develop or convert acquired inputs into outputs; and (b) the inputs acquired include both an organised workforce with the necessary skills, knowledge, or experience to perform that process, and other inputs that the organised workforce could develop or convert into outputs. In contrast, if a set of activities and assets has outputs at that date, an acquired process must be considered substantive if: (a) it is critical to the ability to continue producing outputs and the acquired inputs include an organised workforce with the necessary skills, knowledge, or experience to perform that process; or (b) it significantly contributes to the ability to continue producing outputs and either is considered unique or scarce, or cannot be replaced without significant cost, effort or delay in the ability to continue producing outputs. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Bank.

Amendments to IAS 1 and IAS 8: Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to, the Bank.

For the year ended October 31, 2021
(Expressed in thousands of Bahamian dollars)

Conceptual Framework for Financial Reporting issued on March 29, 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Bank.

Amendments to IFRS 16: Covid-19 Related Rent Concessions

On May 28, 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after June 1, 2020. Earlier application is permitted. This amendment had no impact on the consolidated financial statements of the Bank.

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

The consolidated financial statements are presented in Bahamian dollars, which is the Bank's functional and presentational currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Bank at the 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 using prevailing average monthly exchange rates. Realised and unrealised gains and losses on foreign currency positions are reported in income of the current year. Translation differences on non-monetary items, such as equities classified as debt securities at FVOCI, are included in the debt securities revaluation reserve in equity.

Derivative financial instruments and hedge accounting

The Bank 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.

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

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk).

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

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

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

Hedge ineffectiveness can arise from:

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

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

Fair value hedge

For hedging relationships which are designated and qualify as fair value hedges and that prove to be highly effective in relation to the hedged risk, changes in the fair value of the derivatives are recorded in the consolidated statement of income, along with the corresponding change in fair value of the hedged asset or liability that is attributable to that specific hedged risk.

If the hedge no longer meets the criteria for hedge accounting, an adjustment to the carrying amount of a hedged interest-bearing financial instrument is amortised to net profit or loss over the remaining period to maturity.

Cash flow hedge

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

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in other comprehensive income at that time remains in other comprehensive income and is recognised when the forecast transaction is ultimately recognised in the consolidated statement of income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the consolidated statement of income. As at October 31, 2021, the Bank did not have hedge relationships classified as cash flow hedges.

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

IBOR Reform Phase 1 and Phase 2

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

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

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

Interest income and expense

Interest income and expense are recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost, and financial instruments designated at fair value through profit or loss (“FVPL”). Interest income on interest bearing financial assets measured at FVOCI under IFRS 9, is also recorded by using the EIR method. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset. When calculating the EIR, we estimate future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

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

The Bank calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired (as set out in Note 8) and is, therefore, regarded as 'Stage 3', the Bank calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial asset cures (as outlined in Note 8) and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

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

Fee and commission income

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

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

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

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

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

Investment management fees (reported as part of underwriting fees in Note 16) are primarily based on the respective value of the assets under management (AUM) or assets under administration (AUA) and are recognised over the period that the related services are provided. Investment management fees are generally calculated based on point-in-time AUM and AUA balances. Custodial fees are recognised as revenue over the applicable service period, which is generally the contract term.

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

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

Initial measurement of financial instruments
The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value except in the case of financial assets and financial liabilities recorded at FVPL. Transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Bank accounts for the Day 1 profit or loss, as described below.

Day 1 profit or loss
When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Bank recognises the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

Measurement categories of financial assets and liabilities
From November 1, 2018, the Bank classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:
- Amortised cost
- FVOCI
- FVPL

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

Financial assets and liabilities
Due from banks, Loans and advances to customers, Financial investments at amortised cost
The Bank only measures Due from banks, Loans and advances to customers and other financial investments at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

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- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

The details of these conditions are outlined below.

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

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

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

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

The SPPI (solely payments of principal and interest) test
As a second step of its classification process, the Bank assesses the contractual terms of financial instruments to identify whether they meet the SPPI test.

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

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

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

Derivatives recorded at fair value through profit or loss
A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').

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- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

The Bank enters into derivative transactions with various counterparties. These may include interest rate swaps, futures, credit default swaps, cross-currency swaps, forward foreign exchange contracts and options on interest rates, foreign currencies and equities. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. The notional amount and fair value of such derivatives are disclosed separately in Note 5. Changes in the fair value of derivatives are included in net trading income unless hedge accounting is applied. Hedge accounting disclosures are provided in Note 5.

Debt instruments at FVOCI

The Bank applies the category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

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

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. The ECL calculation for debt instruments at FVOCI is shown in Note 7. Where the Bank holds more than one investment in the same security, they are deemed to be disposed of on a first–in first–out basis. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

Equity instruments at FVOCI

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

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

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

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

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis, or

- The liabilities are part of a group of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, or

- The liabilities contains one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered, that separation of the embedded derivative(s) is prohibited.

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Financial assets and financial liabilities at FVPL are recorded in the consolidated statement of financial position at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVPL due to changes in the Bank's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVPL is accrued in interest income or interest expense, respectively, using the EIR, taking into account any discount/premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVPL is recorded using contractual interest rate as explained in Note 5. Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other operating income when the right to the payment has been established.

Financial guarantees, letters of credit and undrawn loan commitments

The Bank issues financial guarantees, letters of credit and loan commitments. The Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation and an ECL allowance.

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

The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the consolidated statement of financial position. The nominal values of these instruments together with the corresponding ECLs are disclosed in Note 8.

Reclassification of financial assets and liabilities

The Bank does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Bank acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Bank did not reclassify any of its financial assets or liabilities in 2021.

Derecognition of financial assets and liabilities

Derecognition due to substantial modification of terms and conditions

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

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

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

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

Derecognition other than for substantial modification

Financial assets

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

The Bank has transferred the financial asset if, and only if, either:

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

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

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

A transfer only qualifies for derecognition if either:

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

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

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

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

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

Impairment of financial assets

Overview of the ECL principles

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

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined in Note 8. The Bank's policies for determining if there has been a significant increase in credit risk are set out in Note 27.

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

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

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. This is further explained in Note 27.

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

- Stage 1: When loans are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3: Loans considered credit-impaired (as outlined in Note 8). The Bank records an allowance for the LTECLs.
- POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses. ECL allowances for POCI assets are reported in Stage 3.

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

The calculation of ECLs

The Bank calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PDs is further explained in Note 27.
- EAD - The Exposure at Default is an estimate of the exposure at a future default date, taking into account

expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

- LGD - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

With the exception of credit cards and other revolving facilities, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier. The mechanics of the ECL method are summarised below:

- Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

- Stage 3: For loans considered credit-impaired, the Bank recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

- POCI assets: These are financial assets that are credit impaired on initial recognition. The Bank only recognises the cumulative changes in lifetime ECLs since initial recognition, based on probability-weighting scenarios, discounted by the credit adjusted EIR.

- Loan commitments and letters of credit: When estimating 12mECL for undrawn loan commitments, the Bank applies the PD and LGD to the undrawn amount, and this amount is discounted at an approximation to the expected EIR on the loan.

  For credit cards and revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognised within Provisions.

- Financial guarantee contracts: The Bank estimates ECLs by applying the PD and LGD to the exposure, and this amount is discounted at an approximation to the interest rate relevant to the exposure. The ECLs related to financial guarantee contracts are recognised within credit loss on financial assets.

  In circumstances where The Central Bank of the Bahamas' ("The 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.

Debt instruments measured at fair value through OCI

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

Purchased or originated credit impaired financial assets (POCI)
For POCI financial assets, the Bank only recognises the cumulative changes in LTECL since initial recognition in the loss allowance.

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

The ongoing assessment of whether a significant increase in credit risk has occurred for revolving facilities is similar to other lending products. This is based on shifts in the customer's internal credit grade or history of delinquency, as explained in Note 27, but greater emphasis is also given to qualitative factors such as changes in usage. The calculation of ECLs, including the estimation of the expected period of exposure and discount rate is made, as explained in Note 27, on a collective basis for corporate and retail products. The collective assessments are made separately for portfolios of facilities with similar credit risk characteristics.

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

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

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

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

Collateral valuation
To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non- financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Bank's consolidated statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a quarterly basis. Details of the impact of the Bank's various credit enhancements are disclosed in Note 8.

The Bank'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 Bank's credit exposure.

Collateral repossessed

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

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

Write-offs

Financial assets are written off either partially or in their entirety only when the Bank has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

Forborne and modified loans

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

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

When the loan has been renegotiated or modified but not derecognised, the Bank also reassesses whether there has been a significant increase in credit risk, as set out in Note 27. The Bank also considers whether the assets should be classified as Stage 3. Once an asset has been classified as forborne, it will remain forborne for a minimum probation period according to the regulatory rules in The Bahamas and the TCI.

In order for the loan to be reclassified out of the forborne category, the customer has to meet all of the following criteria:

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

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Details of forborne assets are disclosed in Note 27. If modifications are substantial, the loan is derecognised.

Offsetting financial instruments

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

Goodwill

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

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

Property and equipment

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

Depreciation of owned assets is computed using 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 – 67%

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

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and are adjusted if appropriate.

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The asset's recoverable amount is the higher of the asset's fair value less costs to sell and the value in use.

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

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Leases

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

As a lessee

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

Right-of-use assets

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

The right-of-use assets are presented within Note 9 Property and equipment and are subject to similar impairment in line with the Bank’s impairment policy for non-financial assets.

Lease liabilities

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

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

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

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

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Determination of the lease term for lease contracts with renewal and termination options (As a lessee)
The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Bank has several lease contracts that include extension and termination options. The Bank applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

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

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

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

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

Cash and cash equivalents
For the purposes of the consolidated 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 The Central Bank (excluding mandatory reserve deposits), treasury bills and other money market placements.

Provisions
Provisions are recognised when the Bank 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 Bank operates a pension plan, the assets of which are held in a separate trustee-administered fund. The

pension plan is funded by payments from employees and the Bank, taking account of the recommendations of independent qualified actuaries. The plan has defined benefit and defined contribution sections. 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 Bank pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The asset or liability recognised in the consolidated statement of financial position in respect of the defined benefit sections of the plan 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 costs. 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 that have terms to maturity approximating the terms of the related liability. The pension plan is a final salary plan and the charge, representing the net periodic pension cost less employee contributions, is included in staff costs.

Re-measurements, comprising where applicable of actuarial gains and losses, the effect of the asset ceiling, excluding net interest and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to reserves through Other Comprehensive Income (“OCI”) in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

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

- The date of the plan amendment or curtailment; and
- The date that the Bank recognises restructuring-related costs

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

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

For the defined contribution section of the plan, the Bank makes contributions to a private trustee-administered fund. Once the contributions have been paid, the Bank 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 Bank’s contributions to the defined contribution section of the plan are charged to the consolidated statement of income in the year to which they relate.

Other post-retirement obligations

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

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.

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Dividends on common shares

Dividends on common shares are deemed declared, and recognised in equity, in the period in which the dividends are approved by the Board and receive the applicable regulatory approvals.

Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the year.

Fiduciary activities

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

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 operating segments of an entity. The Bank has determined the Parent's Executive Committee as its chief operating decision-maker.

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

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

Fair value measurement

The Bank measures financial instruments, such as derivatives and FVOCI debt securities, at fair value at each statement of financial position date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 27. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

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

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

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

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

Comparatives

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

2.5 Standards issued but not yet effective

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

IFRS 17 Insurance contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts ("IFRS 17"), a comprehensive new accounting standard for insurance contracts, covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts ("IFRS 4") that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Bank.

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

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

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

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

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

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

Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16
In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The Bank is currently assessing the impact of these amendments and plans to adopt the new amendment on the required effective date.

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

The IASB also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the IASB decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

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

Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37
In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract

and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Bank is currently assessing the impact of these amendments and plans to adopt the new amendment on the required effective date.

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

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

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

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

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. This standard is not applicable to the Bank.

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Note 3 Cash and Balances with The Central Bank

	2021	2020
Cash	$ 39,258	$ 34,654
Deposits with The Central Bank - non-interest bearing	359,623	252,295
Cash and balances with The Central Bank	398,881	286,949
Less: Mandatory reserve deposits with The Central Bank	(61,855)	(63,404)
Included in cash and cash equivalents, as per below	$ 337,026	$ 223,545

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

Cash and balances with The Central Bank are non-interest bearing.

Cash and cash equivalents

	2021	2020
Cash and balances with The Central Bank, as per above	$ 337,026	$ 223,545
Due from banks, included in cash and cash equivalents (Note 4)	390,541	294,233
	$ 727,567	$ 517,778

Note 4 Due from Banks

	2021	2020
Included in cash and cash equivalents (Note 3)	$ 390,541	$ 294,233
Greater than 90 days maturity from date of acquisition	25,100	25,100
Due from banks	$ 415,641	$ 319,333

Due from banks comprises deposit placements and include amounts placed with other FirstCaribbean International Bank entities of $212,669 (2020: $192,348) and deposit placements with CIBC entities of $78,124 (2020: $69,145) (Note 22). Placements with other FirstCaribbean International Bank entities include amounts with FCIB Jamaica totalling $25,100 (2020: $25,100), which are pledged in favour of that bank in support of loans granted to certain of its customers.

The average effective yield on deposit placements during the year was 0.08% (2020: 0.91%).

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Note 5 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.

	Notional Amount		Fair Values	
	Assets	Liabilities	Assets	Liabilities
2021				
Interest rate swaps	$ -	$ -	$ -	$ -
			$ -	$ -
2020				
Interest rate swaps	$ 2,345	$ 2,345	$ 33	$ 21
			$ 33	$ 21

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

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

As at 2021 and 2020, there was no cash collateral pledged with counterparties that have one-way collateral posting arrangements.

Derivative financial instruments held or issued for hedging purposes
As part of its asset and liability management, the Bank uses derivatives for hedging purposes in order to reduce its exposure to specified risks. Fair value hedges are used by the Bank 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 are hedged by interest rate swaps.

IBOR reform
The effect of IBOR reform on the Bank's interest rate risk management is described in Note 27. There is no impact on the Bank's hedging activities as there are no active hedges as of October 31, 2021.

As at October 31, 2021, the accumulated fair value hedge adjustments remaining on the consolidated statement of financial position related to discontinued fair value hedges were $38 gain (2020: $286 net gain).

Note 6 Other Assets

	2021	2020
Clearings and suspense	$ 4,970	$ 3,886
Other accounts receivables (Note 22)	3,766	3,670
Prepayments and deferred items	2,167	3,711
	$ 10,903	$ 11,267

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Included in other accounts receivables are balances due from the Bank's retirement benefit pension plan amounting to $2,849 (2020: $2,649), which represents amounts paid to pensioners on the plan's behalf.

Note 7 Securities

2021	Stage 1	Stage 2	Stage 3	Total
Securities measured at FVOCI:				
Government securities				
- Regional	$ 4,905	$ 283,819	$ -	$ 288,724
- Non Regional	308,994	-	-	308,994
Total Government securities	313,899	$ 283,819	-	597,718
Corporate debt securities	299,404	-	-	299,404
Total debt securities	$ 613,303	$ 283,819	$ -	$ 897,122
Equity securities - unquoted	219	-	-	219
Total securities measured at FVOCI	$ 613,522	$ 283,819	$ -	$ 897,341
Debt securities at amortised cost:				
Government securities at amortised cost	$ -	$ -	$ 18,395	$ 18,395
Total securities at amortised cost	$ -	$ -	$ 18,395	$ 18,395
Total securities at FVOCI & amortised cost	$ 613,522	$ 283,819	$ 18,395	$ 915,736
Add: Interest receivable				2,684
Total				$ 918,420

2020	Stage 1	Stage 2	Stage 3	Total
Securities measured at FVOCI:				
Government securities				
- Regional	$ 539,644	$ 1,436	$ -	$ 541,080
- Non Regional	43,998	-	-	43,998
Total Government securities	583,642	1,436	-	585,078
Corporate debt securities	282,947	25,559	-	308,506
Total debt securities	$ 866,589	$ 26,995	$ -	$ 893,584
Equity securities - unquoted	219	-	-	219
Total securities measured at FVOCI	$ 866,808	$ 26,995	$ -	$ 893,803
Debt securities at amortised cost:				
Government securities at amortised cost	$ -	$ -	$ 20,117	$ 20,117
Total securities at amortised cost	$ -	$ -	$ 20,117	$ 20,117
Total securities at FVOCI & amortised cost	$ 866,808	$ 26,995	$ 20,117	$ 913,920
Add: Interest receivable				4,005
Total				$ 917,925

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Barbados Government debt restructuring

On May 18, 2020, the Government of Barbados and the Barbados External Creditor Committee finalised the exchange of the Government US dollar denominated debt in the final phase of a debt restructuring program. The security measured as FVOCI with a par amount of $23.0 million and an expected credit loss of $4.8 million was exchanged for a longer dated security with a par amount of $25.2 million. The instrument is measured as a POCI amortised cost security at an initial carrying value equal to the estimated fair value of $21.4 million with no initial allowance for expected credit losses as risk of future losses was reflected in the acquisition date discount. A one-time cash payment of $0.5 million was also received.

Allowance for credit losses on securities

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

2021	Stage 1 Collective provision 12-month ECL performing	Stage 2 Collective provision lifetime ECL performing	Stage 3 Collective and individual provision lifetime ECL credit-impaired	Total
Debt securities at FVOCI				
Balance, beginning of year	$ 9,585	$ 186	$ -	$ 9,771
Originations net of repayments and other derecognitions	(405)	(50)	-	(455)
Net remeasurement	1,491	(328)	-	1,163
Transfers to lifetime ECL non-credit impaired	(10,076)	10,076	-	-
Credit loss (reversal)/expense	(8,990)	9,698	-	708
Balance, end of year	$ 595	$ 9,884	$ -	$ 10,479
Debt securities at amortised cost				
Balance, beginning and end of year	$ -	$ -	$ 536	$ 536

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2020

	Stage 1 Collective provision 12-month ECL performing	Stage 2 Collective provision lifetime ECL performing	Stage 3 Collective and individual provision lifetime ECL credit-impaired	Total
Debt securities at FVOCI				
Balance, beginning of year	$ 7,218	$ 626	$ 4,806	$ 12,650
Originations net of repayments and other derecognitions	(236)	(32)	804	536
Changes in model	(1,016)	(5)	-	(1,021)
Net remeasurement	3,619	(403)	-	3,216
Credit loss expense/(reversal)	2,367	(440)	804	2,731
Write-offs	-	-	(5,610)	(5,610)
Balance, end of year	$ 9,585	$ 186	$ -	$ 9,771
Debt securities at amortised cost				
Balance, beginning of year	$ -	$ -	$ -	$ -
Net remeasurement	-	-	536	536
Credit loss expense	-	-	536	536
Balance, end of year	$ -	$ -	$ 536	$ 536

Impact of COVID-19 pandemic on expected credit losses for Securities
To address the uncertainties inherent in the current environment, management overlays were utilised for the impact that the COVID-19 pandemic will have on the migration of exposures that are most susceptible to these risks. As at October 31, 2021, the COVID-19 overlay for securities stood at $5 million (2020: $5 million).

The average effective yield during the year on debt securities was 2.36% (2020: 2.73%). The Bank has a regulatory reserve requirement to maintain a percentage of deposit liabilities in cash or in the form of certain government securities. At October 31, 2021, the reserve requirement amounted to $272,706 (2020: $274,754) of which $210,851 (2020: $211,350) is in the form of government securities and $61,855 (2020: $63,404) is included within cash and balances with The Central Bank (Note 3).

The movement in debt instruments at FVOCI (excluding interest receivable) is summarised as follows:

	2021	2020
Balance, beginning of year	$ 913,920	$ 928,746
Additions (purchases and changes in fair value)	3,574,035	1,955,826
Disposals (sales and redemptions)	(3,572,219)	(1,970,652)
Balance, end of year	$ 915,736	$ 913,920

The higher volume of securities trades in 2021 was driven by increased deployment to short-term US Government securities for management of surplus liquidity.

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Note 8 Loans and Advances to Customers

2021	Stage 1	Stage 2	Stage 3	Total
Residential Mortgages				
Gross loans	$ 703,823	$ 194,241	$ 104,584	$ 1,002,648
Expected credit loss allowances	16,047	13,590	63,870	93,507
Net residential mortgages	687,776	180,651	40,714	909,141
Personal loans				
Gross loans	170,491	17,431	18,789	206,711
Expected credit loss allowances	3,817	1,232	13,925	18,974
Net personal loans	166,674	16,199	4,864	187,737
Business & Government loans				
Gross loans	717,409	333,867	10,019	1,061,295
Expected credit loss allowances	18,376	8,631	4,846	31,853
Net business & government loans	699,033	325,236	5,173	1,029,442
Total net loans	$ 1,553,483	$ 522,086	$ 50,751	$ 2,126,320
Add: Interest receivable				9,579
Less: Unearned fee income				(11,114)
				$ 2,124,785

2020	Stage 1	Stage 2	Stage 3	Total
Residential Mortgages				
Gross loans	$ 552,236	$ 367,720	$ 73,942	$ 993,898
Expected credit loss allowances	11,266	40,709	47,992	99,967
Net residential mortgages	540,970	327,011	25,950	893,931
Personal loans				
Gross loans	130,564	56,773	15,179	202,516
Expected credit loss allowances	4,697	5,570	11,019	21,286
Net personal loans	125,867	51,203	4,160	181,230
Business & Government loans				
Gross loans	827,378	155,821	11,788	994,987
Expected credit loss allowances	22,935	12,705	2,052	37,692
Net business & government loans	804,443	143,116	9,736	957,295
Total net loans	$ 1,471,280	$ 521,330	$ 39,846	$ 2,032,456
Add: Interest receivable				10,475
Less: Unearned fee income				(11,192)
				$ 2,031,739

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2021	Stage 1 Collective provision 12-month ECL performing	Stage 2 Collective provision lifetime ECL performing	Stage 3 Collective and individual provision lifetime ECL credit-impaired	Total
Residential mortgages				
Balance, beginning of year	$ 11,266	$ 40,709	$ 47,992	$ 99,967
Originations net of repayments and other derecognitions	1,182	(419)	(186)	577
Changes in model	3,489	(2,449)	5,033	6,073
Net remeasurement	(22,122)	(1,964)	9,230	(14,856)
Transfers				
- to 12-month ECL	24,151	(23,851)	(300)	-
- to lifetime ECL non-credit-impaired	(1,861)	2,582	(721)	-
- to lifetime ECL credit-impaired	(58)	(3,671)	3,729	-
Credit loss expense/(reversal)	4,781	(29,772)	16,785	(8,206)
Net recoveries	-	-	1,287	1,287
Interest income on impaired loans	-	-	(2,194)	(2,194)
Other	-	2,653	-	2,653
Balance, end of year	$ 16,047	$ 13,590	$ 63,870	$ 93,507
Personal loans				
Balance, beginning of year	$ 4,697	$ 5,570	$ 11,019	$ 21,286
Originations net of repayments and other derecognitions	549	(130)	(459)	(40)
Changes in model	(1,709)	(835)	605	(1,939)
Net remeasurement	(1,926)	(1,020)	8,511	5,565
Transfers				
- to 12-month ECL	2,498	(2,332)	(166)	-
- to lifetime ECL non-credit-impaired	(275)	283	(8)	-
- to lifetime ECL credit-impaired	(17)	(304)	321	-
Credit loss (reversal)/expense	(880)	(4,338)	8,804	3,586
Net write-offs	-	-	(5,538)	(5,538)
Interest income on impaired loans	-	-	(360)	(360)
Balance, end of year	$ 3,817	$ 1,232	$ 13,925	$ 18,974

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2021	Stage 1 Collective provision 12-month ECL performing	Stage 2 Collective provision lifetime ECL performing	Stage 3 Collective and individual provision lifetime ECL credit-impaired	Total
Business & government loans				
Balance, beginning of year	$ 22,935	$ 12,705	$ 2,052	$ 37,692
Originations net of repayments and other derecognitions	2,392	4	(158)	2,238
Changes in model	(4,848)	(4,563)	312	(9,099)
Net remeasurement	(2,180)	3,122	4,305	5,247
Transfers				
- to 12-month ECL	5,447	(5,443)	(4)	-
- to lifetime ECL non-credit-impaired	(5,362)	5,519	(157)	-
- to lifetime ECL credit-impaired	(8)	(60)	68	-
Credit loss (reversal)/expense	(4,559)	(1,421)	4,366	(1,614)
Net write-offs	-	-	(1,117)	(1,117)
Interest income on impaired loans	-	-	(455)	(455)
Other	-	(2,653)	-	(2,653)
Balance, end of year	$ 18,376	$ 8,631	$ 4,846	$ 31,853
Total Bank				
Balance, beginning of year	$ 38,898	$ 58,984	$ 61,063	$ 158,945
Originations net of repayments and other derecognitions	4,123	(545)	(803)	2,775
Changes in model	(3,068)	(7,847)	5,950	(4,965)
Net remeasurement	(26,228)	138	22,046	(4,044)
Transfers				
- to 12-month ECL	32,096	(31,626)	(470)	-
- to lifetime ECL non-credit-impaired	(7,498)	8,384	(886)	-
- to lifetime ECL credit-impaired	(83)	(4,035)	4,118	-
Credit loss (reversal)/expense	(658)	(35,531)	29,955	(6,234)
Net write-offs	-	-	(5,368)	(5,368)
Interest income on impaired loans	-	-	(3,009)	(3,009)
Balance, end of year	$ 38,240	$ 23,453	$ 82,641	$ 144,334
Total ECL allowance comprises:				
- Loans	$ 36,701	$ 23,111	$ 82,641	$ 142,453
- Undrawn credit facilities	1,539	342	-	1,881

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2020	Stage 1 Collective provision 12-month ECL performing	Stage 2 Collective provision lifetime ECL performing	Stage 3 Collective and individual provision lifetime ECL credit-impaired	Total
Residential mortgages				
Balance, beginning of year	$ 5,946	$ 4,420	$ 46,350	$ 56,716
Originations net of repayments and other derecognitions	728	158	(1,153)	(267)
Changes in model	-	1,142	(36)	1,106
Net remeasurement	10,361	28,676	1,717	40,754
Transfers				
- to 12-month ECL	2,242	(2,010)	(232)	-
- to lifetime ECL non-credit-impaired	(8,006)	8,690	(684)	-
- to lifetime ECL credit-impaired	(5)	(367)	372	-
Credit loss expense/(reversal)	5,320	36,289	(16)	41,593
Net recoveries	-	-	3,601	3,601
Interest income on impaired loans	-	-	(1,943)	(1,943)
Balance, end of year	$ 11,266	$ 40,709	$ 47,992	$ 99,967
Personal loans				
Balance, beginning of year	$ 2,904	$ 1,023	$ 12,478	$ 16,405
Originations net of repayments and other derecognitions	879	(9)	(146)	724
Changes in model	-	(216)	26	(190)
Net remeasurement	2,651	2,979	(731)	4,899
Transfers				
- to 12-month ECL	414	(319)	(95)	-
- to lifetime ECL non-credit-impaired	(2,145)	2,202	(57)	-
- to lifetime ECL credit-impaired	(6)	(90)	96	-
Credit loss expense/(reversal)	1,793	4,547	(907)	5,433
Net write-offs	-	-	(212)	(212)
Interest income on impaired loans	-	-	(340)	(340)
Balance, end of year	$ 4,697	$ 5,570	$ 11,019	$ 21,286

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2020

	Stage 1 Collective provision 12-month ECL performing	Stage 2 Collective provision lifetime ECL performing	Stage 3 Collective and individual provision lifetime ECL credit-impaired	Total
Business & government loans				
Balance, beginning of year	$ 11,157	$ 3,540	$ 12,244	$ 26,941
Originations net of repayments and other derecognitions	3,011	1,839	(452)	4,398
Changes in model	(744)	(374)	27	(1,091)
Net remeasurement	12,616	4,617	(806)	16,427
Transfers				
- to 12-month ECL	2,126	(2,092)	(34)	-
- to lifetime ECL non-credit-impaired	(5,220)	5,229	(9)	-
- to lifetime ECL credit-impaired	(11)	(54)	65	-
Credit loss expense/(credit)	11,778	9,165	(1,209)	19,734
Net write-offs	-	-	(8,484)	(8,484)
Interest income on impaired loans	-	-	(499)	(499)
Balance, end of year	$ 22,935	$ 12,705	$ 2,052	$ 37,692
Total Bank				
Balance, beginning of year	$ 20,007	$ 8,983	$ 71,072	$ 100,062
Originations net of repayments and other derecognitions	4,618	1,988	(1,751)	4,855
Changes in model	(744)	552	17	(175)
Net remeasurement	25,628	36,272	180	62,080
Transfers				
- to 12-month ECL	4,782	(4,421)	(361)	-
- to lifetime ECL non-credit-impaired	(15,371)	16,121	(750)	-
- to lifetime ECL credit-impaired	(22)	(511)	533	-
Credit loss expense/(credit)	18,891	50,001	(2,132)	66,760
Net write-offs	-	-	(5,095)	(5,095)
Interest income on impaired loans	-	-	(2,782)	(2,782)
Balance, end of year	$ 38,898	$ 58,984	$ 61,063	$ 158,945
Total ECL allowance comprises:				
- Loans	$ 36,011	$ 58,358	$ 61,063	$ 155,432
- Undrawn credit facilities	2,887	626	-	3,513

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Impaired Loans

	2021			2020		
	Gross impaired	Stage 3 allowance	Net impaired	Gross impaired	Stage 3 allowance	Net impaired
Residential mortgages	$ 104,584	$ 63,870	$ 40,714	$ 73,942	$ 47,992	$ 25,950
Personal loans	18,789	13,925	4,864	15,179	11,019	4,160
Business & government loans	10,019	4,846	5,173	11,788	2,052	9,736
Total impaired loans	$ 133,392	$ 82,641	$ 50,751	$ 100,909	$ 61,063	$ 39,846

The average interest yield during the year on loans and advances was 5.73% (2020: 5.92%). Gross impaired loans as at October 31, 2021 amounted to $133,392 (2020: $100,909) and interest taken to income on those loans during the year amounted to $3,009 (2020: $2,782).

Contractually past due but not impaired loans

This comprises loans where repayment of principal or payment of interest is contractually in arrears. The following tables provide an aging analysis of the contractually past due loans:

2021	Residential Mortgages	Personal Loans	Business & Government loans	Total
Less than 30 days	$ 34,517	$ 4,945	$ 22,729	$ 62,191
31 - 60 days	40,770	2,679	3,579	47,028
61 - 89 days	36,458	2,236	3,537	42,231
	$ 111,745	$ 9,860	$ 29,845	$ 151,450

2020	Residential Mortgages	Personal Loans	Business & Government loans	Total
Less than 30 days	$ 38,754	$ 8,533	$ 89,711	$ 136,998
31 - 60 days	51,379	8,423	14,316	74,118
61 - 89 days	16,772	7,326	1,934	26,032
	$ 106,905	$ 24,282	$ 105,961	$ 237,148

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

As a result of the impact of the COVID-19 pandemic and the potential negative impact on the Bank's loan portfolio arising from the decline in economic activity, a heightened application of judgment in a number of areas was required in the determination of whether a significant increase in credit risk (SICR) has occurred. This included the careful evaluation of the evolving macroeconomic environment and the various client relief programs that were provided to clients. Interest or principal deferments pursuant to various relief programs provided in some cases, resulted in a SICR that would trigger migration to stage 2 as it was determined that there was a SICR based on an assessment of related forward-looking indicators. Management overlays to ECL allowance estimates are adjustments which the Bank uses in circumstances where existing inputs, assumptions and model techniques are determined to not capture all relevant risk factors. To address the uncertainties inherent in the current environment, management overlays were utilised for the impact that the COVID-19 pandemic will have on the migration of exposures that are most susceptible to these risks. As at October 31, 2021, the COVID-19 overlay for loans stood at $3 million (2020: $62 million). The decrease in 2021 was due to the ECL allowance assumptions and model updates for PDs and LGDs to reflect the COVID-19 economic environment, eliminating the need for a high-level COVID-19 management overlay assessment. The overlay remaining is specific to sovereign loans and is based on economic forecasts.

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Note 9 Property and Equipment

	Land and buildings	Equipment, furniture and vehicles	Leasehold improvements	Right of use assets (buildings)	2021 Total
Cost					
Balance, beginning of year	$ 23,331	$ 60,768	$ 21,857	$ 15,409	$ 121,365
Purchases	891	4,089	1,259	275	6,514
Disposals	-	-	-	(10)	(10)
Modifications/net transfers	2,920	1,276	(4,196)	(3,580)	(3,580)
Balance, end of year	$ 27,142	$ 66,133	18,920	12,094	124,289
Accumulated depreciation					
Balance, beginning of year	$ 10,400	$ 47,419	$ 15,263	$ 2,883	$ 75,965
Depreciation (Note 17)	604	3,972	413	2,849	7,838
Disposals	-	-	-	(7)	(7)
Modifications/net transfers	(20)	20	-	-	-
Balance, end of year	$ 10,984	$ 51,411	$ 15,676	$ 5,725	$ 83,796
Net book value, end of year	$ 16,158	$ 14,722	3,244	$ 6,369	$ 40,493

	Land and buildings	Equipment, furniture and vehicles	Leasehold improvements	Right of use assets (buildings)	2020 Total
Cost					
Balance, beginning of year	$ 23,331	$ 55,491	$ 19,861	$ 15,300	$ 113,983
Purchases	-	4,544	2,729	23	7,296
Disposals	-	-	-	(86)	(86)
Modifications/net transfers	-	733	(733)	172	172
Balance, end of year	$ 23,331	$ 60,768	$ 21,857	$ 15,409	$ 121,365
Accumulated depreciation					
Balance, beginning of year	$ 9,863	$ 43,743	$ 14,484	$ -	$ 68,090
Depreciation (Note 17)	537	3,676	779	2,883	7,875
Disposals	-	-	-	(7)	(7)
Modifications	-	-	-	7	7
Balance, end of year	$ 10,400	$ 47,419	$ 15,263	$ 2,883	$ 75,965
Net book value, end of year	$ 12,931	$ 13,349	$ 6,594	$ 12,526	$ 45,400

This note also provides information for operating leases where the Bank is a lessee. There are no operating leases where the Bank is a lessor. Included as part of leasehold improvements is an amount for $1,856 (2020: $5,184) relating to systems development costs and work in progress which is incomplete, not yet in operation and on which no depreciation has been charged.

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Note 10 | Retirement Benefit Assets and Obligations

The Bank has an insured group health plan and a pension plan. The pension plan is a mixture of defined benefit and defined contribution schemes.

Plan characteristics, funding and risks

The benefits that members receive at retirement under the defined contribution plan depend on their account balances at retirement and the cost of purchasing an annuity. The total expense relating to the contributory plan charged for the year was $392 (2020: $416), which represents contributions to the defined contribution plan by the Bank at rates specified in the rules of the plan. Refer to Note 17.

The defined benefit pension plan is non-contributory and allows for additional voluntary contributions with benefits dependent on either highest average annual pensionable earnings in the last ten years of membership or highest inflation adjusted salary in any one of the last three years of membership. The defined benefit plan is fully integrated with the benefits provided by local national insurance or social security schemes. The insured health plan allows for retirees to continue receiving health benefits during retirement. The plans require contributions to separate funds, are administered independently and are valued by independent actuaries every three years using the projected unit credit method.

Benefit changes

There were no material changes to the terms of the Bank's defined benefit pension or post-retirement medical benefit plans in 2021 or 2020.

Risks

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

Plan governance

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

Amounts recognised on the consolidated statement of financial position

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

For the year ended October 31, 2021
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	Defined benefit pension plans		Post-retirement medical benefits	
	2021	2020	2021	2020
Fair value of the plan assets	$ 169,140	$ 143,482	$ -	$ -
Present value of the obligations	(102,813)	(107,706)	(8,764)	(9,550)
Net retirement benefit asset/(obligations)	$ 66,327	$ 35,776	$ (8,764)	$ (9,550)

The Retirement Benefit Assets reported on the statement of financial position comprises of the Bahamas Defined Benefit Pension Plan's net asset of $71,059 (2020: $42,285).

The Retirement Benefit Obligations reported on the statement of financial position comprises of the Turks and Caicos Islands (TCI) Defined Benefit Pension Plan's net obligation of $4,732 (2020: $6,509) and the Post-Retirement Medical Benefits obligation of $8,764 (2020: $9,550).

The pension plan assets include 100,000 (2020: 100,000) ordinary shares in the Bank, with a fair value of $1,126 (2020: $1,126).

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

	2021	2020
Opening fair value of plan assets	$ 143,482	$ 134,938
Benefits paid	(4,911)	(3,265)
Actuarial gains	30,745	12,017
Plan administration costs	(176)	(208)
Closing fair value of plan assets	$ 169,140	$ 143,482

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

	2021	2020
Opening obligations	$ (107,706)	$ (111,676)
Interest costs	(5,808)	(5,769)
Current service costs	(2,248)	(2,414)
Benefits paid	4,911	3,265
Actuarial gains on obligations	7,771	8,888
Past service costs	267	-
Closing obligations	$ (102,813)	$ (107,706)

Changes in the present value of the obligations for post-retirement medical benefits are:

	2021	2020
Opening obligations	$ (9,550)	$ (10,395)
Interest costs	(508)	(529)
Benefits paid	499	503
Actuarial gains on obligations	795	871
Closing obligations	$ (8,764)	$ (9,550)

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The last actuarial valuation was conducted as at November 1, 2019 and revealed a fund surplus of $35,448. The Bank expects to contribute $nil (2020: $nil) to its defined benefit pension plans in the following year as the plans are on a contribution holiday. During the last triennial valuation the Plan Actuary of the Bank recommended a Defined Benefit contribution holiday for three years. The contribution holiday is expected to last for six years if the existing surplus is to be fully amortised, and this will be re-evaluated in the plans' next triennial valuation.

The amounts recognised in the consolidated statement of income are as follows:

	Defined benefit pension plans		Post-retirement medical benefits	
	2021	2020	2021	2020
Current service costs	$ 2,248	$ 2,414	$ -	$ -
Interest costs	5,808	5,769	508	529
Interest income on plan assets	(8,208)	(7,201)	-	-
Plan administration costs	176	208	-	-
Past service costs	(267)	-	-	-
Total amount included in staff costs (Note 17)	$ (243)	$ 1,190	$ 508	$ 529
Actual return on plan assets	$ (30,745)	$ (12,017)	$ -	$ -

The net re-measurement gains recognised in other comprehensive income are as follows:

	Defined benefit pension plans		Post-retirement medical benefits	
	2021	2020	2021	2020
Actuarial (gains)/losses on defined benefit obligation arising from:				
- Financial assumptions	$ (7,888)	$ (6,934)	$ (373)	$ (317)
- Experience adjustments	117	(1,954)	(422)	(581)
Return on plan assets excluding interest income	(22,537)	(4,816)	-	2
Net re-measurement gains recognised in OCI	$ (30,308)	$ (13,704)	$ (795)	$ (896)

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

	Defined benefit pension plans		Post-retirement medical benefits	
	2021	2020	2021	2020
Balance, beginning of year	$ 35,776	$ 23,262	$ (9,550)	$ (10,395)
Charge for the year (Note 17)	243	(1,190)	(508)	(529)
Contributions by employer	-	-	499	478
Effect on statement of other comprehensive income	30,308	13,704	795	896
Balance, end of year	$ 66,327	$ 35,776	$ (8,764)	$ (9,550)

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

	Defined benefit pension plans		Post-retirement medical benefits	
	2021	2020	2021	2020
Active members	$ 52,391	$ 59,980	$ -	$ -
Inactive and retired members	50,422	47,726	8,764	9,550
	$ 102,813	$ 107,706	$ 8,764	$ 9,550

The average duration of the net asset/(obligations) at the end of the reporting period is as follows:

	Defined benefit pension plans		Post-retirement medical benefits	
	2021	2020	2021	2020
Average duration, in years	19	19	14	15

The major categories of the plan assets and the actual fair value of total plan assets ($ in thousands and %) are as follows (see Note 2.4):

	2021		2020	
	$	%	$	%
Quoted equity instruments				
- International	1,101	1	1,140	1
Quoted debt				
- Government bonds	1,926	1	1,939	1
Investment Funds				
- U.S. Equity	85,483	50	64,143	45
- International Equity	35,620	21	27,937	19
- Fixed Income	43,994	26	46,696	33
Other assets	1,016	1	1,627	1
	169,140	100%	143,482	100%

The overall expected rates of return on assets are determined based on the market prices, including published brokers' forecasts prevailing on the date of valuation, applicable to the period that the obligation is to be settled.

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The principal actuarial assumptions used at the reporting date are as follows:

	Defined benefit pension plans	
	2021	2020
Discount rate (TCI, Bahamas)	2.9%, 6.5%	2.7%, 6.1%
Expected return on plan assets (TCI, Bahamas)	2.9%, 6.5%	2.7%, 6.1%
Future salary increases	4.0%	4.0%
Future pension increases	2.5%	2.5%

	Post-retirement medical benefits	
	2021	2020
Discount rate (TCI, Bahamas)	2.9%, 6.5%	2.7%, 6.1%
Premium escalation rate	6.0%	6.0%
Existing retiree age	60	60

A quantitative sensitivity analysis for significant assumptions as at October 31, 2021 is as shown below:

Assumption	Sensitivity level	Impact on net defined benefit pension plans		Impact on Post-retirement medical benefits	
		$ Increase	$ Decrease	$ Increase	$ Decrease
Discount rate	1.0%	88,228	121,305	7,830	9,899
Future salary increases	0.5%	105,010	100,749	n/a	n/a
Future pension increases	0.5%	107,678	98,399	n/a	n/a
Premium escalation rate	1.0%	n/a	n/a	9,855	7,847
Existing retiree age	1 year	105,691	n/a	9,168	n/a

n/a – not applicable

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

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

	2021	2020
Within the next 12 months	$ 3,028	$ 2,658
Between 1 and 5 years	15,266	13,994
Between 5 and 10 years	27,343	25,706
Total expected payments	$ 45,637	$ 42,358

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Note 11 Goodwill

	2021	2020
Cost		
Balance, beginning and end of year	$ -	$ 187,747
Accumulated impairment		
Balance, beginning of year	-	115,000
Impairment	-	72,747
Balance, end of year	-	187,747
Carrying amount, end of year	$ -	$ -

Impairment tests for goodwill

Goodwill is allocated to the Bank's cash-generating units ("CGUs") identified according to country of operation.

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

During 2020, the COVID-19 pandemic led to significant volatility in financial markets across the world and prompted material reductions in interest rates. Based on impairment testing, the recoverable amount of the CGU was less than the carrying value and as a result, management recognised an impairment charge of $72,747 against goodwill with a carrying amount of $72,747 as at October 31, 2019. The impairment charge was recorded in the consolidated statement of income.

Key assumptions used for value-in-use calculations

A description of each assumption on which management based its cash flow projections is noted below. Key assumptions are those to which the CGU's recoverable amount is most sensitive, which include the discount and growth rates. The discount rates were determined based on the following primary factors: (i) the risk-free rate, (ii) an equity risk premium, (iii) beta adjustment to the equity risk premium based on a review of betas of comparable financial institutions in the region, and (iv) a country risk premium. The growth rates used were based on management's expectations of real growth but did not exceed the long-term average growth rate for The Bahamas.

	Discount Rate		Growth Rate	
	2021	2020	2021	2020
Bahamas	-	15%	-	2%

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Note 12 Customer Deposits

	Payable on demand	Payable after notice	Payable at a fixed date	2021 Total	2020 Total
Individuals	$ 396,372	$ 421,003	$ 329,023	$ 1,146,398	$ 1,086,104
Business and governments	1,593,731	17,293	343,528	1,954,552	1,747,716
Banks	14,128	-	163,726	177,854	116,744
	2,004,231	438,296	836,277	3,278,804	2,950,564
Add: Interest payable	144	38	2,745	2,927	3,029
	$ 2,004,375	$ 438,334	$ 839,022	$ 3,281,731	$ 2,953,593

These customer deposits are measured at amortised cost. Included in deposits from banks are deposits from other Parent Group entities of $177,481 (2020: $116,487) (Note 22).

The average effective rate of interest on deposits during the year was 0.16% (2020: 0.29%).

Note 13 Other Liabilities

	2021	2020
Accounts payable and accruals, including clearings	$ 32,985	$ 44,929
Lease liabilities	6,701	12,843
Amounts due to related parties (Note 22)	30,886	7,671
	$ 70,572	$ 65,443

The amounts due to related parties refer to balances due to other Parent Group entities and are interest-free and unsecured, with no fixed terms of repayment.

Lease Liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2021	2020
Balance, beginning of year	$ 12,843	$ 15,300
Additions	275	23
Terminations	(4)	(79)
Modifications	(3,577)	172
Accretion of interest	307	725
Payments	(3,143)	(3,298)
Balance, end of year	$ 6,701	$ 12,843

The maturity analysis of lease liabilities are disclosed in Note 27 and the future rental commitments (undiscounted) under these leases in Note 24.

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

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	2021	2020
Expenses relating to short-term leases included in administrative expenses	35	43
Expenses relating to leases of low-value assets not shown above as short-term	1,118	1,037
Expenses relating to variable lease payments not included in lease liability payments	3	(11)
	1,156	1,069

The Bank had total cash outflows for leases of $3.1 million October 31, 2021 (2020: $3.3 million). The Bank also had non-cash additions to right-of-use assets and lease liabilities of $0.3 million (2020: $15.3 million).

Note 14 | Issued Capital and Reserves

	2021	2020
Issued capital, beginning and end of year	$ 477,230	$ 477,230
Reserves		
Statutory reserve fund – Turks and Caicos Islands	63,169	62,875
Revaluation reserve – debt securities measured at FVOCI	11,060	14,370
Retirement benefit reserve	65,583	34,480
Reverse acquisition reserve	(63,566)	(63,566)
Total reserves	76,246	48,159
Total issued capital and reserves	$ 553,476	$ 525,389

The Bank's authorised capital is $20 million, comprising 150 million ordinary shares with a par value of $0.10 each and 50 million preference shares also having a par value of $0.10 each. All issued ordinary shares are fully paid. No preference shares were issued in 2021 and 2020. At October 31, 2021 and 2020, the issued share capital was as follows:

	Number of shares	Share par value	Share premium	Total
Ordinary shares, voting	120,216,204	$ 12,022	$ 465,208	$ 477,230

Capital

Objectives, policies and procedures

Capital strength provides protection for depositors and creditors and allows the Bank to undertake profitable business opportunities as they arise.

The Bank's objective is to employ a strong and efficient capital base. Capital is managed in accordance with policies established by the Board of Directors (the "Board"). These policies relate to capital strength, capital mix, dividends and return of capital, and the unconsolidated capital adequacy of regulated entities. Each policy has associated guidelines and capital is monitored continuously for compliance.

There were no significant changes made in the objectives, policies and procedures during the year.

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Regulatory requirements

The Bank's regulatory capital requirements are determined in accordance with guidelines issued by The Central Bank. 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 1 and Total Capital ratios of 6% and 8%, respectively. The Central Bank has established that Bahamian deposit-taking financial institutions maintain Tier 1 and Total Capital ratios of 12.8% and 17%, respectively. During the year, the Bank has complied in full with all of its regulatory capital requirements.

Regulatory capital

Regulatory capital consists of Tier 1 and Tier 2 Capital, less certain deductions. Tier 1 Capital is comprised of common stock, retained earnings and non-controlling interest in consolidated subsidiaries, less goodwill and other deductions. Tier 2 Capital principally comprises hybrid capital instruments such as subordinated debt and general provisions and 45% of revaluation reserves on debt securities measured at FVOCI.

In 2021, Tier 1 and Total Capital ratios were 23% and 23%, respectively (2020: 26% and 26%, respectively).

The movements in reserves were as follows:

Statutory reserve fund – Turks and Caicos Islands

	2021	2020
Balance, beginning of year	$ 62,875	$ 55,620
Transfers from retained earnings	294	7,255
Balance, end of year	$ 63,169	$ 62,875

In accordance with the TCI Banking (Amendment) Ordinance 2002 and the regulations of the Turks and Caicos Islands Financial Services Commission, the Bank is required to maintain a statutory reserve fund of not less than the amount of its assigned capital of $24 million. Where the required reserve is less than the assigned capital, the Bank is required to annually transfer 25% of the net profits earned from its TCI operations to this fund. Although the statutory reserve exceeds the assigned capital, it has been the Bank's practice to make this transfer based on net profits of the preceding fiscal year with the remaining net profits being retained by the Bank. During the year, the Bank transferred $294 (2020: $7,255) from retained earnings to the statutory reserve fund.

Statutory loan loss reserve - Bahamas

Banking Regulations of The Central Bank of The Bahamas require a general provision in respect of the performing loans of at least one percent of these loans. To the extent the inherent risk provision for loans and advances to customers is less than this amount, a statutory loan loss reserve is established and the required additional amount is to be appropriated from retained earnings, in accordance with IFRS. For the year ended October 31, 2021, no statutory loan loss reserve was required as the general provision was sufficient (2020: $nil).

Revaluation reserve – debt securities measured at FVOCI

	2021	2020
Balance, beginning of year	$ 14,370	$ 7,876
Net (losses)/gains on debt securities measured at FVOCI (Note 20)	(3,310)	6,494
Balance, end of year	$ 11,060	$ 14,370

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Unrealised gains and losses arising from changes in the fair value of debt instruments measured at fair value are recognised in other comprehensive income and are reflected in the revaluation reserve.

Retirement benefit reserve

	2021	2020
Balance, beginning of year	$ 34,480	$ 19,880
Re-measurement gains on retirement benefit plans	31,103	14,600
Balance, end of year	$ 65,583	$ 34,480

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

Reverse acquisition reserve

	2021	2020
Balance, beginning and end of year	$ (63,566)	$ (63,566)

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 combined Bank at October 11, 2002, comprised the equity of the Barclays branches and subsidiaries ($211,295), together with the fair value of the CIBC Bahamas business ($196,966), for a total of $408,261. However, the legal share capital and premium of the Bank comprises the issued share capital and premium of CIBC Bahamas plus the shares issued to effect the combination recorded at fair value for a total of $472,828 at October 11, 2002.

The reverse acquisition reserve represents the difference at October 11, 2002, between the required share capital and premium of the Bank ($472,828) together with the retained earnings of the Barclays Branches and Subsidiaries ($1,001) and the equity of the Bank presented in accordance with IFRS ($408,261).

Note 15 Net Interest Income

	2021	2020
Interest and similar income		
Cash and due from banks	$ 294	$ 3,560
Securities	19,281	25,407
Loans and advances to customers	122,699	124,813
Derivative financial instruments	14	24
	$ 142,288	$ 153,804
Interest and similar expense		
Banks and customers	$ 4,986	$ 8,940
Lease liabilities	307	725
	$ 5,293	$ 9,665
Net interest income	$ 136,995	$ 144,139

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Note 16 Operating Income

	2021	2020
Fee and commission income	$ 34,695	$ 34,235
Foreign exchange commissions	11,951	11,716
Net foreign exchange revaluation losses	(3)	(11)
Net (losses)/gains on disposal and redemption of securities (Note 20)	(323)	60
Net trading gains/(losses)	24	(137)
Other operating income	784	1,011
	$ 47,128	$ 46,874

Net losses and gains on disposal and redemption of securities have arisen from disposals of FVOCI debt securities.

Net trading gains and losses have arisen from failed hedges.

Analysis of fee and commission income:

	2021	2020
Underwriting	$ 216	$ 796
Deposit services	10,761	9,992
Credit services	1,128	3,198
Card services	15,619	13,499
Funds transfer	6,040	5,686
Other	931	1,064
	$ 34,695	$ 34,235

Note 17 Operating Expenses

	2021	2020
Staff costs	$ 25,275	$ 27,533
Business licence	8,770	8,447
Occupancy and maintenance	5,172	5,956
Depreciation (Note 9)	7,838	7,875
Other operating expenses	60,411	61,971
	$ 107,466	$ 111,782

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Analysis of staff costs:

	2021	2020
Wages and salaries	$ 20,302	$ 21,122
Net pension (income)/cost:		
- defined benefit sections of the plan (Note 10)	(243)	1,190
- defined contribution section of the plan (Note 10)	392	416
Post-retirement medical benefits charge (Note 10)	508	529
Employee share purchase plan (Note 21)	136	150
Severance	284	359
Insurance and risk benefits	2,465	2,566
Other staff related costs	1,431	1,201
	$ 25,275	$ 27,533

Analysis of other operating expenses:

	2021	2020
Group service charges (Note 22)	$ 43,291	$ 42,436
Professional fees	975	1,363
Communications	1,999	2,329
Business development	41	148
Advertising and marketing	67	104
Consumer related expenses	896	896
Non-credit losses	746	1,080
Postage, courier and stationery	1,608	1,436
General insurances	746	650
Outside services	4,185	3,714
Other	5,857	7,815
	$ 60,411	$ 61,971

Note 18 Earnings/(Loss) per Share

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

Basic earnings/(loss) per share

	2021	2020
Net income/(loss) attributable to shareholders	$ 82,183	$ (63,543)
Weighted average number of common shares in issue (Note 14)	120,216,204	120,216,204
Basic earnings/(loss) per share (expressed in cents per share)	68.4	(52.9)

There are no potentially dilutive instruments.

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Note 19 Dividends

During the year the Central Bank of The Bahamas lifted a suspension of dividend approvals for domestic banks. As a result, the Bank received approval to recognise and pay regular dividends of $0.54 per share and a special dividend of $0.42 per share.

Note 20 Components of Other Comprehensive Income

	2021	2020
Debt securities at fair value through other comprehensive income:		
Net (losses)/gains arising during the year	$ (3,633)	$ 6,554
Reclassification to the statement of income (Note 16)	323	(60)
	(3,310)	6,494
Other comprehensive (loss)/income for the year (Note 14)	$ (3,310)	$ 6,494

Note 21 Other Employee Benefits

Employee share purchase plan

Under the Bank's 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 Parent. The Bank matches 50% of the employee's contribution amount, up to a maximum contribution of 6% of eligible earnings, depending upon length of service and job level. The 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 $136 in 2021 (2020: $150) (Note 17).

Note 22 Related Party Transactions and Balances

The Bank's Parent and major shareholder is FirstCaribbean International Bank Limited.

A number of banking transactions are entered into with related parties in the normal course of business. Included in Other liabilities is a dividend payable to the Bank's Parent of $28,894 (2020: $nil). The key related party balances and transactions included in the Bank's financial statements are disclosed below.

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	Directors and key management personnel		Parent Group		Ultimate Parent	
	2021	2020	2021	2020	2021	2020
Asset balances:						
Due from banks	$ -	$ -	$ 212,669	$ 192,348	$ 78,124	$ 69,145
Other assets	-	-	28	-	-	-
Loans and advances to customers	2,383	3,484	-	-	-	-
Liability balances:						
Derivative financial instruments	-	-	-	-	-	9
Customer deposits	1,259	3,036	177,481	116,487	-	-
Other liabilities	-	-	30,886	7,671	-	-
Revenue transactions:						
Interest income	113	139	215	2,788	5	99
Other income/(loss) from derivative relationship	-	-	-	-	19	59
Expense transactions:						
Interest expense	10	16	217	1,418	-	-
Other expenses*	-	-	43,377	42,442	-	-

* Expenses incurred in relation to banking and support services.

	2021	2020
Key management compensation		
Salaries and short term benefits	$ 2,123	$ 2,270

Directors' remuneration

A listing of the members of the Board of Directors is included within the Bank's Annual Report. In 2021, total remuneration for the non-executive directors was $105 (2020: $105). The executive director's remuneration is included under key management compensation.

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Note 23 Commitments, Guarantees and Contingent Liabilities

The Bank conducts business involving letters of credit, guarantees, performance bonds and indemnities, which are not reflected in the consolidated statement of financial position. At the reporting date, the following contingent liabilities and commitments exist:

	2021	2020
Letters of credit	$ 11,411	$ 32,396
Undrawn loan commitments	225,148	244,876
Guarantees and indemnities	17,384	12,766
Total (Note 27)	$ 253,943	$ 290,038

The Bank 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 consolidated financial statements.

The Bank currently has a US$1 million line of credit with CIBC at LIBOR + 200bps per annum if 50% or less utilisation, or LIBOR + 250bps per annum if greater than 50% utilisation. The facility is renewable annually and expires on March 31, 2022. As of October 31, 2021, no advances were made from the facility and all balances are undrawn.

Note 24 Future Rental Commitments under Operating Leases

As at October 31, the Bank held leases on buildings for extended periods. The leases have an average life of between 1 and 15 years. There are no restrictions placed upon the lessee by entering into these contracts. The Bank has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Bank's business needs. Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised (refer to Note 2.2). As at October 31, 2021 and 2020, there are no material extension options expected not to be exercised or termination options expected to be exercised. The future rental commitments (undiscounted) under these leases were as follows:

	2021	2020
Not later than 1 year	$ 2,419	$ 3,078
Later than 1 year and less than 5 years	4,864	7,860
Later than 5 years	-	4,343
	$ 7,283	$ 15,281

As at October 31, 2021, there are no leases to which the Bank is committed that have not yet commenced.

Note 25 Fiduciary Activities

The Bank provides custody and trustee discretionary investment management services to third parties. Those assets that are held in a fiduciary capacity are not included in these consolidated financial statements. At the reporting date, the Bank had investment assets under administration and management on behalf of third parties amounting to $161,777 (2020: $101,835).

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Note 26 Business Segments

The Bank’s operations are organised into four segments: Retail & Business Banking, Corporate & Investment Banking and Wealth Management, which are supported by the functional units within the Administration segment.

Retail & Business Banking (“RBB”)

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

Corporate & Investment Banking (“CIB”)

Corporate & Investment Banking includes the Corporate, Investment Banking, Forex & Derivative Sales and the Merchant Services businesses. The segment provides a full range of corporate and commercial banking services to large and mid-sized 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. Clients are also provided with derivative and other risk mitigating products through the Forex & Derivative Sales group.

Wealth Management (“WM”)

Wealth Management comprises Private Wealth Management, International Corporate Banking and Investment Management businesses. Dedicated wealth management relationship managers provide traditional core banking, complex credit, investment advice, discretionary portfolio management, trust services and wealth planning to high and ultra-high net worth clients.

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

Administration (“Admin”)

The Administration segment includes Finance, Human Resources, Risk, Technology & Operations, Treasury, and other units, which support the business segments. The revenues and expenses of the functional groups are generally allocated to the business segments. The Admin segment retains earnings or losses on excess capital and the offset to capital charges are allocated to the business segments. Treasury is responsible for balance sheet and liquidity risk management for the Bank. Securities and cash placements are normally held within the Treasury unit included in the Admin segment.

RBB, CIB and WM are charged or credited by Treasury with a market-based cost of funds on assets, liabilities and capital, respectively. The offset of these charges or credits is reported in the Treasury function within the Admin segment.

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Transfer prices between operating segments are on an arm’s length basis in a manner similar to transactions with third parties. Transfer pricing methodologies are reviewed on an ongoing basis to ensure they reflect changing market environments and industry practices. Transactions between the business segments are on normal commercial terms and conditions.

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2021 Segment reporting

	RBB	CIB	WM	Admin	2021
External revenue	$ 66,494	$ 50,677	$ 690	$ 19,134	$ 136,995
Internal revenue	(4,328)	11,933	5,222	(12,827)	-
Net interest income	62,166	62,610	5,912	6,307	136,995
Operating income	25,379	19,061	4,169	(1,481)	47,128
	87,545	81,671	10,081	4,826	184,123
Depreciation	1,432	12	57	6,337	7,838
Operating expenses	22,899	6,106	2,439	68,184	99,628
Indirect expenses	31,862	27,819	12,875	(72,556)	-
Credit loss (reversal)/expense on financial assets	(1,017)	(5,036)	(179)	706	(5,526)
Net income/(loss) for the year	$ 32,369	$ 52,770	$ (5,111)	$ 2,155	$ 82,183

Total assets and liabilities by segment are as follows:

	RBB	CIB	WM	Admin	2021
Segment assets	$ 1,094,958	$ 1,035,442	$ 27,046	$ 1,822,736	$ 3,980,182
Segment liabilities	$ 1,411,683	$ 1,265,193	$ 656,140	$ 32,783	$ 3,365,799

2020 Segment reporting

	RBB	CIB	WM	Admin	2020
External revenue	$ 69,787	$ 47,679	$ (190)	$ 26,863	$ 144,139
Internal revenue	(6,188)	18,265	10,391	(22,468)	-
Net interest income	63,599	65,944	10,201	4,395	144,139
Operating income	24,307	19,520	4,034	(987)	46,874
	87,906	85,464	14,235	3,408	191,013
Depreciation	1,779	17	60	6,019	7,875
Operating expenses	24,941	5,339	2,409	71,218	103,907
Indirect expenses	29,464	29,243	15,734	(74,441)	-
Credit loss expense on financial assets	50,381	15,667	712	3,267	70,027
Impairment of goodwill	-	-	-	72,747	72,747
Net (loss)/income for the year	$ (18,659)	$ 35,198	$ (4,680)	$ (75,402)	$ (63,543)

Total assets and liabilities by segment are as follows:

	RBB	CIB	WM	Admin	2020
Segment assets	$ 1,053,118	$ 964,290	$ 24,649	$ 1,612,874	$ 3,654,931
Segment liabilities	$ 1,295,545	$ 1,191,684	$ 568,776	$ (20,889)	$ 3,035,116

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Note 27 | Financial Risk Management

A. Introduction

Risk is inherent in the Bank'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 Bank's continuing profitability and each individual within the Bank is accountable for the risk exposures relating to his or her responsibilities. The Bank is exposed to credit, liquidity, market and operating risks.

By its nature, the Bank's activities are principally related to the use of financial instruments. The Bank 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 Bank 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 Bank 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 standing. The Bank also enters into guarantees and other commitments such as letters of credit and performance and other bonds.

B. Credit risk

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

Process and control

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

The Risk Management Team is guided by the Bank's Delegation of Authority policy which is based on the levels of exposure and risk. Credits above the discretion delegated to certain front line employees are approved by Risk Management and where applicable by the Credit Committee and the Finance, Risk & Conduct Review Committee of the Board (FRCRC). The FRCRC also has the responsibility for approving credit policies and key risk limits, including portfolio limits, which are reviewed annually.

Credit risk limits

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

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

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

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Credit Valuation Adjustment (CVA)

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

Collateral

The Bank 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 Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances to customers are:

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

The Bank'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 Bank's credit exposure.

As at October 31, 2021, 72% (2020: 83%) of stage 3 impaired loans were either fully or partially collateralised.

Geographic distribution

The following table provides a 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	2021 Gross maximum exposure	Drawn	Undrawn	2020 Gross maximum exposure
Bahamas	$ 1,980,198	$ 163,687	$ 2,143,885	$ 1,895,094	$ 186,565	$ 2,081,659
Turks & Caicos Islands	290,456	61,461	351,917	296,307	58,311	354,618
	$ 2,270,654	$ 225,148	$ 2,495,802	$ 2,191,401	$ 244,876	$ 2,436,277

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Exposure 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	2021 Gross maximum exposure	Drawn	Undrawn	2020 Gross maximum exposure
Agriculture	$ 24	$ 12	$ 36	$ 12	$ 25	$ 37
Construction	79,861	23,195	103,056	54,345	36,614	90,959
Distribution	75,695	24,888	100,583	67,812	29,908	97,720
Education	388	51	439	438	46	484
Fishing	333	80	413	279	76	355
Governments	312,086	1,108	313,194	365,129	3,060	368,189
Health & social work	15,241	-	15,241	16,559	-	16,559
Hotels & restaurants	146,673	10,194	156,867	68,473	14,241	82,714
Individuals & individual trusts	1,161,677	108,534	1,270,211	1,133,352	126,988	1,260,340
Manufacturing	23,510	4,779	28,289	25,333	1,631	26,964
Mining & Quarrying	40,945	-	40,945	50,000	-	50,000
Miscellaneous	277,628	39,875	317,503	289,113	24,088	313,201
Other financial corporations	27,333	1,841	29,174	2,826	1,208	4,034
Real estate, renting & other business activities	58,963	874	59,837	59,699	4,164	63,863
Transport, storage & communication	50,297	9,717	60,014	58,031	2,827	60,858
	$ 2,270,654	$ 225,148	$ 2,495,802	$ 2,191,401	$ 244,876	$ 2,436,277

Derivatives

The Bank 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 Bank (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 Bank restricts its exposure to credit losses by entering into master-netting arrangements with counterparties with whom it undertakes a significant volume of transactions. Master-netting arrangements do not generally result in an offset of consolidated statement of financial position assets and liabilities as transactions are usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by a master-netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Bank'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.

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Credit-related instruments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Bank 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 Bank on behalf of a customer authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipment of goods or appropriate assets to which they relate and therefore carry less risk than a direct borrowing.

Commitments to extend credit represent the unused portions of authorisations to extend credit in the form of loans, guarantees, or letters of credit. With respect to credit risk on commitments to extend credit, the Bank 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 Bank monitors the term of maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Maximum exposure to credit risk

The following table shows the maximum exposure to credit risk for the components of the consolidated statement of financial position. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral arrangements. Where financial instruments are recorded at fair value, the amounts shown represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

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Gross maximum exposure

	2021	2020
Balances with The Central Bank	$ 359,623	$ 252,295
Due from banks	415,641	319,333
Derivative financial instruments	-	33
Securities		
- Equity securities - unquoted	219	219
- Government debt securities	616,113	605,206
- Other debt securities	299,404	308,495
- Interest receivable	2,684	4,005
Loans and advances to customers		
- Mortgages	1,002,648	993,898
- Personal loans	206,711	202,516
- Business & Government loans	1,061,295	994,987
- Interest receivable	11,114	10,475
Other assets	8,735	7,556
Total	$ 3,984,187	$ 3,699,018
Commitments, guarantees and contingent liabilities (Note 23)	253,943	290,038
Total credit risk exposure	$ 4,238,130	$ 3,989,056

Geographical concentration

The following tables reflect additional geographical concentration information:

2021	Total assets	Total liabilities	Commitments, guarantees and contingent liabilities	Total revenues	Capital expenditure*	Non-current assets**
Bahamas	$ 3,537,396	$ 3,022,565	$ 188,668	$ 156,824	$ 4,897	$ 32,663
Turks & Caicos Islands	1,245,905	1,146,353	65,275	27,299	1,532	7,830
	4,783,301	4,168,918	253,943	184,123	6,429	40,493
Eliminations	(803,119)	(803,119)	-	-	-	-
	$ 3,980,182	$ 3,365,799	$ 253,943	$ 184,123	$ 6,429	$ 40,493

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2020	Total assets	Total liabilities	Commitments, guarantees and contingent liabilities	Total revenues	Capital expenditure*	Non-current assets**
Bahamas	$ 3,301,217	$ 2,760,850	$ 228,123	$ 158,819	$ 5,720	$ 37,717
Turks & Caicos Islands	972,034	892,586	61,915	32,194	1,576	7,683
	4,273,251	3,653,436	290,038	191,013	7,296	45,400
Eliminations	(618,320)	(618,320)	-	-	-	-
	$ 3,654,931	$ 3,035,116	$ 290,038	$ 191,013	$ 7,296	$ 45,400

* Capital expenditure is shown by geographical area in which the property and equipment are located.
** Non-current assets relate only to property and equipment and goodwill.

The Bank operates in two main geographical areas between which its exposure to credit risk is concentrated.

Geographic sector risk concentrations within the customer loan portfolio were as follows:

	2021	2021	2020	2020
	$	%	$	%
Bahamas	1,843,998	87	1,753,968	86
Turks & Caicos Islands	280,787	13	277,771	14
	2,124,785	100	2,031,739	100

Impairment assessment

The references below show where the Bank's impairment assessment and measurement approach is set out in this report. This section should be read in conjunction with the Summary of significant accounting policies.

Definition of default and cure

The Bank considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As part of a qualitative assessment of whether a customer is in default, the Bank also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Bank carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations, or whether Stage 2 is appropriate. Such events include:

- Internal rating of the borrower indicating default or near-default
- The borrower requesting emergency funding from the Bank
- The borrower having past due liabilities to public creditors or employees
- The borrower is deceased
- A material decrease in the underlying collateral value where the recovery of the loan is expected from the sale of the collateral
- A material decrease in the borrower's turnover or the loss of a major customer
- A covenant breach not waived by the Bank
- The debtor (or any legal entity within the debtor's group) filing for bankruptcy application/protection
- Debtor's listed debt or equity suspended at the primary exchange because of rumours or facts about financial difficulties

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It is the Bank's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least twelve consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the obligor risk rating (ORR) if available, or the days past due and delinquency criteria in the Bank's policy, at the time of the cure, and whether this indicates that there has been a significant increase in credit risk compared to initial recognition.

The Bank's internal rating and PD estimation process

The Parent Group's Credit Risk Department operates the Bank's internal rating models. The Bank monitors all corporate facilities with a value exceeding $250,000 which are assigned an ORR of 1 to 9 under the Bank's internal rating system. The models used incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilises supplemental external information that could affect the borrower's behaviour. This internal rating system is also mapped to Moody's and Standard and Poor's ratings. Movement in a facility's ORR from origination to the reporting date is what determines the stage assigned to that facility. Staging for facilities that do not have an ORR is based on historical days past due and delinquency. The Bank calculates 12-month and lifetime PDs on a product by country basis. 12-month PDs are determined using historical default data and then incorporate forward looking information. Lifetime PDs are determined by applying a scaling factor to the 12-month PDs' forward looking factor. Lifetime PDs are also capped at a 10-year maturity.

Treasury, trading and interbank relationships

The Bank's treasury, trading and interbank relationships and counterparties comprise financial services institutions, banks, broker-dealers, exchanges and clearing-houses. For these relationships, the Bank's credit risk department analyses publicly available information such as financial information and other external data, e.g. the rating of Moody's and Standard and Poor's, and assigns the internal rating, as shown in the credit quality table.

Corporate and small business lending

For corporate and investment banking loans, the borrowers are assessed by specialised credit risk employees of the Bank. The credit risk assessment is based on a credit scoring model that takes into account various historical, current and forward-looking information such as:

- Historical financial information together with forecasts and budgets prepared by the client. This financial information includes realised and expected results, solvency ratios, liquidity ratios and any other relevant ratios to measure the client's financial performance. Some of these indicators are captured in covenants with the clients and are, therefore, measured with greater attention.
- Any publicly available information on the clients from external parties. This includes external rating grades issued by rating agencies, independent analyst reports, publicly traded bond or press releases and articles.
- Any macro-economic or geopolitical information, e.g., GDP growth relevant for the specific industry and geographical segments where the client operates.
- Any other objectively supportable information on the quality and abilities of the client's management relevant for the company's performance.

The complexity and granularity of the rating techniques varies based on the exposure of the Bank and the complexity and size of the customer. Some of the less complex small business loans are rated within the Bank's models for retail products.

Consumer lending and retail mortgages

Consumer lending comprises unsecured personal loans, credit cards and overdrafts. These products along with retail mortgages and some of the less complex small business lending are rated by an automated scorecard tool primarily driven by days past due. Other key inputs into the models are:

- Consumer lending products: use of limits and volatility thereof, GDP growth, unemployment rates, changes in personal income/salary levels based on records of current accounts, personal indebtedness and expected interest repricing.

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- Retail mortgages: GDP growth, unemployment rates, changes in personal income/salary levels based on records of current accounts, personal indebtedness and expected interest repricing.

Credit quality

For the retail portfolio, which includes residential mortgages and personal loans, the Bank's assessment of credit quality is in line with the IFRS 9 methodology for staging which is based on days past due and trends to support significant increases in credit risk on a more forward looking basis. The trends are established in order to avoid volatility in the movement of significant increases in credit risk. All retail loans on which repayment of principal or payment of interest is contractually 30 days in arrears are automatically migrated to Stage 2.

For the business & government loans and securities, a mapping between the obligor risk rating grades used by the Bank and the external agencies' ratings is shown in the table below. As part of the Bank's risk-rating methodology, the risk assessed includes a review of external ratings of the obligor. The obligor rating assessment takes into consideration the Bank's financial assessment of the obligor, the industry and the economic environment of the country in which the obligor operates. In certain circumstances, where a guarantee from a third party exists, both the obligor and the guarantor will be assessed. Deterioration or improvement in the risk ratings or adjustments to the risk rating downgrade thresholds used to determine a significant increase in credit risk can cause significant migration of loans and securities between Stage 1 and Stage 2, which in turn can have a significant impact on the amount of ECL allowances recognised. All business & government loans on which repayment of principal or payment of interest is contractually 30 days in arrears are automatically migrated to Stage 2 regardless of ORR movement.

	Loans and advances to customers
Grade description	Days past due
Very low (Stage 1)	0
Low (Stage 1)	1 – 29
Medium (Stage 2)	30 - 60[1]
High (Stage 2)	61 - 89
Default (Stage 3)	90+

[1]Includes accounts subject to trends for significant increases in credit risk less than 29 days past due at the reporting date

	Business & Government loans and Securities		
Grade description	Standard & Poor's equivalent	Moody's Investor Services	Internal ORRs
Investment grade	AAA to BBB-	Aaa to Baa3	1.0 to 4.0
Non-investment grade	BB+ to C	Ba to C	5.0 to 8.0
Default	D	D	9.0
Not rated	No obligor risk rating (ORR)		

This risk rating system is used for portfolio management, risk limit setting, product pricing, and in the determination of economic capital. The effectiveness of the risk rating system and the parameters associated with the risk ratings are monitored within Risk Management and are subject to an annual review.

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The table below shows the credit quality by class of asset for gross loans and advances to customers, based on the risk rating, systems, trends and the methodology to support performing credits, along with significant increases in credit risk. Amounts provided are before allowance for credit losses, and after credit risk mitigation, valuation adjustments related to the financial guarantors and collateral on agreements.

2021	Stage 1	Stage 2	Stage 3	Total
Residential mortgages				
- Very low	$ 615,435	$ -	$ -	$ 615,435
- Low	88,388	-	-	88,388
- Medium	-	157,828	-	157,828
- High	-	36,413	-	36,413
- Default	-	-	104,584	104,584
Gross residential mortgages	$ 703,823	$ 194,241	$ 104,584	$ 1,002,648
Personal loans				
- Very low	$ 157,023	$ -	$ -	$ 157,023
- Low	13,468	-	-	13,468
- Medium	-	13,475	-	13,475
- High	-	3,956	-	3,956
- Default	-	-	18,789	18,789
Gross personal loans	$ 170,491	$ 17,431	$ 18,789	$ 206,711
Business & Government loans				
- Investment grade	$ 116,461	$ -	$ -	$ 116,461
- Non-Investment grade	590,439	330,918	-	921,356
- Default	-	-	10,019	10,019
- Not rated	10,510	2,949	-	13,459
Gross business & government loans	$ 717,409	$ 333,867	$ 10,019	$ 1,061,295
Total gross amount of loans	$ 1,591,723	$ 545,539	$ 133,392	$ 2,270,654

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2020	Stage 1	Stage 2	Stage 3	Total
Residential mortgages				
- Very low	$ 534,756	$ -	$ -	$ 534,756
- Low	17,480	-	-	17,480
- Medium	-	357,199	-	357,199
- High	-	10,521	-	10,521
- Default	-	-	73,942	73,942
Gross residential mortgages	$ 552,236	$ 367,720	$ 73,942	$ 993,898
Personal loans				
- Very low	$ 122,869	$ -	$ -	$ 122,869
- Low	7,695	-	-	7,695
- Medium	-	52,893	-	52,893
- High	-	3,880	-	3,880
- Default	-	-	15,179	15,179
Gross personal loans	$ 130,564	$ 56,773	$ 15,179	$ 202,516
Business & Government loans				
- Investment grade	$ 179,525	$ -	$ -	$ 179,525
- Non-Investment grade	600,029	147,464	-	747,493
- Default	-	-	11,788	11,788
- Not rated	47,824	8,357	-	56,181
Gross business & government loans	$ 827,378	$ 155,821	$ 11,788	$ 994,987
Total gross amount of loans	$ 1,510,178	$ 580,314	$ 100,909	$ 2,191,401

For Business & Government loans, the Bank employs risk ratings in managing the credit portfolio. Business borrowers with elevated default risk are monitored on our Early Warning List. Early Warning List characteristics include borrowers exhibiting a significant decline in revenue, income, or cash flow or where we have doubts as to the continuing viability of the business. Early Warning List customers are often, but not always, also delinquent. As of October 31, 2021, Early Warning List customers in the medium to high risk category amounted to $40,920 (2020: $11,549).

The Bank also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, which involves assessment of a customer's historical days past due and delinquency pattern. If contractual payments are more than 30 days past due and the trends of delinquency over the lifetime of the loan indicates increased risk, the credit risk is deemed to have increased significantly. When estimating ECLs on a collective basis for a group of similar assets, the Bank applies the same principals for assessing whether there has been a significant increase in credit risk since initial recognition.

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The following table highlights credit quality of securities based on the risk rating, systems, trends and the methodology to support performing securities, along with significant increases in credit risk.

2021	Stage 1	Stage 2	Stage 3	Total
Securities				
Investment grade	$ 611,726	$ -	$ -	$ 611,726
Non-Investment grade	1,577	283,819	-	285,396
Default	-	-	18,395	18,395
Not rated	219	-	-	219
Gross securities	$ 613,522	$ 283,819	$ 18,395	$ 915,736

2020	Stage 1	Stage 2	Stage 3	Total
Securities				
Investment grade	$ 330,355	$ -	$ -	$ 330,355
Non-Investment grade	536,234	26,995	-	563,229
Default	-	-	20,117	20,117
Not rated	219	-	-	219
Gross securities	$ 866,808	$ 26,995	$ 20,117	$ 913,920

Model adjustments

The Bank considers the use and nature of material additional adjustments which are used to capture factors not specifically embedded in the models used. While many adjustments are part of the normal modelling process (e.g., to adjust PDs as defined for capital purposes to accounting requirements or to incorporate forward-looking information), management may determine that additional, post-modelling adjustments are needed to reflect macro-economic or other factors which are not adequately addressed by the current models, such as management overlays for unexpected events, e.g. hurricanes and the COVID-19 pandemic. Such adjustments would result in an increase or decrease in the overall ECLs.

Modified financial assets and client relief moratorium programs

On March 11, 2020, the outbreak of COVID-19 was officially declared a pandemic by the World Health Organisation. During the financial year, the COVID-19 pandemic continues to have a significant adverse impact on the global economy. The Bahamas and the Turks & Caicos Islands were negatively affected, and the Bank was able to respond by providing support to clients via the COVID-19 relief program. As at October 31, 2021 the gross outstanding balance of loans in the moratorium program was $2 million for residential mortgages (2020: $86 million), $22 thousand for personal loans (2020: $13 million) and $4 million for business & government loans (2020: $327 million). Of the loans that were under the program as at October 31, 2021, the gross outstanding balance of loans that received extension of an initial deferral, or in the process of being provided an extension, was $6 million (2020: $205 million).

The Bank's regulators have provided guidance stating that clients who have entered into the COVID-19 moratorium programs should be frozen at their days past due position prior to entry into the program until expiry of the moratorium period. Additionally, no loans which have greater than 90 days past due (non-performing) should be granted entry into the program.

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The following table provides the aging profile of accounts under moratorium by product as at October 31.

2021	Clean	1-30 days	31-60 days	61-90 days	Total
Residential mortgages	$ 2,190	$ -	$ -	$ -	$ 2,190
Personal loans	21	-	-	-	21
Business & government loans	-	3,943	-	-	3,943
Total	$ 2,211	$ 3,943	$ -	$ -	$ 6,154

2020	Clean	1-30 days	31-60 days	61-90 days	Total
Residential mortgages	$ 73,100	$ 8,419	$ 3,656	$ 398	$ 85,573
Personal loans	10,358	2,113	121	133	12,725
Business & government loans	320,710	2,223	2,160	1,429	326,522
Total	$ 404,168	$ 12,755	$ 5,937	$ 1,960	$ 424,820

From time to time, the Bank may modify the contractual terms of loans classified as stage 2 and stage 3 for which the borrower has experienced financial difficulties, through the granting of a concession in the form of below-market rates or terms that would not otherwise have been considered.

During the year ended October 31, 2021, loans classified as stage 2 or stage 3 with an amortised cost of $91 million (2020: $152 million) were either modified through the granting of a financial concession in response to the borrower having experienced financial difficulties or were subject to the client relief programs in response to COVID-19, in each case before the time modification, or deferred. In addition, the gross carrying amount of previously modified or deferred stage 2 or stage 3 loans that have returned to stage 1 during the year ended October 31, 2021 was $47 million (2020: $17 million).

Impact on regulatory capital

Annually, the base Capital Plan is assessed under a central stress scenario with ranges (mild recession & severe recession) as part of stress testing. The results of the stress tests are taken into consideration when setting the annual capital targets and may, by extension, have an effect on the quantum or timing of planned capital initiatives. However, stress testing results that drive the capital ratio below threshold(s) do not immediately imply an automatic increase in required capital, provided there is comfort that the Bank would remain well-capitalised even under plausible stressed ranges.

Under each range within the recession scenario (mild & severe), the following key assumptions are varied adversely/negatively to arrive at Capital Plan results:

i. Changes in GDP growth rates are assumed to directionally affect performing loan growth rates and fee income levels.
ii. Changes in interest rates are assumed to impact net interest income based on the proportion of hard vs. soft currency balance split for interest sensitive assets and liabilities, namely cash placements, securities, loans and deposit liabilities.
iii. Changes in GDP growth rates are assumed to impact non-performing loan growth rates which in turn affect interest income and loan loss expenses.
iv. Changes in inflation rates are assumed to directionally impact expense growth.

The Bank meets regulatory ratio and policy liquidity metrics such as the Structural Liquidity Ratio and Liquidity Horizon. The Bank anticipates that its regulators will continue implementation of the Net Stable Funding Ratio and the Liquidity Coverage Ratio in the near future and continually updates internal processes to ensure compliance with these ratios.

The Bank also monitors and reports to senior management its leverage ratio monthly with quarterly reporting to the Board of Directors.

C. Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to the change in market variables. Market risk arises from positions in securities and derivatives as well as from the Bank's core Retail, Wealth and Corporate businesses. The key risks to the Bank are foreign exchange ("FX"), interest rate and credit spread. The Group's Market Risk Team is a centralised team that is independent from the front line. The following sections give a comprehensive review of the Bank's entire exposures.

Policies and standards

The Parent Group has a comprehensive policy for market risk management related to the identification, measurement, monitoring and control of market risks. This policy is reviewed and approved every two years by the Risk Committee of the Parent Group's Board. The Board limits, which are approved annually, are used by the Bank to establish explicit risk tolerances expressed in term of the three main risk measures mentioned below. There is a three-tiered approach to limits at the Parent Group. The highest level is set at the Board. The second tier is delegated by the Chief Risk Officer and the third tier to the business unit, which limits traders to specific products and size of deals. Trading limits are documented through a formal electronic 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 nature of the risk. FX positions are measured daily, whereas others such as stress tests are performed on a monthly basis. Detailed market risk compliance reports are produced and circulated to senior management on a monthly basis and a summary version supplied to the Board quarterly.

Risk measurement

The Bank has four main measures of market risk:

- Value at Risk (VaR) - wherever feasible VaR enables the meaningful comparison of the risks in different asset classes;
- Outright position, used predominantly for FX;
- Sensitivity to a 1 basis point move in a curve, used for both interest rate and credit spread risks; and
- Stress scenarios based upon a combination of theoretical situations and historical events.

VaR

VaR is used to measure the Bank's overall Market Risk. The Bank's VaR methodology is a statistically defined, probability-based approach that uses volatilities and correlations to quantify risk in dollar terms. VaR measures the potential loss from market movements that can occur overnight at a confidence interval under normal conditions. VaR uses numerous risk factors as inputs and is computed using the historical volatility of each risk factor and the associated historical correlations among them, updated on a regular basis.

Position

This risk measure is used predominantly for the Bank's foreign exchange business. The measure, monitored daily, focuses on the outright long or short position in each currency from either the spot or trading position and on a structural basis. Any forward contracts or FX swaps are also incorporated.

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Sensitivity
The main two measures utilised by the Parent Group are the DV01 (delta value of a 1 basis point move, also known as the PV01 or present value of a 1 basis point move) and the CSDV01 (credit spread delta of a 1 basis point move). The DV01 measure is calculated for a 1 basis point move down in the yield curve. This generates the change in economic value by individual currency of a parallel shift down in the related yield curve. As curves rarely move in a parallel fashion, it is measured across different tenors to ensure that there is no further curve risk 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 on a post-structural basis that includes structural assumptions for core balances of non-contractual maturity positions. The CSDV01 sensitivity is a way to measure the risk of the interest rate spread between Treasury securities and the non-Treasury securities in the bond portfolio widening or narrowing.

Stress testing & scenario analysis
Stress testing and scenario analysis are designed to add insight to possible outcomes of abnormal (or tail event) market conditions and to highlight where risk concentrations could be a concern. The Parent Group uses the following approaches:

- For the hard currency testing, it utilises the suite of measures that the Ultimate Parent has developed. The stress testing measures the effect on the hard currency portfolio values over a wide range of extreme moves in market prices. The stress testing methodology assumes no actions are taken or are able to be taken during the event to mitigate the risk, reflecting the decreased liquidity that frequently accompanies market shocks. The scenario analysis approach for Parent Group's hard currency exposures simulates an impact on earnings of extreme market events up to a period of one quarter. Scenarios are developed using actual historical data during periods of market disruption, or are based upon hypothetical occurrence of economic or political events or natural disasters and are designed by economists, business leaders and risk managers. These tests are run on a monthly basis.

- The regional currency stress tests are designed on a similar but smaller scale. For interest rate stresses, Market Risk in conjunction with Treasury considers the market data over approximately the last 10 years and identifies the greatest curve or data point moves over both sixty and single days. These are then applied to the existing positions/sensitivities of the Parent Group. This is performed and reported on a monthly basis as they do not tend to change rapidly.

- For foreign exchange stresses, the Parent Group considers what the effect of a currency coming off a peg would have on the earnings of the Parent Group. This is largely judgmental, as it has happened so infrequently in the region and it is supplemented by some historical reviews both within the region and in other areas where pegged currency regimes have existed or do exist.

Summary of key market risks
Of the market risks arising from the various currencies, yield curves and spreads throughout the regional and broader international markets, the risk considered by management to be the most significant for the Bank is the low probability, high impact of a peg breaking between the USD and BSD, impacting the structural long position of the Bank. The following section highlights this key risk as well as some of the lesser ones that arise from the Bank'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. The local currency is pegged to the USD and hence the Value at Risk (VaR) measure is not appropriate, and that is why more emphasis is put on the overall position limit and related stress tests. The Board has set limits on positions by currency. These positions are monitored on a daily basis and

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the Forex & Derivatives Sales team is solely responsible for the hedging of the Bank's exposure.

The Bank also uses a measure to quantify non-trading foreign exchange risk, also referred to as structural foreign exchange risk.

The following table highlights the Bank's significant currency exposures. It also highlights the metrics used by the Bank to measure, monitor, and control that risk.

			2021			2020
Currency	Position Long/(Short) vs BSD	Stressed Loss	Average Position*	Position Long/(Short) vs BSD	Stressed Loss	Average Position*
US dollars	$ 968	$ 290	$ 6,768	$ 29,531	$ 8,859	$ 13,122

* Averages are taken over a twelve-month period

Interest rate risk
Interest rate risk results from differences in the maturities or re-pricing dates of assets, both on and off the consolidated statement of financial position. The Bank utilises a combination of high level Board limits to monitor risk as well as the more granular Chief Risk Officer's limits. The key interest risk measures are shown in the table below highlighting the currency where the Bank has the most significant interest rate exposures.

		2021		2020
	Currency	60 day Stressed Loss	Currency	60 day Stressed Loss
Bahamian dollar	$ (105)	$ 414	$ 5,893	$ 734

IBOR reform
Interest rate benchmarks including the London Interbank Offered Rate (LIBOR) and other similar benchmarks, are being reformed and replaced by new risk-free rates that are largely based on traded markets. The United Kingdom's Financial Conduct Authority (FCA) originally announced in July 2017 that it would not compel banks to submit LIBOR rates after December 2021. In March 2021, the FCA and the ICE Benchmark Administrator (IBA) announced the dates for the cessation or loss of representativeness of various LIBOR rates including that certain non-USD LIBORs will cease on December 31, 2021 and that most USD LIBOR tenors will cease on June 30, 2023. As IBORs are widely referenced by large volumes of derivative, loan and cash products, the transition presents a number of risks to the Group, and the industry as a whole. These transition risks include market risk, conduct risk, legal risk, financial risk, pricing risk, operational risk and accounting risk. The Bank has established a comprehensive enterprise-wide program to manage and coordinate all aspects of the transition, including the identification and mitigation of these risks.

Following the decision by global regulators to phase out IBORs and replace them with alternative reference rates, the Parent Group has established a project to manage the transition for any of its contracts that could be affected. The project is sponsored by the Managing Director Corporate & Investment Banking and is being led by senior representatives from functions across the Group including the client facing teams, Legal, Finance, Operations and Technology. The project provides monthly progress updates to the Managing Board and bi-annually to the Audit

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Committee. During 2021, the Parent Group successfully completed the transition of a significant portion of its IBOR exposure to RFRs and has in place detailed plans, processes and procedures to support the transition of the remainder during 2022. Following the progress made during 2021, the Parent Group is confident that it has the operational capability to process the large volume of transitions to RFRs that will be necessary during 2022 for those interest rate benchmarks such as USD LIBOR that will cease to be available and so will be replaced by Secured Overnight Financing Rate “SOFR”. For other benchmark interest rates such as Euro Interbank Offer Rate “EURIBOR” that have been reformed and can therefore continue, financial instruments referencing those rates will not need to transition.

IBOR reform exposes the Bank to various risks, which the project is managing and monitoring closely. These risks include but are not limited to the following:

- Market risk as new basis risks emerge due to the IBOR reform
- Conduct risk arising from discussions with clients and market counterparties due to the amendments required to existing contracts necessary to effect IBOR reform
- Legal risk arising as contracts are revised based on final amended terms
- Financial risk to the Bank and its clients that markets are disrupted due to IBOR reform giving rise to financial losses
- Pricing risk from the potential lack of market information if liquidity in IBORs reduces and RFRs are illiquid and unobservable
- Operational risk arising from changes to the Bank’s IT systems and processes (current or newly introduced), also the risk of payments being disrupted if an IBOR ceases to be available
- Accounting risk if the Bank’s hedging relationships fail and from unrepresentative income statement volatility as financial instruments transition to RFRs

The following table presents the gross outstanding balances of the Bank’s non-derivative financial assets that are indexed to USD LIBOR as at October 31, 2021 with a maturity date beyond December 31, 2021, which are expected to be affected by IBOR reform.

2021	Notional/Gross outstanding amounts		
	USD LIBOR		Others[1]
	Maturing after December 31, 2021 and before June 30, 2023	Maturing after June 30, 2023	Maturing after December 31, 2021
Non-derivative financial assets			
Securities	$ 44,000	$ -	$ -
Loans	$ 147,844	$ 345,055	$ -
	$ 191,844	$ 345,055	$ -

[1] No material hold positions are noted in any other currency denominated LIBOR products.

The table excludes undrawn loan commitments. As at October 31, 2021, the total outstanding undrawn loan commitments that are potentially subject to the transition with a maturity date beyond December 31, 2021 are estimated to be $14.7 million and can be drawn in USD LIBOR. No cross currency swaps are held.

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On March 5, 2021, the announcement made by the FCA and IBA resulted in the revision of the final cessation date of most USD LIBOR tenors to June 30, 2023 from December 31, 2021. Undrawn loan commitments which can potentially be drawn in USD LIBOR with a maturity date beyond June 30, 2023 are approximately $14.0 million.

Credit spread risk
Credit spread exists as the benchmark curve and the reference asset curves either converge or diverge. The Bank 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.

			2021			2020
	Notional	Credit Spread DV01	Stress Loss	Notional	Credit Spread DV01	Stress Loss
Regional hard currency bond portfolio	$ 71,138	$ 13	$ 3,259	$ 75,432	$ 19	$ 5,005
Non-regional hard currency bond portfolio	252,000	28	5,580	257,500	34	6,964
Total	$ 323,138	$ 41	$ 8,839	$ 332,932	$ 53	$ 11,969

At the fiscal year end the weighted average rating of the positions in the Regional Hard Currency Portfolio is A. The average weighted maturity is 2 years. The weighted average rating of the positions in the Non-Regional Hard Currency Portfolio remained AA. The average weighted maturity is 1 year.

Derivatives held for asset and liability management (ALM) purposes
Where derivatives are held as hedges against either sizeable loans from core businesses or to reduce interest risk exposure to USD denominated local bond issues and if the transactions meet the regulatory criteria, then the Bank applies hedge accounting. Derivative hedges that do not qualify for hedge accounting treatment are considered to be economic hedges and are recorded at market value on the consolidated statement of financial position with changes in the fair value reflected through the consolidated 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.

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

2021	BAH	US	Other	Total
Assets				
Cash and balances with The Central Bank	$ 384,079	$ 14,241	$ 561	$ 398,881
Due from banks	-	323,601	92,040	415,641
Other assets	11,035	(174)	42	10,903
Securities	286,011	632,409	-	918,420
Loans and advances to customers	1,317,578	807,242	(35)	2,124,785
Property and equipment	32,458	7,954	81	40,493
Retirement benefit assets	71,059	-	-	71,059
Total assets	$ 2,102,220	$ 1,785,273	$ 92,689	$ 3,980,182
Liabilities				
Customer deposits	$ 1,617,205	$ 1,570,581	$ 93,945	$ 3,281,731
Other liabilities	(11,550)	83,237	(1,115)	70,572
Retirement benefit obligations	6,885	6,611	-	13,496
Total liabilities	$ 1,612,540	$ 1,660,429	$ 92,830	$ 3,365,799
Net assets	$ 489,680	$ 124,844	$ (141)	$ 614,383
Commitments, guarantees and contingent liabilities (Note 23)	$ 151,004	$ 102,799	$ 140	$ 253,943

2020	BAH	US	Other	Total
Assets				
Cash and balances with The Central Bank	$ 275,387	$ 11,004	$ 558	$ 286,949
Due from banks	-	244,561	74,772	319,333
Derivative financial instruments	-	33	-	33
Other assets	7,671	3,596	-	11,267
Securities	536,949	380,976	-	917,925
Loans and advances to customers	1,266,748	765,026	(35)	2,031,739
Property and equipment	37,512	7,807	81	45,400
Retirement benefit assets	42,285	-	-	42,285
Total assets	$ 2,166,552	$ 1,413,003	$ 75,376	$ 3,654,931
Liabilities				
Derivative financial instruments	$ -	$ 21	$ -	$ 21
Customer deposits	1,654,835	1,222,555	76,203	2,953,593
Other liabilities	(5,258)	71,368	(667)	65,443
Retirement benefit obligations	7,784	8,275	-	16,059
Total liabilities	$ 1,657,361	$ 1,302,219	$ 75,536	$ 3,035,116
Net assets	$ 509,191	$ 110,784	$ (160)	$ 619,815
Commitments, guarantees and contingent liabilities (Note 23)	$ 155,955	$ 133,943	$ 140	$ 290,038

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D. 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 Bank 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 Bank as a relatively stable core source of funding of its operations.

E. Liquidity risk

Liquidity risk arises from the Bank'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 Bank's liquidity management strategies seek to maintain sufficient liquid financial resources to continually fund the consolidated statement of financial position under both normal and stressed market environments.

Process and control

Actual and anticipated inflows and outflows of funds generated from exposures, including those not recognised in the consolidated statement of financial position, are managed on a daily basis within specific short-term asset/ liability mismatch limits by operational entity.

Potential cash flows under various stress scenarios are modelled using carrying amounts recognised in the consolidated statement of financial position. On a consolidated basis, prescribed liquidity levels under a selected benchmark stress scenario are maintained for a minimum time horizon.

Risk measurement

The Bank's liquidity measurement system provides daily liquidity risk exposure reports for monitoring and review by the Treasury department. The Bank's Asset Liability Management Team (ALMT) is responsible for recommending the liquidity ratio targets, the stress scenarios and the contingency funding plans. The Bank's Board is ultimately responsible for the Bank's liquidity.

The Bank 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. The Bank has internally established specific liquidity requirements that are approved by the Parent Group's Asset Liability Committee (ALCO) and reviewed annually.

The table below analyses the assets, liabilities and commitments, guarantees and contingent liabilities of the Bank into relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date.

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2021	0-3 months	3-12 months	1-5 years	Over 5 years	Total
Assets					
Cash and balances with The Central Bank	$ 398,881	$ -	$ -	$ -	$ 398,881
Due from banks	390,541	25,100	-	-	415,641
Other assets	10,903	-	-	-	10,903
Securities	462,011	125,120	176,070	155,219	918,420
Loans and advances to customers	257,310	62,733	485,744	1,318,998	2,124,785
Property and equipment	3,499	1,909	14,216	20,869	40,493
Retirement benefit assets	-	-	-	71,059	71,059
Total assets	$ 1,523,145	$ 214,862	$ 676,030	$ 1,566,145	$ 3,980,182
Liabilities					
Customer deposits	$ 2,942,410	$ 301,506	$ 35,582	$ 2,233	$ 3,281,731
Other liabilities	64,510	1,526	4,536	-	70,572
Retirement benefit obligations	-	-	-	13,496	13,496
Total liabilities	$ 3,006,920	$ 303,032	$ 40,118	$ 15,729	$ 3,365,799
Net assets/(liabilities)	$ (1,483,775)	$ (88,170)	$ 635,912	$ 1,550,416	$ 614,383
Commitments, guarantees and contingent liabilities (Note 23)	$ 165,909	$ 31,822	$ 5,222	$ 50,990	$ 253,943

2020	0-3 months	3-12 months	1-5 years	Over 5 years	Total
Assets					
Cash and balances with The Central Bank	$ 286,949	$ -	$ -	$ -	$ 286,949
Due from banks	319,333	-	-	-	319,333
Derivative financial instruments	-	33	-	-	33
Other assets	11,267	-	-	-	11,267
Securities	367,980	163,093	217,786	169,066	917,925
Loans and advances to customers	116,681	107,293	470,867	1,336,898	2,031,739
Property and equipment	3,586	2,606	19,502	19,706	45,400
Retirement benefit assets	-	-	-	42,285	42,285
Total assets	$ 1,105,796	$ 273,025	$ 708,155	$ 1,567,955	$ 3,654,931
Liabilities					
Derivative financial instruments	$ -	$ 21	$ -	$ -	$ 21
Customer deposits	2,548,926	378,226	24,262	2,179	2,953,593
Other liabilities	53,235	1,855	6,447	3,906	65,443
Retirement benefit obligations	-	-	-	16,059	16,059
Total liabilities	$ 2,602,161	$ 380,102	$ 30,709	$ 22,144	$ 3,035,116
Net assets/(liabilities)	$ (1,496,365)	$ (107,077)	$ 677,446	$ 1,545,811	$ 619,815
Commitments, guarantees and contingent liabilities (Note 23)	$ 169,771	$ 74,568	$ 10,908	$ 34,791	$ 290,038

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F. Fair value of financial assets and liabilities

Fair value is defined as the price that would be received to sell an asset, or paid to transfer a liability, between market participants in an orderly transaction in the principal market (or most advantageous market) at the measurement date under current market conditions (i.e., the exit price). The determination of fair value requires judgment and is based on market information, where available and appropriate. Fair value measurements are categorised into three levels within a fair value hierarchy (Level 1, 2 or 3) based on the valuation inputs used in measuring the fair value, as outlined below:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities we can access at the measurement date. Bid prices, ask prices or prices within the bid and ask, which are the most representative of the fair value, are used as appropriate to measure fair value. Fair value is best evidenced by an independent quoted market price for the same instrument in an active market. An active market is one where transactions are occurring with sufficient frequency and volume to provide quoted prices on an ongoing basis.

- Level 2 - Quoted prices for identical assets or liabilities in markets that are inactive or observable market quotes for similar instruments, or use of valuation technique where all significant inputs are observable. Inactive markets may be characterised by a significant decline in the volume and level of observed trading activity or through large or erratic bid/offer spreads. In instances where traded markets do not exist or are not considered sufficiently active, we measure fair value using valuation models.

- Level 3 - Non-observable or indicative prices or use of valuation technique where one or more significant inputs are non-observable.

The table below presents the level in the fair value hierarchy into which the fair values of financial instruments, that are carried and disclosed at fair value on the consolidated statement of financial position, are categorised.

	Level 1 Quoted market price	Level 2 Valuation technique-observable market input	Level 3 Valuation technique-non-observable market input	Total 2021	Total 2020
Financial Assets					
Cash and balances with The Central Bank*	$ 398,881	$ -	$ -	$ 398,881	$ 286,949
Due from banks*	415,641	-	-	415,641	319,333
Derivative financial instruments	-	-	-	-	33
Debt securities at FVOCI	-	899,788	219	900,007	897,539
Debt securities at amortised cost	-	18,848	-	18,848	18,440
Loans and advances to customers	-	-	2,126,404	2,126,404	2,033,381
Total financial assets	$ 814,522	$ 918,636	$ 2,126,623	$ 3,859,781	$ 3,555,675
Financial Liabilities					
Derivative financial instruments	$ -	$ -	$ -	$ -	$ 21
Customer deposits	-	-	3,279,111	3,279,111	2,950,512
Total financial liabilities	$ -	$ -	$ 3,279,111	$ 3,279,111	$ 2,950,533

*Financial assets with carrying values that approximate fair value.

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Transfers between levels in the fair value hierarchy are deemed to have occurred at the beginning of the year in which the transfer occurred. Transfers between levels can occur as a result of additional or new information regarding valuation inputs and changes in their observability. There were no transfers in 2021 or 2020.

2021	Carrying value	Fair value	Fair value over/(under) carrying value
Financial assets			
Cash and balances with The Central Bank	$ 398,881	$ 398,881	$ -
Due from banks	415,641	415,641	-
Debt securities at FVOCI	900,007	900,007	-
Debt securities at amortised cost	18,413	18,848	435
Loans and advances to customers	2,124,785	2,126,404	1,619
Total financial assets	$ 3,857,727	$ 3,859,781	$ 2,054
Financial liabilities			
Customer deposits	$ 3,281,731	$ 3,279,111	$ (2,620)
Total financial liabilities	$ 3,281,731	$ 3,279,111	$ (2,620)

2020	Carrying value	Fair value	Fair value over/(under) carrying value
Financial assets			
Cash and balances with The Central Bank	$ 286,949	$ 286,949	$ -
Due from banks	319,333	319,333	-
Derivative financial instruments	33	33	-
Debt securities at FVOCI	897,539	897,539	-
Debt securities at amortised cost	20,386	18,440	(1,946)
Loans and advances to customers	2,031,739	2,033,381	1,642
Total financial assets	$ 3,555,979	$ 3,555,675	$ (304)
Financial liabilities			
Derivative financial instruments	$ 21	$ 21	$ -
Customer deposits	2,953,593	2,950,512	(3,081)
Total financial liabilities	$ 2,953,614	$ 2,950,533	$ (3,081)

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Quantitative information about significant non-observable inputs

Valuation techniques using one or more non-observable inputs are used for a number of financial instruments. The following table discloses the valuation techniques and quantitative information about the significant non-observable inputs used in level 3 financial instruments:

	2021				Range of inputs	
As at October 31	Amortised cost	Fair value	Valuation technique	Key non-observable inputs	Low	High
Loans and advances to customers	$ 2,124,785	$ 2,126,404	Market proxy	Market proxy	3.5%	18.5%
Customer deposits	$ 3,281,731	$ 3,279,111	Market proxy	Market proxy	0.1%	0.1%
Equity securities	$ 219	$ 219	n/a	n/a	n/a	n/a

These financial assets and liabilities are mostly carried at amortised cost and as such sensitivity analysis on the inter-relationships between significant non-observable inputs and the sensitivity of fair value to changes in those inputs is not necessary.

Financial instruments recorded at fair value

The following is a description of the determination of fair value for financial instruments which are recorded at fair value using valuation techniques. These incorporate the Bank's estimate of assumptions that a market participant would make when valuing the instruments:

- *Derivative financial instruments*
  Derivative products valued using a valuation technique with market observable inputs are interest rate swaps and foreign exchange forward contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

- *Debt instruments at FVOCI*
  Debt instruments at FVOCI 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 consolidated financial statements.

- *Loans and advances to customers*
  Loans and advances to customers are stated net of expected credit loss allowances. The estimated fair value of loans and advances to customers represents the discounted amount of estimated future cash flows expected to be received.

- *Customer deposits*
  The estimated fair value of customer deposits is based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and 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.

Note 28 Principal Subsidiary Undertakings

Name	Country of incorporation
Sentry Insurance Brokers Ltd.	The Bahamas
FirstCaribbean International (Bahamas) Nominees Company Limited	The Bahamas
FirstCaribbean International Land Holdings (TCI) Limited	Turks & Caicos Islands

All subsidiaries are wholly owned.

NOTICE OF MEETING

Annual General Meeting

When: Tuesday, March 22, 2022 at 6:00pm Bahamas time

Where: Bahamas: https://web.lumiagm.com/203036686

Meeting ID and Password: Shareholders who wish to attend the annual general meeting must contact us by March 18, 2022 at bahamasagm@cibcfcib.com to register and obtain credentials to join the meeting.

Notice is hereby given that the twenty-seventh annual general meeting of the shareholders of FirstCaribbean International Bank (Bahamas) Limited (the "Company") will be held in The Bahamas on Tuesday, March 22, 2022 at 6:00pm Bahamas time for the following purposes:

1. To consider and if deemed advisable to pass with or without variation the following resolutions:

    (i) BE IT RESOLVED that the Third Amended and Restated Articles of Association be amended by deleting the below Article:

        18.9 No director of the Company shall be eligible for reappointment at the next annual general meeting after he attains the age of seventy years.

    (ii) BE IT RESOLVED that the Company do adopt the Amended and Restated Articles of Association, as amended, as the Fourth Amended and Restated Articles of Association and signed for the purpose of identification by the Secretary of the Company and that the same be adopted as the Articles of Association of the Company.

2. To receive audited accounts for the year November 1, 2020 to October 31, 2021 and the report of the directors and auditors thereon.

3. To elect Dr. Jacqueline Bend as a director to serve until the next annual general meeting of the Company.

4. To re-elect the following directors to serve until the next annual general meeting of the Company:

i. Colette Delaney
ii. Daniel Wright
iii. Willie Moss
iv. Felix Stubbs
v. Craig Gomez

5. To appoint Ernst & Young Ltd. as auditors and to authorize the directors to fix their remuneration.

6. To discuss any other business which may be properly considered at the Meeting.

BY ORDER OF THE BOARD

Sherrylyn Bastian
Legal Counsel & Corporate Secretary
February 25, 2022

NOTICE OF MEETING

Notes

Attendance at the meeting

The 2022 annual general meeting will be held in The Bahamas. Shareholders on record as at Thursday, February 17, 2022 and duly appointed proxy holders may attend and vote using a computer or other device connected to the internet.

Shareholders who wish to attend, vote or submit questions must register as soon as possible in order to obtain their login credentials by contacting us by email at bahamasagm@cibcfcib.com. Shareholders must register by March 18, 2022.

Once registered shareholders will receive an email with a username and password that will enable access to the meeting.

Voting

Once the voting has opened, the resolutions and voting choices will be displayed. To vote, simply select your voting direction from the options shown on screen. A confirmation message will appear to show your vote has been received. To change your vote, simply select another direction. If you wish to cancel your vote, please press 'Cancel'.

Votes will be tallied according to the number of shares held by each shareholder.

Questions

Shareholders attending may ask questions.To ask a question: (a) select the messaging icon from within the navigation bar; (b) type your question at the top of the screen; (c) click the send arrow button to the right of the text box.

MANAGEMENT PROXY STATEMENT

Particulars of Meeting

You are cordially invited to attend the Annual General Meeting (the "meeting") of FirstCaribbean International Bank (Bahamas) Limited (the "Company") to be held in The Bahamas on Tuesday, March 22, 2022 at 6:00 p.m. Bahamas time.

This proxy statement and accompanying form of proxy and voting instructions will be available on the Company's website www.cibcfcib.com on Friday, February 25, 2022 to holders of the Company's ordinary shares as at the close of business on Tuesday, February 17, 2022, the record date for the meeting.

The financial year of the Company began on November 1, 2020 and ended October 31, 2021. References in this proxy statement to the year 2021 or financial 2021 refer to the period mentioned above.

Revocability of Proxy

A shareholder who executes and returns the accompanying form of proxy may revoke it by an instrument in writing executed by such shareholder or attorney authorized in writing and deposited at the office FirstCaribbean International Trust Company (Bahamas) Limited, Registrar and Transfer Agent, Goodman's Bay Corporate Centre, West Bay Street, P.O. Box N-3933, Nassau, Bahamas at any time up to and including the last business day preceding the day of the meeting, or in any other manner permitted by law.

Solicitation

The management of the Company will be using this proxy management statement to solicit proxies from shareholders for use at the meeting.

A shareholder has the right to appoint a person or company (who need not be a shareholder), other than the persons designated by the directors as proxy holders in the accompanying form of proxy, to represent the shareholder at the meeting by striking out the names of the persons so designated and inserting the name of the chosen proxy holder in the blank space provided for that purpose in the form of proxy. A proxy must be in writing and must be executed by the shareholder or by an attorney authorized in writing. The proxy must arrive by mail or delivered at the office of FirstCaribbean International Trust Company (Bahamas) Limited, Registrar and Transfer Agent, Goodman's Bay Corporate Centre, West Bay Street, P.O. Box N-3933, Nassau, Bahamas or be sent by email to bahamasagm@cibcfcib.com.

It is intended to vote the proxy hereby issued by the management of the Company (unless the shareholder directs otherwise) in favor of all resolutions specified on the proxy form sent to the shareholders with this proxy statement and in the absence of a specified direction, in the discretion of the proxy holder in respect of any other resolution.

The Board of Directors and the management of the Company do not contemplate the solicitation of proxies otherwise than electronically or by mail. The total amount estimated to be spent by the Company in connection with this solicitation of proxies is less than $20,000.00.

Voting Securities and Principal Holders of Voting Securities

Shareholders at the close of business on the record date are entitled to notice of and to vote at the meeting.

On February 17, 2022 there were 120,216,204 ordinary shares issued and outstanding. Each shareholder is entitled to one vote on each matter properly brought before the meeting. At close of business on February 17, 2022, FirstCaribbean International Bank Limited beneficially owned or controlled directly or indirectly 114,463,600 shares which represents 95.21% of the Company's issued ordinary share capital. There are no other shareholders who own 10% or more of the Company's issued ordinary shares. The presence, in person or by proxy, of three members is necessary to constitute a quorum at the meeting.

Election and re-election of Directors

The articles of association currently provide that the board of directors of the Company shall consist of a minimum of five (5) directors and a maximum of twelve (12) directors, with the actual number of directors to be determined from time to time by the board of directors.

Directors can be either elected annually by the shareholders at the annual general meeting or, subject to the articles of association of the Company and applicable law, appointed by the board of directors between annual general meetings. Each director shall hold office until the close of the next annual general meeting of the Company or until he or she ceases to be a director by operation of law or articles of association of the Company or until his or her resignation becomes effective. The board of directors held six (6) meetings in 2021.

The persons designated as proxy holders in the accompanying form of proxy will vote ordinary shares represented by such form of proxy, properly executed, for the election and re-election of the nominees whose names are set forth herein, unless specifically directed to withhold a vote. All the nominees with the exception of Dr. Jacqueline Bend were previously elected by the shareholders of the Company as directors of the Company. If any nominee is for any reason unavailable to serve (which management has no reason to believe to be the case), the persons designated as proxy holders in the accompanying form of proxy shall have the right to exercise their discretion by voting for another qualified nominee.

The following table sets out the names of all persons proposed to be nominated for election and re-election as directors, along with other relevant information. The nominees are now members of the board of directors.

Name	Principal Occupation	Director Since	Number of Shares Beneficially Owned or Controlled Directly or Indirectly
Colette Delaney	Chief Executive Officer	2017	Nil
Dr. Jacqueline Bend	Managing Director	2021	Nil
Daniel Wright	Managing Director, Wealth Management	2018	Nil
Willie Moss	Attorney-at-law	1998	Nil
Felix Stubbs	Retired Business Executive	2014	Nil
Craig Gomez	Accountant	2019	Nil

Directors' Remuneration

Each director who is not an employee of the Company is paid an annual fee of thirty-five thousand dollars ($35,000.00) for his or her services. Directors are also entitled to reimbursement for reasonable travel and living expenses incurred by them in attending any board of directors or committee meetings.

No special remuneration was paid to any director during financial year 2021.

Senior Management Remuneration

The senior management of the Company received aggregate compensation amounting to $2,122,697.88 in the financial year 2021.

Indebtedness of Management

There is a total indebtedness of approximately $2,383,149.18 due to the Company from members of the senior management and directors. This represents loans and mortgages.

MANAGEMENT PROXY STATEMENT

Interests of Insiders in Material Transactions

No director, executive officer, or senior officer of the Company, or proposed nominee for the election and re-election as a director of the Company, has held or currently holds a material interest in any transaction entered into by the Company or its subsidiaries in the year 2021.

Appointment of Auditors

At the meeting, the shareholders will be called upon to appoint Ernst & Young Ltd. as auditors of the Company at a remuneration to be fixed by the board of directors and to serve until the close of the next annual general meeting of the Company.

Particulars of Matters to be Acted Upon

1. Approve the amendment to the Third Amended and Restated Articles of Association of the Company shown in the notice of the meeting and to adopt the amended Fourth Amended and Restated Articles of Association of the Company.
2. Receive audited accounts for the year ended October 31, 2021 and the report of the directors and auditors thereon.
3. Election and re-election of directors for the ensuing year.
4. Appointment of Ernst & Young Ltd. as the auditors and authorization of the directors to fix their remuneration.
5. Discuss any other business which may be properly considered at the meeting.

Dissent & Appraisal Rights

Shareholders are advised that no shareholder proposal has been filed. Further, no action is proposed by the Board of Directors, which would create the possibility of a "dissenting shareholder" under section 159 of the Companies Act, 1992. The Board is also not aware of any solicitation of proxies by a person or group averse to the present management of the Company.

Financial Information

The certified financial statements with accompanying auditors report for the 2021 fiscal year are presented in the Company's Annual Report, available online at www.cibcfcib.com. A printed copy of this document may be obtained without charge from the Managing Director's Office, FirstCaribbean International Bank Financial Centre, 2nd floor, Shirley Street, Nassau, Bahamas.

Directors' Approval

The contents and the sending of this management proxy statement and proxy form have been approved by the board of directors of the Company. The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

Dated at Nassau, Bahamas this February 25, 2022.

COLETTE DELANEY
Chair

SHERRYLYN BASTIAN
Corporate Secretary

DIRECTORS' REPORT

Proxies
Shareholders on record as at February 17, 2022 are entitled to appoint one or more proxies to attend and vote instead of them. A proxy need not be a shareholder. Any instrument appointing a proxy may be sent by mail or hand delivered to the office of FirstCaribbean International Trust Company (Bahamas) Limited, Registrar and Transfer Agent, Goodman's Bay Corporate Centre, West Bay Street, P.O. Box N-3933, Nassau, Bahamas. It may also be sent by email to bahamasagm@cibcfcib.com by March 18, 2022.

Shareholders who submit completed proxy forms may subsequently decide to attend the meeting but must use the registration information provided to their proxy to gain access to the meeting. Where a shareholder attends after having appointed a proxy, votes lodged by the proxy will be excluded.

Documents Available for Inspection
There are no service contracts granted by the Company, or its subsidiary companies, to any director.

Registered office
FirstCaribbean International Bank Financial Centre, 2nd Floor, Shirley Street, Nassau, Bahamas.

Financial Results and Dividends
The Company reported a net income of $82.2 million for the period ending October 31, 2021. All statutory requirements for the period have been fulfilled.

Interim dividends of nine cents ($0.09) per ordinary share was declared by the directors on June 15, 2021, September 14, 2021 and December 16, 2021 respectively. The total regular dividend for the year was $0.27 per ordinary share.

Share Capital
The Company has 120,216,204 ordinary shares issued and outstanding as at October 31, 2021.

FirstCaribbean International Bank Limited held 95.21% of the Company's issued and outstanding ordinary shares as at October 31, 2021.

Substantial Interest as at October 31, 2021
FirstCaribbean International Bank Limited
114,463,600 (95.21%)

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

Auditors
Ernst & Young Ltd., Chartered Accountants, served as external auditors of the Company for the 2021 financial year. A resolution relating to the appointment of Ernst & Young Ltd. as auditors for the 2022 financial year will be proposed.

February 25, 2022

Sherrylyn Bastian
Corporate Secretary

STATEMENT OF CORPORATE GOVERNANCE

Introduction to the Corporate Governance Statement

It is important that you, our shareholders, understand how the Board of Directors of FirstCaribbean International Bank (Bahamas) Limited (the "Board") fulfils its corporate governance oversight responsibilities. FirstCaribbean International Bank (Bahamas) Limited ("FCIB Bahamas") is a subsidiary of FirstCaribbean International Bank Limited ("CIBC FirstCaribbean"). CIBC FirstCaribbean, as majority and controlling shareholder, ensures that FCIB Bahamas' business is carried out in a manner that will achieve performance objectives set by the Board. Achieving such performance objectives will be done through maximum use of the skills and expertise resident respectively in Bahamas and CIBC FirstCaribbean while satisfying CIBC FirstCaribbean's larger strategic objectives, corporate policies and values and regulatory responsibilities.

FCIB Bahamas committee structure is based on membership in the regional CIBC FirstCaribbean Board of Directors Committee structure. The regional CIBC FirstCaribbean Board Committees which meet on a quarterly basis are:

1. Risk Committee
2. Audit Committee
3. Nominating and Corporate Governance Committee
4. Compensation Committee

The above-mentioned Committees provide oversight for FCIB Bahamas.

The governance framework that guides the Board is described in FCIB Bahamas' Corporate Governance Statement, which follows this introduction.

Certain documents are incorporated by reference into the Corporate Governance Statement and may be found on the Bank's website at www.cibcfcib.com. These include

1. Board of Directors Mandate
2. Audit Committee Mandate
3. Compensation Committee Mandate
4. Nominating and Corporate Governance Committee Mandate
5. Risk Committee Mandate
6. Board Committee Chair Mandate
7. Code of Conduct for Employees
8. Code of Ethics for Directors
9. Insider Trading Policy

STATEMENT OF CORPORATE GOVERNANCE

This statement of corporate governance practices describes the governance framework that guides the Board and management in fulfilling their obligation to FirstCaribbean International Bank (Bahamas) Limited ("FCIB Bahamas") and its stakeholders. It was reviewed and approved by the Board in February, 2022.

1. Governance Structure

At the foundation of FCIB Bahamas' governance structure are knowledgeable, effective, independent and non-independent directors. Documenting clear roles and responsibilities for the Board and CIBC FirstCaribbean's committees assists the Board in supervising the management of FCIB Bahamas' business and affairs.

2. Board composition

The composition of the Board and CIBC FirstCaribbean's committees is driven by legal and regulatory requirements and the strategic direction of CIBC FirstCaribbean.

Legal requirements - The Board adheres to all local and regional legal and regulatory requirements, guidelines and recommendations applicable to directors and the Board, including the legal and regulatory requirements of the Central Bank of The Bahamas, the Securities Commission of The Bahamas, The Bahamas International Securities Exchange and the Turks and Caicos Islands Financial Services Commission.

Board size - FCIB Bahamas' Articles of Association requires a minimum of five directors and a maximum of twelve directors. As at November 27, 2020 the Board was comprised of five directors, two directors were non- independent and three were independent. As at April 1, 2021 the Board is comprised of six directors, three directors who are independent and three who are non-independent.

Board responsibilities

The Board is responsible for the management of the business and affairs of FCIB Bahamas. Craig Gomez, a director of the Board serves on CIBC FirstCaribbean Board as well as the Audit Committee and Risk Committee. The Board and the committees, provide direction to senior management, generally through the Managing Director to pursue the best interest of FCIB Bahamas.

Strategic planning - The Board oversees the development of FCIB Bahamas' strategic direction and priorities. Throughout the year, the Board reviews management's assessment of emerging trends, the competitive environment, risk issues and significant business practices and products, culminating in the Board's review and approval of the strategic, financial and capital plans for the next fiscal year.

Risk management - With assistance from CIBC FirstCaribbean's committees, the Board approves CIBC FirstCaribbean's risk appetite and reviews management reports on material risks associated with FCIB Bahamas' business and operations, the implementation by management of systems to manage those risks and material deficiencies in the operation of those systems.

Human Resources management - With assistance from CIBC FirstCaribbean's committees, the CIBC FirstCaribbean's Board reviews CIBC FirstCaribbean's approach to human resources management, employment arrangements and the succession planning process for senior management considering business performance, including its risk-related aspects and the extent to which management fosters a culture of integrity.

Corporate governance - At least annually the Board reviews FCIB Bahamas' approach to corporate governance, including the governance principles and guidelines applicable to FCIB Bahamas.

Financial information - With assistance from CIBC FirstCaribbean's committees, the Board reviews FCIB Bahamas' internal controls relating to financial information, management reports on material deficiencies relating to those controls and the integrity of FCIB Bahamas' financial and information systems, the effectiveness of internal controls and management's assertion on internal control and disclosure procedures.

Board Committees - CIBC FirstCaribbean establishes committees (which FCIB Bahamas is a member) and their mandates.

Director development and evaluation - Each director participates in FCIB Bahamas' orientation programme and director development sessions. Each year the Board engages in a process to evaluate Board performance to enhance its effectiveness and during the fiscal year all directors participate in interactive development sessions on a variety of relevant topics.

3. Director Independence

The Board believes that director independence is an important part of fulfilling its duty to supervise the management of FCIB Bahamas' business and affairs. The Board relies on regulatory requirements and guidance, best practices and good judgement to determine independence. A director is considered to be independent only where the Board determines that the director has no material relationship with FCIB Bahamas.

The Board and the committees also foster independence by:

- Having independent directors on each of the committees;
- Reviewing board interlocks;
- Conducting in camera sessions without management;
- Determining whether directors have a material interest in transactions;
- Having the Audit Committee chaired by an independent director and is comprised of a majority of independent members;
- Having the Nominating and Corporate Governance nominate independent directors.

A majority of the members of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee are independent.

Conflicts of interest

To foster ethical and independent decision-making, CIBC FirstCaribbean has a process in place to identify and deal with director conflicts of interest. Where a director or executive officer has an interest in a material transaction or agreement with FCIB Bahamas that is being considered by the Board or a committee, he or she discloses that interest and excuse himself or herself from the meeting while the Board or committee considers the transaction or agreement and does not vote on any resolution to approve that transaction or agreement.

4. Director Nomination Process

Nominating a new director for election

The Nominating and Corporate Governance Committee is responsible for recommending director candidates for election. In practice, before making a recommendation on a new director candidate, the Chair of CIBC FirstCaribbean's Board, the Chair of the Nominating and Corporate Governance Committee, and any other designated CIBC FirstCaribbean Board member(s) will agree on the skills and characteristics of a prospective director candidate. Once a candidate or candidates are identified, the Chair of CIBC FirstCaribbean's Board, the Chair of the Nominating and Corporate Governance Committee and other CIBC FirstCaribbean board members meet with the candidate to discuss his or her background, skill set, and ability to devote the time and commitment required to serve on FCIB Bahamas' Board. The Nominating and Corporate Governance Committee assesses the candidate's integrity and suitability by obtaining references, verifies his or her educational background, conducts a background check on the candidate and assesses any potential conflicts, independence concerns or disclosure issues. Once the Nominating and Corporate Governance Committee approves the new director candidate, thereafter the Board approves the director.

Meeting attendance record

Quarterly Board and committee meetings are scheduled approximately one year in advance. Interim meetings are scheduled as required. Members of the Board are expected to attend meetings of the Board and any committees of which the directors are members. This standard is not applied to attendance at interim Board committee meetings that are called on short notice.

During fiscal 2021 the Board met six times. The Audit Committee met five times. The Risk Committee met eleven times. The Compensation Committee met six times and the Nominating and Corporate Governance Committee met six times.

Annual Meeting

FCIB Bahamas' annual general meeting was held virtually on March 23, 2021 and was attended by the Board. FCIB Bahamas' Financial Controller and external auditor, Ernst & Young Ltd. ("EY"), were also present as well as other members of FCIB Bahamas' senior management team.

5. Annual Performance Evaluation of the Board

The Board of Directors Mandate requires the Board to conduct a review of the role of the Board and committees, the methods and processes by which the Board fulfils its duties, the effectiveness of the Board structure and its directors, and the performance of the Chair of the Board against criteria the Board considers appropriate.

The evaluation addresses the performance and effectiveness of the Board and the Chair of the Board. The evaluation is based on confidential feedback obtained from a survey completed by each director and submitted to the Corporate Secretary. The Nominating and Corporate Governance Committee also conducts this evaluation with the assistance of the Group Corporate Secretary for CIBC FirstCaribbean. The evaluation addresses the performance and effectiveness of CIBC FirstCaribbean Board, each Board committee and the Chair of CIBC FirstCaribbean Board.

The survey solicits feedback on what was done well, what could be done better and covers Board and committee structure and composition, Board leadership, management, succession planning, strategic planning, risk management, operational performance and Board processes and effectiveness. The evaluation process help identify opportunities and continuing Board and director development and forms the basis of any action plans for improving the Board's operations.

6. The Managing Director

The Managing Director has primary accountability for the overall financial, reputational and market performance of the Bahamas and Turks and Caicos Islands. The Managing Director is responsible for overseeing the management of day to day business and interface with the line of business and support functions of CIBC FirstCaribbean Group through FCIB Bahamas Country Management Team and the Country Head for the Turks and Caicos Islands. The Managing Director, reports to the Chief Executive Officer of CIBC FirstCaribbean, and as a member of the Board and Country Manager for Bahamas, is accountable to the Board, and reports to the Chair of the Board. The Managing Director is also a member of the Senior Executive Team of CIBC FirstCaribbean and through this contributes to the development of strategy and policy of the CIBC FirstCaribbean Group.

7. The Chair of the Board

The primary functions of the Chair of the Board are to facilitate the operations and deliberations of the Board and the satisfaction of the Board's responsibilities. The Chair's key accountabilities and responsibilities, include setting Board meeting agendas, chairing Board and shareholder meetings, leading director development, providing input on the integrity and suitability of potential director candidates, leading the Board in overseeing the development of FCIB Bahamas' strategic direction, processes, plans, priorities and benchmarks, providing Board feedback to the Managing Director and communicating with shareholders, regulators and other stakeholders.

8. Board Committees

Each member of a committee is appointed by CIBC FirstCaribbean Board on an annual basis and serves at the pleasure of CIBC FirstCaribbean's Board, or until the earlier of:

(a) the close of the next annual meeting of shareholders of CIBC FirstCaribbean at which the member's term of office expires;

(b) the death of the member; or

(c) the resignation, disqualification or removal of the member from the committee or from CIBC FirstCaribbean Board.

CIBC FirstCaribbean's Board may fill a vacancy in the membership of the committee. At the time of the annual appointment of the members of the committee, CIBC FirstCaribbean's Board appoints a chair of the committee.

Audit Committee

The Audit Committee is responsible for reviewing the integrity of the financial statements of CIBC FirstCaribbean, related management's discussion and analysis and internal control over financial reporting, monitoring the system of internal control, monitoring compliance with legal and regulatory requirements, selecting external auditors for shareholder approval, reviewing the qualifications, independence and performance of the external auditors, reviewing the qualifications, independence and performance of the internal auditors, managing the determination the Bank's financial year, and monitoring the internal audit function and auditing, accounting and financial reporting processes generally. All members of the Audit Committee are financially literate.

The members of the Audit Committee are:

Chair:	Paula Rajkumarsingh (independent)
Membership:	Christopher de Caires (independent)
	Lincoln Eatmon (independent)
	Robert Frentzel
	Craig Gomez (independent)
	Wayne Lee
	Brian McDonough
	David Ritch (independent)

Scheduled quarterly meetings

Board Member	Board of Directors' Meetings	Audit Committee Meetings	Compensation Committee Meetings	Nominating and Corporate Governance Committee Meetings	Risk Committee Meetings
David Ritch	Not a member	4/4	4/4	4/4	4/4
Christopher de Caires	Not a member	4/4	4/4	4/4	4/4
Colette Delaney	4/4	Not a member	Not a member	Not a member	4/4
Robert Frentzel	Not a member	4/4	4/4	4/4	4/4
Craig Gomez	4/4	4/4	Not a member	Not a member	4/4
Wayne Lee	Not a member	4/4	Not a member	Not a member	4/4
Brian McDonough	Not a member	4/4	Not a member	Not a member	4/4
Achilles Perry	Not a member	Not a member	4/4	4/4	Not a member
Paula Rajkumarsingh	Not a member	4/4	4/4	4/4	4/4
Lincoln Eatmon	Not a member	4/4	Not a member	Not a member	Not a member
Dr. Jacqueline Bend *	2/4	Not a member	Not a member	Not a member	Not a member
Daniel Wright	4/4	Not a member	Not a member	Not a member	Not a member
Willie Moss	4/4	Not a member	Not a member	Not a member	Not a member
Felix Stubbs	4/4	Not a member	Not a member	Not a member	Not a member

Interim meetings called at short notice

Board Member	Board of Directors' Meetings	Audit Committee Meetings	Compensation Committee Meetings	Nominating and Corporate Governance Committee Meetings	Risk Committee Meetings
David Ritch	Not a member	1/1	2/2	2/2	7/7
Christopher de Caires	Not a member	1/1	2/2	2/2	5/7
Colette Delaney	2/2	Not a member	Not a member	Not a member	7/7
Robert Frentzel	Not a member	1/1	1/2	2/2	4/7
Craig Gomez	2/2	1/1	Not a member	Not a member	7/7
Wayne Lee	Not a member	1/1	Not a member	Not a member	5/7
Brian McDonough	Not a member	1/1	Not a member	Not a member	7/7
Achilles Perry	Not a member	Not a member	2/2	0/2	Not a member
Paula Rajkumarsingh	Not a member	1/1	2/2	2/2	4/7
Lincoln Eatmon	Not a member	1/1	Not a member	Not a member	Not a member
Dr. Jacqueline Bend*	1/2	Not a member	Not a member	Not a member	Not a member
Daniel Wright	2/2	Not a member	Not a member	Not a member	Not a member
Willie Moss	2/2	Not a member	Not a member	Not a member	Not a member
Felix Stubbs	2/2	Not a member	Not a member	Not a member	Not a member

* Member of the Audit Committee only

Wayne Lee joined CIBC FirstCaribbean's Board on February 9, 2021. He was appointed a member of the Risk Committee and Audit Committee on February 9, 2021 and as his appointment was effective at the end of the meetings, Mr. Lee did not attend the meeting held at the beginning of February.

Achilles Perry joined CIBC FirstCaribbean's Board on February 9, 2021. He was appointed a member of the Nominating and Corporate Governance Committee and Chair of the Compensation Committee on February 9, 2021 and as his appointment was effective at the end of the meetings, Mr. Perry did not attend the meetings held at the beginning of February.

Dr. Jacqueline Bend was appointed as a Director of the Board with effect from April 1, 2021.

Compensation Committee

The Compensation Committee is responsible for assisting CIBC FirstCaribbean's Board in fulfilling its governance and supervisory responsibilities relating to compensation of the Chief Executive Officer, the Chief Financial Officer and other executive officers and senior management. The committee is also responsible for assisting the CIBC FirstCaribbean's Board in fulfilling its strategic oversight of the Bank's human capital, including overall employee compensation, the levels and degrees of participation in incentive compensation programs, including bonuses and stock plans, and oversight of management's progress in employee development and relations, and their alignment with the Bank's strategy of consistent, sustainable performance, its risk appetite and risk and control governance framework.

The members of the Compensation Committee are:

Chair:	Achilles Perry
Membership:	Christopher de Caires (independent)
	Robert Frentzel
	Paula Rajkumarsingh (independent)
	David Ritch (independent)

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for assisting CIBC FirstCaribbean's Board in fulfilling its responsibilities relating to identifying individuals qualified to become directors and selecting, or recommending that CIBC FirstCaribbean's Board selects, the candidates for all directorships to be filled by CIBC FirstCaribbean's Board or by the shareholders. The committee is also responsible for taking a leadership role in shaping the corporate governance of the CIBC FirstCaribbean Group. In addition, the committee is the nominating committee for membership in all boards of directors in the CIBC FirstCaribbean Group.

The members of the Nominating and Corporate Governance Committee are:

Chair:	David Ritch (independent)
Membership:	Christopher de Caires (independent)
	Robert Frentzel
	Achilles Perry
	Paula Rajkumarsingh (independent)

Risk Committee

The Risk Committee is responsible for overseeing and approving the enterprise-wide risk management practices to assist CIBC FirstCaribbean's Board in fulfilling its governance and supervisory responsibilities including strategic oversight of business risks and for reviewing and approving significant disposals, investments, changes in nature of business, expansion and major contracts. The committee is also responsible for the review of the performance of operations and technology functions, and the management of information security and for the review and monitoring of risks such as strategic, financial, credit, investment, market, security, treasury and liquidity, property, IT, legal, regulatory, reputational, operational and other risks of the CIBC FirstCaribbean Group.

The members of the Risk Committee are:

Chair:	Brian McDonough
Membership:	Christopher de Caires (independent)
	Colette Delaney
	Robert Frentzel
	Craig Gomez (independent)
	Wayne Lee
	Paula Rajkumaringh (independent)
	David Ritch (independent)

9. Board Access to Independent Advisors and Management

To assist the Board, the Chair of the Board, and the committees in satisfying their responsibilities and to foster their independence, the Board, the Chair of the Board and the committees have authority to retain and terminate external legal counsel, consultants or other advisors to assist them in fulfilling their responsibilities and to set and pay the compensation of these advisors without consulting or obtaining approval of management. The Board, the Chair of the Board and the committees also have unrestricted access to management and employees of CIBC FirstCaribbean, as well as the external auditors.

10. Director Orientation and Continuing Development

FCIB Bahamas' ongoing director development programme fosters the continuous education of Board members. The programme has two components:

a. New director orientation to assist new directors in becoming fully engaged as quickly as possible; and

b. Ongoing director development.

New director orientation

New directors are presented with an orientation package which includes the Board and committee mandates, the most recent Chief Executive Officer ("CEO") business update, current financial and capital plans, the most recent annual report, the Code of Ethics for Directors, a description of the committee and Group structure, information on director and officer liability insurance, Board meeting dates, and any other material the Chair of the Board considers appropriate.

Ongoing director development

All directors participate in the development sessions held during the fiscal year. The sessions are comprised of presentations to the Board by internal and external experts. One-on-one sessions between a director and an internal or external subject matter expert may be arranged at the request of the Chair of the Board or a committee chair. A director or committee member may contact the Corporate Secretary or the Chair of the Board about participating in an external education program or session related to development as a FCIB Bahamas director or committee member.

11. Director Compensation

The Nominating and Corporate Governance Committee reviews director compensation annually to assess whether it aligns with CIBC FirstCaribbean's strategy imperative to deliver consistent and sustainable earnings, fosters prudent decision-making, and is competitive with other director compensation programmes and levels among regional financial institutions. The Nominating and Corporate Governance Committee recommends changes in director compensation to CIBC FirstCaribbean's Board for approval when considered appropriate or necessary to align with these objectives and recognize the workload, time, commitment and responsibility of the Board and committee members. The Nominating and Corporate Governance Committee may retain an independent external consultant to provide data and advice to that committee on its director compensation policy and practices.

The independent directors are paid a flat annual fee for attending all board and committee meetings, whether scheduled or not. CIBC FirstCaribbean executives, who are directors, are not paid fees. Independent committee chairs and committee members who are not directors are paid fees. The independent directors of the Board are paid an aggregate total of $105,000 annually.

12. Approval of the Managing Directors' Service Contract

The Compensation Committee reviews the performance and compensation of the Managing Director annually.

13. Organization of Management

An Executive Committee ("EXCO") appointed by the CEO, leads the execution of the Bank's business strategy. The

EXCO is constituted as follows:

Chief Executive Officer	Colette Delaney
Chief Administrative Officer	Neil Brennan
General Counsel & Corporate Secretary	Brian Clarke
Chief Financial Officer	Carl Lewis
Chief Risk Officer	Patrick McKenna
Chief Information Officer and Managing Director, Technology & Operations	Esan Peters
Managing Director, Retail and Business Banking	Mark St. Hill
Managing Director, Corporate & Investment Banking	Willem van der Burg
Managing Director, Wealth Management	Daniel Wright

The execution of day-to-day management of the Bank is led by the Senior Executive Team ("SET"). The SET comprises the members of the EXCO plus:

Managing Director, Bahamas & TCI	Dr. Jacqueline Bend
Chief Auditor	Khadija Bourne
Managing Director, Jamaica	Nigel Holness
Managing Director, Cayman, BVI & Dutch Islands	Mark McIntyre
Managing Director, Trinidad	Anthony Seeraj
Managing Director, Barbados & Eastern Caribbean	Donna Wellington

CIBC FirstCaribbean has adopted a strategic business segment approach with strategic business segments reporting to the Chief Executive Officer. A Managing Director runs each line of business:

- Retail & Business Banking
- Corporate & Investment Banking
- Wealth Management

In addition to the above, a number of other senior management committees are in place to support the day-to-day management of the organization. These are:

- Asset Liability Committee
- Credit Committee
- Strategic Project Office
- Operational Risk & Control Committee
- Reputational and Legal Risk Committee

FCIB Bahamas' Committee structure utilizes membership from the above-mentioned committees to ensure that best practices are uniformly adopted. FCIB Bahamas management committees are:

- Bahamas Country Management Committee
- Bahamas Asset Liability Management Committee

Executive compensation

CIBC FirstCaribbean's executive compensation philosophy is simple and consistent from year to year. The aim is to review the CEO and senior leaders for delivering enhanced shareholder value through successful execution of the corporate strategy. Pay programmes are also designed to attract, retain and motivate key talent while aligning pay and performance.

It is the mandate of the Compensation Committee to make executive pay decisions and recommendations to CIBC FirstCaribbean's Board.

The elements of CIBC FirstCaribbean's executive compensation programs are:

ELEMENT	PURPOSE	HOW IT IS DETERMINED
Base Salary	Provide competitive fixed pay	• Based on job scope, experience and market pay
Discretionary Variable Incentive Award (cash incentive and deferred cash incentive)	Align compensation with business and individual performance	• Absolute and relative business performance measured against scorecard • Measures are weighted, vary by role, and are designed to promote strong alignment with CIBC FirstCaribbean's corporate and business unit goals • Individual performance assessed against a series of Committee approved goals focused on strategy execution
Benefits and Perquisites	Investment in employee health, wellness and engagement	• A range of benefit programmes provided to all employees across the Caribbean to support health and well-being
Retirement Programmes	Contribute to financial security after retirement	• Competitive pension arrangements are provided to all employees in the Caribbean

CIBC FirstCaribbean's discretionary variable incentive award elements are designed to reward performance over both the long and short term. In cases where a decision is taken to make a variable incentive award, the following considerations apply:

ELEMENT	PERFORMANCE MEASURES	DESCRIPTION

Annual Cash Incentive Award (approximately 50% of total incentive)	• Grant measures:
	  • Financial
	  • Risk
	  • Client
	  • Employee
	  • Strategy execution
		• Short term (annual)
		• Focused on:
		  • Profitability
		  • Growth
		  • Adherence to Risk Appetite
		  • Strategy execution
		  • Client and employee satisfaction

Deferred Cash Award (approximately 50% of total incentive)	• Grant measures:
	  • Financial
	  • Risk
	  • Client
	  • Employee
	  • Strategy execution
	• Vesting measures:
	  • Cumulative company performance over vesting period using a range of financial performance measures
		• Long term
		• Deferred cash incentive award with three year cliff vesting
		• Each year over the vesting period business performance factor is applied to initial grant to reflect the performance of the business over that year
		• Business performance factor is determined based on a number of financial performance measures
		• At vesting the initial grant multiplied by the business performance factor for each of the three years of the vesting period is paid, subject to a maximum of 125% and minimum of 75% of the original award
		• CIBC FirstCaribbean's Board retains discretion to adjust further to reflect extraordinary circumstances

14. CIBC FirstCaribbean's Code of Conduct and Code of Ethics for Directors

CIBC FirstCaribbean is committed to the highest standards of ethical and professional conduct. The Code of Conduct applies to all full and part time employees. The Code of Conduct also applies to consultants, independent contractors and temporary agency staff providing services to CIBC FirstCaribbean.

The Code of Ethics for Directors applies to all members of the Board. When a new director joins the Board, he or she will be required to review the Code of Ethics for directors and acknowledge in writing that he or she has reviewed it and agrees to abide by its terms.

All directors are required to review and attest to compliance with the applicable code annually.

Together, these codes establish the standards that govern the way employees and directors deal with each other, FCIB Bahamas shareholders, clients, suppliers, competitors and communities. The codes also address general conduct, conflicts of interest, information management, protection of FCIB Bahamas' assets and internal and regulatory investigations.

15. External Auditors: Oversight & Fees

The external auditors report to the Audit Committee. The EY Partner for FCIB Bahamas business also provides a report to the Board in December of each year.

Fees billed for professional services rendered by EY across its regional footprint for the consolidated financial statements years ended October 31, 2021 and October 31, 2020 are set out as follows:

Unaudited, $000's	2021	2020
Audit Fees [1]	2,658	2,691
Audit related fees [2]	247	269
Tax fees [3]	205	184
Total	3,110	3,144

(1) For the audit of CIBC FirstCaribbean's annual financial statements and services normally provided by the principal auditor in connection with statutory and regulatory filings.

(2) For the assurance and related services that are reasonably related to the performance of the audit or review of CIBC FirstCaribbean's financial statements.

(3) For tax compliance services.

16. Engagement of Non-Audit Services by External Auditors

CIBC FirstCaribbean's Scope of Services Policy requires Audit Committee pre-approval of non-audit services provided by our external auditors.

17. Oversight of the Internal Audit function by the Audit Committee

Internal Audit function

The Audit Committee has ultimate responsibility for the internal audit function and oversees its performance.

Organizational Framework

At least annually, the Audit Committee will review Internal Audit's organizational framework and charter (developed in accordance with professional standards promulgated by the Institute of Internal Auditors), having regard to its role and an independent control function. The Committee will also review the activities, staffing, organizational structure and credentials of Internal Audit.

At least annually, the Audit Committee will:

i. Review the Internal Audit function's financial plan, staff resources and recommend for CIBC FirstCaribbean's Board approval;
ii. Receive and review reports on the status of significant findings, recommendations and Management's responses.

The Audit Committee will also review the extent to which Internal Audit has reviewed computer systems and applications, the security of such systems and applications and contingency plans in the event of a systems breakdown.

Chief Auditor

The Audit Committee will review and, if advisable, approve the appointment of the Chief Auditor. At least annually, the Committee will review the goals, approve the Internal Audit Charter and review an assessment of the effectiveness and performance of the Chief Auditor and the Internal Audit function, as required. The Audit Committee will also have input into the performance evaluation of the Chief Auditor, as required.

Organization Placement

Internal Audit is led by the Chief Auditor, who in turn reports directly to the Chief Auditor of CIBC, and to the Audit Committee Chair. The Chief Auditor also reports administratively to the Chief Executive Officer.

The Chief Auditor has unencumbered access to the Audit Committee, and may freely discuss policies, audit findings recommendations, audit follow-up, guidance issues and any other matters deemed applicable.

Professional Standards and Independence

Internal Audit follows the professional standards of relevant professional organizations including:

i. Code of Ethics of the Institute of Internal Auditors (IIA) and the International Standards for the Professional Practice of Internal Auditing as set forth by the IIA; and
ii. Code of Professional Ethics of the Information Systems Audit and Control Association (ISACA) and the Information Systems Audit and Assurance Standards as set forth by the ISACA.

Resources and skillset

The Audit Committee recognizes that professional standards require internal auditors to have knowledge of operations and appropriate expertise in the subject matter that is being audited. The Chief Auditor provides the Audit Committee with an annual report on personnel, including the sufficiency of resources, qualifications, certifications and development.

Independence

The Chief Auditor will periodically discuss standards of professional audit independence with the Audit Committee Chair and the Audit Committee. The Audit Committee also periodically reviews management's assessment of the independence and effectiveness of the Internal Audit function, and evaluates the Chief Auditor's administrative reporting line.

Internal Audit will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair its independence.

Periodic Review

The Audit Committee is responsible for reviewing the effectiveness of the Internal Audit function and will receive quarterly reports from the Chief Auditor. Additionally, once every five years, the Committee will engage an independent third party to assess the Internal Audit function in accordance with professional standards promulgated by the Institute of Internal Auditors and the context of regulatory expectations and practices of leading institutions. The Audit Committee will review the results of that assessment.

Audit Plan

The Audit Committee will review and approve the annual audit plan including the audit scope and all major changes to the plan presented by the Chief Auditor to ensure that it is appropriately risk based and addresses all relevant activities over a measurable cycle. The Audit Committee will review and discuss with the Chief Auditor the scope, progress and results of executing the Internal Audit plan.

The Chief Auditor, on a quarterly basis, will review the status of the audit plan and any changes needed, including a review of:

i. the results of audit activities, including any significant issues reported to Management and Management's response and/or corrective actions
ii. the status of identified control weaknesses
iii. the adequacy and degree of compliance with systems of internal control

18. Risk and Control Governance Framework

CIBC FirstCaribbean's management follows a consistent approval in developing and determining, with reasonable assurance, that the Bank's risk and control environment is designed and operating effectively. It also provides key stakeholders with the structure required to assess the strength of CIBC FirstCaribbean's Risk and Control Governance systems.

In addition, CIBC FirstCaribbean has implemented the Risk and Control Governance Framework to help ensure that its parent CIBC, meets the requirements of the Sarbanes-Oxley Act (2002), for management to assess the effectiveness of the system of internal control.

The Framework has been developed based on the Committee of Sponsoring Organizations of Treadway Commission's (COSO) widely accepted "Enterprise Risk Management-Integrated Framework" (the COSO Framework) which is the most broadly used standard.

There are five components to this Framework, these are define as follows:-

1. Management Objectives - The Bank's risk and control systems are designed to ensure the achievement of three categories of objectives:

    a) Effective Operations - The operations of CIBC FirstCaribbean are effective in meeting its strategic objectives;

    b) Reliable Reporting – The financial reports provided to shareholders and other external stakeholders are accurate and reliable in all material aspects; and

    c) Regulatory Compliance - The conduct and actions of CIBC FirstCaribbean's Board of Directors, the Board, executives and contingent workers comply with all applicable laws and regulations.

2. Internal Environment - The internal environment sets the foundation for how risk is viewed and encompasses the Bank's General Entity Controls (GEC), this is represented by three main components:

    a) Vision, Mission, Values and Strategic Priorities - Tone from the Top- the board of directors and executive management of the Bank has overall responsibility for the Bank including determining, approving and overseeing the Bank's strategic objectives, risk strategy, governance structure, corporate values and strategic priorities. This shapes the Risk and Control Governance Framework of the Bank.

    b) Risk Appetite - defines the level of risk the Bank is prepared to accept in pursuit of the Bank's mission, vision, strategic objectives and corporate values.

    c) Risk and Control related Policies and Limits - sets the boundaries for positive actions and behaviors of CIBC FirstCaribbean employees and contingent workers in alignment with the Bank's Risk Appetite.

3. Risk Identification and Control Management Activities - This is the process to identify and assess risks and controls relevant to the achievement of the Bank's objectives, which has six elements:

a) Risk Assessment, Documentation and Maintenance - determining what needs to be done (objectives/goals being assessed) determining what can go wrong (risks) and prioritizing what can go wrong (ranking). Control Activities must be documented and updated as changes occur;

b) Monitoring and Testing - a robust monitoring and testing methodology must be designed and implemented to confirm risks are within acceptable thresholds and key controls are designed and operating effectively;

c) Assessment - management must complete steps to determine whether or not their risks are within acceptable thresholds and the system of internal control is working effectively or if there are deficiencies that need to be identified;

d) Deficiency Management - once a deficiency has been identified, the severity of the issue must be determined, action plans to remediate should be documented and executed to ensure the issue is addressed; and

e) Assertion - Accountable officers and executive management complete quarterly assertions on the state of controls and deficiencies within their respective strategic business units and Strategic Support Units; and

f) Procedures, Standards and Guidelines - Procedures, standards and guidelines are developed and implemented to support respective risk policies and limits.

4. Stress Testing - CIBC FirstCaribbean performs stress tests and scenario analyses in order to gain a better understanding of the significant risks the Bank potentially faces under extreme conditions and to provide important input into the determination of related regulatory and economic capital requirements. Stress testing refers to shifting the values of individual parameters that affect our financial position and determining the effect on the business (for example, a doubling of staff turnover in a key, high dependence business function). Scenario analysis refers to a wider range of parameters being varied at the same time.

5. Reporting - The appropriate management information must be communicated to the Board and the executive management in a timely, complete, understandable and accurate manner so that they are equipped to make informed decisions.

19. Insider Trading

CIBC FirstCaribbean's policy on insider trading, employees of CIBC FirstCaribbean described as insiders and their trading activity can be found at www.cibcfcib.com.

20. Annual Attestation

The Board of Directors of FirstCaribbean International Bank (Bahamas) Limited are familiar with the Securities Industry Corporate Governance Rules (the "Rules") and as amended and acknowledge our role and responsibility under the Rules.

- The Board of Directors are performing its functions and fulfilling its responsibilities under the Rules.
- The Board of Directors have carefully considered the reporting of senior management and other information relevant and form the opinion that the organization is following the Rules.
- The Board of Directors confirm that the internal audits were completed and the issues identified are being addressed.
- The Board of Directors are satisfied that the Bank has appropriate policies, procedures, processes and controls in place to ensure that inherent business risks (including that of market, credit, liquidity, operational, reputation/KYC/AML, legal and human resources), where they exist, are effectively managed.

PROXY FORM

I/We the undersigned shareholder/shareholders of FirstCaribbean International Bank (Bahamas) Limited (the "Company") hereby appoint Ms. Colette Delaney, or failing her, Dr. Jacqueline Bend 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 general meeting of the shareholders of the Company to be held on Tuesday, March 22, 2022 at 6:00pm and at any adjournment thereof.

Dated this .... day of.. 2022.

Name of shareholder (s) of the Company ....

Signature ....

Name(s) of signatory (ies) in block capitals ....

Corporate Seal ....

Please indicate with an X in the spaces below how you wish your proxy to vote on the resolutions referred to. Unless you direct otherwise, proxy holders will vote in favour of each resolution.

Resolution 1

To approve the amendment to the Third Amended and Restated Articles of Association of the Company shown in the notice of the meeting and to adopt the amended Fourth Amended and Restated Articles of Association of the Company.

Vote For ___ Vote Against ___ Withhold from Voting ___

Resolution 2

To receive audited accounts for the year ended October 31, 2021 and the report of the directors and auditors thereon.

Vote For ___ Vote Against ___ Withhold from Voting ___

Resolution 3

To elect Dr. Jacqueline Bend to serve as a director until the next annual general meeting of the Company.

Vote For ___ Vote Against ___ Withhold from Voting ___

Resolution 4

To re-elect the following persons to serve as directors until the next annual general meeting of the Company:

Colette Delaney	Vote For ___	Vote Against ___	Withhold from Voting ___
Daniel Wright	Vote For ___	Vote Against ___	Withhold from Voting ___
Willie Moss	Vote For ___	Vote Against ___	Withhold from Voting ___
Felix Stubbs	Vote For ___	Vote Against ___	Withhold from Voting ___
Craig Gomez	Vote For ___	Vote Against ___	Withhold from Voting ___

PROXY FORM

Resolution 5

To appoint Ernst & Young Ltd. as auditors and to authorize the directors to fix their remuneration.

Vote For ___ Vote Against ___ Withhold from Voting ___

The undersigned revokes any prior proxies to vote the shares covered by this proxy.

This proxy is solicited on behalf of the management of the Company and will be voted as directed in the spaces provided above or, if no direction is given it will be voted in the affirmative for each of the above proposals.

Notes:

1. If it is desired to appoint a proxy other than the named directors, the necessary deletions must be made and initialed and the name of the proxy holder must be inserted in the space provided and initialed.

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 authorized on its behalf.

4. Unless otherwise noted, a simple majority of the votes cast at the meeting, whether by proxy or otherwise, will constitute approval of any matter submitted to a vote.

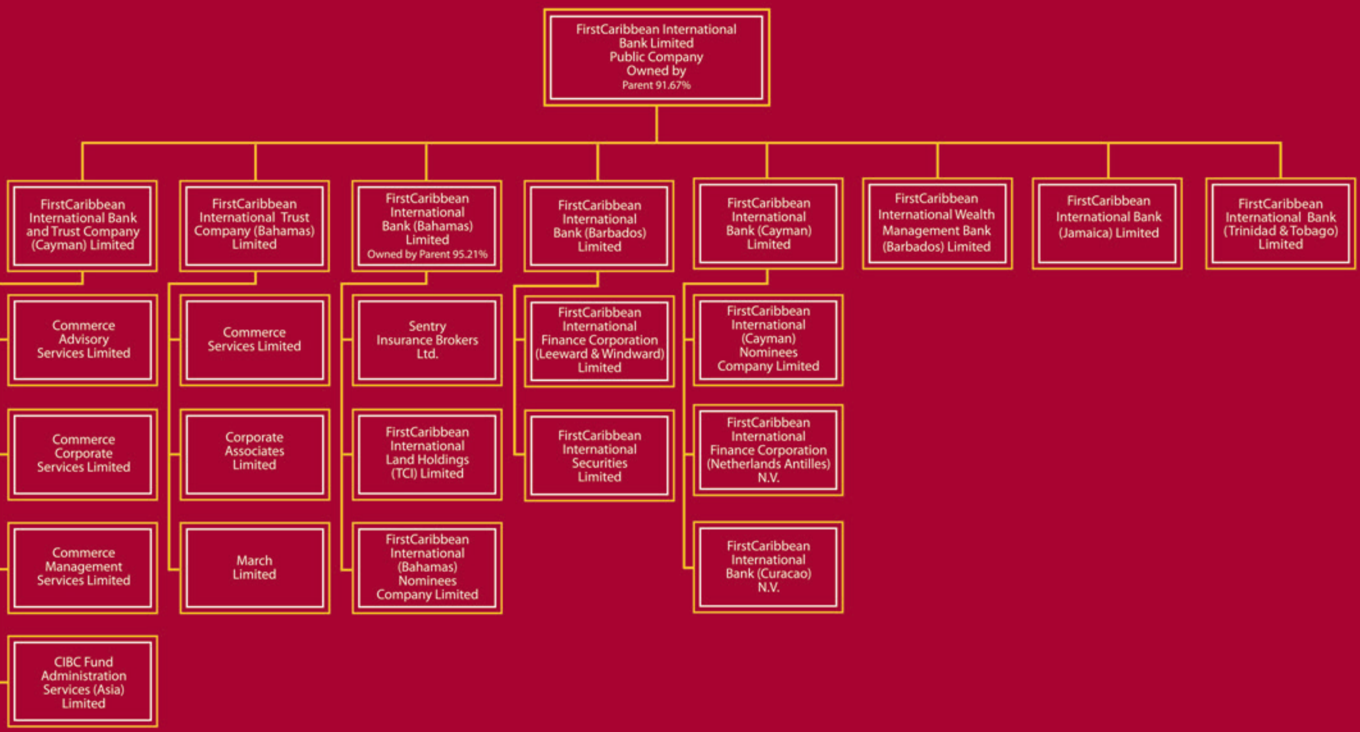
5. In order for this form to be valid, it must be signed and should be dated by the shareholder or the shareholder's attorney. The signature should be exactly the same as the name in which the shares are registered. The proxy must be sent to the office of FirstCaribbean International Trust Company (Bahamas) Limited, Registrar and Transfer Agent:

   - hand delivered or mailed to the office at Goodman's Bay Corporate Centre, West Bay Street, P.O. Box N-3933, Nassau, Bahamas.
   - by email to bahamasagm@cibcfcib.com.

In each case no later than on Friday, March 18, 2022.

If this form of proxy is received undated but otherwise properly executed, it will for all purposes be deemed to be dated at the time of receipt.

OWNERSHIP STRUCTURE



CIBC FirstCaribbean International Bank

MAIN BRANCHES AND CENTRES

Abaco
Marsh Harbour
P O Box AB-20402
Marsh Harbour
Tel: (242) 300-0002
Fax: (242) 367-2156

Eleuthera
Governor's Harbour
P O Box EL-25022
Governor's Harbour
Tel: (242) 300-0002
Fax: (242) 332-2318

Grand Bahama
East Mall, Freeport
P O Box F-42556
East Mall
Tel: (242) 300-0002
Fax: (242) 352-6655

New Providence
Bay Street
P O Box N-8350
Bay Street
Nassau
Tel: (242) 502-6834
Fax: (242) 328-7979

Carmichael Road
Carmichael & Baillou Hill Road
P O Box N-8350
Nassau
Tel: (242) 502-6834
Fax: (242) 361-1346

Harbour Bay
P O Box N-8350
East Bay Street
Nassau
Tel: (242) 502-6834
Fax: (242) 393-7170

Marathon Mall
P O Box N-8329
Robinson & Marathon Road
Nassau
Tel: (242) 502-6834
Fax: (242) 394-7077

Palmdale
P O Box N-8350
Madeira Street
Nassau
Tel: (242) 502-6834
Fax: (242) 322-1121

RND Plaza West
P O Box N-8329
John F. Kennedy Drive
Nassau
Tel: (242) 502-6834
Fax: (242) 322-7851

Sandyport
P O Box N-7125
Old Towne Mall
West Bay Street
Nassau
Tel: (242) 502-6834
Fax: (242) 327-4955

Shirley Street
P O Box N-7125
Shirley Street
Nassau
Tel: (242) 502-6834
Fax: (242) 326-6552

Corporate and Investment
Banking Centre
P O Box N-7125
Shirley Street
Nassau
Tel: (242) 356-1764
Fax: (242) 328-1690

Private Wealth Management/
Corporate International Banking
P O Box N-8350
Goodman's Bay
Corporate Centre
Nassau
Tel: (242) 397-8200
Fax: (242) 322-3692
Tel: (242) 502-6834

Wealth Management
P O Box N-8350
Shirley Street
Nassau
Tel: (242) 502-6834
Fax: (242) 302-6091

Card Services Centre
P O Box N-8350
Nassau Business Centre,
Airport Industrial Park
Nassau
Tel: (242) 328-0405
Fax: (242) 394-3655

Customer Service Centre
P O Box N-8350
Nassau Business Centre,
Airport Industrial Park
Nassau
Tel: (242) 502-6834
Fax: (242) 394-8238

Sentry Insurance
Brokers Ltd.
P O Box N-8350
Shirley Street
Nassau
Tel: (242) 502-6834
Fax: (242) 302-6091

Managing Director's Office
P O Box N-3221
Shirley Street
Nassau
Tel: (242) 325-7384
Fax: (242) 323-1087

Turks & Caicos Islands
Grand Turk
P O Box 258
Cockburn Town
Grand Turk
Tel: (649) 946-2831
Fax: (649) 946-2695

Providenciales
P O Box 236
Leeward Highway
Providenciales
Tel: (649) 946-4007
Fax (649) 946-4573

Grace Bay
P O Box 236
Salt Mills Plaza
Grace Bay
Providenciales
Tel: (649) 941-4558
Fax: (649) 941-3017

NOTES


CIBC
FirstCaribbean
International Bank
THE BAHAMAS
TURKS AND CAICOS ISLANDS
THE CAYMAN ISLANDS
JAMAICA
BRITISH VIRGIN ISLANDS
ST. MAARTEN
ST. KITTS & NEVIS
ANTIGUA & BARBUDA
DOMINICA
CARIBBEAN SEA
ST. LUCIA
BARBADOS
ST. VINCENT AND THE GRENADINES
ARUBA
CURAÇAO
GRENADA & CARRIACOU
TRINIDAD & TOBAGO
BRAND161268

CIBC FirstCaribbean International Bank

2021

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