CIBC FirstCaribbean
International Bank

Annual Report 2023

Corporate Profile

CIBC FirstCaribbean is a relationship bank offering a full range of market leading financial services through our Corporate and Investment Banking, Personal and Business Banking and Wealth Management segments. We are located in twelve (12) countries around the Caribbean, providing banking services through approximately 2,700 employees in 48 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$1.6 billion. We also have a representative office in Hong Kong that provides business development and relationship management for our fund administration. The face of banking is changing throughout the world and CIBC FirstCaribbean intends to lead these changes with the expertise, integrity and knowledge gained from banking in the Caribbean since 1836.

Vision

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

Mission

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

Values - Trust, Teamwork, Accountability

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

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

Strategic Priorities

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

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

$715M	$270M	$267M	$1.6B	448K
Total revenue	Reported net income	Adjusted net income	Market capitalization	Clients

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First for Clients

Our business has focused on highlighting what sets us apart from our competition, namely our commitment to exceptional personal service, development of solutions, as well as being at the forefront of digital banking and having that be core to what we do because our clients' needs are at the heart of everything we do. There was special emphasis placed this year on understanding the client journey in a post covid and highly digital focused environment. As a digitally enabled bank we have been able to deliver next-generation, digitised consumer financial services which has aided in our overall performance. As an Omni channel bank, we are committed to delivering excellent digital banking solutions with a human touch base on cultivating and sustaining positive relationships with our clients. Emphasis has been placed on delivering proactive client engagement, which is rooted in strong customer relationship management. In an evolving business eco-system an essential element of executing this level of engagement required the introduction of the Total Client Survey (TCS). This tool allows us to monitor and evaluate our clients' experience in real time. In addition, as part of that omni channel approach, it provides us with more opportunities to resolve and preserve the positive relationships with our valued clients.

Our results have been extremely positive in this first year of our (TCS). Key results show:

- Our average Net Promoter Score (NPS) for fiscal 2023 stood at 22%
- 47% of our clients indicate that they would recommend the bank as a great place to do business.

The Bank's overall satisfaction rating for Online and Mobile banking:

- 84% in our Retail
- 77% in Business Banking
- 72% in our Corporate Investment Banking
- Our products reported an overall satisfaction rating of 63.3% for these three segments.

Personal and Business Banking

Our business puts a strong emphasis on our clients as they are the most important stakeholders. We offer personalized service and work closely with our clients to make their dreams a reality in an ever- changing environment. As we continue to adapt post-COVID, the profile of our clients and their choice of channels has changed and we have continued to ensure that we support both our teams and clients to deliver on the commitment of being a digitally enabled bank offering omni-channel experiences.

We have been focused on digitally transforming our bank and on supporting the creation of new data-driven business models built around digital client engagement. This has allowed us to deliver next generation, digitised consumer financial services ensuring we remain competitive, profitable, and relevant in this fast-emerging digital world.

We support our technologies with an enviable product mix that continues to resonate with our platinum, international personal and personal and business banking clients. We have built the best digital banking platform in our region to support our bank's delivery of services digitally, with ease, flexibility, adaptability and of course, security.

This is what our clients expect of a modern bank, but technology is only as good as its people, and we are proud to say that we offer a brand of relationship management unique in modern banking, that affirms our client-centric approach to business and commitment to helping our clients realise their business and financial goals.

Similar to the transformations underway to digitally enhance our client sales and service capabilities, we are working apace on a number of initiatives geared toward improving the processes and technologies that our teams use to support our clients and internal partners. We have committed further investments in simplification, automation, and security across our bank.

These robust changes offer us opportunities to innovate and transform ourselves and will provide our clients with new value-added and differentiated products and services. We have invested heavily in both our physical branches as well as our virtual spaces to ensure that the experience in either space is first class.

In doing so, our bank is leveraging agile methodologies to deliver products and services faster to market that will allow us to remain people and results focused and most important, competitive. Key updates as at October 2023 are as follows:

- Digital Banking Transaction volumes have grown 33.3% from 23M to 30M.
- Personal Online Banking active clients grew by 14K YOY to 217K or 69% of all active personal clients. Corporate Online Banking usage now stands at 62% or some 15K active corporate clients.
- Digital transaction volumes have increased by 33.33% while manual transaction volumes have decreased by 48%. The ratio of Digital to OTC transactions now stands at 92% to 8%.
- Bill payment volumes are trending up 14.41% YOY
- International Wire volumes are up 9.72% YOY
- Successful mDeposit transactions deposits currently stand at 10.67K
- Record year for loan originations of $444MM

Wealth Management

Our Wealth Management teams had solid results this year across the majority of the businesses. US federal interest rate increases throughout the last fiscal have had a positive effect on the deposit book, but presented challenges on the credit side of the business. Due to the carrying cost of the credit, an increased number of clients chose to pay down debt in the period. Despite this challenge, the Private Banking team did continue to originate new opportunities, achieving their new sales targets. The Private Wealth Management (PWM) team exceeded revenue and operating profit plans in 2023 by 12% and 14% respectively (PWM - Private Banking, Discretionary Portfolio Management and Investment Advisory). The introduction of clients to all our offerings and cross selling our services continued to be a focus for the Wealth team in 2023. This, coupled with an increased interest rate environment, was a key contributing factor to exceeding our financial results.

- Private Banking experienced solid net new client growth achieving a 7.3% increase in the fiscal.
- Investment Advisory also had a strong year in client acquisition, growing their net new relationships 17.3%.
- Our combined Private Wealth business (Private Banking, Investment Advisors and Discretionary Portfolio Management) is now our largest contributor to the Wealth business overall
- Fund Administration business exceeded last year's new fund

onboarding having brought on 30 new funds this year.

- Our trust companies in Bahamas and Cayman leveraged our cross-selling opportunities and have referred clients to our investment partners thus improving yields on short-term assets for our clients.

From a product perspective, the Wealth team added interest only lines of credit to the Private Banking offer in fiscal 2023. This will be a key in our strategic growth of our credit book going forward. The Wealth Management business is well positioned for continued growth.

Corporate & Investment Banking

Our Corporate & Investment Banking team is positioned across our regional footprint to focus on delivering convenient and innovative credit solutions, cash management, foreign exchange and derivative services to our 10,000 corporate and sovereign clients. Our portfolio spans a variety of industries including renewable energy, utilities, hospitality, healthcare, real estate, infrastructure, manufacturing, retail and distribution. Our team consists of 219 dedicated and experienced professionals whose main tasks are to understand the financial needs of our clients and to deliver the best financial services and solutions.

As we progress with our digital transformation, our aim is to ensure that our clients are able to complete their financial transactions in a secure, efficient and convenient manner. We therefore continue to invest in innovative technology that supports our clients via an omnichannel approach to provide banking products and services in a convenient and tailored way.

During the 2023 financial year, our region continued to rebound from the fallout of the pandemic with increased economic activity, boosted by the improving tourism sector. Several of our clients have returned to, or surpassed, pre-pandemic business volumes. However, some of this overall growth was suppressed by the effects of volatile markets caused by macro, geo-political tensions and inflationary pressures across global markets, leading to increased interest rates on borrowings in key global currencies. This has greatly affected the attractiveness of new credit opportunities and drove higher volumes of customer repayments.

Notwithstanding these headwinds, the Corporate Banking team was able to disburse over US$900 million in new funding to clients in a broad range of industries. By the end of the fiscal year, our total loan portfolio had fallen slightly from a record of US$4 billion to US$3.95 billion, largely as a result of the increased repayments made by US Dollar-borrowing clients.

Our Investment Banking team was successful in arranging over US$850 million in transactions during the year, including the bank's inaugural investment in the Dominican Republic. This transaction was a large, multilateral-led debt syndication in the Renewable Energy sector for an aggregate of US$374 million.

In a year of continuing economic recovery, CIBC FirstCaribbean has continued to be seen as the region's financial partner of choice, providing solutions that empower our clients to adapt to changing environments, unlock value and take advantage of market opportunities.

Our bank remains committed to supporting the region's climate resiliency initiatives and helping to provide access to the capital needed to accelerate vital action for sustainable development. We continued to demonstrate this commitment by our active support and sponsorship of several key conferences and fora during the year.

Our Corporate Online Banking platform continues to be regarded as the best of its class in the region, winning rave reviews from our clients for its functionality and ease of use. More than 20 new feature enhancements were released during 2023 and transaction volumes increased by 23% over the prior year. Our Cash Management and Merchant Acquiring business also achieved excellent growth in revenues and saw sales volumes transacted reach more than US$3.29 billion, reflecting clients' embrace of modern, digital banking services. A major project to revamp our merchant acquiring technology infrastructure proceeded steadily during the year and we expect will culminate during the first half of 2024, enabling the deployment of even more innovative solutions to meet and surpass our clients' evolving needs.

Our clients continue to demand and expect us to be knowledgeable, responsive and engaged. Our leadership team therefore spearheaded a series of online learning forums during the year, designed to help their professionals become more familiar with the extensive range of products and services our bank offers, across all lines of business. As a result of this initiative, we have seen our teams become better able to identify and seize opportunities to offer comprehensive solutions to meet the evolving needs and ambitions of our clients.

First For Employees

Our new CEO, Mark St. Hill began our 2023 fiscal year with a renewed focus on People and more specifically on Culture; setting the landscape of cultivating winning attitudes, harnessing the power of diversity, being a thought leader in our communities and supporting ESG efforts across the region.

During this year, we have been able to consolidate and enhance elements of our strategic people agenda of a more flexible and modern way of working, focusing on employee wellness, wellbeing and inclusion and fostering a culture of agility. We also enabled the ongoing development of our team to allow them to evolve and explore new opportunities as our business and ways of working evolves.

We revisited our Remote Work Policy, maintaining a hybrid arrangement that affords the flexibility to work from home with a small increase in the number of days in office, to support increased collaboration and promote team bonding.

This initiative will look at other ways of introducing flexibility into the workplace to complement our Remote Work Policy .

Our Employee Wellness and Inclusion programs have continued to be a key focus in 2023:

- We launched our Wellness in Action program which caters to the mental and physical wellness of our teams. Employees experienced this through the launch of Health & Wellness Challenge for 2023 in collaboration with the Healthy Caribbean Coalition, our LifeSpeak program and subject experts, showcasing our Know Your Numbers Campaign, a Fitness Challenge and Lunch & Learn sessions. We have placed resources, activities and simulations into the hands of each employee to support them in creating a healthier 'you' and a more balanced life.

- During the fiscal, spearheaded by our CEO we also launched our 'Move with Mark' campaign, , encouraging our teams across the region to get up, get outside and move; facilitating a healthy lifestyle and promote mental well-being.

Employee Development

- A new legal graduate program was initiated through our Talent & Development Unit and there was a record number of participants on our summer internship program, which attracted new talent to our bank and showcased the wide range of opportunities that exist within the financial services industry.
- There were also a few new programs to assist in equipping our employees with opportunities to learn, refresh key skills, support a future talent pipeline and support the business. A Professional Business Skills program was delivered to our sales teams to enhance their skills in relationship management; Change Management Principles piloted in Bahamas that provides realistic tools and strategies to prepare, adapt and manage change; 'Change Adaption" our Career Development Expo theme for 2023 which provided the teams with tools and strategies for responding positively to change and the opportunity for teams to hear from senior leaders and explore how they can harness this skill.
- We continued with all our key leadership development programs – Senior Leadership Development Program, Branch Manager Development Program, Country Manager Development Program, Emerging Leaders Program, Being The Boss, Middle Manager Education Program and New Leaders Shifting Gears Program.

Transforming our Culture

- The bank established a new function, called Organizational Development, to lead the cultural transformation of our Bank, and to engage with all stakeholders to ensure they are part of the journey. We have begun the process of establishing the framework around which our culture can be measured and transformed with an aim of launching this fully in F2024.
- We introduced and implemented the Agile Operation Model in the Personal & Business Banking segment. The Agile way of working enables our team members to experience greater depths of collaboration, focus and innovation.
- We launched the Technology Innovation and Immersion (TIIP) program to attract, develop and retain the brightest technology talent from our regional universities. The program supported the introduction of fresh perspectives into our organization while providing rewarding opportunities for future talent and showcased that CIBC FirstCaribbean as an "employer of choice". Some 20 persons were recruited into the first cohort of the 18-month management development program.

Simplification

- Our automation and digitization efforts have continued with several process improvements across our shared services and other centralized teams, improving workflows and removing manual application in several key areas. Further enhancements to our Human Resources Information System (HRIS) have also continued including the launch of a centralized Human Resources (HR) Helpdesk for all staff queries.

As we look toward the new fiscal year, the future is bright. Our focus will be to continue our transformation to a more agile organization, able to respond to changing environments and markets quickly; to continue providing opportunities for our employees to grow, develop and progress in tune with the evolution of our bank and to create a more flexible, modern and people centric organization; delivering on our promise of creating a culture of care in which all of our employees can feel valued, seen and heard and so bring the best versions of themselves to the fore.

Environmental, Social and Governance

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

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

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

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

First For Communities

CIBC FirstCaribbean is deeply committed to and involved in the communities where our bank operates. This commitment is demonstrated by the financial support provided by our charitable arm, the FirstCaribbean International ComTrust Foundation.

Every year the bank commits no less than one US$1 million to support programmes and activities across our regional footprint under three broad headings: Youth and Education, Health and Wellness and Community and the Environment. Roughly half of this support goes to regional projects and disaster relief and the other 50% to our country management teams to support activities at the local level.

The Bank has solidified its support for several core causes through the signing of Memoranda of Understanding (MOUs) with a number of educational, non-profit and charitable organizations such as the University of the West Indies, The Prince's Trust, SickKids Caribbean Initiative, Latin American and Caribbean Alliance of YMCAs, Youth Business Caribbean, Healthy Caribbean Coalition, Barbados Family Planning Association and Hands Across the Sea.

Please see more on our ESG Report on page 7 for a more detailed account of our community involvement over the past year.

Financial Highlights

US $ millions, except per share amounts, as at or for the year ended October 31		2023*	2022*	2021	2020	2019
Common share information						
Per share (US cents)	- basic and diluted earnings/(loss)	16.7	11.0	7.7	(10.1)	10.5
	- adjusted basic and diluted earnings/(loss)	16.6	11.6	8.6	1.0	11.7
	- regular dividends paid	4.8	4.0	1.0	5.0	5.0
	- special dividend paid	-	-	-	3.2	1.6
Share price (US cents)	- closing	99	79	90	100	140
Shares outstanding (thousands)	- end of the period	1,577,095	1,577,095	1,577,095	1,577,095	1,577,095
Market capitalization		1,556	1,240	1,419	1,577	2,208
Value measures **						
Dividend yield (dividends per share/share price)		4.8%	5.1%	1.1%	5.0%	3.6%
Dividend payout ratio (dividends/net income)		27.7%	35.8%	12.5%	n/m	46.1%
Adjusted dividend payout ratio (dividends/adjusted net income)		28.1%	33.7%	11.3%	492.8%	41.7%
Financial results						
Total revenue		715	577	543	548	616
Credit loss expense on financial assets		11	10	17	150	4
Impairment of intangible assets		-	-	-	175	-
Operating expenses		415	378	385	371	400
Net income/(loss) for the year		270	176	126	(159)	171
Adjusted net income for the year (1) (2) (3) (4) (5)		267	187	140	16	189
Financial measures						
Efficiency ratio (operating expenses/total revenue)		58.0%	65.5%	70.9%	67.7%	64.9%
Return on equity (net income/average equity)		21.5%	15.2%	11.7%	(14.0%)	14.2%
Adjusted return on equity (adjusted net income/average equity)		21.3%	16.2%	13.0%	1.4%	15.7%
Net interest margin (net interest income/average total assets)		4.0%	2.9%	2.9%	3.2%	3.8%
Statement of Financial Position Information						
Loans and advances to customers		6,633	6,650	6,501	6,374	6,145
Total assets		12,521	13,131	12,856	12,179	11,562
Deposits & other borrowed funds		10,533	11,429	11,059	10,844	10,026
Debt issued		27	27	27	76	90
Total equity		1,353	1,159	1,151	1,009	1,257
Statement of Financial Position quality measures						
Common equity to risk weighted assets		16.9%	14.5%	13.9%	12.9%	16.8%
Risk weighted assets		7,998	8,001	8,254	7,836	7,472
Tier I capital ratio		17.2%	14.8%	13.0%	12.3%	14.5%
Tier I and II capital ratio		18.9%	16.4%	15.7%	14.5%	16.2%
Other information						
Full time equivalent employees (#)		2,598	2,654	2,796	2,982	3,091

* Financial highlights for the years October 31, 2023 and October 31, 2022 represents continuing operations (due to the Held for Sale Classification) where relevant
** - excludes special dividends
Adjusted net income excludes:
(1) 2023 - net gains related to the announced divestitures of $3 million
(2) 2022 - provisions related to the announced divestitures of $11million
(3) 2021 - restructuring charge of $10 million, provisions related to the announced divestitures of $5 million and income tax credit of $1 million
(4) 2020 - Goodwill impairment $175 million
(5) 2019 - Deferred tax assets write-off $22 million, 2019 Hurricane Dorian impact $3 million, Barbados debt restructure (USD instruments) $1 million, 2017 Hurricane provision release ($8) million

2023 ESG performance highlights

Environmental

- Received the best Renewable Energy Financing Award for 2022 from the Caribbean Renewable Energy Forum (CREF) Industry Awards
- To date, arranged or participated in bilateral and syndicated financing deals totaling US$642 Million in Renewable Energy transaction and committed US$261 million contributing to an estimated installed capacity of 556 MW.
- Financed 83 Renewable Energy loans totaling of US$1.8 million, to date, for residential and small commercial rooftop solar PV installations.
- Funded 222 Electric Vehicles for a total value of US$6.3 million and 74 Hybrid Vehicles funded for a total value of US$2.4 million to date.
- Environmental Finance – Highly commended, sustainability-linked bond of the year: Blue Bond for Ocean Conservation for Barbados
- ESG loan deal of the Year for Bonds, Loans & ESG Capital Markets Latin America & Caribbean AWARDS (announced October 2023)
- IFR Awards 2022 Winner: Sustainable Loan Financing
- Continued adopting Cloud Computing, considered to be 3-4x more energy efficient than on premises.
- Delivering on paper reductions through elimination of paper statements/use of paper within the organization.

Social

- Contributed US$1.6 million to community causes including the University of the West Indies (UWI) and SickKids
- Hosted or sponsored a number of events to advance diversity and inclusion both internally and externally to the bank
- Employees volunteered and support causes, most notably the regional Walk for the Cure cancer drive

Governance

- Maintained best in class governance practices Cooperating with our regulators as they develop ESG related regulatory requirements

Prince's Trust - Get Into and Get Hired programme delivered excellent results for young people including 83.4% of young people going into positive outcomes, following a new Get Into Agriculture programme in Barbados. $50,000 towards the employability programme in Barbados and the employability programme in Jamaica.

SickKids Caribbean Initiative – Final Year of 5-year USD $1 million commitment. 41 Nurses trained, Five pediatricians trained, Seven telemedicine facilities completed, 699 case consultations, 567 specialised diagnostic tests completed, 131,640 Newborn Sickel Cell Disease Screening tests conducted, 917 patients registered in local oncology databases. Seven local data managers hired and seven custom-built local databases established and maintained in SCI partner hospitals.

YMCA - CIBC FirstCaribbean and the YMCA continue working together to provide children and youth from Barbados, Grand Bahama, Cayman Islands, Jamaica and Trinidad and Tobago, each with diverse backgrounds with critical out-of-school programming, empowering, and enriching the lives of over 579 students across ten programme sites.

Barbados Youth Business Trust – The BYBT received $100,000 for business development grants and training programmes. Business Start Up - Business Strengthening – 49 businesses. New businesses –78 businesses. Job Creation - Employment – 9 persons (5 females/4males) Secured Jobs (opted to get a job instead of entrepreneurship) – 3 persons (2 females/1 male). Business Support - Business support was provided to 127 persons (99 females/28 males). Training was delivered to 79 persons.

Healthy Caribbean Coalition – The Bank and HCC continued their partnership toward fostering a healthier workforce with the hosting of webinars and other activities aimed at educating and encouraging healthy behaviors among staff.

Hands Across the Sea - Hands Across the Sea requested $30,000 to provide leadership, programs, new books, and library materials for seven schools across two countries; approximately 1,775 were reached across Antigua and Saint Lucia during the 2022-23 school year, and thousands more will be supported through the infrastructure and resources for years to come.

Barbados Family Planning Association – The BFPA received the first $100,000 disbursement of a four-year commitment. The funds went to support their speeded-up move to new facilities following the effects of a fire at their old location.

University of the West Indies –The bank remains the largest doner of undergraduate scholarships (15 scholarships worth USD$2 500 each), as well as post graduate scholarships and graduate research funding. Provided support for the Frank Worrell Memorial Lecture as well as the distinguished International Women's Day lecture. Supported the Graduate Placement programme's Dining in the Corporate World session for recent graduates.

Walk for the Cure – Thousands of pink-clad walkers took to the streets across the bank's regional footprint for the 12th edition of the region's largest cancer care fundraiser, Walk for the Cure. Through sponsorship as well as numerous fundraising activities organized by staff volunteers have moved the regional tally to over USD$4 million raised and counting.

Message from the Chair of the Board

"
Our Bank has delivered on its strategy of transforming itself into the region's premier multi-channel financial services institution"

Brian McDonough Chair of the Board

2023 has seen significant change for CIBC FirstCaribbean. Our bank has delivered on its strategy of transforming itself into the region's premier multi-channel financial services institution, as it prepares itself for growth in the coming years.

Today, its operational success and achievements are to be celebrated, while looking forward to the next exciting phase. The divestitures which the bank has completed in the past year, with sales of its assets in St. Vincent and Grenada to Bank of St. Vincent & Grenadines and Grenada Co-operative Bank Limited respectively, and its exit from Dominica, are part of the Bank's revised focus on 10 key markets, which will help it to achieve its stated goal of providing banking service to its clients in a variety of formats, from creative digital solutions via mobile devices, to in branch client service and financial advice.

The two final divestitures in the Dutch Caribbean islands of St. Maarten and Curaçao, which were announced at the end of the fiscal year and are subject to regulatory approval, complete the bank's right-sizing phase, and herald a renewed focus on growth in our core markets. Your board is fully supportive of these plans, as it believes the focusing on our 10 key markets represents the best way forward to achieve our long-term growth and success of our Bank.

The Bank has had an extremely successful year financially and the Board of Directors has approved a final quarterly dividend of $0.0125 per share, bringing the total dividend to $0.0475 per share for the year. The dividends will be paid on January 18, 2024, to shareholders of record on December 18, 2023. The Bank's Tier 1 and Total Capital ratios remain strong at 17.2% and 18.9%, in excess of applicable regulatory requirements. We remain committed to maintaining a strong capital position.

The global economy remained resilient during the first half of 2023 despite the severe headwinds challenging growth prospects. The sustained cycle of monetary policy tightening in advanced economies, alongside falling energy and other commodity prices, coincided with noteworthy progress in inflation reduction, though inflation rates in these economies generally remained above target levels. With borrowing costs at their highest level in more than 15 years, major Central Banks, including in the US, UK and Canada, paused interest rate hikes in Q3, but signalled their readiness to resume tightening if economic conditions warrant.

Notwithstanding the challenges facing the global economic landscape, economic activity in the Caribbean remained on its recovery path in 2023, though at a more moderate pace as it approached pre-pandemic levels. Greater output of hotels and restaurants and construction ushered in the expansion in most markets, positively impacting growth in related economic sectors. The robust recovery of tourism services echoed the performance of stay-over arrivals to the region, which advanced 27.7% year-on-year during the first half of the year virtually attaining 2019's level. Cruise passenger arrivals also registered a strong performance during the half-year on the back of tepid progress in 2022.

Regional inflation rates continued to soften as declining global energy costs placed downward pressure on the growth of some price categories, primarily transport, utilities and fuel, the prices of which declined in some instances, while the pace of increase of food prices also decelerated but remained elevated for most markets, partly due to the impact of adverse weather conditions on domestic prices.

The fiscal positions of most Governments continued to improve, a reflection of recovering revenue collections, withdrawal of COVID-19 expenses, and expenditure restraint in some markets, while public debt-to-GDP ratios generally maintained their post-pandemic decline, largely due to the recuperating economies.

The IMF continues to project that global real GDP growth will decelerate from 3.5% in 2022 to 3.0% in 2023, before softening to 2.9% in 2024 driven to a large extent by the expected, but uneven consequences of monetary policy tightening in advanced economies.

The Caribbean's maturing economic recovery continues to imply slower growth in 2024 as forecasted growth rates revert to more normal levels. Additionally, regional inflation is also projected to decelerate but remains contingent on the trend of international commodity prices. Notably, the global economic environment remains challenged with significant uncertainty including the impact of the potential escalation of the Middle East and Ukraine conflicts, and other geopolitical tensions, which could all pose a threat to the current outlook.

Within this context, therefore, it is prudent that companies like ours ensure their performance is as resilient to these potential external shocks as they can be, while positioning themselves to take advantage of the opportunities before us. Your board is therefore supportive of the plans as outlined by the management team for the continuing development of our bank's value proposition, building on initiatives like the exceptional LoanStore, where loans are now being funded within ten minutes for qualified borrowers, and the introduction of the Agile operating model, which will significantly speed up our concept to delivery process for client offers.

The board wishes to thank a number of directors who have served us well over the years, most notably David Ritch who retired as Director and Chair of the board effective the close of the 2023 annual meeting and whose experience and wise counsel will be missed. We also welcome Mr. Alasdair Robertson, who was elected as an independent director to replace Mr. Ritch.

Robert 'Bob' Frenzel, a majority shareholder director, resigned effective May 31, 2023, but continues in his role at CIBC US. He was replaced by majority shareholder director Mr. John Silverthorn also effective on May 31, 2023.

Our bank's Chief Executive Officer, Mark St. Hill, concluded his first year in the position on October 31, marking a very successful and memorable start to his tenure. We congratulate Mark, his Executive Committee and other management and staff of the bank for their exceptional stewardship of our company over the past financial year. We also take note of the bank's emphasis on the people who make up the organisation and are excited by plans to continue to focus on a culture of caring, while delivering the brand's purpose of making ambitions real for all stakeholder groups.

The board is also excited at the announcement that we will rebrand our Bank to CIBC, representing a demonstration of our parent company's confidence in and commitment to our business and the Caribbean.

Brian McDonough
Chair of the Board

Message from the Chief Executive Officer

"
At CIBC FirstCaribbean, we have an unwavering commitment to client service. It's grounded in our mantra of putting the client at the centre of everything we do."

Mark St. Hill Chief Executive Officer

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

For the year ended October 31, 2023, the Bank reported net income of $269.9 million, up $93.5 million or 53% from the prior year's net income of $176.4 million. Adjusted net income was $267.0 million, after excluding net gains of $2.9 million related to the previously announced divestitures compared with adjusted net income[1] of $186.9 million at the end of 2022.

The year's significantly improved results were largely due to the revenue uplift from higher US benchmark interest rates in our primary US dollar denominated operating companies in the Bahamas and the Cayman Islands. As the regional economies continued to recover from the aftermath of the COVID-19 pandemic, transaction-based operating income returned to normalized levels, improving over the year. While the high interest rate environment has improved margins in 2023, loan growth has been moderate in line with costlier debt and clients' debt management strategies. Deposit growth has also slowed, as some client inflows have been directed towards alternate investment products or debt repayment. In 2024, a softer pace for economic growth and sustained inflation levels are likely to have broad implications across our strategic business units. However, even with some fluidity in the economic outlook, we are confident we can build on our momentum and drive strategic long-term growth.

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

The Board of Directors approved a quarterly dividend of $0.0125 per share, bringing the total dividend of $0.0475 per share for the year demonstrating the Bank's strong financial position and commitment to shareholders' return. The dividends will be paid on January 18, 2024, to shareholders of record on December 18, 2023. The Bank's Tier 1 and Total Capital ratios remain strong at 17.2.% and 18.9%, in excess of applicable regulatory requirements.

Client Relationships

At CIBC FirstCaribbean, we have an unwavering commitment to client service. It's grounded in our mantra of putting the client at the centre of everything we do. Last year we introduced the Client Resolution Centre – a self-service online portal that allows clients to lodge complaints or compliments and have these addressed through a structured process with executive oversight. This year, lodged complaints increased 39% with the team maintaining the 10-day resolution rate at 93%.

Modern Everyday Banking Experience

Toward the end of 2022 we introduced our LoanStore, an automated platform that allows borrowers to complete an online loan application, and once approved receive the funds in less than ten minutes. The LoanStore has had phenomenal success in 2023, processing almost 10, 000 applications.

We made a number of enhancements to our mobile and internet banking channels as part of our continuous improvement programme. One which stand out in markets where the legislation supports, is m-deposit which allows clients to lodge deposits by taking photos of cheques using our app on their mobile phones. Not only does this feature mean that cheques can be deposited at any time of the day, but it also reduces paper in our operations.

Simplification

Removing paper from our business remains a priority and we continue to automate routine processes and retire printers. The switch by client from cheques to more efficient and timely electronic payments continued particularly in markets where instant payment platforms have been introduced.

People

Achieving our aspirations and ensuring business continuity requires investments in our people. This year in addition to our leadership development programmes, we adopted core competencies – foundational elements of the culture we continue to build – into our performance management process.

Looking to the Future

On October 31, 2023, the Bank announced the final two divestures in its program of streamlining its business across the region with the sale of its assets in Curacao and St. Maarten to Curacao-based, OrCo Bank N.V, subject to regulatory approval & other closing conditions and are expected to close during fiscal 2024.This program began as part of a strategy to enable the Bank to optimise and simplify its business, further enhance efficiency and focus on our core markets to accelerate growth.

We also announced our intentions to re-branding the business from CIBC FirstCaribbean to CIBC. The adoption of the CIBC brand demonstrates CIBC's commitment to the region and confidence in the continuing performance of our bank.

I wish to sincerely thank all our clients, employees, shareholders and directors for their support in making our Bank the best franchise in the Caribbean.

Mark St. Hill
Chief Executive Officer
December 7, 2023

[1] Prior year reported net income was adjusted for Divesture expenses of $10.5 million

The Board of Directors

L to R : Seated: Chris de Caires, Brian McDonough (Chair), Mark St. Hill (CEO) and Paula Rajkumarsingh. Back Row – left to right: Craig Gomez, Achilles Perry. Willem ‘Pim” van der Burg, Wayne Lee and John Silverthorn. Missing is Alasdair Robertson

BRIAN McDONOUGH
Chair of the Board
Canada
Non-Independent

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

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

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

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

Year Joined Board	2023 Meeting Attendance	
	Overall Attendance	Interim Meetings
2013	4/4	0/2*
Board Committee Memberships		
Committee memberships		
• Audit Committee	4/4	0/0
• Risk Committee - Chair	4/4	0/4

Interlocking/Other Current Directorships	Former Directorships
None	None

* Directors residing in Canada cannot participate in meetings from Canada, and could not arrange to attend in person due to short notice given for the interim meetings.

CHRISTOPHER DE CAIRES
Barbados
Lead Independent Director

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

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

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

He holds a Master's degree in business administration from the Henley Management College and qualified as a Chartered Accountant with the Institute of Chartered Accountants in England and Wales.

Year Joined Board	2023 Meeting Attendance	
	Overall Attendance	Interim Meetings
2018	4/4	2/2
Board Committee Memberships		
Committee memberships		
• Audit Committee	4/4	0/0
• Compensation Committee	4/4	1/2
• Nominating and Corporate Governance Committee	4/4	0/1
• Risk Committee	4/4	4/4

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

CRAIG GOMEZ
The Bahamas
Independent

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

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

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

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

Year Joined Board	2023 Meeting Attendance	
	Overall Attendance	Interim Meetings
2018	4/4	2/2
Board Committee Memberships		
Committee memberships		
• Audit Committee	4/4	0/0
• Compensation Committee*	3/4	1/1
• Nominating and Corporate Governance Committee*	3/4	0/1
• Risk Committee	4/4	4/4

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

* Craig was appointed a member of the Nominating and Corporate Governance Committee and the Compensation Committee effective March 2023.

WAYNE LEE
United Kingdom
Non-Independent

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

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

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

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

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

Year Joined Board	2023 Meeting Attendance	
	Overall Attendance	Interim Meetings
2021	4/4	2/2
Current Board Committee Memberships		
• Audit Committee	4/4	0/0
• Risk Committee	4/4	4/4

Interlocking/Other Current Directorships	Former Directorships
100 Women in Finance Global Association Canada-United Kingdom Chamber of Commerce CIBC Australia Holdings Ltd CIBC Australia Ltd CIBC Capital Markets (Europe) S.A. CIBC World Markets (Japan) Inc. CIBC World Markets Advisory (Beijing) Ltd CEF Holdings Limited and related entities McGill University Regional Advisory Board	CIBC World Markets Inc. Canadian Chamber of Commerce in Hong Kong CIBC World Markets Limited (formerly CIBC World Markets PLC) CIBC Finance Luxembourg S.à r.l.

ACHILLES PERRY
United States
Non-Independent

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

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

Achilles attended Brandeis University for his undergraduate education and obtained his law degree at the Fordham University School of Law, where he is a member of the Board of Directors of the Alumni Association. He is a director of CIBC World Markets Corp as well as a director of Only Make Believe, a not-for-profit that transforms the lives of disabled children through the power of interactive theatre.

Year Joined Board	2023 Meeting Attendance	
	Overall Attendance	Interim Meetings
2021	4/4	1/2
Board Committee Memberships		
• Compensation Committee	4/4	1/1
• Nominating and Corporate Governance Committee	4/4	1/1

Interlocking/Other Current Directorships	Former Directorships
Only Make Believe	None

PAULA RAJKUMARSINGH
Trinidad & Tobago
Independent

Paula Rajkumarsingh is a Management Consultant. Paula is a business executive with over 20 years of experience at the executive level.

Paula was an executive director and the Group CFO for Massy Holdings Ltd. and its subsidiaries for over 12 years. She currently serves as a non-executive director on several boards including FirstCaribbean International Bank (Trinidad & Tobago) Limited, CG United Insurance (Regional) Ltd., CG United Insurance T&T Ltd, St Joseph Convent Cluny Board of Management as well as two other boards with regional businesses namely WeldFab Limited and Amaranth Business Solutions Ltd. She previously served on several boards in the region including the publicly listed parent company of the Massy Group of companies and several of its main subsidiaries.

She also served on the Trinidad and Tobago Chamber of Commerce, National Productivity Council, International Women Forum (T&T Chapter), the Financial Council of the Archdiocese of Trinidad and Tobago, Development Finance Corporation and the Sugar Manufacturing Company as well as a private Equity Fund. She has extensive business experience in the areas of strategic financial management, performance management, enterprise risk management, and mergers & acquisitions.

Year Joined Board	2023 Meeting Attendance	
	Overall Attendance	Interim Meetings
2008	4/4	2/2
Board Committee Memberships		
Committee memberships June - December		
• Audit Committee	4/4	0/0
• Compensation Committee	4/4	1/1
• Nominating and Corporate Governance Committee	4/4	1/1
• Risk Committee	4/4	4/4

Interlocking/Other Current Directorships	Former Directorships
FirstCaribbean International Bank (Trinidad & Tobago) Limited Amaranth Business Solutions Ltd. St. Joseph Convent Cluny Schools Board of Management Weldfab Limited CG United Insurance T&T Ltd.	Massy Holdings Ltd. DevCap- A private Equity Fund Financial Council of the Roman Catholic Church of Trinidad and Tobago National Productivity Council Sugar Manufacturing Company Trinidad & Tobago Chamber of Industry and Commerce International Women Forum (T&T Chapter)

ALASDAIR ROBERTSON
Cayman Islands
Independent

Alasdair Robertson is a retired Global Managing Partner, Maples and Calder

Alasdair served as the Global Managing Partner of Maples and Calder from 2015 to 2019, and as Chairman and Director of Maples FS Limited, a leading specialised fiduciary and fund services provider, during the same period. He was also a member of the Global Management Committee from 2011 to 2019.

His legal practice focused on corporate finance, structured investment funds, funds finance and regulation. He retired from Maples in December 2020. He joined Maples and Calder in Hong Kong in 1999, before moving to the Cayman Islands office in 2001. He was elected as partner in 2004. He previously worked for Clifford Chance in London and Hong Kong. Alasdair was recommended by the PLC Which Lawyer, IFLR1000, Chambers Global and Legal 500.

Alasdair has served as President of the Cayman Islands Law Society and was elected to the council of the Cayman Islands Legal Practitioners Association, following the merger of the Caymanian Bar Association and the Cayman Islands Law Society. He is also secretary of the Financial Services Legislative Committee in the Cayman Islands. Alasdair graduated from Edinburgh University, Scotland LLB with honours and obtained a distinction at the College of Law in the Legal Practice course. He attended school at Strathallan School, Perthshire. He is admitted as a solicitor in England and Wales, as a solicitor in Scotland, as a solicitor in Hong Kong, as a solicitor in Ireland and as an attorney-at-law in the Cayman Islands.

Year Joined Board	2023 Meeting Attendance	
	Overall Attendance	Interim Meetings
2023	2/4*[1]	1/2
Board Committee Memberships		
Committee memberships		
• Audit Committee	2/4	0/0
• Compensation Committee	2/4	1/1
• Nominating and Corporate Governance Committee	2/4	0/1
• Risk Committee	2/4	1/4

Interlocking/Other Current Directorships	Former Directorships
BlueSeas Trust Company Ltd. EastWest Trust Company Ltd. London & Amsterdam Trust Company Ltd. FirstCaribbean International Bank (Cayman) Limited FirstCaribbean International Bank and Trust Company (Cayman) Limited	MaplesFS Limited Cayman Islands Law Society Cayman Islands Legal Practitioners Association

[1] Alasdair joined the board and became a member of the Audit, Compensation, Risk and Nominating and Corporate Governance Committees on March 10, 2023.

JOHN SILVERTHORN
Canada
Non-Independent

John Silverthorn is former Senior Vice President, HR Advisory Services & Talent Development at CIBC.

John, in this capacity had responsibility for leading HR Business Leader support across CIBC's Strategic Business Units and Functional Groups as well as Employee and Labour Relations, and Training Development across CIBC. John also led CIBC's Return to Office work efforts through the pandemic. John was previously Senior Vice President, Human Resources for CIBC Talent Management and prior to that, Senior Vice President, HR, Retail Markets.

He retired from CIBC on November 1st, 2022. Prior to joining CIBC in September 2006, John spent over 20 years with IBM, where he held a variety of senior Human Resource leadership positions in both Canada and the United States, and across IBM's services, consulting and sales organizations.

John has a Masters in Business Administration from York University. He served as a government appointed Trustee of the McMichael Canadian Art Collection and Chair of the HR Committee from 2011 to 2019, and as a Board Director and Chair of the HR Committee for CIBC Mellon since September 2022.

Year Joined Board	2023 Meeting Attendance	
	Overall Attendance	Interim Meetings
2023	3/4*	1/2
Board Committee Memberships		
Committee memberships • Compensation Committee	3/4	1/1

Interlocking/Other Current Directorships	Former Directorships
CIBC Mellon	McMichael Board of Trustees

* John joined the board and became a member and chair the Compensation Committee on May 31, 2023.

MARK ST. HILL
Barbados
Non-Independent

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

Prior to this, Mark was appointed Managing Director, Retail & Business Banking in May 2013 where he had responsibility for the development and growth of CIBC First Caribbean's Retail & Business Banking operations including the Bank's cards issuing business.

Previous to his appointment as Managing Director, Retail & Business Banking, Mark was the Barbados Country Manager and Managing Director of CIBC FirstCaribbean's Barbados Operating Company. Previous to that he was the Director, International Banking with responsibility for the leadership and development of the International Banking (Personal & Corporate) offering across the six centers in The Bahamas, Barbados, British Virgin Islands, Cayman, Curacao and Turks and Caicos Islands.

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

An experienced banker with 33 years in various positions spanning Insurance Brokerage, Retail Banking, Corporate Banking, Credit Risk, International Banking and Wealth Management, Mark has also held senior management positions in several countries in the Caribbean such as Grenada, British Virgin Islands and Barbados.

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

Year Joined Board	2023 Meeting Attendance	
	Overall Attendance	Interim Meetings
2018	4/4	2/2
Board Committee Memberships		
• Risk Committee	4/4	4/4

Interlocking/Other Current Directorships	Former Directorships
FirstCaribbean International Bank (Jamaica) Limited – Chair FirstCaribbean International Finance Corporation (Leeward & Winward) Limited- Chair FirstCaribbean International ComTrust Foundation Limited FirstCaribbean International Bank (Bahamas) Limited - Chair FirstCaribbean International Trust Company (Bahamas) Limited FirstCaribbean International Bank (Cayman) Limited - Chair FirstCaribbean International Bank and Trust Company (Cayman) Limited - Chair	CIBC Reinsurance Company Limited FirstCaribbean International Bank (Barbados) Limited - Chair FirstCaribbean International Wealth Management Bank (Barbados) Limited - Chair FirstCaribbean International Bank (Trinidad & Tobago) Limited

WILLEM 'PIM' VAN DER BURG
Cayman Islands
Non-Independent

Willem 'Pim' van der Burg was appointed Chief Commercial Officer on November 1, 2022.

Prior to that Pim was Managing Director, Corporate & Investment Banking and the Managing Director for the Dutch Caribbean for CIBC FirstCaribbean.

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

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

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

Year Joined Board	2023 Meeting Attendance	
	Overall Attendance	Interim Meetings
2022	4/4	1/2
Board Committee Memberships		
Committee memberships None	N/A	N/A

Interlocking/Other Current Directorships	Former Directorships
FirstCaribbean International Bank (Barbados) Limited FirstCaribbean International Wealth Management Bank (Barbados) Limited FirstCaribbean International Bank and Trust (Cayman) Limited FirstCaribbean International Bank (Cayman) Limited FirstCaribbean International Bank (Trinidad & Tobago) Limited	None

Executive Committee Team

L to R : Brian Clarke, Esan Peters, Khadija Bourne, Willem ‘Pim’ van der Burg, Mark St.Hill, Donna Wellington, Carl Lewis and Patrick McKenna

Missing : Jacqui Bend, Nigel Holness, Mark McIntyre and Anthony Seeraj

JACQUI BEND
The Bahamas

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

Jacqui is a seasoned banker with over 30 years of experience in the financial industry. Dr. Bend's skills lie in building lasting relationships, strong financial acumen, and a track record of delivering results. Dr. Bend promotes a culture of transformational leadership, developing high- performing teams, and optimizing digital solutions to increase efficiencies and revenue.

Dr. Bend held several senior roles across the bank and in her previous role as Director, Retail & Business Banking Channels, she 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.

As Executive Sponsor of the bank's Women's Network, Dr. Bend's mandate is to foster the growth and sustainability of the senior female leaders by exploring the unique issues facing women in the Caribbean context, providing networking opportunities, mentorship, professional development, and other support services.

Dr. Bend holds a Bachelor of Commerce in Financial Services from Nipissing University, a Master of Business Administration (Hons.) from the University of Leicester, a Master's Certificate in Strategic Organizational Change from the University of Michigan, and a Doctor of Business Administration in leadership from Walden University. Dr. Bend is also an Associate of the Canadian Institute of Bankers and a Certified John Maxwell Coach, Speaker, Trainer. In her spare time, Dr. Bend enjoys spending time with family, volunteering, fitness, and sports.

KHADIJA BOURNE
Barbados

Khadija Bourne was appointed Chief Auditor on April 1, 2021

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

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

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

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

BRIAN CLARKE
Barbados

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

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

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

NIGEL HOLNESS
Jamaica

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

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

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

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

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

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

CARL LEWIS
Barbados

Carl was appointed Chief Financial Officer on April 1, 2021. He has over 25 years' experience in the finance and banking sectors and immediately prior to this role served as the Bank's Chief Auditor.

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

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

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

MARK McINTYRE
The Cayman Islands

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

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

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

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

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

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

PATRICK McKENNA
Barbados

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

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

Patrick has over 40 years of banking experience in a variety of Front Office and Risk Management roles. Prior to joining CIBC, Patrick was the CRO and subsequently the Chief Oversight and Control Executive for JP Morgan Asset Management.

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

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

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

ESAN PETERS
Barbados

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

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

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

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

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

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

ANTHONY SEERAJ
Trinidad & Tobago

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

Anthony has over 39 years' experience in corporate banking and has been a key contributor to the development of the Corporate footprint and the Bank's profile in Trinidad and Tobago, bringing several new key relationships to the Bank.

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

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

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

MARK ST. HILL
Barbados

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

Prior to this, Mark was appointed Managing Director, Retail & Business Banking in May 2013 where he had responsibility for the development and growth of CIBC First Caribbean's Retail & Business Banking operations including the Bank's cards issuing business.

Previous to his appointment as Managing Director, Retail & Business Banking, Mark was the Barbados Country Manager and Managing Director of CIBC FirstCaribbean's Barbados Operating Company. Previous to that he was the Director, International Banking with responsibility for the leadership and development of the International Banking (Personal & Corporate) offering across the six centers in The Bahamas, Barbados, British Virgin Islands, Cayman, Curacao and Turks and Caicos Islands.

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

An experienced banker with 33 years in various positions spanning Insurance Brokerage, Retail Banking, Corporate Banking, Credit Risk, International Banking and Wealth Management, Mark has also held senior management positions in several countries in the Caribbean such as Grenada, British Virgin Islands and Barbados.

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

Executive Committee

WILLEM 'PIM' VAN DER BURG
Curacao

Willem 'Pim' van der Burg was appointed Chief Commercial Officer on November 1, 2022.

Prior to that Pim was Managing Director, Corporate & Investment Banking and Managing Director for the Dutch Caribbean for CIBC FirstCaribbean.

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

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

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

DONNA WELLINGTON
Barbados

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

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

In this position, Donna has responsibility for revenue generation and regulatory affairs across all key segments of the banking operations of the Barbados Operating Company in 4 countries (Barbados, Antigua, St Kitts and St Lucia). Donna's current passion is the digital transformation agenda as well as renewable energy and corporate lending for climate sustainability, areas requiring urgent focus for countries the Barbados Operating company and wider bank.

A seasoned corporate banker with 34 years' experience in the financial services industry, Donna also has a strong accounting background with a BSc in Accounting from the University of the West Indies. She is a member of the Certified Professional Accountants Association of Canada (CPA) and holds a Master's Certificate in Financial Leadership from Schulich Business School, York University.

Management's discussion & analysis

Management's discussion and analysis (MD&A) is provided to enable readers to assess CIBC FirstCaribbean's financial condition and results of operations as at and for the year ended October 31, 2023, compared with prior years. The MD&A should be read in conjunction with the audited consolidated financial statements included in this Annual Report. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and are expressed in thousands of United States dollars. Certain comparative amounts have been reclassified to conform to the presentation adopted in the current year.

Overview

FirstCaribbean International Bank Limited is a leading Caribbean financial institution providing individual and business clients with a full range of products and services through our four (4) segments Personal and Business Banking, Corporate and Investment Banking, Wealth Management and Administration. Our business segments service clients in twelve (12) countries through our eight (8) operating companies located in The Bahamas, Barbados, The Cayman Islands, Jamaica and Trinidad and Tobago (collectively, the "Group").

The business segments and geographic operating companies are supported by the Administration segment which includes Finance, Risk, Technology, Innovation & Infrastructure, Treasury, and other support units. Highlights and commentary on business segments can be found in the 2023 Highlights Section of this annual report.

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

Nature of the business

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

Objectives and strategies

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

Resources, risks and relationships

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

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

Review of results, performance measures and indicators

Review of the Consolidated Statement of Income

$ Millions except per share amounts, as at or for the year ended October 31	2023	2022
Total revenue	**715**	577
Net income for the year	**270**	176
Net income for the year from continuing operations	**261**	166
Adjusted net income for the year from continuing operations	**258**	176
Net income for the year attributable to the equity holders of the parent	**264**	173
Adjusted net income for the year attributable to the equity holders of the parent	**261**	184
Basic and diluted earnings per share (cents)	**16.7**	11.0
Adjusted basic and diluted earnings per share (cents)	**16.6**	11.6
Dividend per share (cents)	**4.8**	4.0
Closing share price per share (cents)	**99**	79
Return on equity	**21.5%**	15.2%
Adjusted return on equity	**21.3%**	16.2%
Efficiency ratio	**58.0%**	65.5%
Tier I capital ratio	**17.2%**	14.8%
Total capital ratio	**18.9%**	16.4%

Items of note in 2023 included gains on divestitures of $11.3 million, offset by provisions and other costs related divestitures of $8.4 million. Items of note in 2022 included provisions related announced divestitures of $10.5 million

The year over year results were affected by certain significant items as follows:
- $133 million increase in net interest income due primarily to higher US interest rates
- $6 million increase in operating income due primarily to increased transaction-based earnings
- $1 million increase in credit loss expense as the current year reflected updated economic forecasts, as well as an update to the probability of defaults model
- $37 million increase in operating expenses due to higher employee-related costs, strategic business and infrastructure investments, as well as higher business taxes
- $6 million increase in taxes due to higher taxable income and write-offs of unrecoverable balances in some jurisdictions

Net interest income and margin

$ millions for the year ended October 31	2023	2022
Average total assets	**12,826**	12,994
Net interest income	**512**	379
Net interest margin	**4.0%**	2.9%

Net interest margin on average assets was up 1.1% primarily as a result of higher US interest rates during the year.

Operating income

$ millions for the year ended October 31	2023	2022
Net fee and commission income	**121**	122
Foreign exchange earnings	**77**	71
Net loss on disposal of securities and hedging	**-**	-
Other	**6**	5
	204	198

Operating income increased year-on-year by $6 million (3%) primarily due to increased transaction-based earnings (e.g foreign exchange).

Operating expenses

$ millions for the year ended October 31	2023	2022
Staff costs		
Salaries	**164**	149
Benefits & other	**32**	28
	196	177
Property and equipment expenses	**47**	43
Depreciation	**33**	42
Business taxes	**47**	39
Professional fees	**28**	22
Communications	**12**	11
Other	**52**	42
	415	378

Operating expenses increased year-on-year by $37 million (10%). The significant movements were due to higher employee-related costs, strategic business and infrastructure investments and higher business taxes.

Credit loss expense on financial assets

$ millions for the year ended October 31	**2023**	2022
Expense on impaired loans – Stage 3		
Mortgages	**11**	25
Personal	**10**	9
Business & Sovereign	**7**	10
	28	44
Expense/(release) on non-impaired loans		
Stage 1	**(8)**	(12)
Stage 2	**(11)**	(22)
	(19)	(34)
Total loans credit loss expense	**9**	10
Expense/(release) on debt securities		
Stage 1	**1**	(1)
Stage 2	**-**	3
Stage 3	**1**	(2)
Total debt securities credit loss expense/(release)	**2**	-

Credit loss expense on impaired loans decreased by $16 million primarily due to improved collection activity and lower credit migration to Stage 3. Credit loss on non-impaired loans increased by $15 million primarily based on updated, less favourable forward looking indicators.

The ratio of expected credit loss allowances to gross loans was 3.4% compared to 4.0% at the end of 2022. Non-performing loans to gross loans decreased to 3.7% at the end of 2023 compared to 4.0% as at 2022.

Debt securities credit loss expense increased by $2 million also due to updated, less favourable forward looking economic indicators.

Income tax expense

$ millions for the year ended October 31	**2023**	2022
Income tax expense	**29**	23
Income before tax from continuing operations	**290**	189
Effective tax rate	**10.0%**	12.2%

Income tax expense has increased year-on-year by $6 million. The increase in taxes is largely due to higher taxable income in taxable jurisdictions and write-offs of unrecoverable balances in some jurisdictions.

Barbados Tax Proposals

On November 7, 2023, The Government of Barbados announced that it intends to implement a minimum corporation tax in accordance with the Global Anti-Base Erosion ("GloBE") Model Rules published by the Organization for Economic Cooperation and Development ("OECD"). The GLoBE rules are part of the OECD's two-pillar solution to address tax challenges arising from digitalization of the economy. The two-pillar solution represents a substantial reform of the international tax ecosystem and includes the development of new nexus and profit allocation rules (Pillar One), and the introduction of a new global minimum tax (Pillar Two) applicable to in-scope Multinational Enterprises ("MNEs").

Beginning January 1, 2024, Barbados is expected to introduce a Qualified Domestic Minimum Top-up Tax ("QDMTT") in accordance with Pillar Two. This will result in an effective tax rate of 15% of net income as calculated under the GLoBE rules for the Group's Barbados entities. The announcement also indicated that the income of constituent entities of in-scope MNEs may not be subject to the QDMTT until an Income Inclusion Rule applies in the jurisdiction of the Ultimate Parent Entity, which for our Group is Canada. In that case, the QDMTT may not apply to the Group's entities in Barbados until FY2025. At the time of reporting, these measures have not been tabled for enactment. The Bank expects that the effective date will be clarified when the proposed legislation is published or released for comment.

Review of the Consolidated Statement of Comprehensive Income

$ millions for the year ended October 31	**2023**	2022
Net income for the year	**270**	176
Other comprehensive income/(loss)		
Net gains/(losses) on debt securities at fair value through OCI	**7**	(32)
Net exchange (losses)/gains on translation of foreign operations	**(1)**	1
Re-measurement (losses)/gains on retirement benefit plans	**(6)**	(72)
Other comprehensive income/(loss)	**-**	(103)
Total comprehensive income	**270**	73

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

Review of the Consolidated Statement of Financial Position

$ millions for the year ended October 31	**2023**	2022
Assets		
Cash and balances with banks	**2,262**	2,727
Securities	**2,847**	2,946
Loans and advances to customers:		
Mortgages	**2,155**	2,175
Personal	**688**	659
Business & Sovereign	**4,023**	4,093
Provision for impairment (net of recoveries and write-offs)	**(232)**	(277)
	11,743	12,323
Other assets	**541**	506
	12,284	12,829
Assets of disposal group classified as held for sale	**237**	302
	12,521	13,131
Liabilities and equity		
Customer deposits		
Individuals	**3,748**	4,482
Business & Sovereign	**6,766**	6,930
Banks	**1**	1
Interest payable	**18**	16
	10,533	11,429
Debt securities in issue	**27**	27
Other liabilities	**245**	222
Liabilities of a disposal group classified as held for sale	**364**	294
Non-controlling interests	**33**	29
Equity attributable to equity holders of the parent	**1,319**	1,130
	12,521	13,131

Total assets decreased by $610 million (5%) primarily due to decreased securities and cash balances at bank. Securities decreased by $99 million due to reductions in short-term US Government Treasury bills used to fund transitory deposit outflows. The $465 million decrease in cash and balances with banks was primarily related to funding deposit outflows.

Customer deposits decreased by $896 million due to deposit outflows influenced by the high interest rate environment.

Equity attributable to equity holders of the parent has increased year-on-year by $189 million (16.7%) due mainly to net income for the year of $270 million before non-controlling interests, offset by dividends of $75 million.

Our capital strength protects our depositors and creditors from risks inherent in our business, allows us to absorb unexpected losses and enables us to take advantage of attractive business opportunities. The Group continues to maintain strong capital ratios of Tier I and Tier I & II of 17.2% and 18.9% respectively at the end of 2023, in excess of regulatory requirements.

Business Segment Overview

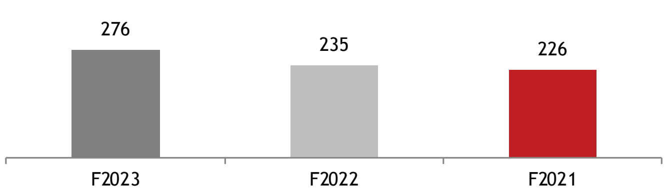
Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment.
Transactions between the business segments are on normal commercial terms and conditions.

Personal & Business Banking

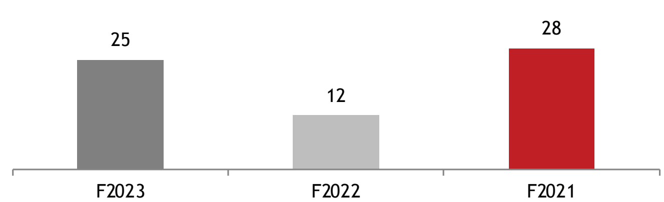
Personal & Business Banking includes the Retail Channels, Business Banking and the Cards Issuing business. The segment provides a full range of financial products and services to individuals which can be accessed through our network of branches and ABMs, as well as through internet and telephone banking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

Total revenues increased year-on-year by $41 million or 17% primarily due to higher income on performing loans, net funds transfer pricing earnings, foreign exchange earnings and cards income. Net income increased year-on-year by $13 million driven by higher revenues.

Total Revenues ($Millions)



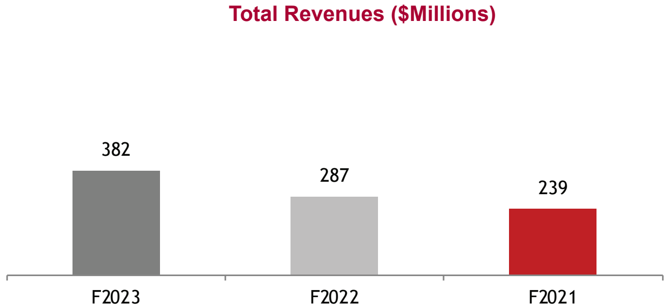
Net income ($Millions)

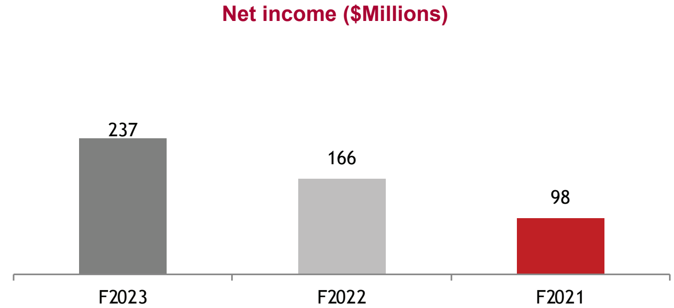


Corporate & Investment Banking

Corporate & Investment Banking includes Corporate & International Corporate Banking, Investment Banking, Forex & Derivative Sales and the Merchant Services business. The segment provides a full range of corporate and commercial banking services to large and mid-size corporate businesses, governments, financial institutions, international trading companies and private wealth vehicles throughout the Caribbean. International Corporate Banking is a specialized business that services non-domestic, international corporate and institutional clients (such as Offshore Mutual Funds, Hedge Funds, Captives and IBCs) in 6 jurisdictions with core banking, international payments & cash management, lending, standby letters of credits, and investment management products.
Investment Banking services provides debt, equity, capital markets and corporate finance products and services to large corporations, financial institutions and governments. Clients are also provided with foreign exchange, derivative and other risk mitigating products through the Forex & Derivative Sales Group.

Total revenues increased year-on-year by $95 million or 33% primarily due to higher income on performing loans, net funds transfer pricing earnings, earnings on capital and foreign exchange earnings. Net income increased year-on-year by $71 million as a result of higher revenues.

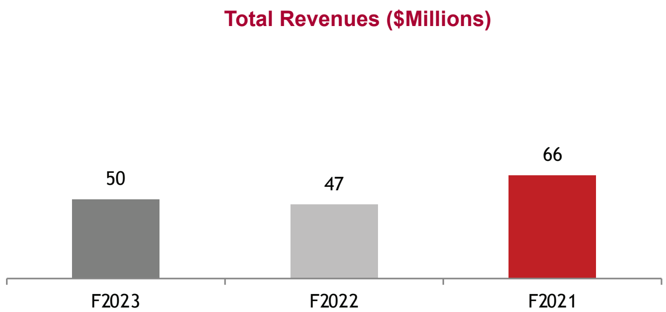


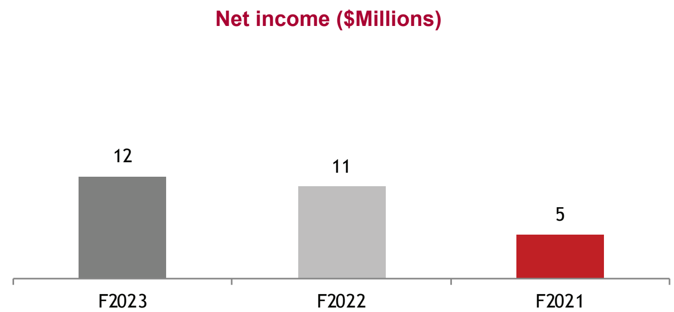


Wealth Management

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

Total revenue increased by $3 million or 7% year-over-year primarily due to higher income from performing loans and investment advisor fees. Net income increased year-over-year by $1 million as a result of higher revenues.





Administration

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

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

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

Risk Management Approach

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

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

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

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

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

Credit Risk

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

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

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

Market Risk

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

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

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

Compliance Risk

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

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

Operational Risk

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

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

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

Liquidity Risk

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

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

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

Consolidated Financial Statements

Details of the notes to the consolidated financial statements

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Building a better working world

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF FIRSTCARIBBEAN INTERNATIONAL BANK LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of FirstCaribbean International Bank Limited ("the Bank") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at October 31, 2023, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at October 31, 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

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

Key Audit Matters

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF FIRSTCARIBBEAN INTERNATIONAL BANK LIMITED

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

Key Audit Matters (continued)

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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF FIRSTCARIBBEAN INTERNATIONAL BANK LIMITED

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

Key Audit Matters (continued)

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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF FIRSTCARIBBEAN INTERNATIONAL BANK LIMITED

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

Key Audit Matters (continued)

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

Building a better working world

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF FIRSTCARIBBEAN INTERNATIONAL BANK LIMITED

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

Other information included in the Group's 2023 Annual Report

Management is responsible for the other information included in the 2023 Annual report. The other information consists of the Chairman's and Chief Executive Officer's messages and Management's Discussion and Analysis included in the Group's 2023 Annual Report but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

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

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

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

Building a better working world

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF FIRSTCARIBBEAN INTERNATIONAL BANK LIMITED

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF FIRSTCARIBBEAN INTERNATIONAL BANK LIMITED

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

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

- 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.

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

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

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

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF FIRSTCARIBBEAN INTERNATIONAL BANK LIMITED

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

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

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

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

Ernst & Young Ltd

Bridgetown
BARBADOS
December 7, 2023

Consolidated Statement of Income

For the year ended October 31, 2023
(Expressed in thousands of United States dollars, except as noted)

	Notes	2023	2022
Interest and similar income		**$ 566,244**	$ 408,819
Interest and similar expense		**54,325**	29,512
Net interest income	3	**511,919**	379,307
Operating income	4	**203,544**	197,721
		$ 715,463	$ 577,028
Operating expenses	5	**414,504**	377,967
Credit loss expense on financial assets	14,15	**11,183**	10,127
		$ 425,687	$ 388,094
Income before taxation from continuing operations		**289,776**	188,934
Income tax expense	6	**29,015**	23,023
Net income for the year from continuing operations		**$ 260,761**	$ 165,911
Net income/(loss) from discontinued operations	33	**4,727**	(6,840)
Net income from discontinuing operations	33	**4,422**	17,322
Net income for the year		**$ 269,910**	$ 176,393
Net income for the year attributable to:			
Equity holders of the parent		**$ 264,056**	$ 173,036
Non-controlling interests		**5,854**	3,357
		$ 269,910	$ 176,393
Basic and diluted earnings per share from continuing operations attributable to the equity holders of the parent for the year (expressed in cents per share)	7	**16.2**	10.3
Basic and diluted earnings per share attributable to the equity holders of the parent for the year (expressed in cents per share)	7	**16.7**	11.0

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

Consolidated Statement of Comprehensive Income

For the year ended October 31, 2023
(Expressed in thousands of United States dollars, except as noted)

	Notes	2023	2022
Net income for the year		**$ 269,910**	$ 176,393
Other comprehensive income/(loss) (net of tax) to be reclassified to net income or loss in subsequent periods			
Net gains/(losses) on debt securities at fair value through other comprehensive income		**7,202**	(32,188)
Net exchange (losses)/gains on translation of foreign operations		**(1,082)**	401
Net other comprehensive income/(loss) (net of tax) to be reclassified to net income or loss in subsequent periods	8,9	**6,120**	(31,787)
Other comprehensive loss (net of tax) not to be reclassified to net income or loss in subsequent periods			
Re-measurement losses on retirement benefit plans		**(5,575)**	(71,563)
Net other comprehensive loss (net of tax) not to be reclassified to net income or loss in subsequent periods		**(5,575)**	(71,563)
Other comprehensive income/(loss) for the year, net of tax		**545**	(103,350)
Comprehensive income for the year, net of tax		**$ 270,455**	$ 73,043
Comprehensive income for the year attributable to:			
Continuing operations		**263,491**	65,034
Discontinued operations	33	**4,705**	(7,191)
Discontinuing operations	33	**2,259**	15,200
		$ 270,455	$ 73,043
Comprehensive income for the year attributable to:			
Equity holders of the parent		**$ 264,341**	$ 71,190
Non-controlling interests		**6,114**	1,853
		$ 270,455	$ 73,043

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

Consolidated Statement of Financial Position

As at October 31, 2023
(Expressed in thousands of United States dollars, except as noted)

	Notes	**2023**	2022
Assets			
Cash and balances with Central Banks	10	**$ 1,498,217**	$ 1,539,915
Due from banks	11	**763,347**	1,186,938
Derivative financial instruments	12	**9,987**	13,507
Other assets	13	**155,213**	123,757
Taxation recoverable		**29,675**	21,911
Securities	14	**2,846,655**	2,945,869
Loans and advances to customers	15	**6,633,855**	6,649,511
Property and equipment	16	**210,899**	192,875
Deferred tax assets	17	**20,278**	27,194
Retirement benefit assets	18	**71,996**	82,552
Intangible assets	19	**44,372**	44,372
		$ 12,284,494	$ 12,828,401
Assets of disposal group classified as held for sale and discontinuing/discontinued operations	33	**236,614**	302,197
Total assets		**$ 12,521,108**	$ 13,130,598
Liabilities			
Derivative financial instruments	12	**$ 9,154**	$ 11,626
Customer deposits	20	**10,533,327**	11,428,746
Other liabilities	21	**204,165**	173,689
Taxation payable		**4,058**	4,753
Deferred tax liabilities	17	**8,765**	13,130
Debt securities in issue	22	**26,599**	26,599
Retirement benefit obligations	18	**18,654**	18,630
		$ 10,804,722	$ 11,677,173
Liabilities of disposal group classified as held for sale and discontinuing/discontinued operations	33	**363,867**	294,348
Total liabilities		**$ 11,168,589**	$ 11,971,521
Equity attributable to equity holders of the parent			
Issued capital	23	**$ 1,193,149**	$ 1,193,149
Reserves	24	**(144,853)**	(178,338)
Retained earnings		**270,999**	115,085
		1,319,295	1,129,896
Non-controlling interests		**33,224**	29,181
Total equity		**1,352,519**	1,159,077
Total liabilities and equity		**$ 12,521,108**	$ 13,130,598

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

Approved by the Board of Directors on December 7, 2023

Mark St.Hill
Chief Executive Officer

Chris De Caires
Director

Consolidated Statement of Changes in Equity

For the year ended October 31, 2023
(Expressed in thousands of United States dollars, except as noted)

	Notes		Attributable to equity holders of the parent			
		Issued capital	Reserves	Retained earnings	Non-controlling interests	Total equity
Balance at October 31, 2021		$ 1,193,149	$ (91,269)	$ 19,936	$ 29,399	$ 1,151,215
Net income for the year		-	-	173,036	3,357	176,393
Other comprehensive loss for the year, net of tax		-	(101,846)	-	(1,504)	(103,350)
Total comprehensive income		-	(101,846)	173,036	1,853	73,043
Transfer to reserves	24	-	14,777	(14,777)	-	-
Equity dividends	25	-	-	(63,110)	-	(63,110)
Dividends of subsidiary		-	-	-	(2,071)	(2,071)
Balance at October 31, 2022		$ 1,193,149	$ (178,338)	$ 115,085	$ 29,181	$ 1,159,077
Net income for the year		-	-	264,056	5,854	269,910
Other comprehensive income for the year, net of tax		-	285	-	260	545
Total comprehensive income		-	285	264,056	6,114	270,455
Transfer to reserves	24	-	33,200	(33,200)	-	-
Equity dividends	25	-	-	(74,942)	-	(74,942)
Dividends of subsidiary		-	-	-	(2,071)	(2,071)
Balance at October 31, 2023		$ 1,193,149	$ (144,853)	$ 270,999	$ 33,224	$ 1,352,519

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

Consolidated Statement of Cash Flows

For the year ended October 31, 2023
(Expressed in thousands of United States dollars, except as noted)

	2023	2022
Cash flows from operating activities		
Income before taxation from continuing operations	**$ 289,776**	$ 188,934
Income before taxation from discontinued and discontinuing operations	**11,515**	13,949
Credit loss expense/(release) on financial assets	**14,131**	(373)
Depreciation of property and equipment	**36,112**	44,750
Net losses/(gains) on disposals of property and equipment	**1,938**	(1,425)
Net gains on disposals of investment securities	**-**	(247)
Net hedging gains	**(1,228)**	(235)
Interest income earned on investment securities	**(118,064)**	(65,478)
Interest expense incurred on lease liabilities, other borrowed funds and debt securities	**1,755**	4,184
Net cash flows from operating activities before changes in operating assets and liabilities from continuing operations	**235,935**	184,059
Changes in operating assets and liabilities:		
- net decrease/(increase) in due from banks	**1,802**	(19,125)
- net decrease/(increase) in loans and advances to customers	**8,105**	(155,502)
- net increase in other assets	**(26,849)**	(20,734)
- net (decrease)/increase in customer deposits	**(895,419)**	369,506
- net increase in other liabilities	**39,709**	12,135
Income taxes paid	**(34,600)**	(23,126)
Net cash (used in)/from operating activities from continuing operations	**(671,317)**	347,214
Cash flows from investing activities		
Purchases of property and equipment	**(56,074)**	(44,403)
Purchases of securities	**(12,519,223)**	(10,529,952)
Proceeds from disposal of property and equipment	**-**	1,425
Proceeds from disposals and redemption of securities	**12,620,318**	10,167,263
Interest income received on securities	**118,885**	65,630
Net cash from/(used in) investing activities from continuing operations	**163,906**	(340,037)
Cash flows from financing activities		
Interest expense paid on other borrowed funds and debt securities	**(1,755)**	(4,184)
Dividends paid to equity holders of the parent	**(74,942)**	(63,110)
Dividends paid to non-controlling interests	**(2,071)**	(2,071)
Payment of principal portion of lease liabilities	**(10,758)**	(10,957)
Net cash used in financing activities from continuing operations	**(89,526)**	(80,322)
Net decrease in cash and cash equivalents for the year from continuing operations	**(596,937)**	(73,145)
Net increase/(decrease) in cash and cash equivalents for the year from held for sale and discontinuing/discontinued operations	**134,532**	(47,299)
Effect of exchange rate changes on cash and cash equivalents	**(1,082)**	401
Cash and cash equivalents, beginning of year	**2,343,873**	2,463,916
Cash and cash equivalents from held for sale and discontinuing/discontinued operations	**132,966**	167,956
Cash and cash equivalents, end of year (note 10)	**$ 2,013,352**	$ 2,511,829

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

For the year ended October 31, 2023
(Expressed in thousands of United States dollars, except as noted)

Note 1 General Information

FirstCaribbean International Bank Limited and its subsidiaries (the "Group") are registered under the relevant financial and corporate legislation of 12 countries in the Caribbean to carry on banking and other related activities. FirstCaribbean International Bank Limited (the "Bank"), is a company incorporated and domiciled in Barbados at Warrens, St. Michael. The parent company and controlling party of the Bank is CIBC Investments (Cayman) Limited, which holds 91.7% of the Bank's issued shares and is a company incorporated in Cayman. The ultimate parent company is Canadian Imperial Bank of Commerce ("CIBC").

The Bank has a primary listing on the Barbados and Trinidad Stock Exchanges. These consolidated financial statements have been authorised for issue by the Board of Directors on December 7, 2023. The Board of Directors has the power to amend these consolidated financial statements after issue, if required.

Note 2 Basis of preparation and summary of significant accounting policies

2.1 Basis of preparation

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

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

Statement of compliance

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

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at October 31, 2023 (the "reporting date"). The financial statements of the subsidiaries are prepared for the same reporting year as the Bank, using consistent accounting policies.

Subsidiaries

All subsidiaries, which are those companies controlled by the Bank, have been fully consolidated. The principal subsidiaries of the Bank are disclosed in Note 34.

Control is achieved when the Bank is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Bank controls an investee if and only if the Bank has:

1) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee); 2) Exposure, or rights, to variable returns from its involvement with the investee; and 3) The ability to use its power over the investee to affect its returns.

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

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

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

For the year ended October 31, 2023
(Expressed in thousands of United States dollars, except as noted)

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

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

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

Transactions with jointly controlled entities
IFRS 3 Business Combinations does not apply to a business combination of entities or businesses under common control. A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.
The Group accounts for the acquisition of commonly controlled entities as follows:

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

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

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

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

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

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

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

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

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

Retirement benefit obligations

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

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

Income taxes

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

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

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

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

Intangible assets

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

2.3 Adoption of new accounting policies

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

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

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International Tax Reform – Pillar Two Model Rules - Amendments to IAS 12

On May 23, 2023 the IASB issued "International Tax Reform—Pillar Two Model Rules", which amended IAS 12 "Income Taxes" (IAS 12), to provide temporary relief from the accounting and disclosure for deferred taxes arising from the implementation of Pillar Two model rules published by the Organisation for Economic Co-Operation and Development. The Bank has adopted this amendment and applied the exception to recognizing and disclosing deferred taxes related to Pillar Two income taxes. Further amendments require certain additional disclosures on Pillar Two income tax exposures as of the Bank's fiscal year beginning November 1, 2023.

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 Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments did not have a material impact on the Group.

Reference to the Conceptual Framework – Amendments to IFRS 3

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

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

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

The amendments did not have a significant impact on the Group's consolidated financial statements.

Onerous Contracts – Cost of Fulfilling Contract Amendments to IAS 37

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

2.4 Summary of significant accounting policies

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

Foreign currency translation

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

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

Group companies
The results and financial position of all Group entities, which have a functional currency different from the presentation currency are translated into the presentation currency as follows:
- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date.
- Income and expenses for each statement of comprehensive income or statement of income presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

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

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

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

Any gains or losses arising from changes in fair value on derivatives are taken directly to the consolidated statement of income, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income. For the purpose of hedge accounting, hedges are classified as:
- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk).
- Cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.
- The Group elected, as a policy choice permitted under IFRS 9, to continue to apply hedge accounting in accordance with IAS 39.

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

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

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

Fair value hedge

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

Cash flow hedge

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

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

IBOR Reform Phase 1 and Phase 2

The Group applied IBOR reform Phase 1 and Phase 2 for the first time in the year ended October 31, 2021. During the period prior to the replacement of Interbank Offered Rates (IBORs) with an alternative risk-free rate (RFR), IBOR reform Phase 1 provides reliefs for hedging relationships directly affected by interest rate benchmark reform. IBOR reform Phase 2 provides temporary reliefs that allow the Group's hedging relationships to continue upon the replacement of an existing interest rate benchmark with a RFR. A hedging relationship is affected if IBOR reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. The reliefs require that for the purpose of determining whether a forecast transaction is highly probable, it is assumed that the IBOR on which the hedged cash flows are based is not altered as a result of IBOR reform.

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

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

Interest income and expense

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

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

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

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interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cure (as outlined in Note 15) and are no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

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

Fee and commission income

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

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

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

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

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

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

Customer loyalty programmes

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

Financial instruments: initial recognition

Date of recognition

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

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Initial measurement of financial instruments

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

Day 1 profit or loss

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

Measurement categories of financial assets and liabilities

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

- Amortised cost
- FVOCI
- FVPL

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

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

Financial assets and liabilities

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

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

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

The details of these conditions are outlined below:

Business model assessment

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

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

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

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

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The SPPI (solely payments of principal and interest) test

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

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

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

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

Derivatives recorded at fair value through profit or loss

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

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

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

Debt instruments at FVOCI

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

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

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. The ECL calculation for debt instruments at FVOCI is shown in Note 14. Where the Group holds more than one investment in the same security, they are deemed to be disposed of on a first–in first–out basis. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

Equity instruments at FVOCI

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

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

Debt issued and other borrowed funds

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

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

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

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

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

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

Financial guarantees, letters of credit and undrawn loan commitments

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

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

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

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

Reclassification of financial assets and liabilities

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

Derecognition of financial assets and liabilities

Derecognition due to substantial modification of terms and conditions

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

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

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

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

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Derecognition other than for substantial modification

Financial assets

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

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

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

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

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

A transfer only qualifies for derecognition if either:

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

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

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

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

Financial liabilities

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

Impairment of financial assets

Overview of the ECL principles

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

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined in Note 15). The Group's policies for determining if there has been a significant increase in credit risk are set out in Note 32.

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

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

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

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. This is further explained in Note 32.

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

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

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

The calculation of ECLs

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

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

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

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

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

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

Debt instruments measured at fair value through OCI

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

Purchased or originated credit impaired financial assets (POCI)

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

Credit cards and other revolving facilities

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

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

Forward looking information

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

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

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

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

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Collateral valuation

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

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

Collateral repossessed

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

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

Write-offs

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

Forborne and modified loans

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

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

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

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

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

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Offsetting financial instruments

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

Sale and repurchase agreements

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

Intangible assets

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

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

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

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

Goodwill

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

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

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

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

Property and equipment

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

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

The annual rates used are:

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

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

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

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

Leases

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

As a lessee

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

Right-of-use assets

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

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

Lease liabilities

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

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

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

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

As a lessor

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

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

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

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

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

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

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

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

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

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

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

Retirement benefit obligations
Pension obligations

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

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

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

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

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

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

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

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

Other post-retirement obligations

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

Deferred tax

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

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

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

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

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Share capital

Share issue costs

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

Dividends on common shares

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

Earnings per share

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

Fiduciary activities

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

Segment reporting

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

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

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

Fair value measurement

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

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

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

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

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

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

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

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

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

Comparatives

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

2.5 Standards issued but not yet effective

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

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

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

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

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

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

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by (i) replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and (ii) adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures
The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The amendments are not expected to have a significant impact on the Group's consolidated financial statements.

Definition of Accounting Estimates – Amendments to IAS 8

In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The amendments are not expected to have a significant impact on the Group's consolidated financial statements.

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

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the consolidated financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.
The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The amendments are not expected to have a significant impact on the Group's consolidated financial statements.

Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the Board issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures which specify disclosure requirements to enhance the current requirements, with the intention of assisting users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments require an entity to provide information on the impact of finance supplier arrangements on liabilities and cashflow, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The Group is currently assessing the impact of these amendments on the consolidated financial statements.

Lease Liability in a Sale and Leaseback- Amendments to IFRS 16

In September 2022, the Board issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) which specifies the requirements for the measurement of the lease liability arising from a sale and leaseback arrangement by the seller-lessee to ensure any gain or loss relating to the right of use retained is not recognized.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The Group is currently assessing the impact of these amendments and plans to adopt the new amendment on the required effective date.

Lack of exchangeability – Amendments to IAS 21

In August 2023, the Board issued amendments to IAS 21 relating to lack of exchangeability of currency. The amendment states a currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. The amendments specify how an entity should assess whether a currency is exchangeable and how a spot exchange rate should be determined when there is a lack of exchangeability. The amendments are effective for annual reporting periods beginning on or after January 1, 2025. The Group is currently assessing the impact of these amendments and plans to adopt the new amendment on the required effective date.

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Note 3 Net interest income

	2023	2022
Interest and similar income		
Cash, balances with Central Banks and due from banks	**$ 30,826**	$ 10,364
Securities	**112,584**	61,653
Loans and advances to customers	**422,834**	336,802
	$ 566,244	$ 408,819
Interest and similar expense		
Customer deposits	**$ 52,627**	$ 25,377
Debt securities in issue	**1,521**	1,521
Other	**177**	2,614
	54,325	29,512
	$ 511,919	$ 379,307

Note 4 Operating income

	2023	2022
Net fee and commission income	**$ 121,344**	$ 122,000
Foreign exchange commissions	**77,238**	70,923
Foreign exchange revaluation net losses	**(48)**	(504)
Net trading losses	**(52)**	(265)
Net gains on disposals of securities (note 8)	**-**	261
Net hedging gains (note 12)	**51**	247
Other operating income	**5,011**	5,059
	$ 203,544	$ 197,721

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

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

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

Analysis of net fee and commission income:

	2023	2022
Underwriting	**$ 1,742**	$ 1,539
Deposit services	**54,762**	54,525
Credit services	**4,968**	7,809
Card services	**32,218**	30,689
Fiduciary & investment management	**22,961**	24,078
Other	**4,693**	3,360
	$ 121,344	$ 122,000

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Note 5 Operating expenses

	2023	2022
Staff costs	**$ 195,863**	$ 177,052
Property and equipment expenses	**46,604**	43,177
Depreciation (note 16)	**33,192**	42,167
Other operating expenses	**138,845**	115,571
	$ 414,504	$ 377,967

Analysis of staff costs:

	2023	2022
Salaries	**$ 157,569**	$ 148,332
Pension costs - defined contribution plans (note 18)	**6,031**	6,301
Pension costs - defined benefit plans (note 18)	**(156)**	(4,659)
Post-retirement medical benefits charge (note 18)	**1,380**	1,258
Other share and cash-based benefits	**1,498**	1,426
Risk benefits	**8,034**	8,080
Severance, including staff-related restructuring costs	**5,722**	952
Other staff related costs	**15,785**	15,362
	$ 195,863	$ 177,052

Severance excludes an expense of $7,445 (2022 - $360) related to the severance provision from discontinuing and discontinued operations.

Analysis of other operating expenses:

	2023	2022
Business taxes	**$ 47,177**	$ 38,560
Professional fees	**27,653**	21,620
Advertising and marketing	**3,773**	3,343
Business development and travel	**2,548**	1,247
Communications	**12,098**	11,403
Net losses/(gains) on sale of property and equipment	**1,937**	(1)
Consumer related expenses	**6,162**	6,155
Non-credit losses	**4,310**	2,733
Outside services	**15,672**	13,957
Other	**17,515**	16,554
	$ 138,845	$ 115,571

Other operating expenses include expenses relating to short-term leases of $109 (2022 - $243) and leases of low-value assets of $1,377 (2022 - $1,562).

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Note 6 Income tax expense

		2023		2022
The components of income tax expense for the year are:				
Current tax charge	**$**	**23,441**	$	20,835
Deferred tax charge		**4,614**		2,510
Prior year tax charge/(credit)		**960**		(322)
	$	**29,015**	$	23,023

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

		2023		2022
Income before taxation from continuing operations	**$**	**289,776**	$	188,934
Tax calculated at the statutory tax rate of 5.5%		**15,938**		10,391
Effect of different tax rates in other countries		**(3,150)**		4,805
Effect of income not subject to tax		**(1,627)**		(4,637)
Effect of income subject to tax at 12.5%		**(50)**		(28)
Derecognition of deferred tax		**-**		840
Re-measurement of deferred tax		**(210)**		(1,062)
Effect of other taxes		**13,259**		10,954
Effect of sliding scale rate		**(404)**		(282)
Other		**427**		443
Under provision of prior year current tax liability		**1,018**		174
Over provision of prior year deferred tax liability		**(23)**		(566)
Tax losses expiring unutilised		**-**		61
Movement in deferred tax asset not recognised		**1,704**		422
Effect of expenses not deductible for tax purposes		**2,133**		1,508
	$	**29,015**	$	23,023

Note 7 Earnings per share

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

Basic and diluted earnings per share

		2023		2022
Net income attributable to equity holders of the parent from continuing operations	**$**	**254,907**	$	162,554
Weighted average number of common shares (thousands)		**1,577,095**		1,577,095
Basic and diluted earnings per share (expressed in cents per share) from continuing operations		**16.2**		10.3

		2023		2022
Net income attributable to equity holders of the parent	**$**	**264,056**	$	173,036
Weighted average number of common shares (thousands)		**1,577,095**		1,577,095
Basic and diluted earnings per share (expressed in cents per share)		**16.7**		11.0

There are no potentially dilutive instruments.

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Note 8 Components of other comprehensive income, net of tax

		2023		2022
Debt securities at fair value through other comprehensive income, net of tax:				
Net gains/(losses) arising during the year	**$**	**7,202**	$	(31,941)
Reclassification to the consolidated income statement		**-**		(247)
		7,202		(32,188)
Attributable to:				
Equity holders of the parent		**7,109**		(32,047)
Non-controlling interests		**93**		(141)
		7,202		(32,188)
Net exchange gains on translation of foreign operations, net of tax				
Attributable to:				
Equity holders of the parent		**(1,082)**		401
Non-controlling interests		**-**		-
		(1,082)		401
Other comprehensive income/(loss) for the year, net of tax	**$**	**6,120**	$	(31,787)

Note 9 Income tax effects relating to other comprehensive income

		2023		2022
Debt securities at fair value through other comprehensive income, net of tax:				
Before	**$**	**7,032**	$	(34,063)
Tax charge		**170**		1,875
After tax		**7,202**		(32,188)
Net exchange (losses)/gains on translation of foreign operations, net of tax				
Before and after tax		**(1,082)**		401
Other comprehensive income/(loss) for the year, net of tax	**$**	**6,120**	$	(31,787)

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Note 10 Cash and balances with Central Banks

	2023	2022
Cash	**$ 135,973**	$ 112,722
Deposits with Central Banks - interest bearing	**147,371**	122,502
Deposits with Central Banks - non-interest bearing	**1,214,873**	1,304,691
Cash and balances with Central Banks	**1,498,217**	1,539,915
Less: Mandatory reserve deposits with Central Banks	**(381,178)**	(382,980)
Included in cash and cash equivalents as per below	**$ 1,117,039**	$ 1,156,935

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

Cash and cash equivalents

	2023	2022
Cash and balances with Central Banks as per above	**$ 1,117,039**	$ 1,156,935
Due from banks (note 11)	**763,347**	1,186,938
	1,880,386	$ 2,343,873
Cash and cash equivalents classified as assets of disposal group held for sale and discontinuing operations (note 33)	**132,966**	167,956
	$ 2,013,352	$ 2,511,829

Note 11 Due from banks

	2023	2022
Included in cash and cash equivalents (note 10)	**$ 763,347**	$ 1,186,938

The average effective yield on these amounts during the year was 2.6% (2022 – 0.8%).

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Note 12 Derivative financial instruments

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

2023	**Notional amount**	**Assets**	**Liabilities**
Interest rate swaps	$ 455,999	$ 7,743	$ 6,922
Interest rate options	46,666	2,081	2,081
Commodity options	3,180	163	151
	$ 505,845	$ 9,987	$ 9,154

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

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

Interest rate swaps

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

Interest rate options

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

Commodity options

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

As at October 31, 2023 and 2022, there was no cash collateral pledged with counterparties that have one-way collateral posting arrangements.

Derivative financial instruments held or issued for hedging purposes

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

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IBOR reform

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

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

	2023		2022	
	Nominal amount	Average maturity (years)	Nominal amount	Average maturity (years)
Interest rate swaps				
LIBOR USD (6 months)	-	-	$ 64,776	1

In 2023, the hedging relationship was terminated. The Group did not recognise any gains or losses as a result of failed hedges, which are included within operating income as part of net trading gains as these derivatives are classified as trading derivatives upon failure in 2023 or 2022.

Hedged items currently designated:

2023	Carrying amount of the hedged items	Cumulative amount of fair value of hedging adjustment included in the carrying amount of the hedged items
Consolidated statement of financial position line in which the hedged item is included:		
Loans & advances to customers	$ -	$ -

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

As at October 31, 2023, the accumulated fair value hedge adjustments remaining on the consolidated statement of financial position related to discontinued fair value hedges were Nil (2022: $148).

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

	2023	2022
Recorded in Operating Income:		
Recognised (losses)/gains on hedging instruments	**$ (282)**	$ 6,881
Recognised gains/(losses) on hedge item	**333**	(6,634)
Net gains recognised on fair value hedges	**$ 51**	$ 247

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Note 13 Other assets

		2023		2022
Prepayments and deferred items	**$**	**24,130**	$	17,596
Other accounts receivable		**131,083**		106,161
	$	**155,213**	$	123,757

Note 14 Securities

2023		**Stage 1**		**Stage 2**		**Stage 3**		**Total**
Securities measured at FVOCI:								
Government securities								
- Regional	$	29,417	$	264,636	$	-	$	294,053
- Non Regional		1,330,099		-		-		1,330,099
Total Government securities		**1,359,516**		**264,636**		**-**		**1,624,152**
Corporate debt securities		690,008		7,121		-		697,129
Total debt securities	**$**	**2,049,524**		**271,756**		**-**		**2,321,280**
Equity securities – unquoted		912		-		-		912
Total securities at FVOCI	**$**	**2,050,436**	**$**	**271,756**	**$**	**-**		**2,322,192**
Securities amortised cost:								
Government debt securities at amortized cost	$	143,992	$	-	$	344,269	$	488,261
Corporate debt securities at amortized cost		4,996		20,648		-		25,644
Total securities amortized cost	**$**	**148,988**	**$**	**20,648**	**$**	**344,269**	**$**	**513,905**
Securities at FVTPL								
Corporate debt securities at FVPTL		2,127		-		-		2,127
Total securities at FVPTL		**2,127**		**-**		**-**		**2,127**
Total securities FVOCI, FVPTL & amortized cost	**$**	**2,201,551**	**$**	**292,404**	**$**	**344,269**	**$**	**2,838,224**
Add: Interest receivable								8,431
Total	**$**	**2,201,551**	**$**	**292,404**	**$**	**344,269**	**$**	**2,846,655**

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

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

2023	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
Securities at FVOCI				
Balance at beginning of year	$ 2,247	$ 14,619	$ -	$ 16,866
Originations net of repayments and other derecognitions	(22)	(70)	-	(92)
Changes in model	-	-	-	-
Net remeasurement	(1,196)	(176)	-	(1,372)
Transfers	-	-	-	-
- to 12-month ECL	-	-	-	-
- to lifetime ECL non-credit impaired	-	-	-	-
- to lifetime ECL credit impaired	-	-	-	-
Credit loss release	(1,218)	(246)	-	(1,464)
Foreign exchange and other	(43)	69	-	26
Balance at end of year	$ 986	$ 14,442	$ -	$ 15,428
Securities at Amortised Cost				
Balance at beginning of year	$ 1,324	$ -	$ 9,069	$ 10,393
Originations net of repayments and other derecognitions	3,005	-	-	3,005
Changes in model	-	-	-	-
Net remeasurement	(105)	-	951	846
Transfers	-	-	-	-
- to 12-month ECL	-	-	-	-
- to lifetime ECL non-credit impaired	-	-	-	-
- to lifetime ECL credit impaired	-	-	-	-
Credit loss expense	2,900	-	951	3,851
Foreign exchange and other	(257)	257	-	-
Balance at end of year	$ 3,967	$ 223	$ 10,020	$ 14,210

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2022

	Stage 1 Collective provision 12 month ECL performing	Stage 2 Collective provision lifetime ECL performing	Stage 3 Collective and individual provision lifetime ECL credit impaired	Total
Securities at FVOCI				
Balance at beginning of year	$ 2,780	$ 12,342	$ -	$ 15,122
Originations net of repayments and other derecognitions	(179)	(314)	-	(493)
Changes in model	-	-	-	-
Net remeasurement	(426)	3,494	-	3,068
Transfers	-	-	-	-
- to 12-month ECL	-	-	-	-
- to lifetime ECL non-credit impaired	-	-	-	-
- to lifetime ECL credit impaired	-	-	-	-
Credit loss expense	(605)	3,180	-	2,575
Foreign exchange and other	72	(903)	-	(831)
Balance at end of year	$ 2,247	$ 14,619	$ -	$ 16,866
Securities at amortised cost				
Balance at beginning of year	$ 1,766	$ 143	$ 10,215	$ 12,124
Originations net of repayments and other derecognitions	99	-	-	99
Changes in model	-	-	-	-
Net remeasurement	(629)	-	(2,037)	(2,666)
Transfers				
- to 12-month ECL	-	-	-	-
- to lifetime ECL non-credit impaired	143	(143)	-	-
- to lifetime ECL credit impaired	-	-	-	-
Credit loss release	(387)	(143)	(2,037)	(2,567)
Foreign exchange and other	(55)	-	891	836
Balance at end of year	$ 1,324	$ -	$ 9,069	$ 10,393

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The average effective yield during the year on debt securities was 4.93% (2022 – 2.86%). The Group has a regulatory reserve requirement to maintain a percentage of deposit liabilities in cash or in the form of Government securities. At October 31, 2023 the reserve requirement amounted to $682,867 (2022 - $666,044) of which $380,677 (2022 - $382,980) is included within cash and balances with Central Banks (note 10).

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

	2023	2022
Balance, beginning of year	**$ 2,936,621**	$ 2,544,101
Additions (purchases, changes in fair value and foreign exchange)	**12,519,223**	10,529,952
Disposals (sales and redemptions)	**(12,617,620)**	(10,136,868)
Transferred to a disposal group classified as discontinued operations	**-**	(564)
Balance end of year	**$ 2,838,224**	$ 2,936,621

Note 15 Loans and advances to customers

2023	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Residential mortgages				
Gross loans	$ 1,856,033	$ 155,634	$ 142,979	$ 2,154,646
ECL allowance	(23,447)	(9,217)	(77,518)	(110,182)
Net residential mortgages	1,832,586	146,417	65,461	2,044,464
Personal				
Gross loans	642,124	21,636	24,691	688,451
ECL allowance	(13,253)	(2,216)	(15,424)	(30,893)
Net personal	628,871	19,420	9,267	657,558
Business & Sovereign				
Gross loans	3,287,625	652,396	83,447	4,023,468
ECL allowance	(30,958)	(21,725)	(42,949)	(95,632)
Net business & sovereign	3,256,667	630,671	40,498	3,927,836
Total net loans				
Gross loans	$ 5,785,782	$ 829,666	$ 251,117	$ 6,866,565
ECL allowance	(67,658)	(33,158)	(135,891)	(236,707)
Net Loans	5,718,124	796,508	115,226	6,629,858
Add: Interest receivable				34,630
Less: Unearned fee income				(30,633)
Total				$ 6,633,855

For the year ended October 31, 2023
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2022	Stage 1	Stage 2	Stage 3	Total
Residential mortgages				
Gross loans	$ 1,863,597	$ 153,897	$ 157,146	$ 2,174,640
ECL allowance	(21,473)	(7,755)	(85,491)	(114,719)
Net residential mortgages	1,842,124	146,142	71,655	2,059,921
Personal				
Gross loans	590,385	29,799	38,479	658,663
ECL allowance	(13,031)	(2,889)	(26,373)	(42,293)
Net personal	577,354	26,910	12,106	616,370
Business & Sovereign				
Gross loans	3,045,996	965,030	82,260	4,093,286
ECL allowance	(43,270)	(34,575)	(41,965)	(119,810)
Net Business & Sovereign	3,002,726	930,455	40,295	3,973,476
Total net loans				
Gross loans	$ 5,499,978	$ 1,148,726	$ 277,885	$ 6,926,589
ECL allowance	(77,774)	(45,219)	(153,829)	(276,822)
Net loans	5,422,204	1,103,507	124,056	6,649,767
Add: Interest receivable				31,524
Less: Unearned fee income				(31,780)
Total				$ 6,649,511

For the year ended October 31, 2023
(Expressed in thousands of United States dollars, except as noted)

2023	Stage 1 Collective provision 12 month ECL performing	Stage 2 Collective provision lifetime ECL performing	Stage 3 Collective and individual provision lifetime ECL credit impaired	Total
Residential mortgages				
Balance at beginning of year	$ 21,473	$ 7,755	$ 85,491	$ 114,719
Originations net of repayments and other derecognitions	1,954	(9)	(477)	1,467
Changes in model	415	26	789	1,230
Net remeasurement	(1,893)	3,077	11,104	12,288
Transfers				
- to 12-month ECL	3,776	(3,248)	(528)	-
- to lifetime ECL non-credit impaired	(1,520)	3,203	(1,682)	-
- to lifetime ECL credit impaired	(35)	(1,523)	1,558	-
Credit loss expense	2,696	1,525	10,764	14,985
Net (write-offs)/recoveries	-	-	(10,316)	(10,316)
Interest income on impaired loans	-	-	(4,417)	(4,417)
Foreign exchange and other	(722)	(63)	(4,004)	(4,789)
Balance at end of year	$ 23,447	$ 9,217	$ 77,518	$ 110,182
Personal				
Balance at beginning of year	$ 10,004	$ 1,249	$ 26,200	$ 37,453
Originations net of repayments and other derecognitions	2,728	(94)	(965)	1,669
Changes in model	(381)	(35)	(220)	(635)
Net remeasurement	(2,323)	279	6,313	4,269
Transfers				
- to 12-month ECL	956	(858)	(98)	-
- to lifetime ECL non-credit impaired	(714)	845	(130)	-
- to lifetime ECL credit impaired	(34)	(425)	459	-
Credit loss expense	232	(288)	5,358	5,302
Net (write-offs)/recoveries	-	-	(15,175)	(15,175)
Interest income on impaired loans	-	-	(710)	(710)
Foreign exchange and other	(258)	(49)	(325)	(632)
Balance at end of year	$ 9,978	$ 912	$ 15,348	$ 26,238

For the year ended October 31, 2023
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2023	Stage 1	Stage 2	Stage 3	
	Collective provision 12 month ECL performing	Collective provision lifetime ECL performing	Collective and individual provision lifetime ECL credit impaired	Total
Credit card				
Balance at beginning of year	$ 3,027	$ 1,640	$ 173	$ 4,840
Originations net of repayments and other derecognitions	6	57	-	63
Changes in model	-	-	-	-
Net remeasurement	267	(405)	4,352	4,214
Transfers				
- to 12-month ECL	-	-	-	-
- to lifetime ECL non-credit impaired	-	-	-	-
- to lifetime ECL credit impaired	-	-	-	-
Credit loss expense	273	(348)	4,352	4,277
Net (write-offs)/recoveries	-	-	(4,286)	(4,286)
Interest income on impaired loans	-	-	-	-
Foreign exchange and other	(25)	12	(163)	(176)
Balance at end of year	$ 3,275	$ 1,304	$ 76	$ 4,655
Business and government				
Balance at beginning of year	$ 43,270	$ 34,575	$ 41,965	$ 119,810
Originations net of repayments and other derecognitions	4,836	199	(1,161)	3,874
Changes in model	(1,199)	(436)	84	(1,552)
Net remeasurement	(19,075)	(6,322)	7,306	(18,090)
Transfers				
- to 12-month ECL	5,890	(5,730)	(160)	-
- to lifetime ECL non-credit impaired	(2,004)	2,325	(321)	-
- to lifetime ECL credit impaired	(61)	(1,511)	1,572	-
Credit loss (release)	(11,614)	(11,475)	7,320	(15,768)
Net (write-offs)/recoveries	-	-	(9,494)	(9,494)
Interest income on impaired loans	-	-	(3,288)	(3,288)
Foreign exchange and other	(698)	(1,375)	6,446	4,372
Balance at end of year	$ 30,958	$ 21,725	$ 42,949	$ 95,632
Total ECL allowance	$ 67,658	$ 33,158	$ 135,891	$ 236,707
Comprises:				
Loans	$ 62,464	$ 31,173	$ 135,891	$ 229,528
Undrawn credit facilities	5,194	1,985	-	7,179

For the year ended October 31, 2023
(Expressed in thousands of United States dollars, except as noted)

2023

	Stage 1 Collective provision 12 month ECL performing	**Stage 2** Collective provision lifetime ECL performing	**Stage 3** Collective and individual provision lifetime ECL credit impaired	**Total**
Total Bank				
Balance at beginning of year	$ 77,774	$ 45,219	$ 153,829	$ 276,822
Originations net of repayments and other derecognitions	9,523	153	(2,604)	7,072
Changes in model	(1,166)	(445)	654	(957)
Net remeasurement	(23,023)	(3,371)	29,075	2,681
Transfers				
- to 12-month ECL	10,622	(9,837)	(786)	-
- to lifetime ECL non-credit impaired	(4,239)	6,372	(2,134)	-
- to lifetime ECL credit impaired	(131)	(3,458)	3,589	-
Credit loss expense	(8,413)	(10,586)	27,794	8,796
Net (write-offs)/recoveries	-	-	(39,271)	(39,271)
Interest income on impaired loans	-	-	(8,415)	(8,415)
Foreign exchange and other	(1,703)	(1,475)	1,954	(1,125)
Balance at end of year	$ 67,658	$ 33,185	$ 135,891	$ 236,707
Total ECL allowance	$ 67,658	$ 33,158	$ 135,891	$ 236,707
Comprises:				
Loans	$ 62,464	$ 31,173	$ 135,891	$ 229,528
Undrawn credit facilities	5,194	1,985	-	7,179

For the year ended October 31, 2023
(Expressed in thousands of United States dollars, except as noted)

2022

	Stage 1 Collective provision 12 month ECL performing	Stage 2 Collective provision lifetime ECL performing	Stage 3 Collective and individual provision lifetime ECL credit impaired	Total
Residential mortgages				
Balance at beginning of year	$ 25,224	$ 19,365	$ 78,045	$ 122,634
Originations net of repayments and other derecognitions	2,262	(343)	(1,193)	726
Changes in model	(3,521)	(1,258)	-	(4,779)
Net remeasurement	(12,869)	1,763	23,681	12,575
Transfers				
- to 12-month ECL	11,615	(10,971)	(644)	-
- to lifetime ECL non-credit impaired	(1,889)	2,504	(615)	-
- to lifetime ECL credit impaired	(35)	(3,389)	3,424	-
Credit loss expense	(4,437)	(11,694)	24,653	8,522
Net (write-offs)/recoveries	-	-	(19,145)	(19,145)
Interest income on impaired loans	-	-	(4,050)	(4,050)
Foreign exchange and other	686	84	5,988	6,758
Balance at end of year	$ 21,473	$ 7,755	$ 85,491	$ 114,719
Personal				
Balance at beginning of year	$ 8,614	$ 2,153	$ 28,891	$ 39,658
Originations net of repayments and other derecognitions	1,808	(135)	(1,032)	681
Changes in model	1,052	245	-	1,308
Net remeasurement	(2,143)	(11)	6,174	4,019
Transfers				
- to 12-month ECL	1,770	(1,464)	(306)	-
- to lifetime ECL non-credit impaired	(908)	919	(11)	-
- to lifetime ECL credit impaired	(40)	(463)	503	-
Credit loss expense	1,539	(886)	5,355	6,008
Net (write-offs)/recoveries	-	-	(7,140)	(7,140)
Interest income on impaired loans	-	-	(828)	(828)
Foreign exchange and other	(149)	(18)	(78)	(245)
Balance at end of year	$ 10,004	$ 1,249	$ 26,200	$ 37,453

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2022

	Stage 1 Collective provision 12 month ECL performing	Stage 2 Collective provision lifetime ECL performing	Stage 3 Collective and individual provision lifetime ECL credit impaired	Total
Credit card				
Balance at beginning of year	$ 2,901	$ 1,641	$ 193	$ 4,735
Originations net of repayments and other derecognitions	(59)	6	-	(53)
Changes in model	-	-	-	-
Net remeasurement	185	(60)	3,984	4,109
Transfers				
- to 12-month ECL	-	-	-	-
- to lifetime ECL non-credit impaired	-	-	-	-
- to lifetime ECL credit impaired	-	-	-	-
Credit loss expense	126	(54)	3,984	4,056
Net (write-offs)/recoveries	-	-	(4,042)	(4,042)
Interest income on impaired loans	-	-	-	-
Foreign exchange and other	-	53	38	91
Balance at end of year	$ 3,027	$ 1,640	$ 173	$ 4,840
Business and government				
Balance at beginning of year	$ 57,708	$ 50,386	$ 51,326	$ 159,420
Originations net of repayments and other derecognitions	11,446	(1,379)	(563)	9,504
Changes in model	(8,875)	(3,085)	-	(11,961)
Net remeasurement	(11,732)	(4,601)	10,323	(6,010)
Transfers				
- to 12-month ECL	5,439	(5,299)	(140)	-
- to lifetime ECL non-credit impaired	(5,386)	5,797	(411)	-
- to lifetime ECL credit impaired	(22)	(920)	942	-
Credit loss (release)	(9,130)	(9,488)	10,151	(8,467)
Net (write-offs)/recoveries	-	-	(9,812)	(9,812)
Interest income on impaired loans	-	-	(2,939)	(2,939)
Foreign exchange and other	(5,308)	(6,323)	(6,761)	(18,392)
Balance at end of year	$ 43,270	$ 34,575	$ 41,965	$ 119,810

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2022

	Stage 1 Collective provision 12 month ECL performing	Stage 2 Collective provision lifetime ECL performing	Stage 3 Collective and individual provision lifetime ECL credit impaired	Total
Total Bank				
Balance at beginning of year	$ 94,447	$ 73,545	$ 158,455	$ 326,447
Originations net of repayments and other derecognitions	15,458	(1,838)	(2,761)	10,858
Changes in model	(11,344)	(4,088)	-	(15,431)
Net remeasurement	(26,560)	(2,910)	44,162	14,692
Transfers				
- to 12-month ECL	18,824	(17,734)	(1,090)	-
- to lifetime ECL non-credit impaired	(8,183)	9,220	(1,037)	-
- to lifetime ECL credit impaired	(97)	(4,772)	4,869	-
Credit loss expense	(11,901)	(22,122)	44,143	10,119
Net (write-offs)/recoveries	-	-	(40,139)	(40,139)
Interest income on impaired loans	-	-	(7,817)	(7,817)
Foreign exchange and other	(4,772)	(6,204)	(813)	(11,788)
Balance at end of year	$ 77,774	$ 45,219	$ 153,829	$ 276,822
Total ECL allowance comprises:				
Loans	$ 69,892	$ 44,079	$ 153,829	$ 267,800
Undrawn credit facilities	7,882	1,140	-	9,022

Impaired loans

	2023			2022		
	Gross impaired	**Stage 3 allowance**	**Net impaired**	Gross impaired	Stage 3 allowance	Net impaired
Residential mortgages	$ 142,979	$ 77,518	$ 65,461	$ 157,146	$ 85,491	$ 71,655
Personal	24,691	15,424	9,267	38,479	26,373	12,106
Business & Sovereign	83,447	42,949	40,498	82,260	41,965	40,295
Total impaired loans	$ 251,117	$ 135,891	$ 115,226	$ 277,885	$ 153,829	$ 124,056

The average interest yield during the year on loans and advances was 6.5% (2022 – 5.3%). Impaired loans as at October 31, 2023 amounted to $251,117 (2022 - $277,885). Interest taken to income on impaired loans during the year amounted to $8,415 (2022 – $7,817) which is fully provisioned for.

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

2023	**Residential Mortgages**	**Personal Loans**	**Business & Sovereign**	**Total**
Less than 30 days	$ 51,409	$ 8,321	$ 64,630	$ 124,360
31 – 60 days	72,059	8,223	22,459	102,741
61 – 89 days	43,099	4,432	5,059	52,590
	$ 166,567	$ 20,976	$ 92,148	$ 279,691

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

Loans and advances to customers include finance lease receivables:

	2023	2022
No later than 1 year	**$ 1,203**	$ 640
Later than 1 year and no later than 5 years	**1,033**	3,355
Gross investment in finance leases	**2,236**	3,995
Unearned finance income on finance leases	**(106)**	(217)
Net investment in finance leases	**$ 2,130**	$ 3,778

During the year ended October 31, 2023, $679 (2022 - $714) of lease income was recorded in net income.

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Note 16 | Property and equipment

2023	Land and buildings	Equipment, Furniture and vehicles	Leasehold improvements	Right of use assets (Buildings)	Total
Cost					
Balance, beginning of year	$ 98,403	$ 423,286	$ 46,831	$ 57,721	$ 626,241
Purchases	296	63,116	3,584	371	67,367
Disposals	(5,202)	(47,063)	(284)	(1,207)	(53,756)
Modifications, net transfers/write off (*)	2,854	(6,361)	(2,294)	9,342	3,541
Transferred to disposal group classified as discontinuing/discontinued operations	-	-	-	-	-
Balance, end of year	$ 96,351	$ 432,978	$ 47,837	$ 66,227	$ 643,393
Accumulated depreciation					
Balance, beginning of year	$ 43,970	$ 319,939	$ 39,308	$ 30,149	$ 433,366
Depreciation for continuing operations	2,185	19,395	1,670	9,942	33,192
Depreciation for discontinued operations	594	2,326	-	-	2,920
Disposals	(2,256)	(32,755)	(732)	(1,170)	(36,913)
Modifications, net transfers/write off (*)	-	-	-	(71)	(71)
Transferred to disposal group classified as discontinuing/discontinued operations	-	-	-	-	-
Balance, end of year	$ 44,493	$ 308,905	$ 40,246	$ 38,850	$ 432,494
Net book, value end of year	$ 51,858	$ 124,073	$ 7,591	$ 27,377	$ 210,899

2022	Land and buildings	Equipment, Furniture and vehicles	Leasehold improvements	Right of use assets (Buildings)	Total
Cost					
Balance, beginning of year	$ 97,670	$ 397,163	$ 48,581	$ 49,057	$ 592,471
Purchases	925	33,848	2,177	199	37,149
Disposals	-	(8,634)	(2,555)	(1,362)	(12,551)
Modifications, net transfers/write off *	(192)	909	(1,372)	9,827	9,172
Transferred to disposal group classified as discontinuing/discontinued operations	-	-	-	-	-
Balance, end of year	$ 98,403	$ 423,286	$ 46,831	$ 57,721	$ 626,241
Accumulated depreciation					
Balance, beginning of year	$ 41,590	$ 298,233	$ 38,665	$ 20,759	$ 399,247
Depreciation for continuing operations	2,478	26,686	2,803	10,200	42,167
Depreciation for discontinued operations	-	2,583	-	-	2,583
Disposals	-	(7,385)	(2,160)	(586)	(10,131)
Modifications, net transfers/write off *	-	-	-	(224)	(224)
Transferred to disposal group classified as discontinuing/discontinued operations	(98)	(178)	-	-	(276)
Balance, end of year	$ 43,970	$ 319,939	$ 39,308	$ 30,149	$ 433,366
Net book, value end of year	$ 54,433	$ 103,347	$ 7,523	$ 27,572	$ 192,875

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

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This note also provides information for operating leases where the group is a lessee. There are no operating leases where the group is a lessor. Included as part of equipment, furniture and vehicles is an amount for $46,443 (2022 - $35,257) relating to systems development costs and work in progress which is incomplete, not yet in operation and on which no depreciation has been charged.

Property and equipment transferred to the disposal group classified as discontinuing/discontinued operations amounts to $Nil (2022 - $2,909).

See note 33 for further details regarding the disposal group discontinuing/discontinued operations

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Note 17 | Deferred tax assets/(liabilities)

The movement on the net deferred tax assets was as follows:

		2023		2022
Net deferred tax position, beginning of year	**$**	**14,064**	$	8,928
Deferred tax (charge)/credit to statement of income for the year from continuing operations		**(5,081)**		1,560
Deferred tax (charge)/credit to statement of income for the year from discontinuing/discontinued operations		**(1,279)**		211
Deferred tax credit to other comprehensive income for the year		**3,809**		3,365
Net deferred tax position, end of year	**$**	**11,513**		14,064

Represented by:

		2023		2022
Deferred tax assets	**$**	**20,278**	$	27,194
Deferred tax liabilities		**(8,765)**		(13,130)
Net deferred tax position, end of year	**$**	**11,513**	$	14,064

The components of the net deferred tax position are:

		2023		2022
Accelerated tax depreciation	**$**	**1,008**	$	2,381
ECL allowances		**8,988**		12,952
Other provisions		**2,934**		3,084
Tax losses carried forward		**4,883**		5,522
Pension and other post-retirement benefit assets		**(6,413)**		(10,507)
Changes in fair value of debt securities in other comprehensive income		**113**		632
	$	**11,513**		14,064

The deferred tax assets include assets established on tax losses carried forward of $1,584 (2022 - $2,223), which will expire over the next seven years. The Group has tax losses of $506,670 (2022 - $722,042) from continuing operations and $68,650 (2022 - $22,411) from discontinued operations, for which no deferred tax assets have been recognized due to uncertainty of their recoverability. These losses will expire over the next seven to ten years.

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Note 18 | Retirement benefit assets and obligations

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

Plan characteristics, funding and risks

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

Benefit changes

There were no other material changes to the terms of the Group's defined benefit pension or post-retirement medical benefit plans in 2023 and 2022.

Risks

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

Plan governance

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

Amounts recognised on the consolidated statement of financial position

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

The total expense relating to the contributory plans charged for the year for continuing operations was $6,031 (2022 - $6,301), which represents contributions to defined contribution plans by the Group at rates specified in the rules of the plan. Refer to note 5.

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	Defined benefit pension plans		Post-retirement medical benefits	
	2023	2022	**2023**	2022
Fair value of the plan assets	**$ 423,483**	$ 409,090	**$ -**	$ -
Present value of the obligations	**(351,487)**	(326,538)	**(18,654)**	(18,630)
Net retirement benefit assets/(obligations)	**$ 71,996**	$ 82,552	**$ (18,654)**	$ (18,630)

The pension plan assets include the Bank's common shares with a fair value of $1,841 (2022 - $1,923).

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

	2023	2022
Opening fair value of plan assets	**$ 409,090**	$ 491,172
Actual return on plan assets	**35,557**	(63,056)
Contributions by employer	**(838)**	(770)
Benefits paid	**(19,056)**	(17,460)
Foreign exchange translation (losses)/gains	**(463)**	68
Plan administration costs	**(807)**	(864)
Closing fair value of plan assets	**$ 423,483**	$ 409,090

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

	2023	2022
Opening obligations	**$ (326,538)**	$ (335,274)
Interest cost on defined benefit obligation	**(22,916)**	(22,295)
Current service costs	**(5,015)**	(5,581)
Past service costs	**(354)**	(97)
Benefits paid	**19,056**	17,460
Foreign exchange translation gains	**267**	-
Actuarial (losses)/gains on obligations	**(15,949)**	19,293
Contributions by employee	**(38)**	(44)
Closing obligations	**$ (351,487)**	$ (326,538)

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

	2023	2022
Opening obligations	**$ (18,630)**	$ (19,703)
Interest costs	**(1,245)**	(1,258)
Current service costs	**(9)**	(11)
Past service costs	**(121)**	-
Benefits paid	**923**	915
Foreign exchange translation gains/(losses)	**15**	(7)
Actuarial gains on obligations	**413**	1,434
Closing obligations	**$ (18,654)**	$ (18,630)

The Bank expects to contribute $nil (2022 - $nil) to its defined benefit pension plans in the following year as the plans are on a contribution holiday. The Plan Actuary of the Bank has recommended a defined benefit contribution holiday for the next two years. The contribution holiday is expected to last for six years if the existing surplus is to be fully amortised, and will be re-evaluated during the next triennial valuation.

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	Defined benefit pension plans		Post-retirement medical benefits	
	2023	2022	**2023**	2022
Current service costs	**$ 5,015**	$ 5,581	**$ 9**	$ 11
Past service costs	**354**	97	**121**	-
Interest costs on defined benefit obligation	**22,916**	22,295	**1,245**	1,258
Interest income on plan assets	**(29,248)**	(33,511)	**-**	-
Foreign exchange translation gains/(losses)	-	-	5	(11)
Plan administration costs	**807**	879	**-**	-
Total amount included in staff costs (note 5)	**$ (156)**	$ (4,659)	**$ 1,380**	$ 1,258
Actual return on plan assets	**$ 35,557**	$ (63,056)	**$ -**	$ -

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

	Defined benefit pension plans		Post-retirement medical benefits	
	2023	2022	**2023**	2022
Actuarial gain on defined benefit obligation arising from:				
- Financial assumptions	**$ 8,755**	$ (28,549)	**$ (43)**	$ (566)
- Demographic assumptions	**-**	-	**(4)**	-
- Experience adjustments	**7,193**	9,258	**(360)**	(868)
- Foreign exchange losses/(gains)	**217**	-	**(6)**	-
- Return on plan assets excluding interest income	**(6,309)**	96,567	**-**	-
Net re-measurement losses/(gains) in OCI	**$ 9,856**	$ 77,276	**$ (413)**	$ (1,434)

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

	Defined benefit pension plans		Post-retirement medical benefits	
	2023	2022	**2023**	2022
Balance, beginning of year	**$ 82,552**	$ 155,898	**$ (18,630)**	$ (19,714)
Charge for the year	**156**	4,659	**(1,375)**	(1,258)
Contributions by employer	**(838)**	(770)	**-**	-
Contributions by employee	**(38)**	(44)	**-**	-
Benefits paid	**-**	-	**923**	915
Foreign exchange translation gains/(losses)	**20**	85	**15**	(7)
Effect on statement of Other Comprehensive Income	**(9,856)**	(77,276)	**413**	1,434
Balance, end of year	**$ 71,996**	$ 82,552	**$ (18,654)**	$ (18,630)

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

	Defined benefit pension plans		Post-retirement medical benefits	
	2023	2022	**2023**	2022
Active members	**$ (149,456)**	$ (134,993)	**$ (84)**	$ (82)
Inactive and retired members	**(202,031)**	(191,545)	**(18,570)**	(18,548)
	$ (351,487)	$ (326,538)	**$ (18,654)**	$ (18,630)

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

	Defined benefit pension plans		Post-retirement medical benefits	
	2023	2022	**2023**	2022
Average duration, in years	**14**	14	**11**	11

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

	Main				Bahamas				Jamaica			
	2023		2022		**2023**		2022		**2023**		2022	
	$	**%**	$	%	**$**	**%**	$	%	**$**	**%**	$	%
Quoted Equity instruments												
- Canada	-	-	-	-	-	-	-	-	150	0%	184	-
- International	81	0%	74	0%	1,314	1%	1,619	1%	6,802	18%	6,070	16%
Quoted Debt instruments												
- Government bonds	22,411	9%	23,741	10%	767	1%	880	1%	6,878	18%	8,132	22%
- Corporate bonds	-	-	-	-	-	-	-	-	4,414	12%	5,215	15%
- Inflation Adj. bonds	-	-	-	-	-	-	-	-	1,936	5%	1,706	5%
Investment Funds												
- U.S Equity	115,201	48%	106,184	46%	70,747	48%	64,504	45%	-	-	-	-
- International Equity	42,682	18%	40,294	18%	29,871	20%	26,921	19%	-	-	-	-
- Fixed Income	35,845	15%	42,283	18%	42,895	29%	46,511	33%	-	-	-	-
Other												
- Cash and Cash equiv.	22,834	10%	17,215	7%	1,131	1%	1,552	1%	6,354	17%	6,072	16%
- Other	-	-	-	-	-	-	-	-	11,170	30%	9,933	26%
	239,054	100%	229,791	100%	146,725	100%	141,987	100%	37,704	100%	37,312	100%

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

	Defined benefit pension plans	
	2023	2022
Discount rate	**6.02 - 11.50%**	5.19 - 11.50%
Future salary increases	**4.0 - 8.5%**	4.0 - 6.5%
Future pension increases	**0.0 - 6.375%**	0.0 - 3.75%

	Post-retirement medical benefits	
	2023	2022
Discount rate	**6.02 - 11.50%**	5.19 - 11.50%
Premium escalation rate	**6.0%**	6.0%
Existing retiree age	**55 - 65**	55 - 65

A quantitative sensitivity analysis for significant assumptions as at October 31, 2023 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%	(45,728)	54,902	(1,786)	1,941
Future salary increases	0.50%	4,963	(6,330)	n/a	n/a
Future pension increases	0.50%	17,955	(17,700)	n/a	n/a
Premium escalation rate	1%	n/a	n/a	1,845	(1,736)
Existing retiree age	1	8,181	n/a	711	n/a

* n/a - not applicable

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

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

		2023		2022
Within the next 12 months	$	12,580	$	11,855
Between 2 and 5 years		60,597		56,406
Between 5 and 10 years		114,782		101,897
Total expected payment	$	187,959	$	170,158

FirstCaribbean International Bank Limited Retirement Plan

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

FirstCaribbean International Bank (Bahamas) Limited Retirement Plan

The last actuarial valuation was conducted as at November 1, 2022 and revealed a fund surplus of $28,900.

FirstCaribbean International Bank (Jamaica) Limited Retirement Plan

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

Note 19 | Intangible assets

		2023		2022
Goodwill				
Cost, beginning and end of year	$	44,372	$	44,372
Net book value, beginning and end of year	$	44,372	$	44,372

Impairment tests for goodwill

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

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

Based on the impairment testing performed during the fourth quarter of fiscal 2023, we have determined that the estimated recoverable amount of the Cayman CGU was in excess of its carrying amount. As a result, no impairment charge was recognised during 2023.

Key assumptions used for value-in-use calculations

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

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	Discount Rate (%)		Growth Rate (%)	
	2023	2022	**2023**	2022
Cayman	**10.4**	11.1	**1.6**	2.5

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

Note 20 Customer deposits

	Payable on demand	Payable after notice	Payable at a fixed date	**2023 Total**	2022 Total
Individuals	$ 1,056,106	$ 2,007,416	$ 684,120	**$ 3,747,642**	$ 4,482,473
Business & Sovereign	4,431,254	925,215	1,409,161	**6,765,630**	6,928,044
Banks	806	234	525	**1,565**	2,081
	5,488,166	2,932,865	2,093,806	**10,514,837**	11,412,598
Add: Interest payable	617	372	17,501	**18,490**	16,148
	$ 5,488,783	$ 2,933,237	$ 2,111,307	**$ 10,533,327**	$ 11,428,746

These customer deposits are measured at amortised cost.

The average effective rate of interest on customer deposits during the year was 0.6% (2022 - 0.3%).

Note 21 Other liabilities

	2023	2022
Accounts payable and accruals	**$ 165,937**	$ 136,429
Lease liabilities (i)	**27,958**	28,335
Restructuring costs (ii)	**9,874**	8,230
Amounts due to related parties	**396**	695
	$ 204,165	$ 173,689

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

	2023	2022
Balance, beginning of the year	**$ 28,335**	$ 28,901
Additions	**371**	199
Terminations	**(3)**	(797)
Modifications	**9,237**	10,103
Accretion of interest	**776**	886
Payments	**(10,758)**	(10,957)
Balance, end of year	**$ 27,958**	$ 28,335

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

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

		2023		2022
Expenses relating to short-term leases included in administrative expenses	**$**	**109**	$	243
Expenses relating to leases of low-value assets not shown above as short-term		**1,377**		1,562
Expenses relating to variable lease payments not included in lease liability payments		**15**		16
	$	**1,501**	$	1,821

The Group had total cash outflows for leases of $10.8 million (2022 - $11.0 million).

(ii) Restructuring costs
Included in other liabilities is a restructuring provision for severance of $9,874 (2022 - $8,230) resulting from the Group's restructuring efforts to improve efficiency and optimize its network. During the year, net additions to the severance provisions totaled $7,700 (2022 – ($109)) and payments from the severance provision totaled $6,056 (2022 - $3,336).

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

Note 22 | Debt securities in issue

		2023		2022
Subordinated notes issued	**$**	**26,137**	$	26,137
Add: Interest payable		**462**		462
	$	**26,599**	$	26,599

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

Subsidiary	Description	Contractual maturity date	Interest rate		**2023 Total**		2022 Total
FirstCaribbean (Trinidad & Tobago) Limited	TT$175 million sub debt	July 11, 2024	Fixed	**$**	**26,137**	$	26,137
				$	**26,137**	$	26,137

TTD$175 million in sub debt was issued in July 2018. The effective interest rate was 5.75% (2022: 5.75%). This debt is guaranteed by FirstCaribbean International Bank Limited.

The Group has not had any defaults of principal, interest or other breaches with respect to these instruments during the years ended 2023 and 2022.

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

	1 November 2022	Cash outflows	Foreign exchange movement	New issues	Other	**31 October 2023**
Debt securities in issue	$ 26,137	$ -	$ -	$ -	$ -	$ 26,137

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

Note 23 Issued capital

	2023	2022
Balance, beginning and end of year	**$ 1,193,149**	$ 1,193,149

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

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

Capital

Objectives, policies and procedures

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

No changes were made in the objectives, policies or processes for managing capital during the years ended October 31, 2023 and 2022.

Regulatory requirements

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

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

Regulatory capital

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

As at October 31, 2023, Tier I and Tier I & II capital ratios were 17.2% and 18.9% respectively (2022 – 14.8% and 16.4% respectively).

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Note 24 Reserves

	2023	2022
Statutory and general banking reserves	**$ 382,527**	$ 349,327
Revaluation reserve - debt securities measured at FVOCI	**1,107**	(6,003)
Revaluation reserve – buildings	**2,846**	2,846
Translation reserve	**(81,394)**	(80,312)
Contributed surplus reserve	**3,119**	3,119
Retirement benefit reserve	**10,570**	16,313
Reverse acquisition reserve	**(463,628)**	(463,628)
	$ (144,853)	$ (178,338)

Statutory and general banking reserves

	2023	2022
Balance, beginning of year	**$ 349,327**	$ 334,550
Transfers from retained earnings	**33,200**	14,777
Balance, end of year	**$ 382,527**	$ 349,327

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

Revaluation reserve - debt securities measured at FVOCI

	2023	2022
Balance, beginning of year	**$ (6,003)**	$ 26,044
Net fair value gains/(losses)	**7,110**	(32,047)
Balance, end of year	**$ 1,107**	$ (6,003)

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

Revaluation reserve – buildings

	2023	2022
Balance, beginning and end of year	**$ 2,846**	$ 2,846

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

Translation reserve

	2023	2022
Balance, beginning of year	**$ (80,312)**	$ (80,713)
Net exchange (losses)/gains on translation of foreign operations	**(1,082)**	401
Balance, end of year	**(81,394)**	$ (80,312)

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

Contributed surplus reserve

	2023	2022
Balance, beginning and end of year	**$ 3,119**	$ 3,119

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

Retirement benefit reserve

		2023		2022
Balance, beginning of year	**$**	**16,313**	$	86,513
Re-measurement losses on retirement benefit plans		**(5,743)**		(70,200)
Balance, end of year	**$**	**10,570**	$	16,313

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

Reverse acquisition reserve

		2023		2022
Balance, beginning and end of year	**$**	**(463,628)**	$	(463,628)

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

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

Note 25 | Dividends

The total recurring dividend paid for 2023 was $0.0475 per common share (2022 - $0.04).

Note 26 | Other employee benefits

Long-term incentive plan

The Group operates a long-term incentive plan, whereby under the rules of the plan, cash based awards are granted to employees on a discretionary basis and vest over varying periods. Effective from the 2019 award, which vested in 2022 and other subsequent awards, business performance criteria was applied over the vesting criteria with the amount ultimately vested determined by the cumulative business performance over the three-year vesting period.

Effective Fiscal 2024 for awards granted in December 2023 and onwards, the Bank will implement a new incentive compensation plan where awards granted will be converted into Performance Share Units based on our parent's CIBC share price at the award date. The performance criteria will be applied over the three-year vesting period based on the average business performance factors. The Performance Share units will also attract notional dividends and be reinvested in additional share units. These awards will continue to be cash settled.

The awards granted in 2023 amounted to $3,362 (2022 - $4,110). The amounts expensed during the year related to awards under the long-term incentive plan were $7,540 (2022 - $4,943).

Employee share purchase plan

Under our employee share purchase plan, qualifying employees can choose each year to have up to 10% of their eligible earnings withheld to purchase common shares in the Group. The Group matches 50% of the employee's contribution amount, up to a maximum contribution of 6% of eligible earnings, depending upon length of service and job level. The Group's contributions vest after employees have two years of continuous participation in the plan, and all subsequent contributions vest immediately. All contributions are paid into a trust and used by the plan trustees to purchase common shares in the open market. The Group's contributions are expensed as incurred and totaled $1,509 in 2023 (2022 - $1,455).

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Note 27 | Related party transactions and balances

The Group's major shareholder is CIBC.

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

	Directors and key management personnel		Major shareholder	
	2023	2022	**2023**	2022
Asset balances:				
Cash and due from banks	**$ -**	$ -	**$ 265,057**	$ 319,371
Loans and advances to customers	**5,854**	5,883	**-**	-
Derivative financial instruments	**-**	-	**9,920**	13,729
Liability balances:				
Customer deposits	**10,739**	10,440	**12,176**	10,188
Derivative financial instruments	**-**	-	**-**	918
Due to banks	**-**	-	**397**	696
Revenue transactions:				
Interest income earned	**222**	194	**6,196**	2,014
Other revenue	**2**	2	**-**	-
Other income from derivative relationship	**-**	-	**146**	17,938
Expense transactions:				
Interest expense incurred	**121**	84	**-**	1,772
Other expenses for banking and support services	**-**	-	**4,117**	4,170

The Group obtains a number of services through its parent, CIBC. These services include infrastructure hosting, corporate credit and operational support, cards application support, project management, information security management and other miscellaneous services. The cost of these services amounted to $4,671 (2022 - $4,872) of which $554 (2022 - $702) relates to system development costs and capital expenditure.

Key management compensation	**2023**	2022
Salaries and other short-term benefits	**$ 6,313**	$ 7,375
Post-employment benefits	**355**	385
Long-term incentive benefits	**1,990**	3,490
	$ 8,658	$ 11,250

Non-executive directors' remuneration

A listing of the members of the Board of Directors is included within the Group's Annual Report. In 2023, the total remuneration for the non-executive directors was $496 (2022 - $370). The executive director's remuneration is included under key management compensation.

Note 28 | Commitments, guarantees and contingent liabilities

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

	2023	2022
Letters of credit	**$ 84,975**	$ 89,210
Loan commitments	**1,126,616**	1,142,622
Guarantees and indemnities	**63,095**	58,498
	$ 1,274,686	$ 1,290,330

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Note 29 Future rental commitments under operating leases

As at October 31, the Group held leases on buildings for extended periods. The leases have an average life of between 1 and 10 years. There are no restrictions placed upon the lessee by entering into these contracts. The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. As at October 31, 2023 and 2022 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:

	2023	2022
Not later than 1 year	**$ 8,798**	$ 8,733
Later than 1 year and less than 5 years	**15,447**	17,690
Later than 5 years	**5,744**	4,515
	$ 29,989	$ 30,938

Leases not yet commenced to which the Group is committed amount to $1.1 million as at October 31, 2023 (2022 - $1.1 million).

Note 30 Fiduciary activities

The Group provides custody and trustee discretionary investment management services to third parties. Those assets that are held in a fiduciary capacity are not included in these consolidated financial statements. At the reporting date, the Group had on behalf of third parties investment assets under administration of $49,109,285 (2022 - $50,910,791) and investment assets under management of $782,183 (2022- $789,127).

Note 31 Business segments

The Group's operations are organized into four segments: Personal and Business Banking ("PBB"), Corporate and Investment Banking ("CIB") and Wealth Management ("WM"), which are supported by the functional units within the Administration ("Admin") segment (which includes Treasury, Finance, Technology, Innovation & Infrastructure, Risk and Other). PBB, CIB, and WM are charged or credited by Treasury with a market-based cost of funds on assets, liabilities and capital, respectively. The offset of these charges or credits are reported in the Treasury function within the Admin segment.

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

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

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

- Customer Call Centres previously reported under PBB have been aligned to Technology, Infrastructure & Innovation under Admin
- Cash Management, Merchant Services and Correspondent Banking Support previously reported under CIB have been aligned to Technology, Infrastructure & Innovation under Admin
- International Corporate Banking previously reported under WM has been aligned to CIB

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2023 Segment reporting

2023	PBB	CIB	WM	Admin	Total
External revenue	$ 159,909	$ 194,533	$ 12,850	$ 144,627	$ 511,919
Internal revenue	32,868	98,318	5,585	(136,771)	-
Net interest income	192,777	292,851	18,435	7,856	511,919
Operating Income	83,134	88,929	31,863	(382)	203,544
Total revenue	$ 275,911	$ 381,780	$ 50,298	$ 7,474	$ 715,463
Depreciation	7,414	1,110	1,436	23,232	33,192
Operating expenses	91,176	40,394	25,825	223,917	381,312
Indirect expenses	126,352	111,620	12,775	(250,747)	-
Credit Loss expense on financial assets	28,661	(19,468)	(409)	2,399	11,183
Income before taxation	22,308	248,124	10,671	8,673	289,776
Income tax (credit)/expense	(3,101)	20,802	(9)	11,323	29,015
Net income/(loss) for the year from continuing operations	25,409	227,322	10,680	(2,650)	260,761
Net gain from discontinued operations	1,226	940	-	2,561	4,727
Net (loss)/gain from discontinuing operations	(1,251)	8,669	1,000	(3,996)	4,422
Net income/(loss) for the year	$ 25,384	$ 236,931	$ 11,680	$ (4,085)	$ 269,910

Total assets and liabilities by segment are as follows:

2023	PBB	CIB	WM	Admin	Total
Segment assets	$ 2,674,599	$ 3,986,832	$ 243,239	$ 5,379,824	$ 12,284,494
Segment assets of disposal group classified as held for sale and discontinuing operations	17,270	86,070	307	132,967	236,614
Total segment assets	$ 2,691,869	$ 4,072,902	$ 243,546	$ 5,512,791	$ 12,521,108
Segment liabilities	4,225,817	5,904,375	442,696	231,834	10,804,722
Segment liabilities of disposal group classified as held for sale and discontinuing operations	29,152	121,230	143,733	69,752	363,867
Total segment liabilities	$ 4,254,969	$ 6,025,605	$ 586,429	$ 301,586	$ 11,168,589

2022 Segment reporting

2022	PBB	CIB	WM	Admin	Total
External revenue	$ 143,547	$ 161,682	$ 7,306	$ 66,772	$ 379,307
Internal revenue	14,504	35,476	8,494	(58,474)	-
Net interest income	158,051	197,158	15,800	8,298	379,307
Operating Income	77,108	90,143	31,305	(835)	197,721
Total revenue	$ 235,159	$ 287,301	$ 47,105	$ 7,463	$ 577,028
Depreciation	9,779	1,512	1,345	29,531	42,167
Operating expenses	86,490	38,315	24,259	186,736	335,800
Indirect expenses	102,471	98,235	10,340	(211,046)	-
Credit Loss expense on financial assets	23,448	(13,623)	185	117	10,127
Income before taxation	12,971	162,862	10,976	2,125	188,934
Income tax (credit)/expense	(5,344)	15,861	(17)	12,523	23,023
Net income/(loss) for the year from continuing operations	18,315	147,001	10,993	(10,398)	165,911
Net (loss)/gain from discontinued operations	(4,449)	2,116	-	(4,507)	(6,840)
Net (loss)/gain from discontinuing operations	(1,465)	16,972	(481)	2,296	17,322
Net income/(loss) for the year	$ 12,401	$ 166,089	$ 10,512	$ (12,609)	$ 176,393

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Total assets and liabilities by segment are as follows:

2022	RBB	CIB	WM	Admin	Total
Segment assets	$ 2,610,452	$ 4,047,558	$ 243,615	$ 5,926,776	$ 12,828,401
Segment assets of disposal group classified as discontinued operations	81,035	52,620	-	168,542	302,197
Total segment assets	2,691,487	4,100,178	243,615	6,095,318	13,130,598
Segment liabilities	4,230,164	6,243,289	1,032,118	171,602	11,677,173
Segment liabilities of disposal group classified as discontinued operations	207,488	85,657	-	1,203	294,348
Total segment liabilities	$ 4,437,652	$ 6,328,946	$ 1,032,118	$ 172,805	$ 11,971,521

Note 32 | Financial risk management

Introduction

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

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

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

Credit risk

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

Process and control

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

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

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

Credit risk limits

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

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

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

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Credit Valuation Adjustment (CVA)

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

Collateral

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

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

The Group's credit risk management policies include requirements relating to collateral valuation and management, including verification requirements and legal certainty. Valuations are updated periodically depending upon the nature of the collateral. Management monitors the market value of collateral and requests additional collateral in accordance with the underlying agreement during its periodic review of loan accounts in arrears. Policies are in place to monitor the existence of undesirable concentration in the collateral supporting the Group's credit exposure. As at October 31, 2023, 90% of stage 3 impaired loans were either fully or partially collateralised (2022: 79%).

Geographic distribution

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

			2023			2022
	Drawn	Undrawn	**Gross maximum exposure**	Drawn	Undrawn	Gross maximum exposure
Barbados	$ 908,947	$ 179,446	$ 1,088,393	$ 924,845	$ 163,258	$ 1,088,103
Bahamas	1,866,374	162,579	2,028,953	1,884,889	186,781	2,071,670
Cayman	1,419,302	395,546	1,814,848	1,456,310	358,313	1,814,623
Eastern Caribbean	689,622	107,156	796,778	697,163	123,838	821,001
Jamaica	588,717	79,920	668,637	525,186	84,812	609,998
BVI	207,118	62,525	269,643	195,989	50,728	246,717
Curaçao	239,259	27,650	266,909	379,403	66,210	445,613
Trinidad	461,656	49,843	511,499	417,927	47,914	465,841
Other	485,570	61,955	547,525	444,877	60,768	505,645
	$ 6,866,565	$ 1,126,620	$ 7,993,185	$ 6,926,589	$ 1,142,622	$ 8,069,211

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Exposures by industry groups

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

			2023			2022
	Drawn	Undrawn	**Gross maximum exposure**	Drawn	Undrawn	Gross maximum exposure
Agriculture	$ 14,373	$ 2,020	$ 16,393	$ 22,864	$ 5,278	$ 28,142
Sovereign	566,767	42,788	609,555	650,714	37,434	688,148
Construction	438,614	117,994	556,608	385,249	73,485	458,734
Distribution	459,209	145,688	604,897	429,550	161,683	591,233
Education	3,704	64	3,768	2,273	267	2,540
Electricity, gas & water	477,129	73,760	550,889	372,946	94,656	467,602
Fishing	384	83	467	1,605	76	1,681
Health & social work	15,532	2	15,534	13,772	5	13,777
Hotels & restaurants	413,107	49,659	462,766	418,552	61,720	480,272
Individuals & individual trusts	2,652,492	310,349	2,962,841	2,626,971	338,485	2,965,456
Manufacturing	142,322	59,154	201,476	204,992	45,503	250,495
Mining & quarrying	128,916	1,187	130,103	108,682	5,952	114,634
Miscellaneous	472,883	122,552	595,435	489,033	122,526	611,559
Other depository Corporations	-	25	25	-	3,900	3,900
Other financial Corporations	368,344	41,583	409,927	376,559	28,415	404,974
Real estate, renting & other activities	478,895	120,966	599,861	553,657	121,115	674,772
Recreational, personal & community work	1,987	76	2,063	1,039	539	1,578
Transport, storage & Communications	231,907	38,670	270,577	268,131	41,583	309,714
	$ 6,866,565	$ 1,126,620	$ 7,993,185	$ 6,926,589	$ 1,142,622	$ 8,069,211

Derivatives

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

Master-netting arrangements

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

Credit-related instruments

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

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

Commitments to extend credit represent the unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term of maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Maximum exposure to credit risk

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

	2023	2022
Balances with Central Banks	**$ 1,362,244**	$ 1,427,193
Due from banks	**763,347**	1,186,938
Derivative financial instruments	**5,852**	13,507
Securities		
- Government debt securities	**2,112,413**	2,024,598
- Other debt securities	**724,900**	911,396
- Interest receivable	**8,431**	9,248
Loans and advances to customers		
- Mortgages	**2,154,646**	2,174,640
- Personal loans	**688,451**	658,663
- Business & Sovereign loans	**4,023,468**	4,093,286
- Interest receivable	**34,630**	31,524
Other assets	**131,082**	106,161
Total	**12,009,464**	12,637,154
Commitments, guarantees and contingent liabilities (Note 28)	**1,274,686**	1,290,330
Total credit risk exposure	**$13,284,150**	$ 13,927,484

Geographical concentration

The following table reflects additional geographical concentration information.

2023	Total assets	Total liabilities	Commitments guarantees and contingent liabilities	Total revenues	Capital expenditure*	Non-current assets**
Barbados	$ 3,723,161	$ 2,936,774	$ 214,783	$ 238,339	$ 8,911	$ 88,402
Bahamas	3,078,311	2,524,255	193,554	178,929	2,695	31,916
Cayman	2,868,715	2,522,847	431,407	155,395	229	69,350
Eastern Caribbean	964,716	875,640	129,822	53,735	1,047	14,444
Jamaica	1,081,201	976,593	96,048	67,034	3,748	21,067
BVI	550,503	452,966	63,671	40,258	406	7,735
Curacao	569,663	460,350	27,650	-	29	6,254
Trinidad	687,798	593,209	50,999	25,087	524	5,868
Other	1,633,460	1,436,319	66,752	99,661	(232)	15,376
	15,157,528	12,778,953	1,274,686	858,438	17,357	260,412
Eliminations	(2,636,420)	(1,610,364)	-	(142,975)	-	(5,141)
	$ 12,521,108	$ 11,168,589	$ 1,274,686	$ 715,463	$ 17,357	$ 255,271

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2022	Total assets	Total liabilities	Commitments guarantees and contingent liabilities	Total revenues	Capital expenditure*	Non-current assets**
Barbados	$ 3,702,750	$ 2,944,236	$ 193,787	$ 154,912	$ 25,277	$ 74,369
Bahamas	3,394,558	2,875,065	211,990	166,024	1,140	32,825
Cayman	2,686,080	2,439,107	407,254	109,778	819	69,342
Eastern Caribbean	1,283,710	1,242,946	149,729	49,476	1,644	17,113
Jamaica	951,496	852,944	99,716	58,509	1,714	13,903
BVI	667,074	496,683	51,624	20,354	253	7,386
Curacao	669,091	563,673	66,342	-	2,821	6,848
Trinidad	587,216	497,069	49,470	25,174	1,502	5,303
Other	1,675,086	1,525,397	60,418	55,734	1,979	15,459
	15,617,061	13,437,120	1,290,330	639,961	37,149	242,548
Eliminations	(2,486,463)	(1,465,599)	-	(62,933)	-	(5,301)
	$ 13,130,598	$ 11,971,521	$ 1,290,330	$ 577,028	$ 37,149	$ 237,247

* Capital expenditure is shown by geographical area in which the property and equipment or intangible assets are located.

** Non-current assets relate only to property and equipment and intangible assets.

Impairment assessment

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

Definition of default and cure

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

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

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

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

The Group's internal rating and probability of default (PD) estimation process

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

Treasury, trading and interbank relationships

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

Corporate and small business lending

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

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

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

Consumer lending and retail mortgages

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

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

Credit quality

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

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

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

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

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

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

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

2023	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Residential mortgages				
- Very low	$ 1,663,388	$ -	$ -	$ 1,663,388
- Low	192,645	-	-	192,645
- Medium	-	120,998	-	120,998
- High	-	34,636	-	34,636
- Default	-	-	142,979	142,979
Gross residential mortgages	$ 1,856,033	$ 155,634	$ 142,979	$ 2,154,646
Personal				
- Very low	$ 590,584	$ -	$ -	$ 590,584
- Low	51,540	-	-	51,540
- Medium	-	14,618	-	14,618
- High	-	7,017	-	7,017
- Default	-	-	24,691	24,691
Gross personal	$ 642,124	$ 21,636	$ 24,691	$ 688,451
Business and Sovereign				
- Investment Grade	$ 598,672	$ -	$ -	$ 598,672
- Non-Investment Grade	2,522,291	642,342	-	3,164,633
- Default	-	-	83,447	83,447
- Not rated	166,662	10,054	-	176,716
Gross business and sovereign	$ 3,287,625	$ 652,396	$ 83,447	$ 4,023,468
Total gross amount of loans	$ 5,785,783	$ 829,665	$ 251,117	$ 6,866,565

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2022	Stage 1	Stage 2	Stage 3	Total
Residential mortgages				
-Very low	$ 1,664,583	$ -	$ -	$ 1,664,583
-Low	199,014	-	-	199,014
-Medium	-	116,679	-	116,679
-High	-	37,218	-	37,218
-Default	-	-	157,146	157,146
Gross residential mortgages	$ 1,863,597	$ 153,897	$ 157,146	$ 2,174,640
Personal				
-Very low	$ 546,421	$ -	$ -	$ 546,421
-Low	43,964	-	-	43,964
-Medium	-	22,968	-	22,968
-High	-	6,831	-	6,831
-Default	-	-	38,479	38,479
Gross personal	$ 590,385	$ 29,799	$ 38,479	$ 658,663
Business & Sovereign				
-Investment grade	$ 695,366	$ 2,859	$ -	698,225
-Non-Investment grade	2,190,841	951,302	-	3,142,143
-Default	-	-	82,260	82,260
-Not rated	159,789	10,869	-	170,658
Gross Business & Sovereign	$ 3,045,996	$ 965,030	$ 82,260	$ 4,093,286
Total gross amount of loans	$ 5,499,978	$ 1,148,726	$ 277,885	$ 6,926,589

For our Business & Sovereign loans, we employ risk ratings in managing our credit portfolio. Business borrowers with elevated default risk are monitored on our Early Warning List. Early Warning List characteristics include borrowers exhibiting a significant decline in revenue, income, or cash flow or where we have doubts as to the continuing viability of the business. Early Warning List customers are often, but not always, also delinquent. As of October 31, 2023, Early Warning List customers in the medium to high risk category amounted to $181,267 (2022 - $223,923). The Group also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset which involves assessment of a customer’s historical days past due and delinquency pattern. If contractual payments are more than 30 days past due and the trends of delinquency over the lifetime of the loan indicates increased risk, the credit risk is deemed to have increased significantly. When estimating ECLs on a collective basis for a group of similar assets the Group applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

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

2023	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Securities				
- Investment Grade	$ 2,079,659	$ -	$ -	$ 2,079,659
- Non-Investment Grade	120,980	292,404	-	413,384
- Default	-	-	344,269	344,269
- Not rated	912	-	-	912
Gross Securities	$ 2,201,551	$ 292,404	$ 344,269	$ 2,838,224

2022	Stage 1	Stage 2	Stage 3	Total
Securities				
-Investment grade	$ 2,203,034	$ -	$ -	$ 2,203,034
-Non-Investment grade	104,063	266,207	-	370,270
-Default	-	-	362,690	362,690
-Not rated	627	-	-	627
Gross Securities	$ 2,307,724	$ 266,207	$ 362,690	$ 2,936,621

Model adjustments

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

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

During the year ended October 31, 2023, loans classified as stage 2 or stage 3 with an amortised cost of $16 million (2022: $144 million) were either modified through the granting of a financial concession in response to the borrower having experienced financial difficulties or were subject to the client relief programs in response to COVID-19, in each case before the time modification or deferred. In addition, the gross carrying amount of previously modified of deferred stage 2 or stage 3 loans that have returned to stage 1 during the year ended October 31, 2023 was $107 million (2022: $106 million).

Impact on regulatory capital

Annually, the base Capital Plan is assessed under a central stress scenario with ranges (mild recession & severe recession) as part of stress testing. The results of the stress tests are taken into consideration when setting the annual capital targets and may, by extension, have an effect on the quantum or timing of planned capital initiatives. The following key assumptions are adversely varied under each recession scenario (mild & severe) to arrive at Capital Plan results:

i. Changes in GDP growth rates are assumed to directionally affect performing loan growth rates and fee income levels.

ii. Changes in interest rates are assumed to impact net interest income based on the proportion of hard vs. soft currency balance split for interest sensitive assets and liabilities, namely cash placements, securities, loans and deposit liabilities.

iii. Changes in GDP growth rates are assumed to impact non-performing loans growth rates, which in turn affect interest income and loan loss expenses.

iv. Changes in inflation rates are assumed to directionally impact expense growth.

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

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

Market Risk

Market risk is defined as the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables. Market risk arises from positions in securities and derivatives in addition to our core retail, wealth and corporate businesses. The key risks to the Group are foreign exchange, interest rate and credit spread. Market risk within the Bank is a centralized group that is independent from the front line. The following sections give a comprehensive review of the Group's entire exposures.

Policies and Standards

The Group has a comprehensive policy for market risk management related to the identification, measurement, monitoring and control of market risks. This policy is reviewed and approved every year by the Risk Committee of the Board of Directors. The Board limits, which are approved annually, are used by the Bank to establish explicit risk tolerances expressed in term of the three main risk measures mentioned below. There is a three-tiered approach to limits at the Bank. The highest level is set at the Board. The second tier is delegated by the Chief Risk Officer and the third tier to the Business Unit, which limits traders to specific products and size of deals. These limits are documented through a formal delegation letter and monitored using the Group's treasury system.

Process & Control

Market risk measures are monitored with differing degrees of frequency dependent upon the nature of the risk. FX positions, credit spread exposure and stress tests are all measured daily whereas others such as P&L measures and the traded credit 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 three main measures of market risk:

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

Position

This risk measure is used predominantly for the Group's foreign exchange business. This measure, monitored daily, focuses upon the outright long or short position in each currency from either the spot/trading position and on a structural basis. Any forward contracts or FX swaps are also incorporated. There are also notional position limits on the size of the bond portfolios.

Sensitivity

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

Stress Testing & Scenario Analysis

Stress testing and scenario analysis are designed to add insight to possible outcomes of abnormal (or tail event) market conditions and to highlight where risk concentrations could be of concern. The Group has two distinct approaches to this which are as follows:

- For the hard currency testing it utilizes the suite of measures that the parent company has developed. The stress testing measures the effect on the hard currency portfolio values over a wide range of extreme moves in market prices. The stress testing methodology assumes no actions are taken or can be taken during the event to mitigate the risk, reflecting the decreased liquidity that frequently

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accompanies market shocks. The Scenario Analysis approach for the Group's hard currency exposures simulate an impact on earnings of extreme market events up to a period of one month. 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 daily.

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

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

Summary of Key Market Risks
The following market risks are considered by management the most significant for the Group arising from the various currencies, yield curves and spreads throughout the regional and broader international markets,

(i) The risk of credit spreads widening in a similar fashion to the Credit Crisis of 2008 on bonds held within the investment portfolios,

(ii) The low probability, high impact of a peg breaking between the USD and a local currency, particularly the BSD, impacting the structural long position of the bank.

Foreign Exchange Risk
Foreign Exchange (or currency) Risk is defined as the risk that the value of a financial instrument will fluctuate as a result of changes in foreign exchange rates. A significant number of the regional currencies are pegged to the USD and hence the VaR measure is not appropriate resulting in more emphasis being placed on the overall position limit and related stress tests. The Board has set limits on positions by currency. These positions are monitored daily and the Forex & Derivatives Sales department are solely responsible for the hedging of the exposure of the Group.

The Group also uses a measure to quantify non-trading foreign exchange risk, also referred to as Structural Foreign Exchange Risk. This considers the effect of currency change on the Group's investment in foreign operations, retained earnings and profit derived throughout the year. Due to the size of investments in the Cayman, Bahamas and Barbados this significantly increases the Group's exposure to these currencies and is reflected in the "Structural FX Position" columns. The increase in Barbados dollar trading position is due to the regulatory requirement to sell foreign currency earnings in Barbados.

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The following table highlights the currencies that the Bank had significant exposures to at October 31, 2023. It also highlights the metrics used by the Group to measure, monitor and control that risk.

2023

Currency	Trading Position Long/(Short) vs USD	VaR	Stressed Loss	Structural Position	Total FX Position (Structural +Trading)
Cayman Island dollars	13,054	Pegged	1,305	307,235	320,289
Trinidad and Tobago dollars	(18,051)	184	1,444	94,589	76,538
Netherlands Antillean guilder	750	Pegged	150	142,060	142,810
Barbados dollars	146,850	Pegged	44,055	175,391	322,241
Bahamian dollars	3,194	Pegged	958	553,014	556,208
Jamaican dollars	(18,679)	230	1,494	104,608	85,929
Eastern Caribbean dollars	(165,660)	Pegged	13,253	85,842	(79,818)

2022

Currency	Trading Position Long/(Short) vs USD	VaR	Stressed Loss	Structural Position	Total FX Position (Structural +Trading)
Cayman Island dollars	(59,773)	Pegged	4,782	209,734	149,961
Trinidad and Tobago dollars	(18,356)	221	1,468	90,147	71,791
Netherlands Antillean guilder	(453)	Pegged	36	142,394	141,941
Barbados dollars	121,065	Pegged	36,320	202,803	323,868
Bahamian dollars	1,016	Pegged	305	519,493	520,509
Jamaican dollars	(9,001)	144	720	98,553	89,552
Eastern Caribbean dollars	(186,150)	Pegged	14,892	40,698	(145,452)

Interest Rate Risk

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

	2023	2022
Market Risk Metrics		
Interest rate VaR – total	**5,771**	2,471
Interest rate stress worst case loss of value – Hard Currency 1 day	**209**	85
Interest rate stress worst case loss of value – Hard Currency 60 days	**34,836**	11,297
Interest rate stress worst case loss of value – Local Currency 1 day	**6,588**	4,086
Interest rate stress worst case loss of value – Local Currency 60 days	**36,532**	35,416
1 Month Stress	**42,315**	31,403
DV01 Hard Currency	**(166)**	44
DV01 Local Currency	**(86)**	(61)

*United States Dollar – 60 Day stressed loss represents the Hard Currency (USD/EUR/CAD) loss. VaR is conventionally reported as a positive number.

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Currency	**DV01**	**VaR**	**2023 60 day stressed loss**	DV01	VaR	2022 60 day stressed loss
United States dollars*	(145)	6,835	34,836	58.9	2,002	11,297
Trinidad and Tobago dollars	12	56	1,776	5.3	131	170
Netherlands Antillean guider	(19)	0	1,886	(0.7)	0	326
Barbados dollars	(35)	0	17,245	1.9	0	17,811
Bahamian dollars	(16)	13	1,212	(10.0)	2	747
Jamaican dollars	6	376	7,722	3.9	136	4,874
Eastern Caribbean dollars	(4)	332	432	(13.2)	876	1,740
Cayman Island dollars	(31)	93	6,258	(48.2)	154	9,748

*United States Dollar – 60 Day stressed loss represents the Hard Currency (USD/EUR/CAD) loss. VaR is conventionally reported as a positive number.

IBOR reform

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

Following the decision by global regulators to phase out IBORs and replace them with alternative reference rates, the Group established a project to manage the transition for any of its contracts that could be affected. The project was sponsored by the Managing Director Corporate & Investment Banking and was led by senior representatives from functions across the Group including the client facing teams, Legal, Finance, Operations and Technology. The project provided monthly progress updates to the Managing Board and bi-annually to the Audit Committee. During 2023, the Group successfully completed the transition of its IBOR exposure to RFRs, transitioning the London Interbank Offered Rate "LIBOR" interest rate benchmarks to the Secured Overnight Financing Rate "SOFR".

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

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

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The following table presents the approximate notional amounts of our derivatives and the gross outstanding balances of our non-derivative financial assets and financial liabilities that are indexed to USD LIBOR and EUR LIBOR as at October 31, 2023 with a maturity date beyond June 30, 2023, which are expected to be affected by IBOR reform.

2023	Notional/gross outstanding amounts	
	USD LIBOR	Others[(1)]
	Maturing after June 30, 2023	Maturing after June 30, 2023
Non-derivative financial assets		
Securities	$ 52,500	$ -
Loans	$ 90,876	$ 1,824
	$ 143,376	$ 1,824
Derivatives	$ -	$ -

2022	Notional/gross outstanding amounts		
	USD LIBOR		Others[(1)]
	Maturing after December 31, 2021 and before June 30, 2023	Maturing after June 30, 2023	Maturing after December 31, 2022
Non-derivative financial assets			
Securities	$ 135,000	$ 34,705	$ -
Loans	$ 54,240	$ 754,743	$ 4,527
	$ 189,240	$ 789,448	$ 4,527
Derivatives	$ 21,354	$ 238,031	$ -

(1) No material hold positions are noted in any other currency denominated Libor products.

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Credit Spread Risk
Credit Spread exists as the benchmark curve and the reference asset curves either converge or diverge. The Group has two portfolios that have a material amount of credit spread risk. This risk is measured using an estimated CSDV01 and stress scenarios, the results are reported daily to Senior Management.

Credit spread risk by Operating Company (OPCO)

2023

	Regional Hard Currency Bonds			Non-Regional Hard Currency Bonds			Total		
	Notional	**Credit Spread DV01**	**Stress Loss**	Notional	Credit Spread DV01	Stress Loss	Notional	Credit Spread DV01	Stress Loss
Bahamas	$ 91,026	$ 50	$ 10,327	$ 122,000	$ 11	$ 2,194	$ 213,026	$ 61	$ 12,521
Cayman	152,523	24	5,807	203,760	16	3,285	356,283	41	9,092
Barbados	72,572	4	1,018	144,740	10	1,934	217,312	14	2,952
Offshore	15,121	2	447	31,000	2	334	46,121	4	781
Trinidad	-	-	-	10,000	1	231	10,000	1	231
Jamaica	-	-	-	-	-	-	-	-	-
Total	$ 331,242	$ 80	$ 17,599	$ 511,500	$ 40	$ 7,978	$ 842,742	$ 121	$ 25,577

Credit spread risk by OPCO

2022

	Regional Hard Currency Bonds			Non-Regional Hard Currency Bonds			Total		
	Notional	Credit Spread DV01	Stress Loss	Notional	Credit Spread DV01	Stress Loss	Notional	Credit Spread DV01	Stress Loss
Bahamas	$ 93,690	$ 53	$ 10,962	$ 185,000	$ 13	$ 2,686	$ 278,690	$ 66	$ 13,648
Cayman	107,900	27	6,380	316,660	22	4,344	424,560	49	10,724
Barbados	69,066	10	2,325	180,840	18	3,654	249,906	28	5,979
IWM*	15,121	3	711	46,000	3	640	61,121	6	1,351
Trinidad	24,267	1	137	-	-	-	24,267	1	137
Jamaica	-	-	-	-	-	-	-	-	-
Total	$ 310,044	$ 94	$ 20,515	$ 728,500	$ 56	$ 11,324	$ 1,038,544	$ 150	$ 31,839

At fiscal year end the weighted average rating of the positions in the Regional Hard Currency Portfolio is AA-.

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

Derivatives held for ALM purposes
Where derivatives are held as hedges against either sizeable loans from core businesses or to reduce Interest Risk Exposure to USD denominated local bond issues and if the transactions meet the regulatory criteria then the Bank applies Hedge Accounting. Derivative hedges that do not qualify for Hedge Accounting treatment are considered to be Economic Hedges and are recorded at Market Value on the Statement of Financial Position with changes in the fair value reflected through as profits or losses. It should be noted that these are only Interest Rate Risk Hedges and other risks such as Credit Spread on the underlying still exist and are measured separately.

*FirstCaribbean International Wealth Management Bank (Barbados) Limited.

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

2023	EC	BDS	CAY	BAH	US	JA	Other	Total
Assets								
Cash and balances with Central Banks	$ 101,643	$ 424,534	$ 5,455	$ 559,532	$ 138,726	$109,745	$ 158,582	$ 1,498,217
Due from banks	7,439	(1,210)	(431)	(1,065)	320,921	602	437,091	763,347
Derivative financial instruments	-	-	-	-	9,987	-	-	9,987
Other assets	(7,101)	80,529	9,536	23,134	47,180	5,732	(3,797)	155,213
Taxation recoverable	17,354	5,290	128	-	245	11	6,647	29,675
Securities	7,803	567,236	-	251,910	1,979,981	16,186	23,539	2,846,655
Loans and advances to customers	506,264	837,199	436,956	1,319,868	2,803,087	352,729	377,752	6,633,855
Property and equipment	17,104	84,886	11,735	31,712	39,534	16,006	9,922	210,899
Deferred tax assets	9,653	4,213	-	-	(454)	3,929	2,937	20,278
Retirement benefit assets	12,422	6,665	(319)	43,657	(9,986)	17,010	2,547	71,996
Intangible Assets	-	44,372	-	-	-	-	-	44,372
	672,581	2,053,714	463,060	2,228,748	5,329,221	521,950	1,015,220	12,284,494
Assets of disposal group classified as held for sale and discontinuing operations	-	-	-	-	126,374	-	110,240	236,614
Total assets	$ 672,581	$ 2,053,714	$463,060	$2,228,748	$ 5,455,595	$ 521,950	$1,125,460	$12,521,108
Liabilities								
Derivative financial instruments	$ -	$ -	$ -	$ -	$ 9,154	$ -	$ -	$ 9,154
Customer deposits	615,633	1,818,325	399,225	1,754,172	4,667,816	427,793	850,363	10,533,327
Other liabilities	(138,724)	238,902	42,412	(73,669)	151,768	(11,309)	(5,215)	204,165
Taxation payable	146	(5,209)	128	-	5,470	324	3,199	4,058
Deferred tax liabilities	3,723	792	-	-	(3,135)	6,601	784	8,765
Debt securities in issue	-	-	-	-	-	-	26,599	26,599
Retirement benefit obligations	1,937	2,134	826	8,188	4,735	469	365	18,654
	482,715	2,054,944	442,591	1,688,691	4,835,808	423,878	876,095	10,804,722
Liabilities of disposal group classified as held for sale and discontinuing operations	-	-	-	-	162,762	-	201,105	363,867
Total liabilities	$ 482,715	$2,054,944	$442,591	$1,688,691	$ 4,998,570	$423,878	$1,077,200	$11,168,589
Net assets	$ 189,866	$ (1,230)	$ 20,469	$ 540,057	$ 457,025	$ 98,072	$ 48,260	$ 1,352,519
Commitments, guarantees and contingent liabilities	**$ 114,587**	**$ 171,110**	**$ 39,059**	**$ 168,839**	**$ 669,556**	**$ 71,866**	**$ 39,669**	**$ 1,274,686**

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

2022	EC	BDS	CAY	BAH	US	JA	Other	Total
Assets								
Cash and balances with Central Banks	$ 203,699	$ 455,422	$ 4,515	$ 519,078	$ 106,884	$ 74,154	$ 176,163	$ 1,539,915
Due from banks	4,577	(4,954)	772	(1,155)	794,229	5,982	387,487	1,186,938
Derivative financial instruments	-	-	-	-	13,507	-	-	13,507
Other assets	(1,647)	70,701	12,715	18,614	21,359	3,997	(1,982)	123,757
Taxation recoverable	17,272	1,015	128	-	247	14	3,235	21,911
Securities	7,414	536,182	-	233,510	2,135,902	32,861	-	2,945,869
Loans and advances to customers	500,642	786,450	421,795	1,285,753	2,926,801	293,425	434,645	6,649,511
Property and equipment	16,864	73,758	11,329	32,602	34,580	12,861	10,881	192,875
Deferred tax assets	13,597	4,593	-	-	26	5,262	3,716	27,194
Retirement benefit assets	18,736	8,260	(1,486)	39,847	(2,057)	16,706	2,546	82,552
Intangible Assets	-	44,372	-	-	-	-	-	44,372
	781,154	1,975,799	449,768	2,128,249	6,031,478	445,262	1,016,691	12,828,401
Assets of disposal group classified as held for sale and discontinued operations	209,727	411	-	-	90,859	33	1,167	302,197
Total assets	$ 990,881	$1,976,210	$ 449,768	$2,128,249	$6,122,337	$ 445,295	$1,017,858	$13,130,598

2022	EC	BDS	CAY	BAH	US	JA	Other	Total
Liabilities								
Derivative financial instruments	$ -	$ -	$ -	$ -	$ 11,626	$ -	$ -	$ 11,626
Customer deposits	722,519	1,779,067	422,353	1,716,474	5,506,109	355,171	927,053	11,428,746
Other liabilities	(145,046)	180,674	(39,846)	(88,149)	264,010	(1,814)	3,860	173,689
Taxation payable	146	(5,021)	128	-	5,038	1,172	3,290	4,753
Deferred tax liabilities	4,926	951	-	-	87	6,505	661	13,130
Debt securities in issue	-	-	-	-	-	-	26,599	26,599
Retirement benefit obligations	2,232	1,840	(148)	6,426	7,435	477	368	18,630
	584,777	1,957,511	382,487	1,634,751	5,794,305	361,511	961,831	11,677,173
Liabilities of disposal group classified as held for sale and discontinued operations	239,346	-	-	-	55,002	-	-	294,348
Total liabilities	$ 824,123	$1,957,511	$ 382,487	$1,634,751	$5,849,307	$ 361,511	$ 961,831	$11,971,521
Net assets	$ 166,758	$ 18,699	$ 67,281	$ 493,498	$ 273,030	$ 83,784	$ 56,027	$ 1,159,077
Commitments, guarantees and contingent liabilities	$ 133,077	$ 155,994	$ 47,529	$ 155,143	$ 640,253	$ 72,749	$ 85,585	$ 1,290,330

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Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. Limits are set on the level of mismatch of interest rate repricing that may be undertaken, which are monitored on an ongoing basis.

Expected repricing and maturity dates do not differ significantly from the contract dates, except for the maturity of deposits up to one month, which represent balances on current accounts considered by the Group as a relatively stable core source of funding for its operations.

Liquidity risk

Liquidity risk arises from the Group's general funding activities in the course of managing assets and liabilities. It is the risk of having insufficient cash resources to meet current financial obligations without raising funds at unfavourable rates or selling assets on a forced basis.

The Group's liquidity management strategies seek to maintain sufficient liquid financial resources to continually fund the consolidated statement of financial position under both normal and stressed market environments.

Process and control

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

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

Risk measurement

The Group's liquidity measurement system provides daily liquidity risk exposure reports for monitoring and review by the Treasury department. The Group's Assets and Liabilities Committee (ALCO) is responsible for recommending the liquidity ratio targets, the stress scenarios and the contingency funding plans. The Group's Board of Directors is ultimately responsible for the Group's liquidity.

The Group manages liquidity risk by maintaining a significant base of core customer deposits, liquid assets and access to contingent funding as part of its management of risk. Each operational entity has internally established specific liquidity requirements that are approved by the Group's ALCO and reviewed annually.

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

2023	0-3 months	3-12 months	1-5 years	Over 5 years	Total
Assets					
Cash and balances with Central Banks	$ 1,498,217	$ -	$ -	$ -	$ 1,498,217
Due from banks	763,347	-	-	-	763,347
Derivative financial instruments	163	1,126	6,274	2,424	9,987
Other assets	153,084	378	427	1,325	155,214
Taxation recoverable	29,675	-	-	-	29,675
Securities	1,055,966	327,195	266,784	1,196,710	2,846,655
Loans and advances to customers	1,076,014	256,271	2,027,498	3,274,072	6,633,855
Property and equipment	72,369	3,323	33,112	102,095	210,899
Deferred tax assets	13,634	-	6,336	308	20,278
Retirement benefit assets	30,756	-	-	41,239	71,995
Intangible assets	-	-	-	44,372	44,372
Assets of disposal group classified as held for sale and discontinuing operations	-	236,614	-	-	236,614
Total Assets	$ 4,693,225	$ 824,907	$ 2,340,431	$ 4,662,545	$ 12,521,108
Liabilities					
Derivative financial instruments	$ 491	$ 1,044	$ 5,427	$ 2,192	$ 9,154
Customer deposits	9,960,837	475,353	96,215	922	10,533,327
Other liabilities	196,516	2,451	5,113	85	204,165
Taxation payable	4,186	-	-	(128)	4,058
Deferred tax liabilities	1,315	-	6,682	768	8,765
Debt securities in issue	-	461	26,138	-	26,599
Retirement benefit obligations	-	-	-	18,654	18,654
Liabilities of disposal group classified as held for sale and discontinuing operations	-	363,867	-	-	363,867
Total liabilities	$ 10,163,345	$ 843,176	$ 139,575	$ 22,493	$ 11,168,589
Net assets/(liabilities)	$ (5,470,120)	$ (18,269)	$ 2,200,856	$ 4,640,052	$ 1,352,519
Commitments, guarantees and contingent liabilities (Note 28)	**$ 153,443**	**$ 115,382**	**$ 241,430**	**$ 764,431**	**$ 1,274,686**

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2022	0-3 months	3-12 months	1-5 years	Over 5 years	Total
Assets					
Cash and balances with Central Banks	$ 1,539,915	$ -	$ -	$ -	$ 1,539,915
Due from banks	1,118,900	68,038	-	-	1,186,938
Derivative financial instruments	3,756	102	5,842	3,807	13,507
Other assets	123,757	-	-	-	123,757
Taxation recoverable	21,911	-	-	-	21,911
Securities	1,062,281	242,846	389,156	1,251,586	2,945,869
Loans and advances to customers	1,038,533	266,067	1,910,132	3,434,779	6,649,511
Property and equipment	86,847	388	19,659	85,981	192,875
Deferred tax assets	23,736	-	2,758	700	27,194
Retirement benefit assets	61,000	-	-	21,552	82,552
Intangible assets	-	-	-	44,372	44,372
Assets of disposal group classified as held for sale and discontinued operations	-	302,197	-	-	302,197
Total assets	$ 5,080,636	$ 879,638	$ 2,327,547	$ 4,842,777	$ 13,130,598
Liabilities					
Derivative financial instruments	$ 4,061	$ 90	$ 5,473	$ 2,002	$ 11,626
Customer deposits	10,607,030	757,644	61,483	2,589	11,428,746
Other liabilities	173,111	71	507	-	173,689
Taxation payable	4,753	-	-	-	4,753
Deferred tax liabilities	12,870	-	122	138	13,130
Debt securities in issue	-	461	26,138	-	26,599
Retirement benefit obligations	-	-	-	18,630	18,630
Liabilities of disposal group classified as held for sale and discontinued operations	-	294,348	-	-	294,348
Total liabilities	$ 10,801,825	$ 1,052,614	$ 93,723	$ 23,359	$ 11,971,521
Net assets/(liabilities)	$ (5,721,189)	$ (172,976)	$ 2,233,824	$ 4,819,418	$ 1,159,077
Commitments, guarantees and contingent liabilities (Note 28)	$ 200,044	$ 233,583	$ 344,023	$ 512,680	$ 1,290,330

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Fair values of financial assets and liabilities

Fair value is defined as the price that would be received to sell an asset, or paid to transfer a liability, between market participants in an orderly transaction in the principal market at the measurement date under current market conditions (i.e., the exit price).

The determination of fair value requires judgment and is based on market information, where available and appropriate. Fair value measurements are categorized into three levels within a fair value hierarchy (Level 1, 2 or 3) based on the valuation inputs used in measuring the fair value, as outlined below:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities we can access at the measurement date. Bid prices, ask prices or prices within the bid and ask, which are the most representative of the fair value, are used as appropriate to measure fair value. Fair value is best evidenced by an independent quoted market price for the same instrument in an active market. An active market is one where transactions are occurring with sufficient frequency and volume to provide quoted prices on an ongoing basis.
- Level 2 - Quoted prices for identical assets or liabilities in markets that are inactive or observable market quotes for similar instruments, or use of valuation technique where all significant inputs are observable. Inactive markets may be characterized by a significant decline in the volume and level of observed trading activity or through large or erratic bid/offer spreads. In instances where traded markets do not exist or are not considered sufficiently active, we measure fair value using valuation models.
- Level 3 - Non-observable or indicative prices or use of valuation technique where one or more significant inputs are non-observable.

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

	Level 1 Quoted market price	Level 2 Valuation technique-observable market input	Level 3 Valuation technique-non-observable market input	**Total 2023**	Total 2022
Financial Assets					
Cash and balances with Central Banks	1,498,217	-	-	1,498,217	1,539,915
Due from banks	763,347	-	-	763,347	1,186,938
Derivative financial instruments	-	9,987	-	9,987	13,507
Debt Securities at FVOCI	-	2,322,192	-	2,322,192	2,439,125
Debt Securtities at FVTPL	2,127	-	-	2,127	-
Debt Securities at amortised cost	5,928	79,394	394,801	480,124	451,544
Loans and advances to customers	-	-	6,519,686	6,519,686	6,570,651
Assets of disposal group classified as discontinued operations	-	-	253,279	253,279	301,509
Total Financial Assets	$ 2,269,619	$ 2,411,573	$ 7,167,766	$ 11,848,959	$ 12,503,189
Financial Liabilities					
Derivative financial instruments	-	9,154	-	9,154	11,626
Customer Deposits	-	-	10,556,228	10,556,228	11,444,531
Debt securities in issue	-	30,123	-	30,123	27,993
Assets of disposal group classified as discontinued operations	-	-	364,479	364,479	294,349
Total Financial Liabilities	$ -	$ 39,277	$ 10,920,707	$ 10,959,984	$ 11,778,499

*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.

2023	Carrying value	Fair value	Fair value over/(under) carrying value
Financial assets			
Cash and balances with Central Banks	$ 1,498,217	$ 1,498,217	$ -
Due from banks	763,347	763,347	-
Derivative financial instruments	9,987	9,987	-
Securities at FVOCI	2,322,192	2,322,192	-
Securities at FVPTL	2,127	2,127	-
Securities at amortised cost	513,905	480,124	(33,781)
Loans and advances to customers	6,633,855	6,519,686	(114,169)
Assets of disposal group classified as discontinuing operations	236,614	253,279	16,665
Total financials assets	$ 11,980,244	$ 11,848,959	(131,285)
Financial liabilities			
Derivative financial instruments	$ 9,154	$ 9,154	$ -
Customer deposits	10,533,327	10,556,228	22,901
Debt securities in issue	26,599	30,123	3,524
Liabilities of disposal group classified as discontinuing operations	363,867	364,479	612
Total financial liabilities	$ 10,932,947	$ 10,959,984	$ 27,037

2022	Carrying value	Fair value	Fair value over/(under) carrying value
Financial assets			
Cash and balances with Central Banks	$ 1,539,915	$ 1,539,915	$ -
Due from banks	1,186,938	1,186,938	-
Derivative financial instruments	13,507	13,507	-
Securities at FVOCI	2,439,125	2,439,125	-
Securities at amortised cost	506,744	451,544	(55,200)
Loans and advances to customers	6,649,511	6,570,651	(78,860)
Assets of disposal group classified as discontinued operations	302,197	301,509	(688)
Total financials assets	$ 12,637,937	$ 12,503,189	$ (134,748)
Financial liabilities			
Derivative financial instruments	$ 11,626	$ 11,626	$ -
Customer deposits	11,428,746	11,444,531	15,785
Debt securities in issue	26,599	27,993	1,394
Liabilities of disposal group classified as discontinued operations	294,348	294,349	1
Total financial liabilities	$ 11,761,319	$ 11,778,499	$ 17,180

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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:

	2023				Range of inputs	
As at October 31,	Amortised cost	Fair value	Valuation technique	Key non-observable inputs	Low	High
Loans and advances to customers	6,633,855	6,519,686	Market proxy	Market proxy	3.0%	24.7%
Customer Deposits	10,533,327	10,556,228	Market proxy	Market proxy	0.0%	1.6%
Securities at amortised cost	513,905	480,124	Market proxy or direct broker quote	Market proxy or direct broker quote	1.8%	5.6%
Equity securities	912	912	n/a	n/a	n/a	n/a

	2022				Range of inputs	
As at October 31,	Amortised cost	Fair value	Valuation technique	Key non-observable inputs	Low	High
Loans and advances to customers	6,649,511	6,570,651	Market proxy	Market proxy	3.0%	24.7%
Customer Deposits	11,428,746	11,444,531	Market proxy	Market proxy	0.0%	1.4%
Securities at amortised cost	506,744	451,544	Market proxy or direct broker quote	Market proxy or direct broker quote	2.7%	8.1%
Equity securities	627	627	n/a	n/a	n/a	n/a

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

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

- ***Derivative financial instruments***

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

- ***Debt instruments at FVOCI***

  Debt instruments at FVOCI are valued using a valuation technique or pricing models primarily consisting of debt securities. These assets are valued using models which sometimes only incorporate data observable in the market and at other times use both observable and non-observable data. The non-observable inputs to the models include assumptions about liquidity and price disclosure, counterparty credit spreads and sector specific risks.

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Fair value of financial instruments not carried at fair value
The following describes the methodologies and assumptions used to determine fair values for those financial instruments, which are not already recorded at fair value in the consolidated financial statements:

- ***Loans and advances to customers***
  Loans and advances to customers are stated net of provisions for impairment. The estimated fair values of loans and advances to customers represents the discounted amount of estimated future cash flows expected to be received.

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

- ***Debt securities in issue***
  The fair value is calculated using a discounted cash flow model based on a current interest rate yield curve appropriate for the remaining term to maturity.

Note 33 | Held for Sale and Discontinuing/Discontinued Operations

On October 12th, 2021, the Bank publicly announced the decision of its Board of Directors to sell the banking assets of CIBC FirstCaribbean International Bank (Barbados) Limited's operations in Dominica, Grenada, St. Kitts and St.Vincent, and of CIBC FirstCaribbean International Bank (Cayman) Limited's Aruba branch.

As at October 31, 2023, the sale of St. Vincent and Grenada were completed and the Dominica operations were closed whilst the sale of Aruba was completed in 2022. Refer to the table below which outlines the details of the transactions associated with the sale of the banking operations/assets of the discontinued operations:

Discontinued Operation	Date Discontinued	Transaction Details	Net gain/loss from sale of operations/Banking assets
Aruba	February 25, 2022	Sale of banking assets	Nil
Dominica	- January 31, 2023 - June 3, 2023	- Closure of Operations - Sale of the property	Nil $1.4 million gain
St. Vincent	March 25, 2023	Sale of banking assets	$6.2 million gain
Grenada	July 14, 2023	Sale of banking assets	$3.7 million gain

Final approval for the sale of the St. Kitts branch was not granted and the Bank made a strategic decision to continue operations in St. Kitts.

On October 27, 2023, the Bank agreed to sell the Dominica retail performing loans portfolio to the National Bank of Dominica and an expected credit loss allowance of $1.3 million was recognized upon realization of the sale.

On October 31, 2023 the Bank publicly announced the decision of the Board of Directors to sell the banking assets of CIBC FirstCaribbean International Bank (Cayman) Limited's operations in St Maarten and Curacao to Orco Bank N.V. This sale transaction is subject to regulatory approval and other closing conditions. As at October 31, 2023 the Bank classified the banking assets of the Curacao operations as "Held for Sale" on the Consolidated Statement of Financial Position, however, the banking operations of St Maarten was excluded from the classification given the uncertainty supporting the timing of the completion of the sale.

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The Bank recognised a severance provision of $7,624 (2022- $1,858) from discontinuing/discontinued operations. This loss is recognised in the consolidated statement of income.

The classes of assets and liabilities classified as discontinuing/discontinued operations are as follows:

(a)) Assets of disposal group classified as held for sale and discontinuing/discontinued operations

		2023		2022
Cash and balances with Central bank	**$**	**50,078**	$	80,441
Investment securities		**-**		564
Loans and advances to customers		**103,648**		130,768
Due from banks		**82,888**		87,515
Property and equipment		**-**		2,909
Total	**$**	**236,614**	$	302,197

(b) Liabilities of disposal group classified as held for sale and discontinuing/discontinued operations

		2023		2022
Customer deposits	**$**	**363,867**	$	294,348
Total	**$**	**363,867**	$	294,348

The financial results of the discontinuing and discontinued operations are presented below

		2023		2022
Interest and similar income	**$**	**45,082**	$	36,452
Interest and similar expense		**14,830**		12,717
Net interest income		**30,252**		23,735
Operating income		**16,550**		10,923
		46,802		34,658
Operating expenses		**32,339**		31,209
Credit loss expense/(release) on financial assets		**2,948**		(10,500)
		35,287		20,709
Income before taxation		**11,515**		13,949
Income tax expense		**2,366**		3,467
Gain for the year from discontinuing/discontinued operations	**$**	**9,149**	$	10,482

		2023		2022
Gain for the year from discontinuing and discontinued operations	**$**	**9,149**	$	10,482
Other comprehensive loss (net of tax) to be reclassified to net income or losses in subsequent periods				
Net losses on debt securities at fair value through OCI		**(2,185)**		(2,473)
Net other comprehensive loss (net of tax) to be reclassified to net income or loss in subsequent periods		**(2,185)**		(2,473)
Comprehensive income for the year, net tax from discontinued operations	**$**	**6,964**	$	8,009

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Cash flows from held for sale and discontinuing/discontinued operations

		2023		2022
Net income before tax from discontinuing/discontinued operations	**$**	**11,515**	$	13,949
Net cash flows from/operating activities before changes in operating assets and liabilities from held for sale and discontinuing/discontinued operations		**11,515**		13,949
Changes in operating assets and liabilities from held for sale and discontinuing/discontinued operations				
- net decrease in loans and advances to customers		**27,120**		59,155
- net increase/(decrease) in customer deposits		**69,519**		(96,557)
Income taxes paid		**(2,366)**		(2,399)
Net cash from/(used in) operating activities from held for sale and discontinuing/discontinued operations	**$**	**105,788**	$	(25,852)
Cash flows from investing activities from held for sale and discontinuing/discontinued operations				
Proceeds from disposal of property and equipment		**2,909**		278
Proceed from disposals and redemption of securities		**564**		61,843
Net cash from investing activities from held for sale and discontinuing/discontinued operations		**3,473**		62,121
Net increase in cash equivalents	**$**	**109,261**	$	36,269
Movement of assets/liabilities of disposal group not classified as held for sale and discontinuing/discontinued operations		**(144,251)**		(25,997)
Cash and cash equivalents, beginning of year from held for sale and discontinuing/discontinued operations		**167,956**		157,684
Cash and cash equivalents, end of year from held for sale and discontinuing/discontinued operations	**$**	**132,966**	$	167,956

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Note 34 Principal subsidiary undertakings

FirstCaribbean International Bank Limited	Barbados
FirstCaribbean International Wealth Management Bank (Barbados) Limited	Barbados
FirstCaribbean International Bank (Barbados) Limited	Barbados
FirstCaribbean International Finance Corporation (Leeward & Windward) Limited	St. Lucia
FirstCaribbean International Bank (Bahamas) Limited (95.2%)	Bahamas
Sentry Insurance Brokers Ltd	Bahamas
FirstCaribbean International (Bahamas) Nominees Company Limited	Bahamas
FirstCaribbean International Trust Company (Bahamas) Limited	Bahamas
March Limited	Bahamas
Commerce Services Limited	Bahamas
Corporate Associates Limited	Bahamas
FirstCaribbean International Land Holdings (TCI) Limited	Turks & Caicos Islands
FirstCaribbean International Bank (Jamaica) Limited	Jamaica
FirstCaribbean International Securities Limited	Jamaica
FirstCaribbean International Bank (Trinidad & Tobago) Limited	Trinidad
FirstCaribbean International Bank (Cayman) Limited	Cayman Islands
FirstCaribbean International (Cayman) Nominees Company Limited	Cayman Islands
FirstCaribbean International Bank and Trust Company (Cayman) Limited	Cayman Islands
Commerce Advisory Services Limited	Cayman Islands
Commerce Corporate Services Limited	Cayman Islands
Commerce Management Services Limited	Cayman Islands
CIBC Fund Administration Services Asia Limited	Hong Kong
FirstCaribbean International Finance Corporation (Netherlands Antilles) N.V.	Netherlands Antilles
FirstCaribbean International Bank (Curaçao) N.V.	Netherlands Antilles

All subsidiaries are wholly owned unless otherwise stated.

Introduction to the Corporate Governance Statement

It is important that you, our shareholders, understand how the Board of Directors of CIBC FirstCaribbean (the "Board") fulfills its corporate governance oversight responsibilities.

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

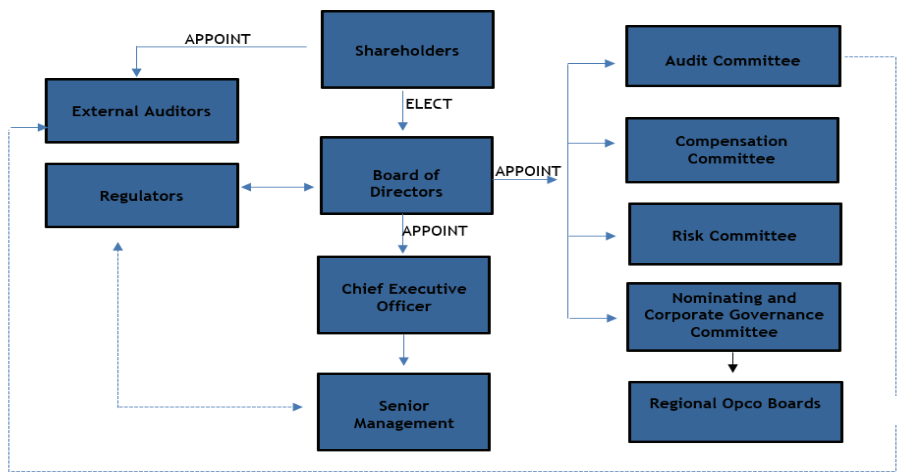
Certain documents are incorporated by reference into the Corporate Governance Statement and may be found on the Bank's website at cibcfcib.com. These include:

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

This statement of corporate governance practices describes the governance framework that guides CIBC FirstCaribbean's Board and management in fulfilling their obligation to CIBC FirstCaribbean and its stakeholders. It was reviewed and approved by the Nominating and Corporate Governance Committee and the Board in December 2023.

1. Governance Structure

At the foundation of CIBC FirstCaribbean's governance structure are knowledgeable, effective, independent and non-independent directors. Documenting clear roles and responsibilities for the Board and its committees assists the Board in supervising the management of CIBC FirstCaribbean's business and affairs. This diagram provides a snapshot of how the Board interacts with management and CIBC FirstCaribbean's stakeholders.



2. Board Composition

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

Legal requirements – The Board adheres to local and regional legal and regulatory requirements, guidelines and recommendations applicable to directors and the Board, including the legal and regulatory requirements of our lead central bank regulator, the Central Bank of Barbados, the Barbados Financial Services Commission ("FSC")1 and the Barbados Stock Exchange ("BSE"), as well as the legal and regulatory requirements, guidelines and recommendations of other central banks and regulators in the region.

Board size – CIBC FirstCaribbean's by-laws require a minimum of ten directors and a maximum of eighteen directors, and that the majority of the Board's directors reside outside of Canada. The Board is comprised of ten directors, eight of whom permanently reside outside of Canada. Four of the Board's directors are independent, as required by the Central Bank of Barbados.

Board responsibilities

The Board is responsible for the management of the business and affairs of CIBC FirstCaribbean and the overall direction and supervision of the CIBC FirstCaribbean Group. The Board, directly and through its committees, provides direction to senior management, generally through the Chief Executive Officer, to pursue the best interests of the CIBC FirstCaribbean Group.

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

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

[1] The Barbados Financial Services Commission ("FSC") issued its corporate governance guideline in 2023. The guideline is under review with a view to full compliance to the extent necessary.

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

Corporate governance – At least annually, the Board reviews CIBC FirstCaribbean's approach to corporate governance, including the governance principles and guidelines applicable to CIBC FirstCaribbean.

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

Board committees – The Board establishes committees and their mandates and is made aware of all material matters considered by the committees.

Director development and evaluation – Each director participates in CIBC FirstCaribbean's orientation programme and director development sessions. Each year the Board engages in a process to evaluate Board performance to enhance its effectiveness, and at least quarterly all directors participate in interactive development sessions on a variety of relevant topics.

3. Director Independence

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

The Board and its committees also foster independence by:

- Having an independent non-executive Chair of the Board to oversee the operations and deliberations of the Board;
- Having a lead independent director
- Having independent directors on each of the Board's committees;
- Reviewing board interlocks;
- Conducting in camera sessions without management;
- Determining whether directors have a material interest in transactions;
- Having the Audit Committee chaired by an independent director and is comprised of a majority of independent members;
- Having the Nominating and Corporate Governance Committee nominate independent directors.

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

Director independence will be reviewed in 2024 in light of the FSC's 2023 corporate governance guideline.

Board interlocks and outside board membership

The Board does not limit the number of public companies on which a director sits. However, the Nominating and Corporate Governance Committee verifies that a director continues to fulfill his or her obligations to CIBC FirstCaribbean's Board, and determines whether there are circumstances which would impair a director's ability to exercise independent judgment by reviewing the number of other public boards on which CIBC FirstCaribbean's directors sit and the business relationship between CIBC FirstCaribbean and those companies.

The Board believes disclosing other public company board memberships and interlocking board membership is important.

There are currently no interlocking board memberships among CIBC FirstCaribbean's directors.

Conflicts of interest

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

4. Director Nomination Process

Nominating a new director for election

The Nominating and Corporate Governance Committee is responsible for recommending director candidates for election. In practice, before making a recommendation on a new director candidate, the Chair of the Board, the Chair of the Nominating and Corporate Governance Committee, and any other designated Board member(s) will agree on the skills and characteristics of a prospective director candidate. Once a candidate or candidates are identified, at the direction of the Chair of the Board, the Lead Independent Director or the Nominating and Corporate Governance Committee, the Group Corporate Secretary's office coordinates the due diligence process on the candidate. The due diligence process entails a review of certain information to:

- verify that the candidate has the qualifications to be a director of a bank under applicable law;
- assess existing or potential conflicts between the interests of the candidate and those of FCIB;
- review the application of the Board's independence standards to the candidate;
- determine whether there are any public disclosure matters;
- conduct a background check on the candidate;
- verify the candidate's educational credentials; and
- consider any potential matters that might have an adverse impact on the reputation of FCIB.

During the process the Chair of the Board, the Chair of the Nominating and Corporate Governance Committee and other board members meet with the candidate to discuss his or her background, skill set, and ability to devote the time and commitment required to serve on CIBC FirstCaribbean's Board. After completion of the due diligence process, the Group Corporate Secretary provides a written report to the Chair and to the Nominating and Corporate Governance Committee and the Committee assesses the candidate's suitability. The committee recommends the appointment of suitable candidates to the Board.

Meeting attendance record

Quarterly Board and committee meetings are scheduled approximately 2 years in advance. Interim meetings are scheduled as required. Members of the Board are expected to attend meetings of the Board and any Board committees of which the directors are members. This standard is not applied to attendance at interim Board or committee meetings that are called on short notice.

During fiscal 2023 the Board met six times. The Audit Committee met four times. The Risk Committee met eight times. The Compensation Committee met five times and the Nominating and Corporate Governance Committee met five times.

Scheduled quarterly meetings

Board Member	Board of Directors'	Audit Committee Meetings	Compensation Committee Meetings	Nominating and Corporate Governance Committee Meetings	Risk Committee Meetings
David Ritch~	1/4	1/4	1/4	1/4	1/4
Brian McDonough	4/4	4/4	4/4	4/4	4/4
Chris de Caires	4/4	4/4	4/4	4/4	4/4
Robert Frentzel~~	1/4	1/4	1/4	1/4	1/4
Craig Gomez*	4/4	4/4	3/4	3/4	4/4
Wayne Lee	4/4	4/4	Not a member	Not a member	4/4
Achilles Perry	4/4	Not a member	4/4	4/4	Not a member
Paula Rajkumarsingh	4/4	4/4	4/4	4/4	4/4
Alasdair Robertson@	2/4	2/4	2/4	2/4	2/4
John Silverthorn#	3/4	Not a member	3/4	Not a member	Not a member
Mark St. Hill	4/4	Not a member	Not a member	Not a member	4/4
Willem 'Pim' van der Burg	4/4	Not a member	Not a member	Not a member	Not a member
Lincoln Eatmon+	Not a member	4/4	Not a member	Not a member	Not a member

Interim meetings called at short notice

	Board of Directors' Meetings	Audit Committee Meetings	Compensation Committee Meetings	Nominating and Corporate Governance Committee Meetings	Risk Committee Meetings[1]
David Ritch~	0/2	No meetings held at short notice	0/1	1/1	0/4
Chris de Caires	2/2	No meetings held at short notice	1/1	0/1	4/4
Robert Frentzel~~	0/2	No meetings held at short notice	0/1	1/1	1/4
Craig Gomez*	2/2	No meetings held at short notice	1/1	0/1	4/4
Wayne Lee	2/2	No meetings held at short notice	Not a member	Not a member	4/4
Brian McDonough=	0/2	No meetings held at short notice	Not a member	Not a member	0/4
Achilles Perry	1/2	Not a member	1/1	1/1	Not a member
Paula Rajkumarsingh	2/2	No meetings held at short notice	1/1	1/1	4/4
Alasdair Robertson@	1/2	No meetings held at short notice	1/1	0/1	1/4
John Silverthorn#=	1/2	Not a member	1/1	Not a member	Not a member
Mark St. Hill	2/2	Not a member	Not a member	Not a member	4/4
Willem 'Pim' van der Burg	1/2	Not a member	Not a member	Not a member	Not a member
Lincoln Eatmon+	Not a member	No meetings held at short notice	Not a member	Not a member	Not a member

~Retired as chair and director effective March 10, 2023.
~~Resigned from the board effective May 31, 2023.
*Became a member of the Compensation and Nominating and Corporate Governance Committees effective March 2023.
@ Joined the board effective March 10, 2023
# Joined the board and became a member of the Compensation Committee effective May 31, 2023
+ Member of the Audit Committee only
=Directors residing in Canada cannot participate in meetings from Canada, and could not arrange to attend in person due to short notice given for the interim meetings.

Annual Meeting

CIBC FirstCaribbean's annual meeting was held virtually on March 10, 2023 and was attended by the Board. CIBC FirstCaribbean's Chief Financial Officer and external auditor, Ernst & Young Ltd. ("EY"), were also present as well as other members of CIBC FirstCaribbean's Executive Committee.

5. Director Tenure

Unless his or her tenure is sooner determined, a director holds office from the date on which he or she is first elected or appointed until the next annual meeting at which time he or she shall be eligible for re-election. A director may serve for up to fifteen years. The Board may, if determined in the best interest of the Bank, recommend a director for re-election for not more than five additional one-year terms after fifteen years of service. Director tenure will be reviewed in 2024 in light of the FSC's 2023 corporate governance guideline.

6. Annual Performance Evaluation of the Board

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

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

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

7. The Chief Executive Officer

The primary objectives of the Chief Executive Officer ("CEO") are to lead the management of CIBC FirstCaribbean's operations, and to lead the implementation of resolutions, strategy and policies set by the Board. The Chief Executive Officer Mandate sets out the CEO's key accountabilities and responsibilities, which include duties relating to CIBC FirstCaribbean's operational direction, strategy, financial performance, governance, risk management, risk appetite, financial information, human resources management, succession review, integrity of senior management, vision, mission, values and reputation, risk management, the executive committee, interaction with the Board and communication with stakeholders. The CEO is appointed by the Board, having considered the recommendations of the Nominating and Corporate Governance Committee. The Board and the Nominating and Corporate Governance Committee must be satisfied that the CEO is qualified in all respects to successfully discharge the requirements imposed by the Chief Executive Officer Mandate.

8. The Chair of the Board

The primary functions of the Chair of the Board are to facilitate the operations and deliberations of the Board and the satisfaction of the Board's responsibilities under its mandate. The Chair of the Board of Directors Mandate sets out the Chair's key accountabilities and responsibilities, which include setting Board meeting agendas, chairing Board and shareholder meetings, leading director development, providing input on the integrity and suitability of potential director candidates, leading the Board in overseeing the development of CIBC FirstCaribbean's strategic direction, processes, plans, priorities and benchmarks, providing Board feedback to the CEO and communicating with shareholders, regulators and other stakeholders.

9. Lead Independent Director

Where the Chair is not independent, a lead independent director is appointed by the Board. The primary function of the lead independent director is to ensure that the objectivity of the Chair and the Board is maintained.

10. Board Committees

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

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

(b) the death of the member; or

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

The Board may fill a vacancy in the membership of the committee. At the time of the annual appointment of the members of the committee, the Board appoints a chair of the committee.

Audit Committee

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

The members of the Audit Committee are:

Chair:	Paula Rajkumarsingh (independent)
Membership:	Christopher de Caires (independent)
	Lincoln Eatmon (independent)
	Craig Gomez (independent)
	Wayne Lee
	Brian McDonough
	Alasdair Robertson (independent)

Compensation Committee

The Compensation Committee is responsible for assisting the Board in fulfilling its governance and supervisory responsibilities relating to compensation of the Chief Executive Officer, the Chief Financial Officer and other executive officers and senior management. The committee is also responsible for assisting the Board in fulfilling its strategic oversight of the Bank's human capital, including overall employee compensation, the levels and degrees of participation in incentive compensation programs, including bonuses and stock plans, and oversight of management's progress in employee development and relations, and their alignment with the Bank's strategy of consistent, sustainable performance, its risk appetite and risk and control governance framework.[2]

The members of the Compensation Committee are:

Chair:	John Silverthorn
Membership:	Christopher de Caires (independent)
	Craig Gomez (independent)
	Achilles Perry
	Paula Rajkumarsingh (independent)
	Alasdair Robertson (independent)

[2] Although not all the members of the Compensation Committee are independent, no member of the committee is a member of management, as recommended by the Barbados Stock Exchange Inc.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for assisting the Board in fulfilling its responsibilities relating to identifying individuals qualified to become directors and selecting, or recommending that the Board selects, the candidates for all directorships to be filled by the Board or by the shareholders. The committee is also responsible for taking a leadership role in shaping the corporate governance of the CIBC FirstCaribbean Group. In addition, the committee is the nominating committee for membership in all boards of directors in the CIBC FirstCaribbean Group.

The members of the Nominating and Corporate Governance Committee are:

Chair:	Christopher de Caires (independent)
Membership:	Craig Gomez (independent)
	Achilles Perry
	Paula Rajkumarsingh (independent)
	Alasdair Robertson (independent)

Risk Committee

The Risk Committee is responsible for overseeing and approving the enterprise-wide risk management practices to assist the Board in fulfilling its governance and supervisory responsibilities including strategic oversight of business risks and for reviewing and approving significant disposals, investments, changes in nature of business, expansion and major contracts. The committee is also responsible for the review of the performance of operations and technology functions, and the management of information security and for the review and monitoring of risks such as strategic, financial, credit, investment, market, security, treasury and liquidity, property, IT, legal, regulatory, reputation, operational and other risks of the CIBC FirstCaribbean Group.

The members of the Risk Committee are:

Chair:	Brian McDonough
Membership:	Christopher de Caires (independent)
	Craig Gomez (independent)
	Wayne Lee
	Paula Rajkumarsingh (independent)
	Alasdair Robertson (independent)
	Mark St. Hill

11. Board Access to Independent Advisors and Management

To assist the Board, the Chair of the Board, and the Board committees in satisfying their responsibilities and to foster their independence, the Board, the Chair of the Board and the Board committees have authority to retain and terminate external legal counsel, consultants or other advisors to assist them in fulfilling their responsibilities and to set and pay the compensation of these advisors without consulting or obtaining approval of management. The Board, the Chair of the Board and the Board Committees also have unrestricted access to management and employees of CIBC FirstCaribbean, as well as the external auditors.

12. Director Orientation and Continuing Development

CIBC FirstCaribbean's ongoing director development programme fosters the continuous education of Board members. The programme has two components:

1. New director orientation to assist new directors in becoming fully engaged as quickly as possible; and

2. Ongoing director development.

New director orientation

New directors are presented with an orientation package which includes the Board and committee mandates, the most recent CEO business update, current financial and capital plans, the most recent annual report, the Code of Ethics for Directors, a description of the committee and Group structure, information on director and officer liability insurance, Board meeting dates, and any other material the Chair of the Board considers appropriate.

New directors may also attend various orientation meetings and, at the Chair of the Board's request, may be assigned a current Board member as mentor. They may also meet separately with each of the Chair of the Board, the Chief Executive Officer, the Chief Risk Officer, the Chief Financial Officer, the Group Corporate Secretary, one or more members of the Executive Committee or any other person the Chair of the Board considers appropriate.

Ongoing director development

All directors participate in the development sessions held during each quarterly Board meeting. The sessions are comprised of presentations to the Board by internal and external experts. One-on-one sessions between a director and an internal or external subject matter expert may be arranged at the request of the Chair of the Board or a committee chair. A director or committee member may contact the Group Corporate Secretary or the Chair of the Board about participating in an external education program or session related to development as a CIBC FirstCaribbean director or committee member.

13. Director Compensation

The Compensation 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 Compensation Committee recommends changes in director compensation to the Board for approval when considered appropriate or necessary to align with these objectives and recognize the workload, time, commitment and responsibility of the Board and committee members. The Compensation Committee may retain an independent external consultant to provide data and advice to that committee on its director compensation policy and practices.

The Board Chair and independent directors are paid a flat annual fee for attending all board and committee meetings, whether scheduled or not. Neither CIBC FirstCaribbean executives, nor CIBC executives, who are directors, are paid fees. Independent committee chairs and committee members who are not directors[3] are paid fees. The Board Chair, independent directors and independent committee members were paid an aggregate total of US$496,023.24 in FY 2023.

14. Approval of the CEO's Service Contract

The Compensation Committee reviews the performance and compensation of the Chief Executive Officer annually.

15. 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	Mark St. Hill
Chief Human Resources Officer, People, Culture & Brand	Janine Billy[4]
General Counsel & Group Corporate Secretary	Brian Clarke
Chief Financial Officer	Carl Lewis
Chief Risk Officer	Patrick McKenna
Chief Information Officer and Managing Director Technology, Infrastructure & Innovation	Esan Peters
Chief Commercial Officer	Willem van der Burg
Managing Director, The Bahamas & TCI	Jacqueline Bend
Chief Auditor	Khadija Bourne
Managing Director, Jamaica	Nigel Holness
Managing Director, Cayman, BVI & Dutch Islands	Mark McIntyre
Managing Director, Trinidad	Anthony Seeraj
Managing Director, Barbados & Eastern Caribbean	Donna Wellington

In addition to the above, a number of other senior management committees are in place to support the day-to-day management of the organization. These are:

- Asset Liability Committee
- Credit Committee
- Strategic Projects Office
- Operational Risk & Control Committee
- Reputational & Legal Risks Committee

[3] Mr. Lincoln Eatmon, a member of the Audit Committee, is the only committee member who is not a director of FirstCaribbean International Bank Limited. Mr. Eatmon is a member of the board of FirstCaribbean International Bank (Jamaica) Limited.

[4] Ms. Janine Billy was appointed as Chief Human Resources Officer, People, Culture & Brand effective November 1, 2023. Mr. Dan Wright, Managing Director Wealth Management and Mr. Neil Brennan, Chief Administrative Officer retired from the Bank during the year.

Executive compensation

FirstCaribbean's executive compensation philosophy is simple and consistent from year to year. The aim is to reward the CEO and senior leaders for delivering enhanced shareholder value through successful execution of the corporate strategy. Pay programmes are also designed to attract, retain and motivate key talent while aligning pay and performance.

It is the mandate of the Compensation Committee to make executive pay decisions and recommendations to the Board.

The elements of CIBC FirstCaribbean's executive compensation programs are:

ELEMENT	PURPOSE	HOW IT IS DETERMINED
Base Salary	Provide competitive fixed pay	• Based on job scope, experience and market pay
Discretionary Variable Incentive Award (cash incentive and deferred cash incentive)	Align compensation with business and individual performance	• Absolute and relative business performance measured against balanced scorecard • Measures are weighted, vary by role, and are designed to promote strong alignment with CIBC FirstCaribbean's corporate and business unit goals • Individual performance assessed against a series of Committee approved goals focused on strategy execution
Benefits and Perquisites	Investment in employee health, wellness and engagement	• A range of benefit programmes provided to all employees across the Caribbean to support health and well-being
Retirement Programmes	Contribute to financial security after retirement	• Competitive pension arrangements as provided to all employees in the Caribbean

CIBC FirstCaribbean's discretionary variable incentive award elements are designed to reward performance over both the long and short term. In cases where a decision is taken to make a variable incentive award, the following considerations apply:

ELEMENT	PERFORMANCE MEASURES	DESCRIPTION

Annual Cash Incentive Award (50% of total incentive)	• Grant measures:
	  • Financial
	  • Risk
	  • Client
	  • Employee
	  • Strategy execution
		• Short term (annual)
		• Focused on:
		  • Profitability
		  • Growth
		  • Adherence to Risk Appetite
		  • Strategy execution
		  • Client and employee satisfaction

Deferred Cash Award (50% of total incentive)	• Grant measures:
	  • Financial
	  • Risk
	  • Client
	  • Employee
	  • Strategy execution
	• Vesting measures:
	  • Cumulative company performance over vesting period using a range of financial performance measures
		• Long term
		• Deferred cash incentive award with 3 year (3) cliff vesting
		• **For awards vesting on or before 31 December 2025:**
		
		• Each year over the vesting period business performance factor is applied to the initial grant to reflect the performance of the business over that year.
		• Business performance factor is determined based on a number of financial performance measures
		• At vesting the initial grant multiplied by the business performance factor for each of the three years of the vesting period is paid, subject to a maximum of 125% and minimum of 75% of the original award
		• Board retains discretion to adjust further to reflect extraordinary circumstances
		For awards vesting after 1 January 2026:
		• Awards granted from December 2023 onwards will be converted to Performance Share Units (PSUs) based on the CIBC share price at the award date.
		• Awards will attract notional dividends quarterly based on CIBCs share dividends which will be reinvested as additional PSUs.
		• Awards will be cash settled on vesting using the total number of PSUs at vesting x BPF 3-year calculation x CIBC share price at vesting
		• Business performance factor is determined based on a number of financial performance measures.
		• Business performance factor 3-year calculation is: (BPF Yr1 + BPF Yr2 + BPF Yr3)/3

16. CIBC FirstCaribbean's Code of Conduct and Code of Ethics for Directors

CIBC FirstCaribbean is committed to the highest standards of ethical and professional conduct. The Code of Conduct applies to all full and part time employees. The Code of Conduct also applies to consultants, independent contractors and temporary agency staff providing services to CIBC FirstCaribbean.

The Code of Ethics for Directors applies to all members of the Board. When a new director joins the Board, he or she will be required to review the Code of Ethics for Directors and acknowledge in writing that he or she has reviewed it and agrees to abide by its terms.

All directors are required to review and attest to compliance with the applicable code annually.

Together, these codes establish the standards that govern the way employees and directors deal with each other, CIBC FirstCaribbean shareholders, clients, suppliers, competitors and communities. The codes also address general conduct, conflicts of interest, information management, protection of CIBC FirstCaribbean's assets and internal and regulatory investigations.

17. External Auditors: Oversight & Fees

The external auditors report to the Audit Committee.

Fees billed for professional services rendered by EY across its regional footprint for the consolidated financial statements years ended October 31, 2023 and October 31, 2022, are set out as follows:

Unaudited, $000's	**2023**	**2022**
Audit Fees (1)	3,072	2,822
Audit related fees (2)	262	318
Tax fees (3)	194	212
Total	3,528	3,352

(1) For the audit of CIBC FirstCaribbean's annual financial statements and services normally provided by the auditors in connection with statutory and regulatory filings.

(2) For the assurance and related services that are reasonably related to the performance of the audit or review of CIBC FirstCaribbean's financial statements.

(3) For tax compliance services.

18. Engagement of Non-Audit Services by External Auditors

CIBC FirstCaribbean's Scope of Services of the Shareholders' Auditors Policy requires Audit Committee pre-approval of non-audit services provided by our external auditors.

19. Oversight of the Internal Audit function by the Audit Committee

Internal Audit function

The Audit Committee has ultimate responsibility for the Internal Audit function and oversees its performance.

Organizational Framework

At least annually, the Audit Committee will review Internal Audit's organizational framework and charter (developed in accordance with professional standards promulgated by the Institute of Internal Auditors), having regard to its role and an independent control function. The Committee will also review the activities, staffing, organizational structure and credentials of Internal Audit.

At least annually, the Audit Committee will:

i. Review the Internal Audit function's financial plan, staff resources and recommend for Board approval;
ii. Receive and review reports on the status of significant findings, recommendations and Management's responses.

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
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.

Organization Placement
Internal Audit is led by the Chief Auditor, who in turn reports directly to the Chief Auditor of CIBC, and to the Audit Committee Chair. The Chief Auditor also reports administratively to the Chief Executive Officer.

The Chief Auditor has unencumbered access to the Audit Committee, and may freely discuss policies, audit findings recommendations, audit follow-up, guidance issues and any other matters deemed applicable.

Professional Standards and Independence
Internal Audit follows the professional standards of relevant professional organizations including:

i. Code of Ethics of the Institute of Internal Auditors (IIA) and the International Standards for the Professional Practice of Internal Auditing as set forth by the IIA and;
ii. Code of Professional Ethics of the Information Systems Audit and Control Association (ISACA) and the Information Systems Audit and Assurance Standards as set forth by the (ISACA).

Resources and skillset
The Audit Committee recognizes that professional standards require internal auditors to have knowledge of operations and appropriate expertise in the subject matter that is being audited. The Chief Auditor provides the Audit Committee with an annual report on personnel, including the sufficiency of resources, qualifications, certifications and development.

Independence
The Chief Auditor will periodically discuss standards of professional audit independence with the Audit Committee Chair and the Audit Committee. The Audit Committee also periodically reviews management's assessment of the independence and effectiveness of the Internal Audit function, and evaluates the Chief Auditor's administrative reporting line.

Internal Audit will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair its independence.

Periodic Review
The Audit Committee is responsible for reviewing the effectiveness of the Internal Audit function and will receive quarterly reports from the Chief Auditor. Additionally, once every five years, the Committee will engage an independent third party to assess the Internal Audit function in accordance with professional standards promulgated by the Institute of Internal Auditors and in the context of regulatory expectations and practices of leading institutions. The Audit Committee will review the results of that assessment.

Audit Plan
The Audit Committee will review and approve the annual audit plan including the audit scope and all major changes to the plan presented by the Chief Auditor to ensure that it is appropriately risk based and addresses all relevant activities over a measurable cycle. The Audit Committee will review and discuss with the Chief Auditor the scope, progress and results of executing the Internal Audit plan.

The Chief Auditor, on a quarterly basis, will review the status of the audit plan and any changes needed, including a review of:

i. the results of audit activities, including any significant issues reported to Management and Management's response and/or corrective actions
ii. the status of identified control weaknesses
iii. the adequacy and degree of compliance with systems of internal control

20. Risk and Control Governance Framework

CIBC FirstCaribbean's management follows a consistent approach in developing and determining, with reasonable assurance, that the Bank's risk and control environment is designed and operating effectively. It also provides key stakeholders, including our regulators, with the structure required to assess the strength of CIBC FirstCaribbean's Risk and Control Governance systems.

In addition, CIBC FirstCaribbean has implemented the Risk and Control Governance Framework to help to ensure that its parent, CIBC, meets the requirements of the Sarbanes-Oxley Act (2002), for management to assess the effectiveness of the system of internal control.

The Framework has been developed based on the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) widely accepted "Enterprise Risk Management – Integrated Framework" (the COSO Framework) which is the most broadly used standard.

There are five (5) components to this Framework, these are defined as follows:

1. **Management Objectives** – The Bank's risk and control systems are designed to ensure the achievement of three categories of objectives:

    a) Effective Operations - The operations of CIBC FirstCaribbean are effective in meeting its strategic objectives;

    b) Reliable Reporting - The financial reports provided to shareholders and other external stakeholders are accurate and reliable in all material respects; and

    c) Regulatory Compliance - The conduct and actions of CIBC FirstCaribbean's Board of Directors, executives, employees and contingent workers comply with all applicable laws and regulations.

2. **Internal Environment** – The internal environment sets the foundation for how risk is viewed and encompasses the Bank's General Entity Controls (GEC), this is represented by three main components:

    a) Vision, Mission, Values and Strategic Priorities – Tone from the Top – the board of directors and executive management of the Bank has overall responsibility for the Bank including determining, approving and overseeing the Bank's strategic objectives, risk strategy, governance structure, corporate values and strategic priorities. This shapes the Risk and Control Governance Framework of the Bank.

    b) Risk Appetite – defines the level of risk the Bank is prepared to accept in pursuit of the Bank's mission, vision, strategic objectives and corporate values.

    c) Risk and Control related Policies and Limits - sets the boundaries for positive actions and behaviors of CIBC FirstCaribbean employees and contingent workers in alignment with the Bank's Risk Appetite.

3. **Risk Identification and Control Management Activities** – This is the process to identify and assess risks and controls relevant to the achievement of the Bank's objectives, which has six elements:

    a) Risk Assessment, Documentation and Maintenance – determining what needs to be done (objectives/goals being assessed), determining what can go wrong (risks) and prioritizing what can go wrong (ranking). Control Activities must be documented and updated as changes occur;

    b) Monitoring and Testing – a robust monitoring and testing methodology must be designed and implemented to confirm risks are within acceptable thresholds and key controls are designed and operating effectively;

    c) Assessment – management must complete steps to determine whether or not their risks are within acceptable thresholds and the system of internal control is working effectively or if there are deficiencies that need to be identified;

    d) Deficiency Management – once a deficiency has been identified, the severity of the issue must be determined, action plans to remediate should be documented and executed to ensure the issue is addressed; and

e) Assertion – Accountable officers and executive management complete quarterly assertions on the state of controls and deficiencies within their respective Strategic Business Units and Strategic Support Units.

f) Procedures, Standards and Guidelines – Procedures, standards and guidelines are developed and implemented to support respective risk policies and limits.

4. **Stress Testing** – CIBC FirstCaribbean performs stress tests and scenario analyses in order to gain a better understanding of the significant risks the Bank potentially faces under extreme conditions and to provide important input into the determination of related regulatory and economic capital requirements. Stress testing refers to shifting the values of individual parameters that affect our financial position and determining the effect on the business (for example, a doubling of staff turnover in a key, high dependence business function). Scenario analysis refers to a wider range of parameters being varied at the same time.

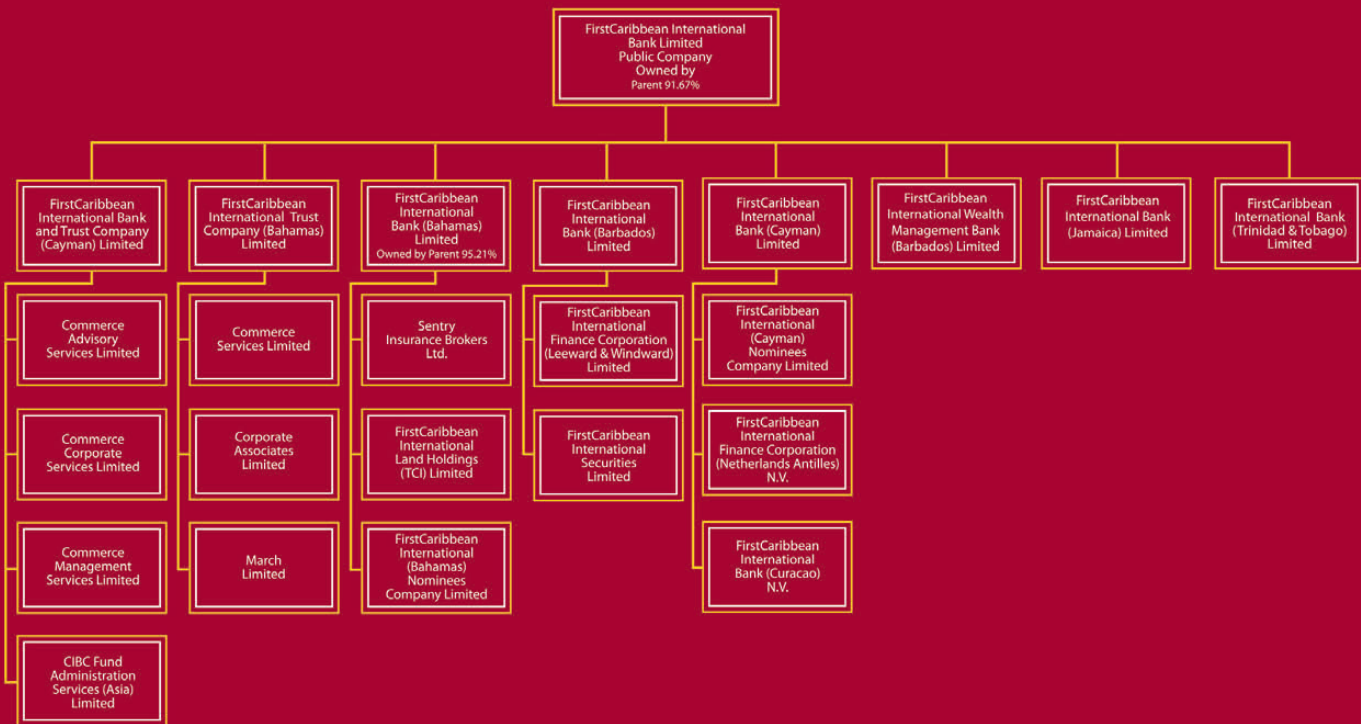
5. **Reporting** – The appropriate management information must be communicated to the Board and the executive management in a timely, complete, understandable and accurate manner so that they are equipped to make informed decisions.

21. Insider Trading

CIBC FirstCaribbean's policy on insider trading can be found at www.cibcfcib.com.

CIBC FirstCaribbean is in compliance with the Insider Trading Guidelines issued by the Barbados Stock Exchange Inc., which can be found at www.bse.com.bb.

OWNERSHIP STRUCTURE



CIBC FirstCaribbean International Bank

Main Branches and Centres

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

Antigua
P.O. Box 225
High & Market Street St. John's
Tel: (268) 480-5000

The Bahamas
P.O. Box N -8350
Shirley Street, Nassau Tel: (242)
322-8455

Barbados
P.O. Box 503
Broad Street St. Michael
Bridgetown
Tel: (246) 367-2300

British Virgin Islands
P.O. Box 70
Road Town Tortola, VGlll0
Tel: (284) 852-9900

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

Curaçao
P.O. Box 3144
De Ruyterkade 61 Willemstad
Curaçao
Tel: (+5999) 433-8000

Jamaica
P.O. Box 403
23-27 Knutsford Blvd
Kingston 5
Tel: (876) 929-9310

St. Kitts
P.O. Box 42
Bank Street, Basseterre Tel:
(869) 465-2449

St. Lucia
P.O. Box 335
Bridge Street, Castries Tel: (758)
456-1000

Sint Maarten
Philipsburg Branch Emmaplein 1,
Philipsburg
Tel: 721-542-3511
Fax: 721-542-4531

Trinidad & Tobago
CIBC FirstCaribbean Bank
Financial Centre
74 Long Circular Road Maraval,
Trinidad, W.I. Tel: (868) 628-4685

Turks and Caicos Islands
P.O. Box 236
62 Salt Mills Plaza Grace Bay
Branch Providenciales
Turks & Caicos Islands Tel: (649)
941-4558

CORPORATE BANKING CENTRES

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

Corporate Banking Centre
Head Office
Warrens, St. Michael
Barbados
Tel: (246) 467-8768

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

Corporate Banking Centre
Ground Floor
74 Long Circular Road
Maraval, Trinidad, W.I.
Tel: (868) 628-4685

Corporate banking Centre
P.O. Box 335
Castries St. Lucia
Tel: (758) 456-lll0

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

Corporate Banking Centre
St. Kitts
P.O. Box 42
The Circus, Basseterre
Tel: (869) 465-2449

Main Branches and Centres

Private Wealth Management & International Corporate Banking Centre
Goodman's Bay Corporate Centre
West Bay Street
P.O. Box N. 3933
Nassau, Bahamas
Tel: (242) 356-1800

Private Wealth Management & International Corporate Banking Centre
P.O. Box 180
Ground Floor
Head Office
Warrens, St. Michael, Barbados
Tel: (246) 367-2040

Private Wealth Management & International Corporate Banking Centre
P.O. Box 68
25 Main Street George Town
Grand Cayman Cayman Islands
Tel: (345) 949-7300

Private Wealth Management & International Corporate Banking Centre
P.O. Box 3144
De Ruyterkade
61 Willemstad
Curacao
Tel: (5999) 433-8000

International Corporate Banking Centre
P.O. Box 236
62 Salt Mills Plaza Grace Bay
Branch Providenciales
Turks & Caicos Islands
Tel: (649) 941-4558

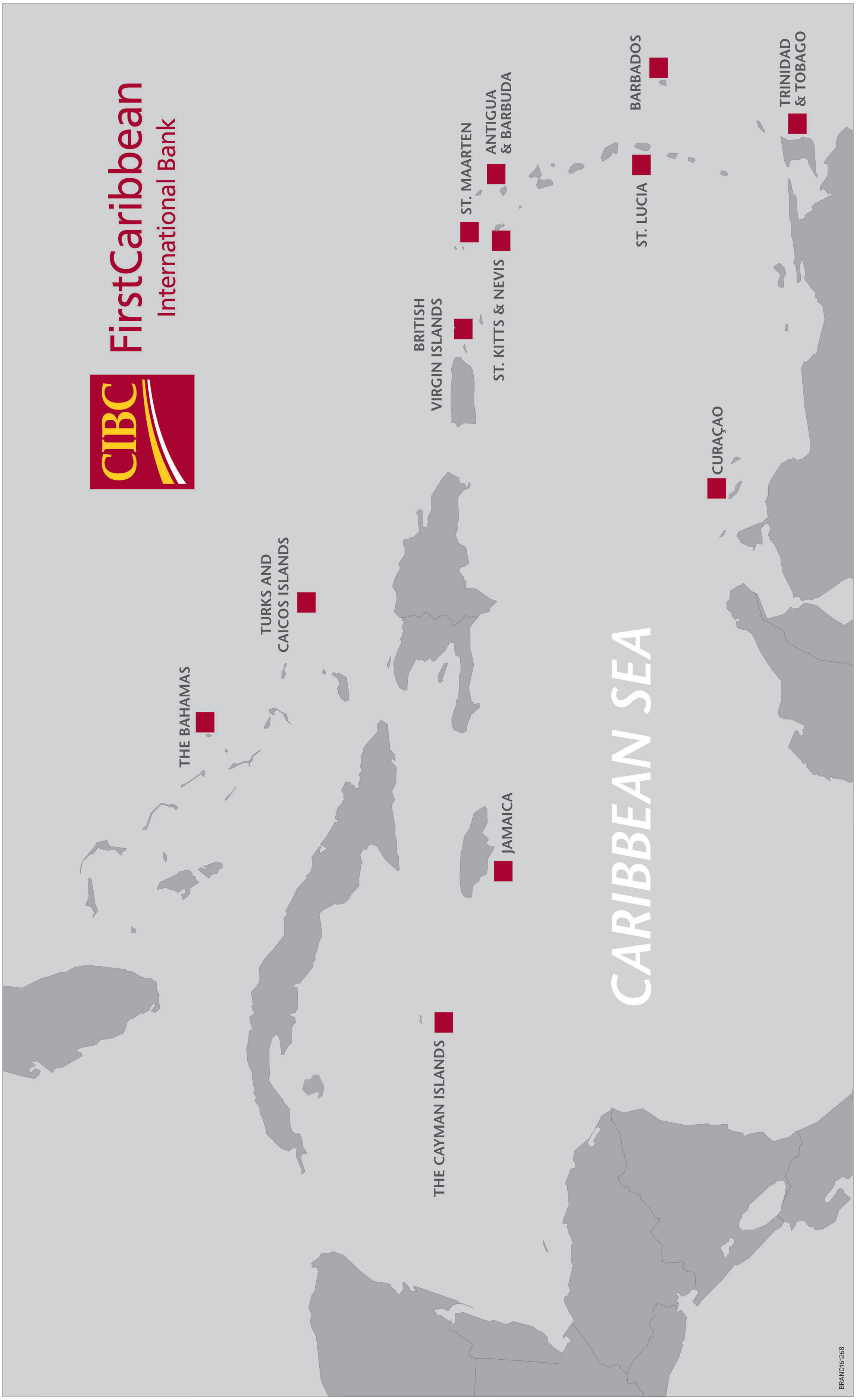
International Corporate Banking Centre
P.O. Box 70
Road Town
Tortola, VGlll0
Tel: (284) 494-2171

OTHER SUBSIDIARIES

Trust & Merchant Bank Asset Management & Securities Trading
Ground Floor
Head Office
Warrens, St. Michael
Barbados
Tel: (246) 467-8838

CIBC Bank and Trust Company (Cayman) Limited
P.O. Box 68
25 Main Street George Town
Grand Cayman Cayman Islands
Tel: (345) 949-7300

FirstCaribbean International Trust Company (Bahamas) Limited
Goodman's Bay Corporate Centre
West Bay Street
P.O. Box N. 3933
Nassau, Bahamas
Tel: (242) 356-1800


CIBC
FirstCaribbean
International Bank
THE BAHAMAS
TURKS AND CAICOS ISLANDS
BRITISH VIRGIN ISLANDS
ST. KITTS & NEVIS
ST. MAARTEN
ANTIGUA & BARBUDA
ST. LUCIA
BARBADOS
TRINIDAD & TOBAGO
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