Schedule 1

FORM ECSRC – K

ANNUAL REPORT
PURSUANT TO SECTION 98(1) OF THE SECURITIES ACT, 2001

For the financial year ended OCTOBER 31, 2016

Issuer Registration number
FCIB 070593BD

FIRSTCARIBBEAN INTERNATIONAL BANK LIMITED
(Exact name of reporting issuer as specified in its charter)

BARBADOS
(Territory of incorporation)

MICHAEL MANSOOR BUILDING, WARRENS, ST. MICHAEL, BARBADOS
(Address of principal office)

REPORTING ISSUER'S:

Telephone number (including area code): (246)367-2244

Fax number: (246)421-9514

Email address: cheryl.wood@cibcfcib.com

(Provide information stipulated in paragraphs 1 to 14 hereunder)

Indicate whether the reporting issuer has filed all reports required to be filed by section 98 of the Securities Act, 2001 during the preceding 12 months

Yes ☑ No ☐

Indicate the number of outstanding shares of each of the reporting issuer's classes of common stock, as of the date of completion of this report.

CLASS	NUMBER
COMMON	1,577,094,570

SIGNATURES

A Director, the Chief Executive Officer and Chief Financial Officer of the company shall sign this Annual Report on behalf of the company. By so doing each certifies that he has made diligent efforts to verify the material accuracy and completeness of the information herein contained.

The Chief Financial Officer by signing this form is hereby certifying that the financial statements submitted fairly state the company's financial position and results of operations, or receipts and disbursements, as of the dates and period(s) indicated. The Chief Financial Officer further certifies that all financial statements submitted herewith are prepared in accordance with International Accounting Standards consistently applied (except as stated in the notes thereto) and (with respect to year-end figures) including all adjustments necessary for fair presentation under the circumstances.

Name of Chief Executive Officer:

GARY BROWN

Signature

FEBRUARY 16, 2017

Date

Name of Director:

BRIAN CLARKE

Signature

FEBRURY 16, 2017

Date

Name of Chief Financial Officer:

BRIAN LEE

Signature

FEBRUARY 16, 2017

Date

INFORMATION TO BE INCLUDED IN FORM ECSRC-K

1. Business.

Provide a description of the developments in the main line of business including accomplishments and future plans. The discussion of the development of the reporting issuer's business need only include developments since the beginning of the financial year for which this report is filed.

2016 Highlights

Clients

Retail & Business Banking

- We continued to focus on enhancing our client experience by introducing electronic surveys allowing all clients to provide immediate feedback on their loan application experience with us. The response has been far above industry standard, with 52% of the feedback being positive.
- Using this feedback, our sales results have improved significantly year-over-year, with nearly all of our countries exceeding last year's performance.
- Training continues to be an important component of our formula for service delivery We have held training for our people in Sales & Service Excellence, Leadership, Platinum Banking Relationship Management, Insurance and Mortgages along with the Business Banking accreditation program
- Top performers in sales and customer service were celebrated and rewarded at the end of the fiscal year in the annual Managing Director's Awards, with the Branch of the Year title being awarded to Bay Street in the Bahamas.
- We have continued to build on our promise of a 48-hour turnaround on vehicle loans by extending our successful Barbados pilot to the Jamaica market. This model will be replicated in our other jurisdictions.
- We have introduced a first-to-market Visa Business Debit Card to our Business Banking clients as part of our commitment to better serve this niche market and support entrepreneurship in the Caribbean Several other innovative process changes were implemented to support the continued growth of this segment, effectively freeing up time for our Business Bankers to expand their relationship-building activities and improve their service delivery to our clients
- Another innovation in the market is our successful launch of the CIBC FirstCaribbean Mobile App, which so far has been downloaded more than 20,000 times.
- We have successfully launched the CIBC FirstCaribbean Home & Auto Insurance Protection Plan in eight of our seventeen countries – Antigua, Barbados, Cayman, Grenada, St. Lucia, St. Kitts, St. Vincent and TCI. This product is the first of its kind in the region and provides insurance coverage to clients at very competitive rates in these markets.
- The opening of our latest branch in Aruba delivers on our expansion strategy along with new Finance Centres in Barbados and St. Maarten in addition to a Loan and Mortgage Centre in St. Lucia
- These and other improvements have helped us achieve an increase in total loan originations year-on-year of 10%

Wealth Management:

- CIBC Bank and Trust Company (Cayman) Limited opened an office in Hong Kong, servicing our Fund Administration business
- Selected by World Finance as Best Wealth Management Provider in the Bahamas for 2016
- Asset Management and Securities Trading (AMST) Barbados was awarded Broker of the year for the 2nd consecutive year
- AMST Barbados was selected as Dealer Manager for two Institutional Deals for a value in excess of US$250M

Wholesale Banking

- Wholesale Banking made significant strides in its effort to provide exceptional service by increased client focus through deepening relationships and improving execution velocity. We have introduced a Senior Coverage Model for our largest corporate clients and have re-aligned our local corporate teams to improve client service.
- The Wholesale team was involved in structuring and arranging just over US$1.3 billion of financing across the Caribbean in a broad range of industries including energy, infrastructure, utilities, hospitality, telecommunications, government and manufacturing There were noticeable improvements in core lending activities as our loan growth reflected a good balance between large syndicate transactions and smaller facilities. We also realized solid performance in fee income generated by FX trading and our Investment Banking unit which won and executed some significant advisory and capital markets mandates.
- We continue to build our brand as CIBC FirstCaribbean launched a major new infrastructure forum, the Caribbean Infrastructure Finance Forum (CARIF) in Nassau in December 2016. CARIF is a gathering of regional public sector leaders and international infrastructure powerhouses and is designed to map out the region's infrastructure needs to the international market, explore what can be done to attract international capital to address those needs and move the infrastructure needle forward. We were successful in bringing together experts and relevent stakeholders including regional governments and multilaterals to address developments in the regional infrastructure industry, as we continued to position ourselves as the top regional energy and infrastructure financier

Employees

In 2016 we continued to focus on making our Bank a great place to work for our employees, as they in turn continued to make it a great place for our clients to do business.

Culture & Engagement

- We refreshed of our corporate culture to further strengthen our focus on our client relationships and the client experience Engaging directly with over 400 employees across all countries, we agreed on fresh core values and corporate behaviours and what they mean to our employees and our Bank – values and behaviours that resonate with our employees that they can identify with.
- In recognition of the changing demographics of our workforce, we held focus groups with a cross section of our growing population of younger employees to understand more fully what we can do to meet their career aspirations and to deliver what they are looking for from their employers This led to the establishment of a working group of millennial employees to develop and implement initiatives to address their issues.

Training & Development

- Helping our managers to grow and develop as future leaders of our Bank is key. In 2016 we asked our most recent managers what would help them the most to excel in their roles and to grow professionally. This led to the introduction of our New Manager's Toolkit and Manager's Website which provides a wealth of information, resources and guidance for our management population. A pilot programme ofmanager knowledge sharing sessions and a mentor systemis also being developed.
- Building enduring relationships with our clients while providing them with financial solutions that meet their need combined with the best customer service in the region is at the heart of what we do. To further improve on our ability to deliver this, we provided specialist training for over 75employees across all our major business lines focused on ways to approach relationships, sales and service. This programme will be continued throughout 2017.

Employee Survey

- In 2016 we placed a lot of emphasis on addressing issues raised by our employees. Our 2016 employee survey results showed that we are making good progress in key areas. Participation in the survey increased by 8% to 73%. Our Employee Commitment Index increased by 4% to 75%, with 79% of employees indicating they are proud to be associated with CIBC FirstCaribbean, 7% higher than last year.
- Two areas where we have made most progress are in delivering on our Corporate Vision and Employee Accomplishment and Appreciation In terms of delivering on our Corporate Vision, 65% of employees, 5% more than last year, felt that progress was being made. Employees feeling that they are doing something worthwhile and are appreciated for it saw a significant improvement increasing by 12% to 72%.

Communities

CIBC FirstCaribbean again placed great emphasis on engaging and reaching out to the communities in which it operates through its corporate social responsibility programme in 2016.

- We contributed US $1.2M for the improvement of the communities in which we operate. What has become our annual flagship event, Walk For the Cure, was a rousing success again this year Our regional cancer fundraiser attracted over twenty thousand participants across the Caribbean and raised US$500,000 for public awareness and the care and support of those living with the disease. We are into the third year of our Memorandum of Understanding with the Hospital for Sick Children in Toronto, whose Caribbean Initiative, established by its SickKids Foundation, aims to improve the care and diagnosis of children in the Caribbean affected by cancer and blood diseases. As Nursing Training partner, CIBC FirstCaribbean provided funding for the first cohort of Caribbean nurses – drawn from The Bahamas, Jamaica, St. Lucia and St. Vincent and the Grenadines – to begin a specialised one-year Nursing Training Programme at the University of the West Indies School of Nursing in El Dorado, Trinidad and Tobago Our commitment to the SickKids Caribbean Initiative is to provide US $1,000,000 commitment over a seven-year period.
- Continued to support and invest in the region's youth with the awarding of fifteen scholarships to students across a range of disciplines and faculties at the University of the West Indies, and support for research in topics related to Banking and Finance
- This year also saw scores of our staff members coming together and seeking out and supporting causes that are dear to them in their communities as part of our Adopt-A-Cause Programme. More than twenty projects were undertaken by our branches and other offices who used funding provided by the Bank and donated their time to these community projects. This included refurbishment of Queen's Park in Barbados, as part of our contribution to that country's celebration of its 50th anniversary of Independence.
- In Barbados, the Sunset Crest branch purchased cricket bats, footballs and other sporting items for a neighbourhood primary school and pledged to train and coach the young ones after school. The effort is led be Khalid Springer, a former national cricketer
- Special needs children at Holberton Hospital in Antigua were treated to extra-special care and attention and presented with hampers of toiletries and other items by staff there. A children's home in May Pen, Jamaica was delighted to receive a new refrigerator and freezer through the efforts of the staff at the May Pen branch
- The staff of the Sandy Port and Palmdale branches in the Bahamas joined with the Youth Empowerment through Soccer programme, providing much needed gear and equipment to 50 young people and also volunteered to mentor and tutor the youngsters.

2. Properties.

Provide a list of properties owned by the reporting entity, detailing the productive capacity and future prospects of the facilities. Identify properties acquired or disposed of since the beginning of the financial year for which this report is filed.

See accompanying listing of owned properties
The Rockley Apartment is in the process of being disposed of, all other properties are in productive use relating to the provision of banking services.

3. Legal Proceedings.

Furnish information on any proceedings that were commenced or were terminated during the current financial year. Information should include date of commencement or termination of proceedings. Also include a description of the disposition thereof with respect to the reporting issuer and its subsidiaries.

NONE

4. Submission of Matters to a Vote of Security Holders.

If any matter was submitted to a vote of security holders through the solicitation of proxies or otherwise during the financial year covered by this report, furnish the following information:

(a) The date of the meeting and whether it was an annual or special meeting.

Annual Meeting - Friday, March 11, 2016

(b) If the meeting involved the election of directors, the name of each director elected at the meeting and the name of each other director whose term of office as a director continued after the meeting.

Elect the following to serve as directors until the next annual meeting of the Company:
(i) Mr. Gary Brown; and
(ii) Mr. Rik Parkhill
Re-elect the following directors who retire by rotation and, being eligible, offer themselves for re-election to serve until the next annual meeting of the Company:
(i) Mr. David Ritch
(ii) Sir Allan Fields
(iii) Mrs. Paula Rajkumarsingh
(iv) Mrs. G. Diane Stewart;
(v) Ms. Christina Kramer
(vi) Mr. Brian McDonough
(vii) Mr. David Arnold, and
(viii) Mr. Brian Clarke

(c) A brief description of each other matter voted upon at the meeting and a statement of the number of votes cast for or against as well as the number of abstentions as to each such matter, including a separate tabulation with respect to each nominee for office.

In accordance with the Company's By-Laws, at all shareholder meetings a resolution is put to the vote by a show of hands. A declaration by the chair of the meeting that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact.

1. To consider, and if deemed advisable, to pass with or without variation the following special resolution.
BE IT RESOLVED AS A SPECIAL RESOLUTION of the shareholders that the Amended and Restated By-Law No. 1, as amended, be adopted as the Amended and Restated By-Law No. 1 of the Company

2. To receive audited accounts for the year ended October 31, 2015 and the report of the directors and auditors thereon.

3. To elect the following to serve as directors until the next annual meeting of the Company:
(i) Mr. Gary Brown, and
(ii) Mr. Rik Parkhill

4. To re-elect the following directors who retire by rotation and, being eligible, offer themselves for re-election to serve until the next annual meeting of the Company:
(i) Mr. David Ritch
(ii) Sir Allan Fields
(iii) Mrs. Paula Rajkumarsingh
(iv) Mrs. G. Diane Stewart,
(v) Ms. Christina Kramer
(vi) Mr. Brian McDonough
(vii) Mr. David Arnold, and
(viii) Mr. Brian Clarke

5. To appoint the auditors and to authorise the directors to fix their remuneration

(d) A description of the terms of any settlement between the registrant and any other participant.

Not applicable

(e) Relevant details of any matter where a decision was taken otherwise than at a meeting of such security holders.

Not applicable

5. Market for Reporting issuer's Common Equity and Related Stockholder Matters.

Furnish information regarding all equity securities of the reporting issuer sold by the reporting issuer during the period covered by the report.

Not applicable

6. Financial Statements and Selected Financial Data.

Attach Audited Financial Statements, which comprise the following:

<u>For the most recent financial year</u>

(i) Auditor's report; and
(ii) Statement of Financial Position;

<u>For the most recent financial year and for each of the two financial years preceding the date of the most recent audited Statement of Financial Position being filed</u>

(iii) Statement of Profit or Loss and other Comprehensive Income;
(iv) Statement of Cash Flows;
(v) Statement of Changes in Equity; and
(vi) Notes to the Financial Statements.

7. Disclosure about Risk Factors.

Provide a discussion of the risk factors that may have an impact on the results from operations or on the financial conditions. Avoid generalised statements. Typical risk factors include untested products, cash flow and liquidity problems, dependence on a key supplier or customer, management inexperience, nature of business, absence of a trading market (specific to the securities of the reporting issuer), etc. Indicate if any risk factors have increased or decreased in the time interval between the previous and current filing.

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 33 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 and Administrative 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 and Conduct Review 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 and Administrative Officer There is appropriate segregation of duties between customer facing functions responsible for originating and managing exposures, the Credit Risk Management function responsible for credit adjudication and oversight, and the Operations function responsible for disbursing loans and safekeeping security.
Credit grading, scoring and monitoring systems facilitate the early identification and management of deterioration in loan quality. Delinquent facilities are subject to separate and additional oversight by specialised loan restructuring teams. Classification is automated and operates strictly in line with regulatory and accounting standards. Credit provisions are independently calculated in accordance with International Financial Reporting Standards (IFRS) for statutory reporting and in accordance with the Financial Institutions Act to meet regulatory requirements by the central risk team.

Market Risk
Market risk is the measurement of potential loss arising from adverse movements in interest rates, foreign exchange rates, equity and commodity prices, and credit spread risk in the Group's investment portfolios. It arises in trading activities, as well as in the natural course of wholesale and retail business. The principal aim of the Group's market risk management activities is to limit the adverse impact of interest rate and exchange rate movements on profitability and shareholder value and to enhance earnings within defined limits.
The Finance, Risk and Conduct Review 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 and Administrative 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 risks are associated with failures to comply with laws, regulations, rules, and the codes of ethics and conduct applicable to our business activities. Such failures can give rise to legal or regulatory sanctions, material financial loss, or a loss of reputation to the Group.
Primary responsibility for compliance lies with territorial line management. The compliance team within the Risk Management department is tasked with identifying the compliance obligations in each country where the Group operates. It also provides advice and guidance to the business lines on compliance risks and the development of appropriate policies and procedures to ensure compliance with all legislation and internal code of conduct and ethics policies. It independently assesses and monitors compliance and reports to the Audit & Governance Committee of the Board.

Operational Risk
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, is the key to successful operational risk management. Each strategic business unit is primarily responsible for identifying, assessing and managing operational risks in that business unit. An Operational Risk Management team develops and maintains the framework
for identifying, monitoring and controlling operational risks and supports each business unit in implementing the framework and raising awareness of operational risks. This team also sets policy and monitors compliance. Operational risk management activities across the Group are reported regularly to the Audit & Governance Committee and Risk and Conduct Review Committee
The Group's operational risk management framework includes ongoing monitoring through self-assessment of control deficiencies and weaknesses, 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 company ALCO's 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 systemic risk level. The results are independently reviewed by the market risk function and reported to the Board quarterly

8. Changes in Securities and Use of Proceeds.

(a) Where the rights of the holders of any class of registered securities have been materially modified, give the title of the class of securities involved. State briefly the general effect of such modification upon the rights of holders of such securities.

Not applicable

(b) Where the use of proceeds of a security issue is different from that which is stated in the registration statement, provide the following:

- Offer opening date (provide explanation if different from date disclosed in the registration statement)

  NOT APPLICABLE

- Offer closing date (provide explanation if different from date disclosed in the registration statement)

  NOT APPLICABLE

- Name and address of underwriter(s)

  NOT APPLICABLE

- Amount of expenses incurred in connection with the offer NONE

- Net proceeds of the issue and a schedule of its use

  NONE

- Payments to associated persons and the purpose for such payments

  NONE

(c) Report any working capital restrictions and other limitations upon the payment of dividends.

Not applicable

9. **Defaults upon Senior Securities.**

(a) If there has been any material default in the payment of principal, interest, a sinking or purchase fund instalment, or any other material default not satisfied within 30 days, with respect to any indebtedness of the reporting issuer or any of its significant subsidiaries exceeding 5 per cent of the total assets of the reporting issuer and its consolidated subsidiaries, identify the indebtedness. Indicate the nature of the default. In the case of default in the payment of principal, interest, or a sinking or purchase fund instalment, state the amount of the default and the total arrears on the date of filing this report.

Not applicable

(b) If any material arrears in the payment of dividends have occurred or if there has been any other material delinquency not satisfied within 30 days, give the title of the class and state the amount and nature of the arrears or delinquency.

Not applicable

10. Management's Discussion and Analysis of Financial Condition and Results of Operation.

Discuss the reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations during the financial year of the filing. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated.

The Management's Discussion and Analysis should disclose sufficient information to enable investors to judge:

1. The quality of earnings;
2. The likelihood that past performance is indicative of future performance; and
3. The issuer's general financial condition and outlook.

It should disclose information over and above that which is provided in the management accounts and should not be merely a description of the movements in the financial statements in narrative form or an otherwise uninformative series of technical responses. It should provide management's perspective of the company that enables investors to view the business from the vantage point of management.

The discussion should focus on aspects such as liquidity; capital resources; changes in financial condition; results of operations; material trends and uncertainties and measures taken or to be taken to address unfavourable trends; key performance indicators; and non-financial indicators.

General Discussion and Analysis of Financial Condition

Net income for the year was $143 million, compared to $98 million in 2015

This year's results were affected by lower loan loss impairment, lower deposit interest offset by declining interest income and lower operating expenses. The results for both years were affected by certain significant items as follows
2016
• $24 million decrease in loan loss impairment due to improvement in loss experience and recovery activity.
• $13 million decrease in operating expenses primarily related to prior year restructuring costs ($21 million)
• $7 million increase in net interest income primarily due to lower funding costs.
• $4 million increase in other income primarily due to higher foreign exchange earnings

2015
• $165 million decrease in loan loss impairment due to improvement in loss experience and recovery activity.
• $118 million decrease in goodwill impairment charge noted from prior year.
• $21 million increase in operating expenses primarily related to restructuring costs ($21 million).
• $6 million decrease in net interest income primarily due to lower loan interest earnings from loans offset by lower funding costs.

Net interest income increased year-on-year by $7 million (2%) largely due to lower deposit funding costs offset by lower loan interest earnings and security yields.

Operating income increased year-on-year by $4 million (3%) primarily due to higher foreign exchange earnings and net gains offset by lower service based fees

Loan loss impairment decreased by $24 million (58%) year-on-year. The specific allowances decreased by $22 million as a result of lower specific provisions and higher recoveries primarily related to the Business & Sovereign loans
The ratio of loan loss provision to gross loans was 4.6% compared with 5.5% at the end of 2015. However non-performing loans
to gross loans declined to 6.4% at the end of 2016 compared to 9.1% at the end of 2015

Income tax expense has increased year-on-year by $3 million (23%). The increase in taxes is largely due to higher taxable income in taxable jurisdictions. The combined impact of the above resulted in a decline in the effective tax rate from 11.8% to 9.8%

Other comprehensive income increased year-on-year as a result of net gains from investment securities compared with losses in the prior year, due primarily to higher fair values in the current year.
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 6% year-on-year, while the Trinidad dollar remained relatively stable. This has resulted in higher exchange losses of $13 million in the current year compared with losses of $8 million in the prior year.

Total assets increased by $278 million (3%) primarily due to increased loans and advances and higher cash & balances with banks. Total customer deposits increased by $457 million (5%) due to higher customer deposits as a result of increased funds placed in the trust companies.
Equity attributable to equity holders of the parent has decreased year-on-year by $8 million (1%) due mainly to net income for the year of $143 million, other comprehensive income of $13 million offset by dividends of $160 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 19% and 21% respectively at the end of 2016, well in excess of regulatory requirements.

Business Segment Overview
Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on economic profits, which for the total of all segments is equal to net income before taxes reflected on the consolidated financial statements. Economic profits include funds transfer pricing, management allocations, and charges for the segments' use of capital. Income taxes are managed on a group basis and are not allocated to operating segments. Transactions between the business segments are on normal commercial terms and conditions.

Retail and Business Banking
Retail Banking includes the Retail, Business Banking and Cards businesses. Effective November 2015, International Wealth, which was previously reported in Wealth Management, was transitioned to the Retail Banking segment. Prior period disclosures have been amended to conform to this current presentation basis. Retail and Business Banking 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 recently launched Mobile Banking App. Business Banking clients are provided with products and services to satisfy their day-to-day operational and working capital business needs. Cards offering include both the issuing and acquiring business. Total revenues increased year-on-year by $11 million or 6% primarily due to lower deposit interest expense in the Barbados OpCo as a result of lower interest rates and average balances. Foreign exchange earnings were also higher across all OpCos. Segment results increased year-on-year by $21 million principally as a result of higher net interest income as well as lower loan loss expense. Productive loans grew by 4% over last year

Wholesale Banking
Wholesale Banking includes the Corporate Lending, Investment Banking and Client Solutions Group businesses. Corporate Lending provides a full range of corporate and commercial banking services to large and mid-size corporate businesses, governments, financial institutions, international trading companies and private wealth vehicles throughout the Caribbean. Investment Banking provides debt, equity, capital markets and corporate finance products and services to large corporations, financial institutions and governments. Clients are also provided with derivative and other risk mitigating products through the Client Solutions Group. Despite total revenues decreasing year-on-year by $8 million or 4% primarily due to lower interest recoveries, core interest income on productive loans grew by 3%. Deposit interest expense also increased due to higher fixed deposits balances mainly in Cayman and Jamaica. However, segment results increased year-on-year by $25 million as a result of lower loan loss provision and operating expenses. Productive loans grew by 6% over last year.

Wealth Management
This segment comprises International Corporate Banking, Investment Management, Private Wealth Management and CIBC Bank & Trust. Wealth Management clients are provided investment advice and traditional banking services through a relationship management offer. International Corporate Banking is a specialised business that facilitates leveraging of legislation and incentives in the international financial services jurisdictions, to offer international clients a wide range of products, services and financial solutions. Total revenues were higher year-over-year by $3 million or 3% as a result of higher internal revenues allocated to deposits. Segment results increased year-on-year by $3 million driven by higher internal revenues

Liquidity and Capital Resources

Provide a narrative explanation of the following (but not limited to):

i) The reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations.

ii) Any known trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the issuer's liquidity increasing or decreasing in any material way. If a deficiency is identified, indicate the course of action that the reporting issuer has taken or proposes to take to remedy the deficiency.

iii) The issuer's internal and external sources of liquidity and any material unused sources of liquid assets.

iv) Provisions contained in financial guarantees or commitments, debt or lease agreements or other arrangements that could trigger a requirement for an early payment, additional collateral support, changes in terms, acceleration of maturity, or the creation of an additional financial obligation such as adverse changes in the issuer's financial ratios, earnings, cash flows or stock price or changes in the value of underlying, linked or indexed assets.

v) Circumstances that could impair the issuer's ability to continue to engage in transactions that have been integral to historical operations or are financially or operationally essential or that could render that activity commercially impracticable such as the inability to maintain a specified level of earnings, earnings per share, financial ratios or collateral.

vi) Factors specific to the issuer and its markets that the issuer expects will affect its ability to raise short-term and long-term financing, guarantees of debt or other commitment to third parties, and written options on non-financial assets.

vii) The relevant maturity grouping of assets and liabilities based on the remaining period at the balance sheet date to the contractual maturity date. Commentary should provide information about effective periods and the way the risks associated with different maturity and interest profiles are managed and controlled.

viii) The issuer's material commitments for capital expenditures as of the end of the latest fiscal period, and indicate the general purposes of such commitments and the anticipated source of funds needed to fulfil such commitments.

ix) Any known material trends, favorable or unfavorable, in the issuer's capital resources, including any expected material changes in the mix and relative cost of capital resources, considering changes between debt, equity and any off-balance sheet financing arrangements.

Discussion of Liquidity and Capital Resources

Liquidity Risk

Liquidity risk arises from the Group's general funding activities in the course of managing assets and liabilities. It is the risk of having insufficient cash resources to meet current financial obligations without raising funds at unfavourable rates or selling assets on a forced,basis. The Group's liquidity management strategies seek to maintain sufficient liquid financial resources to continually fund the statement of financial position under both normal and stressed market environments.

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

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

Risk measurement
The Group's liquidity measurement system provides daily liquidity risk exposure reports for monitoring and review by the Treasury department. The Group's Assets and Liabilities Committee (ALCO) is responsible for recommending the liquidity ratio targets, the stress scenarios and the contingency funding plans. The Group's Board of Directors is ultimately responsible for the Group's liquidity.

The Group manages liquidity risk by maintaining a significant base of core customer deposits, liquid assets and access to contingent funding as part of its management of risk. Each operational entity has internally established specific liquidity requirement that are approved by the Group's ALCO and reviewed annually.

Commentary

The Bank retains adequate levels of liquidity in line with its operations and continues to manage its funding and liquidity requirements in accordance with Bank policy limits supplemented with the appropriate stress testing. There are no known trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the Bank's overall liquidity increasing or decreasing in any material way.

The relevant maturity groupings of the Bank's assets, liabilities and commitments, guarantees and contingent liabilities based on the remaining period at October 31, 2016 to the contractual maturity date were as follows:

USD $M

	0 - 3 Months	3 - 12 months	1 - 5 years	Over 5 Years	Total
Assets	2,920	1,821	1,830	4,395	10,966
Liabilities	7,779	1,504	259	48	9,590
Guarantees and Contingent Liabilities	441	214	61	156	872

There are no known circumstances that could impair the issuer's ability to continue to engage in transactions that have been integral to historical operations or are financially or operationally essential or that could render that activity commercially impracticable such as the inability to maintain a specified level of earnings, earnings per share, financial ratios or collateral.

The Bank has no material commitments for capital expenditures as of the end of the latest fiscal year end to negatively impact liquidity resources.

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 year ended October 31, 2016.

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 of International Settlement (BIS). BIS standards require that banks maintain minimum Tier I and Tier I & Tier II ratios of 4% and 8% respectively. The Central Bank of Barbados has established that FirstCaribbean International Bank Limited maintains minimum ratios of 7% and 14% respectively. During the period, we have complied in full with all of our regulatory capital requirements.

Regulatory capital

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

As at October 31, 2016, Tier I and Tier I & Tier II capital ratios were 19% and 21% respectively.

Off Balance Sheet Arrangements

Provide a narrative explanation of the following (but not limited to):

i) Disclosures concerning transactions, arrangements and other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect liquidity or the availability of, or requirements for capital resources.

ii) The extent of the issuer's reliance on off-balance sheet arrangements should be described fully and clearly where those entities provide financing, liquidity, market or credit risk support, or expose the issuer to liability that is not reflected on the face of the financial statements.

iii) Off-balance sheet arrangements such as their business purposes and activities, their economic substance, the key terms and conditions of any commitments, the initial on-going relationship with the issuer and its affiliates and the potential risk exposures resulting from its contractual or other commitments involving the off-balance sheet arrangements.

iv) The effects on the issuer's business and financial condition of the entity's termination if it has a finite life or it is reasonably likely that the issuer's arrangements with the entity may be discontinued in the foreseeable future.

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

For the year ended October 31, 2016, the balances were as follows:

Item	Amount (USD $M)
Letters of credit	$ 165
Loan commitments	642
Guarantees and indemnities	65

No issues have arisen during the current fiscal relating to these balances.

Results of Operations

In discussing results of operations, issuers should highlight the company's products and services, facilities and future direction. There should be a discussion of operating considerations and unusual events, which have influenced results for the reporting period. Additionally, any trends or uncertainties that might materially affect operating results in the future should be discussed.

Provide a narrative explanation of the following (but not limited to):

i) Any unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from continuing operations and, in each case, the extent to which income was so affected.

ii) Significant components of revenues or expenses that should, in the company's judgment, be described in order to understand the issuer's results of operations.

iii) Known trends or uncertainties that have had or that the issuer reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

iv) Known events that will cause a material change in the relationship between costs and revenues (such as price increases, costs of labour or materials), and changes in relationships should be disclosed.

v) The extent to which material increases in net sales or revenues are attributable to increases in prices or to increases in the volume or amount of goods or services being sold or to the introduction of new products or services.

vi) Matters that will have an impact on future operations and have not had an impact in the past.

vii) Matters that have had an impact on reported operations and are not expected to have an impact upon future operations

viii) Off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships that have or are reasonably likely to have a current or future effect on the registrant's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

ix) Performance goals, systems and, controls,

Overview of Results of Operations

CEO Review

For the fiscal year ended October 31, 2016, the Bank reported net income of $143.3 million, up $45.4 million or 46%, a significant improvement in performance when compared with prior year's net income of $97.9 million. Lower loan loss impairment expense contributed significantly to this result, as the Bank benefited from increased loan recoveries and an improved loss experience. Growth in our core revenue was also a highlight for the year.

Despite the slow pace of economic recovery and uneven investment activity across the Caribbean, productive loans grew 5% over last year, while non-performing loans declined by 28%, together reflecting the Bank's priority to grow its business with a sound risk management focus. Both Retail and Wholesale Banking segments produced strong productive loan growth of 4% and 6% respectively as origination activity outpaced the prior year.

Revenue of $533.8 million was up $11.4 million or 2% against prior year's revenue. Interest margin pressure still persists in a low LIBOR rate environment with the pace of uplift slower than expected. Demand for credit is better than last year, but is generally expected to follow the lagging economic conditions in most jurisdictions. Operating expenses of $357.4 million were down $12.7 million or 3% compared with prior year's expenses of $370.1 million. Prior year's expenses were hurt by restructuring related costs which included the sale of the Belize operation. The Bank is committed to discretionary expense control and strives to maintain a balance between the investment in its network, products and people. However, the impact of higher business taxes imposed by various jurisdictions coupled with higher operating costs continues to hurt operating results.

Loan loss impairment expense was significantly lower by $24.2 million compared with the prior period's expense of $41.5 million. Additionally, non-productive loan balances reduced by $161.6 million to $418.4 million compared with the same period last year. Significant effort has been placed on strengthening credit quality within our total loan portfolio.
Overall, the 2016 financial results build on the recovery from last year. While the economic outlook for the Caribbean remains modest we are positive about the Bank's future and believe we are well positioned for sustainable growth and improved shareholder returns.

We announced a final dividend for the year of $0.025 per share, bringing the total dividend to $0.045 per share for the year, an increase of $0.010 over 2015. Our dividend level continues to reinforce our view that the future continues to be promising for our franchise. The dividends will be paid on January 27, 2017 to shareholders of record as at December 29, 2016.

The Bank's Tier 1 and Total Capital ratios remain strong at 18.9% and 20.6%, well in excess of applicable regulatory requirements.

In 2016, CIBC FirstCaribbean reaffirmed our five strategic priorities: Cultivating deeper relationships with our clients across our business; focusing on delivering value for our clients through understanding their needs; competing in businesses where we have the expertise to add differentiated value for our clients; pursuing growth in the region while maintaining sound risk management; and continuously investing in our people and infrastructure to enhance efficiency and effectiveness.

Consistent with these priorities, the Bank completed a number of strategic initiatives in 2016 to support acceleration of profitable growth. To deepen client relationships, customer relationship management systems were enhanced and credit approval processes streamlined to deliver an improved client experience. Customer feedback on the enhancements has been extremely encouraging.

Understanding clients' needs was central to the launch of our Mobile Banking smartphone app in June this year to complement internet banking and Automated Banking Machines (ABMs) in our suite of alternate channels. This expanded suite now allows clients to better customize their banking experience to fit their lifestyle. We will leverage ongoing client focused research for continuous improvement.

2016 also saw the launch of our new co-branded insurance offering with a leading regional insurer. The arrangement provides a differentiated level of service and insurance products to our clients in 8 of our markets across the region. We can proudly say that we offer a distinctive property insurance experience.

In October we entered the retail banking market in Aruba with a new branch following the opening of a representative office last year. This step represents commitment to our growth plan in the Dutch-speaking Caribbean. To cater to growing demand from our Platinum, Business Banking and Retail clients, we also opened two ultra-modern finance centres – at Rendezvous, Barbados and Cole Bay, St. Maarten.
To support growth of our client base, the Bank continued to expand its (ABM) network with new ABM installations in The Bahamas, British Virgin Islands, the Cayman Islands and upgraded older machines to meet enhanced security standards.

Since arriving in the Caribbean in January 2016, I have travelled the region extensively meeting clients and staff. We have highly dedicated staff with a passion for serving customers. However, we still have work to do to enhance our service. That's why the Bank invested significantly in customer service and sales training for front line staff and coaching and leadership training for managers.

In 2016 we again contributed just over $1 million for the improvement of the communities in which we operate. We continued to support a number of charitable causes in our various communities – chief among them, our flagship event the annual Walk For the Cure. This regional cancer fund-raiser attracted over twenty thousand participants across the Caribbean this year and raised just over $500,000 for public awareness and the care and support of those living with the disease.

This year also saw scores of our staff members supporting causes that are dear to them in their communities as part of our Adopt-A-Cause Programme. More than twenty projects were undertaken by our branches and offices including assisting young sportsmen in Barbados with equipment and training, supporting a special needs hospital at Holberton in Antigua, and providing assistance to a children's home in the Jamaica.

We are into the third year of our Memorandum of Understanding with the Hospital for Sick Children in Toronto, whose Caribbean Initiative established by its SickKids Foundation aims to improve the care and diagnosis of children in the Caribbean affected by cancer and blood diseases. As Nursing Training partner, CIBC FirstCaribbean provided funding for the first cohort of Caribbean nurses – drawn from The Bahamas, Jamaica, St. Lucia and St. Vincent and the Grenadines – to begin a specialised one-year Nursing Training Programme at the University of the West Indies School of Nursing in El Dorado, Trinidad and Tobago. Our commitment to the SickKids Caribbean Initiative is to provide $1 million commitment over a seven-year period.

I would like to thank our shareholders, clients and employees for their continued support in building this great franchise here in the Caribbean.

11. Changes in and Disagreements with Auditors on Accounting and Financial Disclosure.

Describe any changes in auditors or disagreements with auditors, if any, on financial disclosure.

Not applicable

12. Directors and Executive Officers of the Reporting Issuer. (*Complete Biographical Data Form attached in Appendix 1 and Appendix 1(a) for each director and executive officer)*

Furnish biographical information on directors and executive officers indicating the nature of their expertise.

13. Other Information.

The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRC – MC report provided that the material change occurred within seven days of the due date of the Form ECSRC – K report. If disclosure of such information is made under this item, it need not be repeated in a Form ECSRC – MC report which would otherwise be required to be filed with respect to such information.

No applicable

14. List of Exhibits

List all exhibits, financial statements, and all other documents filed with this report.

2015 Annual Report 2016 Annual Report Listing of owned properties

CIBC FirstCaribbean International Bank

CIBC FIRSTCARIBBEAN INTERNATIONAL BANK - PROPERTY PORTFOLIO

Branch Name	Country	Official Address/Location	Tenure
The Valley	Anguilla	PO Box 140, The Valley	Owned
High & Market Street	Antigua	High & Market Street, St. John's	Owned
Marsh Harbour	Bahamas	PO Box AB 20401, Marsh Harbour,	Owned
Pioneers Way	Bahamas	P O Box F-42404, Pioneers Way, Freeport, Grand Bahama Island	Owned
Shirley Street	Bahamas	FirstCaribbean Financial Centre, P O Box N-8350, Nassau, New Providence Island	Owned
Speightstown	Barbados	Speightstown, St. Peter	Owned
Broad Street	Barbados	Broad St, Bridgetown, St. Michael	Owned
Wildey Sports Club	Barbados	Wildey, St. Michael	Owned
Michael Mansoor Building Head Office	Barbados	Michael Mansoor Building, Regional Head Office, Warrens, St.Michael	Owned
Rockley Apartment	Barbados		Owned
Lot 47 Warrens	Barbados	Lot #47, Warrens, St. Michael	Owned
Warrens Business Centre	Barbados	25-26 Warrens Industrial Park, Warrens, St. Michael	Owned
Road Town	BVI	P O Box 70, Road Town, Tortola	Owned
Main Street	Cayman	25 Main Street, P O Box 68, Grand Cayman KY1-1102, Cayman Islands	Owned
Old Street	Dominica	P O Box 4, Old Street, Roseau, Dominica	Owned
Church Street	Grenada	Church Street, St. George's, Grenada	Owned
HalfWayTree Rd.	Jamaica	78 Half Way Tree Road, Kingston 10, Jamaica	Owned
Mandeville	Jamaica	Park Cresent, Mandeville, Jamaica	Owned
Port Antonio	Jamaica	4 West Street, Port Antonio, Jamaica	Owned
Montego Bay	Jamaica	59 St. James Street, Montego Bay	Owned
HWT Rd. O&T	Jamaica	78 HalfWayTree Rd., Kingston 10	Owned
Basseterre	St. Kitts	P O Box 42, Bank Street, Basseterre, St. Kitts	Owned
Soufriere	St. Lucia	Bridge Street, Soufriere, St. Lucia	Owned
Bridge Street	St. Lucia	P O Box 335, 336, 350 Bridge Street, Castries, St. Lucia	Owned
Halifax Street	St. Vincent	Halifax Street, Kingstown, St. Vincent	Owned
Grand Turk	TCI	P O Box258, Cockburn Town, TCI	Owned
Leeward Highway - T&C	TCI	1271 Leeward Highway, Providenciales, TCI	Owned

BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: CHRISTINA KRAMER

Position: NON-INDEPENDENT DIRECTOR

Age: 50

Mailing Address: CANADIAN IMPERIAL BANK OF COMMERCE
199 BAY STREET, CCW- 5TH FLOOR TORONTO,
ONTARIO, M5L 1A2 CANADA

Telephone No.:

List jobs held during past five years (include names of employers and dates of employment).

2007 - Present - Executive Vice President, Distribution Services, Retail Markets - CIBC

2005 - 2007 Senior Vice President, E-Channels and Distributions Services, Retail Markets

Give brief description of **current** responsibilities

Responsible for all of CIBC's client facing retail banking services across Canada. This includes leading over 21,000 sales and service employees across CIBC's broad distribution network - branches, ATMs, mobile sales force, telephone contact centres, mobile and online banking and the President's Choice Financial line of business.

Education (degrees or other academic qualifications, schools attended, and dates):

1990 - Bachelor of Commerce, Ryerson University, Toronto, Ontario, Canada

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: BRIAN MCDONOUGH

Position: NON-INDEPENDENT DIRECTOR

Age: 61

Mailing Address: CANADIAN IMPERIAL BANK OF COMMERCE
199 BAY STREET, CCW- 5TH FLOOR TORONTO,
ONTARIO, M5L 1A2 CANADA

Telephone No.:

List jobs held during past five years (include names of employers and dates of employment).

August 2008 - Present – Executive Vice-President, Canadian Imperial Bank of Commerce
-Credit Risk Management

December 2005 – August 2008 – Senior Vice President,
-Credit Risk Management

July 1993 – December 2005 – Executive Vice President & Senior Vice President
Special Loans Risk Management
-Head of high Risk Loan Management Group

Give brief description of **current** responsibilities

Lead's CIBC's Corporate and Business Banking Adjudication globally for CIBC and is responsibiel for assessment, adjudication, monitoring and overall governance oversight of Corporate and Business credit risk.

Education (degrees or other academic qualifications, schools attended, and dates):

1983- Master of Business Administration – University of Toronto, Major: Finance/Accounting

1981 – Master of Science (Biochemistry) - University of Alberta

1978 – Bachelor of Science (Honours Biochemistry) – McGill University

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: DAVID ARNOLD

Position: NON-INDEPENDENT DIRECTOR

Age: 47

Mailing Address: CANADIAN IMPERIAL BANK OF COMMERCE
199 BAY STREET, CCW- 5TH FLOOR TORONTO,
ONTARIO, M5L 1A2 CANADA

Telephone No.:

List jobs held during past five years (include names of employers and dates of employment).

CANADIAN IMPERIAL BANK OF COMMERCE

2014 - Present - Executive Vice President & Global Controller, Finance Shared Services and CFO Treasury

2011 - 2013 - Executive Vice President & Global Controller - Finance Shared Services

2008 - 2011 - Executive Vice President - Finance Business Support

2003 - 2008 - Senior Vice President - Planing, Analysis, Investor Relations and Global Sourcing & Payment Processing

2001 - 2003 - Vice President & CFO - Technology, Operations & Infrastructure

Give brief description of **current** responsibilities

Leads CIBC's Finance Share Services group, and is the Global Controller for CIBC. David's team is responsible for accounting and reporting of the CIBC Group of Companies and wholly owned subsidiaries across the globe.

Education (degrees or other academic qualifications, schools attended, and dates):

1991 - Bachelor of Commerce - Finance and Information Technology
University of Cape Town
Information Systems Software Development award for Excellence

1992 - Bachelor of Commerce Honours - Finance
University fo Cape Town

1992 - Post Graduate Diploma in Accounting
Universit of Cape Town

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: DAVID RITCH

Position: INDEPENDENT DIRECTOR

Age: 66

Mailing Address: 177 VIENNA CIRCLE
SOUTH SOUND
GRAND CAYMAN

Telephone No.:

List jobs held during past five years (include names of employers and dates of employment).

December 1983 – Present – Attorney-at-Law – Ritch & Conolly, Grand Cayman

January 1977 – November 1979 – Former Clerk of Courts, Crown Counsel and Senior Crown Counsel, Cayman Islands Government

Give brief description of **current** responsibilities

Mr. Ritch is a Senior partner in the law firm of Ritch & Conolly in the Cayman Islands

Education (degrees or other academic qualifications, schools attended, and dates):

1976 – LL.B. (Hons.) Knox and St. George's Colleges, Jamaica, University of the West Indies, admitted to the bar in England as Barrister-at-Law and Cayman Islands as Attorney-at-Law

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: GWENETH DIANE STEWART

Position: INDEPENDENT DIRECTOR

Age: 62

Mailing Address: MCKINNEY, BANCROFT & HUGHES
4 GEORGE STREET, MAREVA HOUSE, NASSAU
BAHAMAS

Telephone No.:

List jobs held during past five years (include names of employers and dates of employment).

1985 – Present – Partner, McKinney, Bancroft & Hughes – specializing in Commercial and Civil Litigation, Banking Liquidations, Insurance and Family Law

Give brief description of **current** responsibilities

Ms. Stewart is an experienced litigation Partner and a member of the firm's Executive Committee, whose areas of expertise include Commercial and Civil Litigation, Liquidations, Banking Trusts, Insurance and Family Law.

Education (degrees or other academic qualifications, schools attended, and dates):

1985 – Admitted to the Bar of the Commonwealth of the Bahamas

1979 - Dip Ed (University of the West Indies)

1972-1975 – Bachelor of Arts in History – York University

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: PAULA RAJKUMARSINGH

Position: INDEPENDENT DIRECTOR

Age: 52

Mailing Address: MASSY HOLDINGS LIMITED
5TH FLOOR, #63 PARK STREET
PORT OF SPAIN,TRINIDAD & TOBABO

Telephone No.:

List jobs held during past five years (include names of employers and dates of employment).

2005 – Present Group Financial Controller – Neal & Massy Holdings Ltd.

1991 – 2005 Group Financial Controller/Group Chief Account – Neal & Massy Holdings Ltd

Give brief description of **current** responsibilities

Ms. Rajkumarsingh is an Executive Director and Group Chief Financial Officer of Massy Holdings Limited formerly Neal & Massy Holdings Ltd. She is a Corporate Financial Executive with over 15 years of experience at a senior management level.

Education (degrees or other academic qualifications, schools attended, and dates):

Fellow Member of Association of Certified Accountants

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: BRIAN H. CLARKE

Position: NON-INDEPENDENT DIRECTOR

Age: 55

Mailing Address: FIRSTCARIBBEAN INTERNATIONAL BANK LIMITED
MICHAEL MANSOOR BUILDING, WARRENS
ST. MICHAEL, BARBADOS

Telephone No.:

List jobs held during past five years (include names of employers and dates of employment).

June 2012 – present General Counsel & Corporate Secretary, FirstCaribbean International Bank Limited

1986 – May 2012 Attorney-at-Law, Clarke, Gittens Farmer (Attorneys-at-Law)

Give brief description of **current** responsibilities

As General Counsel and Corporate Secretary of CIBC FirstCaribbean, Mr. Clarke directs and advises the board and senior management on legal, regulatory, governance and business issues.

Education (degrees or other academic qualifications, schools attended, and dates):

1984 – University of the West Indies LLB (Hons)

1986 - Norman Manley Law School, Legal Education Certificate

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: SIR ALLAN FIELDS

Position: INDEPENDENT DIRECTOR

Age: 75

Mailing Address: "MORNING MIST", STEPNEY RIDGE
ST. GEORGE
BARBADOS

Telephone No.:

List jobs held during past five years (include names of employers and dates of employment).

1999 – Chief Executive Officer – Barbados Shipping & Trading Company Limited

1988 – 1999 – Chief Executive Officer – Banks Holdings Limited

1978 – 1988 – Chief Executive Officer – Banks Tropical Battery Co. Limited

Give brief description of **current** responsibilities

Sir Allan is Executive Chair of Mark Anthony International SRL

Education (degrees or other academic qualifications, schools attended, and dates):

Mechanical Engineering – University of Strathclyde, Glasgow, Scotland

Mechanical Engineering – Stowe College of Engineering, Glasgow, Scotland

Secondary Education – Harrison College, Barbados

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: GARY WAYNE BROWN

Position: NON-INDEPENDENT DIRECTOR

Mailing Address: FIRSTCARIBBEAN INTERNATIONAL BANK LIMITED
MICHAEL MANSOOR BUILDING, WARRENS
ST. MICHAEL, BARBADOS

Telephone No.: 246-367-2528

List jobs held during past five years (include names of employers and dates of employment).

2016 - Present - Chief Executive Officer, FirstCaribbean International Bank - Head
2013 - 2015 - Global Head of Corporate Banking, Wholesale Bank of CIBC
2008 - 2013 - Head of Risk Wholesale Banking, Wholesale Bank of CIBC

Give brief description of **current** responsibilities

Chief Executive Officer for the FirstCaribbean Group of Companies.

Education (degrees or other academic qualifications, schools attended, and dates):

1976 - Bachelor of Science Degree in Business Administration; Minor in Accounting - Oral Roberts University, Tulsa, Oklahoma

Executive Education Programs
- May 1989 - Salzburg Institute, Salzburg, Austria
- June 1993 - Harvard University Graduate School of Business, Boston MA

Financial Industry Regulatory Authority (FINRA)
- February 1995 - Principal (Series 24)
- February 1995 - Registered Representative (Series 7)
- March 2002 - Uniform State Law (Series 63)

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: DOUGLAS FRIDRIK PARKHILL

Position: NON-INDEPENDENT DIRECTOR

Age: 61

Mailing Address: 179 ROXBOROUGH DRIVE,
TORONTO, ONTARIO
M4W 1X7 CANADA

Telephone No.:

List jobs held during past five years (include names of employers and dates of employment).

2011 Sept – Present – Chief Executive Officer, FirstCaribbean International Bank Limited Head

2008 – Sept 2011 – Managing Director, Head of Cash Equities – CIBC World Markets Inc.

2008 Interim Co-Chief Executive Officer TSX Group, Toronto, Ontario

2005 – 2007 – Executive VP, TSX Group, President, TSX Markets

Give brief description of **current** responsibilities

Advisory Services.

Education (degrees or other academic qualifications, schools attended, and dates):

1978 – BA (Honours) Political Science, Queen's University, Kingston, ON

1979 – Canadian Securities Course and Registered Representative Exam

1989 – Directors and Officers Exam

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: GARY WAYNE BROWN

Position: CHIEF EXECUTIVE OFFICER

Age: 63

Mailing Address: FIRSTCARIBBEAN INTERNATIONAL BANK LIMITED
MICHAEL MANSOOR BUILDING, WARRENS
ST. MICHAEL, BARBADOS

Telephone No.: 246-367-2528

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

2016 - Present - Chief Executive Officer, FirstCaribbean International Bank - Head
2013 - 2015 - Global Head of Corporate Banking, Wholesale Bank of CIBC - responsible for managing Corporate Banking within the Wholesale Bank of CIBC
2008 - 2013 - Head of Risk Wholesale Banking, Wholesale Bank of CIBC, responsible for dealing with various risk issues within the business.

Education (degrees or other academic qualifications, schools attended, and dates):

1976 - Bachelor of Science Degree in Business Administration; Minor in Accounting - Oral Roberts University, Tulsa, Oklahoma
Executive Education Programs
- May 1989 - Salzburg Institute, Salzburg, Austria
- June 1993 - Harvard University Graduate School of Business, Boston MA
Financial Industry Regulatory Authority (FINRA)
- February 1995 - Principal (Series 24)
- February 1995 - Registered Representative (Series 7)
- March 2002 - Uniform State Law (Series

Also a Director of the company ☑ Yes ☐ No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: COLETTE DELANEY

Position: CHIEF RISK & ADMINISTRATIVI

Age: 55

Mailing Address: FIRSTCARIBBEAN INTERNATIONAL BANK LIMITED
MICHAEL MANSOOR BUILDING, WARRENS
ST. MICHAEL, BARBADOS

Telephone No.: 246-367-2530

List jobs held during past five years (including names of employers and dates of employment). Give brief description of **current** responsibilities.

2013 - Present – Chief Risk and Administrative Officer, CIBC FirstCaribbean International Bank Limited Barbados

2011 – 2013 – Executive Vice President, Mortgage Lending, Insurance and Deposit Products, CIBC Retail and Business Banking, Toronto

2009 – 2011 – Senior Vice President, Mortgages Lending and Insurance , CIBC Retail and Business Banking, Toronto

2001 - 2009 – Senior Vice President, GICs Deposits & Payments, CIBC Retail and Business Banking, Toronto

2000 -2001 – Vice President, Commercial Banking, CIBC World Markets, Toronto

Education (degrees or other academic qualifications, schools attended, and dates):

1980 – 1984- Master of Arts, Modern Languages,St. Anne's College, University of Oxford, Oxford, UK

1989 – Award received for 12th place overall on a national basis, Chartered Institute of Bankers London, UK

1993 – 1995 – Master of Business Administration (Graduated with distinction top of year and Thesis awarded distinction mark), Cass Business School, City University, London, UK

Also a Director of the company ☐ Yes ☑ No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: MARIE RODLAND-ALLEN

Position: MANAGING DIR. - BAHAMAS

Age: 42

Mailing Address: FIRSTCARIBBEAN INTERNATIONAL BANK(BAHAMAS) LIMITED
2ND FLOOR SHIRLEY STREET
NASSAU, BAHAMAS

Telephone No.: 242-302-6042

List jobs held during past five years (including names of employers and dates of employment). Give brief description of **current** responsibilities.

September 2010 – Present: Managing Director - FirstCaribbean International Bank (Bahamas) Limited

May 2005 – July 2010: Global Head of Special Investments / Senior Vice President - Citi, Inc)

Education (degrees or other academic qualifications, schools attended, and dates):

2007 – Canadian Securities Course

1998; Dual M.B.A. degrees from Cornell University, The Johnson School of Management and Queen's University,
B.Sc., Finance and International Business from New York University, Leonard N. Stern School of Business
2009 - Queen's School of Business
Member of The Society of Trust and Estate Practioners (STEP).

Also a Director of the company ☐ Yes ☑ No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: NIGEL HOLNESS

Position: MANAGING DIR. - JAMAICA

Age: 49

Mailing Address: FIRSTCARIBBEAN INTERNATIONAL BANK(JAMAICA) LIMITED
22-27 KNUTSFORD BOULEVARD
KINGSTON 5, JAMAICA

Telephone No.: 876-935-4912

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

2010 – Present – Managing Director Jamaica

2007 – 2010 – FirstCaribbean International Bank (Jamaica) Limited - Country Treasurer:- Responsibility for the Balance Management, Liquidity, Product Sales, Marketing and Governance

2007-1999 – FirstCaribbean International Bank Limited – Senior Dealer – Managed soft currency, liquidity for the entire region, provided senior management reports on market activities (forecast)

Education (degrees or other academic qualifications, schools attended, and dates):

1993 – Diploma, Management Studies – Jamaica Institute of Management (accreditation from the U.W.I.) and sundry Banking, Treasury and Financial Instruments

Also a Director of the company ☐ Yes ☑ No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: MARK MCINTYRE

Position: MANAGING DIR. - CAYMAN ISL

Age: 51

Mailing Address: FIRSTCARIBBEAN INTERNATIONAL BANK(CAYMAN) LIMITED
25 MAIN STREET
GEORGE TOWN, CAYMAN ISLANDS

Telephone No.: 345-815-2404

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

2012 – present FirstCaribbean International Bank (Cayman) Limited - Managing Director, Cayman Islands, BVI and Platinum Banking

2007 - 2011 - HSBC Bank (Cayman) Limited, Head of Business Development – Caribbean Markets, Head of Corporate Banking

2002 – 2007 - FirstCaribbean International Bank, Wealth Management Director & Corporate Secretary (Cayman)

Education (degrees or other academic qualifications, schools attended, and dates):

2005 - The Wharton School, University of Pennsylvania, Philadelphia
Certificate of Professional Development

1995- University of Strathclyde Graduate School of Business, Glasgow, Scotland
Master of Business Administration (MBA)

1988 -McMaster University, Hamilton, Ontario, Canada
Bachelor of Arts (BA)

Also a Director of the company ☐ Yes ☑ No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: DEBBIE KELLETT

Position: EXECUTIVE CONSULTANT

Age: 62

Mailing Address: FIRSTCARIBBEAN INTERNATIONAL BANK LIMITED
MICHAEL MANSOOR BUILDING, WARRENS
ST. MICHAEL, BARBADOS

Telephone No.: 345-914-9424

List jobs held during past five years (including names of employers and dates of employment). Give brief description of **current** responsibilities.

FCIB – Executive Consultant Special Initiatives
•Program and Project Management on Strategic Initiatives

CIBC – Senior Director Special Projects/International Mobility and Executive Services
•Management of CIBC Global Mobility policies, practices and assignments
•Management of Executive compensation, employment activities
•Program and Project Management on Strategic Initiatives

Education (degrees or other academic qualifications, schools attended, and dates):

Masters Certificate in Project Management – York University/Schulich 2004/2005
Certificate in Alternate Dispute Resolution (ADR) 2005
PMP accredited – Project Management International Association (PMI) 2005
Certificate in Industrial Relations – Queens University 1993

Also a Director of the company ☐ Yes ☑ No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: BRIAN CLARKE Position: GENERAL COUNSEL

Age: 55

Mailing Address: FIRSTCARIBBEAN INTERNATIONAL BANK LIMITED

MICHAEL MANSOOR BUILDING, WARRENS

ST. MICHAEL, BARBADOS

Telephone No.: 246-367-2537

List jobs held during past five years (including names of employers and dates of employment). Give brief description of **current** responsibilities.

June 2012 – present General Counsel & Corporate Secretary, FirstCaribbean International Bank Limited

1986 – May 2012 Attorney-at-Law, Clarke, Gittens Farmer (Attorneys-at-Law)

Education (degrees or other academic qualifications, schools attended, and dates):

1984 – University of the West Indies LLB (Hons)

1986 - Norman Manley Law School, Legal Education Certificate

Also a Director of the company ☑ Yes ☐ No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: MARK ST. HILL

Position: MNG. DIR. RETAIL, BUSINESS &

Age: 47

Mailing Address: FIRSTCARIBBEAN INTERNATIONAL BANK LIMITED
MICHAEL MANSOOR BUILDING, WARRENS
ST. MICHAEL, BARBADOS

Telephone No.: 246-367-2525

List jobs held during past five years (including names of employers and dates of employment). Give brief description of **current** responsibilities.

February 2014 – Managing Director, Retail Business & International Banking, CIBC FirstCaribbean International Bank

June 2013- January 2014 Managing Director, Retail & Business Banking, CIBC FirstCaribbean International Bank

January 2012 – September 2012 – Director International Banking, FirstCaribbean International Bank

May 2011 to January 2012 – Director – Corporate Banking Sales, FirstCaribbean International Bank

June 2004 to January 2012 – Managing Director – FirstCaribbean International Wealth Management Bank (Barbados) Limited

Education (degrees or other academic qualifications, schools attended, and dates):

2007 – Wharton Business School – Executive Leadership Training

1998 – The Institute of Chartered Secretaries & Administrators (A.C.I.S)

1981 – 1989 Combermere School Advance Level and Ordinary Level Certificates

Also a Director of the company ☐ Yes ☑ No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: JUDE PINTO

Position: MANAGING DIR., TECHNOLOGY

Age: 50

Mailing Address: FIRSTCARIBBEAN INTERNATIONAL BANK LIMITED

MICHAEL MANSOOR BUILDING, WARRENS

ST. MICHAEL, BARBADOS

Telephone No.: 246-367-2511

List jobs held during past five years (including names of employers and dates of employment). Give brief description of **current** responsibilities.

2013 - Present – Chief Information Officer and Managing Director, Technology, Operations & Corporate Services, FirstCaribbean International Bank Limited

Canadian Imperial bank of Commerce (1995 – 2013)

2005 – 2013 – Senior Vice President Retail Operations, Global Operations, Canadian Imperial Bank of Commerce

2004 – 2005 – – Vice President Business Transformation, Retail Operations, Canadian Imperial Bank of Commerce

2003 - 2004 – Vice President Integrated Business Support Services, Retail Markets, Canadian Imperial Bank of Commerce

2002 – 2003 – Vice President Integration Business Control Services, Retail Markets,

Education (degrees or other academic qualifications, schools attended, and dates):

1989 – Honours Bachelor of Business Administration, Wilfrid Laurier University

1992 – Certified Management Accountant, Society of Management Accountants of Canada

2002- Master of Business Administration, Rotman School of Business, University of Toronto

Certified Associate of Indian Institute of Bankers (Indian Institute of Bankers) – Mumbai, India

Also a Director of the company ☐ Yes ☑ No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: DONNA WELLINGTON

Position: MNG. DIRECTOR BARBADOS OI

Age: 46

Mailing Address: FIRSTCARIBBEAN INTERNATIONAL BANK LIMITED
MICHAEL MANSOOR BUILDING, WARRENS
ST. MICHAEL, BARBADOS

Telephone No.: 246-467-8715

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

June 2013 – Present – Managing Director Barbados Operating Company, FirstCaribbean International Bank

June 2012 – May 2013 – Head – Corporate Credit Recoveries (Regional) Based in The Bahamas, FirstCaribbean International Bank

June 2011 – May2012 – Sector Specialist Hospitality & Senior Coverage – Bahamas (Regional), FirstCaribbean International Bank

2009 -2011 – Relationship Manager & Sector Specialist – Hospitality and Real Estate (Inv. Banking), FirstCaribbean International Bank

2007 – 2009 – Manager, Corporate Finance (Hospitality/Real Estate/Financial Institutions) (Regional)

Education (degrees or other academic qualifications, schools attended, and dates):

1987 – 1989 – Advanced Level Accounting, Barbados Community College

1991 – 1995 – Bsc. Accounting (Hons.), University of the West Indies

1999 –Certificate in Mutual Funds – Barbados Community College

2000 – 2005 – Qualified Account, Certified General Accountants Association of Canada(CGA)

Also a Director of the company ☐ Yes ☑ No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: BRIAN LEE

Position: CHIEF FINANCIAL OFFICER

Age: 43

Mailing Address: FIRSTCARIBBEAN INTERNATIONAL BANK LIMITED
MICHAEL MANSOOR BUILDING, WARRENS
ST. MICHAEL, BARBADOS

Telephone No.: 246-367-2535

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

2012 – Present – Chief Financial Officer, FirstCaribbean International Bank

2001 – Nov. 2012 – CIBC Senior Vice President & Chief Financial Officer, Corporate Finance; Finance support for all infrastructure groups, also responsible for overall

Financial Planning and Analysis

Education (degrees or other academic qualifications, schools attended, and dates):

1997 University of Waterloo – B.Sc. Accounting

1997 University of Waterloo – Master of Accounting

1999 – Institute of Chartered Accountants of Ontario

Also a Director of the company ☐ Yes ☑ No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: NEIL BRENNAN

Position: MANAGING DIRECTOR, HUMAN

Age: 48

Mailing Address: FIRSTCARIBBEAN INTERNATIONAL BANK LIMITED
MICHAEL MANSOOR BUILDING, WARRENS
ST. MICHAEL, BARBADOS

Telephone No.: (246)367-2524

List jobs held during past five years (including names of employers and dates of employment). Give brief description of **current** responsibilities.

2012 - Present - Director, Financial Integration & Operations, Human Resources, CIBC FirstCaribbean International Bank Limited responsible for all of the Bank's compensation and benefits programmes, management of the Bank's pension plans and for delivering HR operational support across the Carribbean.

2009 - 2012 - Global Vice President, Human Resources, AET
Led the development and execution of the strategic HR plan for the organisation across all business lines globally (US, Europe, Middle East & Asia), aligned to group vision and to support the delivery of corporate objectives.

2004 - 2009 - Director, Compensation, Benefits & HR Operations, FirstCaribbean International Bank
Following the merger of two very different banks, as a member of the HR leadership team, developed and executed HR strategy for the newly formed bank, covering reward, talent management, employee engagement and operations in a heavily unionised environment.

Education (degrees or other academic qualifications, schools attended, and dates):

Professional Qualifications:
1996 - Fellow of the Faculty of Actuaries
1997 - Associate of the Pensions Management Institute

University:
1985 - 1989 - Heriot-Watt University, Edinburgh
BEng in Electrical and Electronic Engineering, 2:1
Education:
1980 - 1985 - Leith Academy Secondary School, Edinburgh

Also a Director of the company ☐ Yes ☑ No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: TREVOR TORZSAS

Position: MANAGING DIRECTOR CUSTOI

Age: 48

Mailing Address: FIRSTCARIBBEAN INTERNATIONAL BANK LIMITED
SHIRLEY STREET
NASSAU, BAHAMAS

Telephone No.: 242-302-6016

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

FirstCaribbean International Bank , 2012 – Present – Managing Director Customer Relationship Management & Strategy

CIBC (Toronto, Canada), 2008-2012 – Head of Global Relationship Management (Cash Equities) – interface with institutional clients to drive a client-focused coverage strategy.

Desjardins Securities, 2004-2008 – 2 years as Head of Equity Sales and 2 years as Head of Business Development

Education (degrees or other academic qualifications, schools attended, and dates):

Partners, Directors & Senior Officers Course, Canadian Securities Institute – Up to Date

Canadian Securities Course, Canadian Securities Institute – Update to Date

Conduct & Practices Handbook Course, Canadian Securities Institute – Up to date

Masters of Science, University of Toronto – 1995

Bachelor of Science, Honors, University of Toronto – 1993

Also a Director of the company ☐ Yes ☑ No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: WILLEM VAN DER BURG

Position: MANAGING DIRECTOR WHOLE!

Age: 50

Mailing Address: FIRSTCARIBBEAN INTERNATIONAL BANK LIMITED

MICHAEL MANSOOR BUILDING, WARRENS

ST. MICHAEL, BARBADOS

Telephone No.: 011-5999-433-8342

List jobs held during past five years (including names of employers and dates of employment). Give brief description of **current** responsibilities.

2008 – Present Managing Director Dutch Caribbean/FCIB

2006 - 2008 Country Manager Curacao/Head Wealth Management / FCIB

Education (degrees or other academic qualifications, schools attended, and dates):

Partners, Directors & Senior Officers Course, Canadian Securities Institute – Up to Date

1985 – 1990 Erasmus University Rotterdam School of Law, Master of Laws (LLM)

2005 INSEAD, Strategic Management in Banking

2007 - 2008 University of Pennsylvania-Wharton School, Executive Program

Also a Director of the company ☐ Yes ☑ No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use additional sheets if necessary.

BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: DANIEL R. WRIGHT

Position: MANAGING DIRECTOR, PRIVAT

Age: 54

Mailing Address: CIBC BANK AND TRUST COMPANY (CAYMAN) LIMITED
CIBC FINANCIAL CENTRE, P.O. BOX 694
GRAND CAYMAN KY1-1107, CAYMAN ISLANDS

Telephone No.: (345)-914-9401

List jobs held during past five years (including names of employers and dates of employment).
Give brief description of **current** responsibilities.

2013 – Present – CIBC FirstCaribbean International Bank, Barbados
Managing Director , Private Wealth Management

•Defined, planned and executed the strategy to build and grow the private wealth management business across the region for multiple jurisdictions for FirstCaribbean

2006 – 2012 – Scotiabank, Toronto, Canada

Senior Vice Pesident & Head, International Wealth Management and Chairman, Bank of Nova Scotia Trust Co. (Bahamas) Ltd.

•Defined, planned and executed the strategy to build and grow the wealth management group of businesses internationally to a #100MM (NIAT) business

Education (degrees or other academic qualifications, schools attended, and dates):

1999 -The Wharton School, University of Pennsylvania
•Securities Industry Association Institute

1990 -Canadian Securities Institute
•Fellow of the Canadian Securities Institute

1986 - Wilfrid Laurier University, Waterloo, Ontario
•Bachelor of Business Administration

Also a Director of the company ☐ Yes ☑ No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use additional sheets if necessary.

Ernst & Young
P.O. Box 261
Bridgetown, BB11000
Barbados, W.I.

Street Address
One Welches
Welches
St. Thomas, BB22025
Barbados, W.I.

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246 430 3879
246 430 1352
www.ey.com

Building a better working world

INDEPENDENT AUDITORS' REPORT

To the Shareholders of FirstCaribbean International Bank Limited

We have audited the accompanying consolidated financial statements of FirstCaribbean International Bank Limited which comprise the consolidated statement of financial position as at October 31, 2016 and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the FirstCaribbean International Bank Limited as at October 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst + Young

CHARTERED ACCOUNTANTS
Barbados
December 9, 2016

Consolidated Statement of Income

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

	Notes	2016	2015
Interest and similar income		**$ 431,574**	$ 435,810
Interest and similar expense		**61,721**	73,111
Net interest income	3	**369,853**	362,699
Operating income	4	**163,927**	159,674
		533,780	522,373
Operating expenses	5	**357,440**	370,111
Loan loss impairment	15	**17,305**	41,507
		374,745	411,618
Income before taxation		**159,035**	110,755
Income tax expense	6	**15,699**	12,823
Net income for the year		**$ 143,336**	$ 97,932
Net income for the year attributable to:			
Equity holders of the parent		**$ 140,005**	$ 94,703
Non-controlling interests		**3,331**	3,229
		$ 143,336	$ 97,932
Basic and diluted earnings per share attributable to the equity holders of the parent for the year (expressed in cents per share)	7	**8.9**	6.0

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

Consolidated Statement of Comprehensive Income

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

	Notes	2016	2015
Net income for the year		**$ 143,336**	$ 97,932
Other comprehensive loss (net of tax) to be reclassified to net income or loss in subsequent periods			
Net gains/(losses) on available-for-sale investment securities		**5,619**	(9,583)
Net exchange losses on translation of foreign operations		**(13,334)**	(7,849)
Net other comprehensive loss (net of tax) to be reclassified to net income or loss in subsequent periods	8,9	**(7,715)**	(17,432)
Other comprehensive income (net of tax) not to be reclassified to net income or loss in subsequent periods			
Re-measurement gains on retirement benefit plans	24	**21,149**	10,652
Net other comprehensive income (net of tax) not to be reclassified to net income or loss in subsequent periods		**21,149**	10,652
Other comprehensive income/(loss) for the year, net of tax		**13,434**	(6,780)
Comprehensive income for the year, net of tax		**$ 156,770**	$ 91,152
Comprehensive income for the year attributable to:			
Equity holders of the parent		**$ 152,895**	$ 87,055
Non-controlling interests		**3,875**	4,097
		$ 156,770	$ 91,152

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

Consolidated Statement of Financial Position

As at October 31,
(Expressed in thousands of United States dollars)

	Notes		2016		2015
Assets					
Cash and balances with Central Banks	10	$	**962,602**	$	902,602
Due from banks	11		**1,035,980**		789,179
Derivative financial instruments	12		**8,889**		7,936
Other assets	13		**58,912**		66,044
Taxation recoverable			**24,044**		26,084
Investment securities	14		**2,202,593**		2,331,012
Loans and advances to customers	15		**6,212,267**		6,005,021
Property and equipment	16		**153,922**		139,701
Deferred tax assets	17		**10,674**		14,183
Retirement benefit assets	18		**76,821**		39,913
Intangible assets	19		**218,961**		218,961
		$	**10,965,665**	$	10,540,636
Assets of disposal group classified as discontinued operations	31		**-**		148,717
Total assets		$	**10,965,665**	$	10,689,353
Liabilities					
Derivative financial instruments	12	$	**51,890**	$	58,964
Customer deposits	20		**9,155,510**		8,698,750
Other liabilities	21		**145,072**		159,106
Taxation payable			**8,879**		5,167
Deferred tax liabilities	17		**7,651**		6,741
Debt securities in issue	22		**198,297**		208,890
Retirement benefit obligations	18		**22,973**		37,518
		$	**9,590,272**	$	9,175,136
Liabilities of disposal group classified as discontinued operations	31		**-**		133,616
Total liabilities		$	**9,590,272**	$	9,308,752
Equity attributable to equity holders of the parent					
Issued capital	23	$	**1,193,149**	$	1,193,149
Reserves	24		**(243,062)**		(273,471)
Retained earnings			**397,159**		434,925
			1,347,246		1,354,603
Non-controlling interests			**28,147**		25,998
Total equity			**1,375,393**		1,380,601
Total liabilities and equity		$	**10,965,665**	$	10,689,353

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

Approved by the Board of Directors on December 9, 2016

Sir Allan Fields
Director

Gary Brown
Chief Executive Officer

Consolidated Statement of Changes in Equity

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

	Notes	Attributable to equity holders of the parent				
		Issued capital	Reserves	Retained earnings	Non-controlling interests	Total equity
Balance at October 31, 2014		$ 1,193,149	$ (275,904)	$ 397,009	$ 23,397	$ 1,337,651
Net income for the year		-	-	94,703	3,229	97,932
Other comprehensive loss for the year, net of tax		-	(7,648)	-	868	(6,780)
Total Comprehensive income		-	(7,648)	94,703	4,097	91,152
Transfer to reserves	24	-	10,081	(10,081)	-	-
Equity dividends	25	-	-	(46,706)	-	(46,706)
Dividends of subsidiaries		-	-	-	(1,496)	(1,496)
Balance at October 31, 2015		$ 1,193,149	$ (273,471)	$ 434,925	$ 25,998	$ 1,380,601
Net income for the year		-	-	140,005	3,331	143,336
Other comprehensive income for the year, net of tax		-	12,890	-	544	13,434
Total Comprehensive income		-	12,890	140,005	3,875	156,770
Transfer to reserves	24	-	17,506	(17,506)	-	-
Acquisition of additional interest in subsidiary		-	13	-	-	13
Equity dividends	25	-	-	(160,265)	-	(160,265)
Dividends of subsidiaries		-	-	-	(1,726)	(1,726)
Balance at October 31, 2016		**$ 1,193,149**	**$ (243,062)**	**$ 397,159**	**$ 28,147**	**$ 1,375,393**

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

Consolidated Statement of Cash Flows

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

	2016	2015
Cash flows from operating activities		
Income before taxation including discontinuing operations	$ 159,035	$ 110,755
Loan loss impairment	17,305	41,507
Depreciation of property and equipment	17,917	20,197
Net losses on disposals of property and equipment	1,394	2,858
Net gains on disposals and redemption of investment securities	(1,814)	(2,604)
Net hedging gains	(4,183)	(1,037)
Interest income earned on investment securities	(67,065)	(69,112)
Interest expense incurred on other borrowed funds and debt securities	7,575	4,846
Net cash flows from operating income before changes in operating assets and liabilities	130,164	107,410
Changes in operating assets and liabilities:		
- net (increase)/decrease in due from banks	(64,509)	30,316
- net (increase)/decrease in loans and advances to customers	(181,709)	58,514
- net (increase)/decrease in other assets	(10,666)	14,215
- net increase/(decrease) in customer deposits	323,144	(333,424)
- net (decrease)/increase in other liabilities	(31,529)	60,550
Income taxes paid	(4,597)	(7,628)
Net cash from/(used in) operating activities	160,298	(70,047)
Cash flows from investing activities		
Purchases of property and equipment	(32,777)	(33,313)
Proceeds from disposal of property and equipment	293	-
Purchases of investment securities	(1,867,567)	(1,676,133)
Proceeds from disposals and redemption of investment securities	2,005,646	1,633,684
Interest income received on investment securities	67,058	73,591
Acquisition of additional interest in subsidiary	13	-
Net cash from/(used in) investing activities	172,666	(2,171)
Cash flows from financing activities		
Net (repayments)/proceeds on other borrowed funds and debt securities	(10,419)	143,777
Interest expense paid on other borrowed funds and debt securities	(7,749)	(5,297)
Dividends paid to equity holders of the parent	(160,265)	(46,704)
Dividends paid to non-controlling interests	(1,726)	(1,496)
Net cash (used in)/from financing activities	(180,159)	90,280
Net increase in cash and cash equivalents for the year	152,805	18,062
Effect of exchange rate changes on cash and cash equivalents	(13,334)	(7,849)
Cash and cash equivalents, beginning of year	1,386,397	1,376,184
Cash and cash equivalents, end of year (note 10)	$ 1,525,868	$ 1,386,397

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

Note 1 General Information

FirstCaribbean International Bank Limited and its subsidiaries ("the Group") are registered under the relevant financial and corporate legislations of 17 countries in the Caribbean to carry on banking and other related activities. 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 Stock Exchange, with further listings in Trinidad and the Eastern Caribbean. These consolidated financial statements have been authorised for issue by the Board of Directors on December 9, 2016. 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 available-for-sale investment securities, financial assets and liabilities at fair value through profit or loss and derivative financial instruments, which have all been measured at fair value. The carrying value of recognised assets that are hedged items in fair value hedges, and otherwise carried at amortised cost, are adjusted to record changes in fair value attributable to the risks that are being hedged. The consolidated financial statements are presented in United States dollars, and all values are rounded to the nearest thousand except where otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional 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 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, 2016 (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 re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the 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.

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

Transactions with non-controlling interests

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

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

Transactions with jointly controlled entities

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

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

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

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

- Capital management Note 23
- Financial risk management and policies Note 33
- Sensitivity analyses disclosures Notes 18, 33

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 loans and advances

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

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

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

Retirement benefit obligations

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

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 pension 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 unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised. Management's judgement is required to determine the amount of the deferred tax asset that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Impairment of available-for-sale investments

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

Intangible assets

The Group's financial statements include goodwill 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:

New and amended standards and interpretations

There were no new standards and amendments which apply for the first time in 2016 that affect the annual consolidated financial statements of the Group.

2.4 Summary of significant accounting policies

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

Foreign currency translation

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

Transactions and balances

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

Group companies

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

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

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

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Derivative financial instruments and hedge accounting

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

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

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

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

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed at inception and on a monthly basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

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

• Fair value hedge

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

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

• Cash flow hedge

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

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

Interest income and expense

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

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

Fee and commission income

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

Customer loyalty programmes

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

Financial instruments

The Group recognises financial instruments on its consolidated balance sheet when it becomes a party to the contractual provisions of the instrument and classifies its financial assets into the following categories:

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

Management determines the classification of its investments at initial recognition.
Financial liabilities, other than derivatives and financial liabilities at fair value through the profit or loss, are measured at amortised cost. Derivatives and financial liabilities at fair value through the profit or loss are measured at fair value. Interest expense is recognised on an accrual basis using the effective interest method.

Financial assets and liabilities at fair value through profit or loss

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

Management may designate a financial asset or liability at fair value through profit or loss upon initial recognition when the following criteria are met, and designation is determined on an instrument by instrument basis:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; or
- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains one or more embedded derivatives which significantly modify the cash flows that otherwise would be required by the contract.

Loans and receivables

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

Available-for-sale financial assets

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

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

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

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

Unquoted equity instruments for which fair values cannot be measured reliably are recognised at cost less impairment. All gains and losses from disposals and/or changes in the fair value of financial assets and liabilities at fair value through profit or loss and derivatives held for trading are included in operating income as net trading gains or losses. All gains and losses from disposals of investment securities are included in operating income as net investment securities gains or losses. Where certain financial assets are hedged and there is ineffectiveness, this is included in operating income as net hedging gains or losses. Dividends are recorded on the accrual basis when declared and are included in investment securities interest and similar income.

During the normal course of business, financial assets carried at amortised cost may be restructured with the mutual agreement of the Group and the counterparty. When this occurs for reasons other than those which could be considered indicators of impairment (see 'Impairment of financial assets') the group assesses whether the restructured or renegotiated financial asset is significantly different from the original one by comparing the present value of the restructured cash flows discounted at the original instrument's interest rate. If the restructured terms are significantly different, the group derecognises the original financial asset and recognises a new one at fair value, with any difference recognised in the consolidated statement of income.

Offsetting financial instruments

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

Sale and repurchase agreements

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

Impairment of financial assets

Loans and receivables

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

- significant financial difficulty of the issuer or obligor;

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

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

In certain instances, the terms of advances to customers are restructured or renegotiated. These facilities are subject to the impairment review noted above, and where there is objective evidence of impairment, the amount of any impairment loss is measured as the difference between the carrying value of the facility and the present value of estimated future cash flows based on the renegotiated terms and conditions discounted at the original effective interest rate before restructuring.

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

AFS debt instruments

An AFS debt instrument is identified as impaired when there is objective observable evidence about our inability to collect the contractual principal or interest. When an AFS debt instrument is determined to be impaired, an impairment loss is recognized by reclassifying the cumulative unrealized losses in other comprehensive income to the consolidated statement of income. Impairment losses previously recognized in the consolidated statement of income are reversed in the consolidated statement of income if the fair value subsequently increases and the increase can be objectively determined to relate to an event occurring after the impairment loss was recognized.

AFS equity instruments

Objective evidence of impairment for an investment in an AFS equity instrument exists if there has been a significant or prolonged decline in the fair value of the investment below its cost, or if there is information about significant adverse changes in the technological, market, economic , or legal environment in which the issuer operates, or if the issuer is experiencing significant financial difficulty.

When an AFS equity instrument is determined to be impaired, an impairment loss is recognized by reclassifying the cumulative unrealized losses on other comprehensive income to the consolidated statement of income Impairment losses previously recognized in the consolidated statement of income cannot be subsequently reversed. Further decreases in fair value subsequent to the recognition of an impairment loss are recognized directly in the consolidated statement of income, and subsequent increases in fair value are recognized in other comprehensive income.

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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 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 statement of income during the financial period in which they are incurred.

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

The annual rates used are:

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

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

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

Financial guarantees

Financial guarantees are financial contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts issued by the Group that are not classified as insurance contracts are initially recognized as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantees, which is generally the premium received or receivable on the date the guarantee was given. Subsequently, financial guarantee liabilities are measured at the higher of the initial fair value, less cumulative amortization, and the present value of any expected payment when a payment under the guarantee has become probable. A financial guarantee that qualifies as a derivative is re-measured at fair value as at each reporting date and reported as Derivative instruments in assets or liabilities, as appropriate.

Cash and cash equivalents

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

Provisions

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

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.

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

Re-measurements, comprising where applicable of actuarial gains and losses, the effect of the asset ceiling, excluding net interest and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to 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 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 financial statements.

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

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

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

Borrowings

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

Share capital

Share issue costs

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

Dividends on common shares

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

Earnings per share

Basic 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 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 Senior Executive Team 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 available-for-sale investment securities at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 33. 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 financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

Comparatives

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

2.5 Future changes in accounting policies

Certain new standards, and amendments to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after November 1, 2015.

Of these, the following are relevant to the Group but have not been early adopted. Management is considering the implications of these new standards, the impact on the Group and the timing of their adoption.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group elected to early adopt the new standard effective November 1, 2018 in keeping with its parent CIBC who has elected to early adopt due to OSFI (Office of the Superintendent of Financial Institutions) regulations. During 2016, the Group performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. Overall, the Group expects no significant impact on its balance sheet and equity except for the effect of applying the impairment requirements of IFRS 9. The Group expects a higher loan loss allowance resulting in a negative impact on equity and will perform a detailed assessment in the future to determine the extent.

(a) Classification and measurement

The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value. Quoted equity shares currently held as available-for-sale with gains and losses recorded in OCI will be measured at fair value through profit or loss instead, which will increase volatility in recorded profit or loss. The AFS reserve currently in accumulated OCI will be reclassified to opening retained earnings. Debt securities are expected to be measured at fair value through OCI under IFRS 9 as the Group expects not only to hold the assets to collect contractual cash flows but also to sell a significant amount on a relatively frequent basis.

The equity shares in non-listed companies are intended to be held for the foreseeable future. The Group expects to apply the option to present fair value changes in OCI, and, therefore, believes the application of IFRS 9 would not have a significant impact. If the Group were not to apply that option, the shares would be held at fair value through profit or loss, which would increase the volatility of recorded profit or loss.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the Group expects that these will continue to be measured at amortised cost under IFRS 9. However, the Group will analyse the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortised cost measurement under IFRS 9.

(b) Impairment
IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Group expects a significant impact on its equity due to the unsecured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

(c) Hedge accounting
The Group believes that all existing hedge relationships that are currently designated in effective hedging relationships will still qualify for hedge accounting under IFRS 9. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, the Group does not expect a significant impact as a result of applying IFRS 9. The Group will assess possible changes related to the accounting for the time value of options, forward points or the currency basis spread in more detail in the future.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and OCI. The standard requires disclosure of the nature of and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Group is an existing IFRS preparer, this standard would not apply.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, when the IASB finalises their amendments to defer the effective date of IFRS 15 by one year. Early adoption is permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements but may impact certain entities in the Group.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. These amendments must be applied prospectively and are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

IFRS 16 Leases

This standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees: leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting is substantially unchanged from today's accounting under IAS 17. The Group is currently assessing the impact of IFRS 16 on its subsidiary FirstCaribbean International Bank (Trinidad and Tobago) Limited and plans to adopt the new standard on the required effective date.

IAS 7 Disclosure Initiative – Amendments to IAS 7

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This amendment is effective for annual periods beginning on or after January 1, 2017 and are are intended to provide information to help investors better understand changes in a company's debt. This amendment is not expected to have a significant impact on the Group.

IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12

Effective for annual periods beginning on or after January 1, 2017, this amendment clarifies the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value. An entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. The Group is currently assessing the impact of Amendments to IAS 12 and plans to adopt the new standard on the required effective date.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments must be applied retrospectively and are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

Annual Improvements 2012-2014 Cycle

These improvements are effective for annual periods beginning on or after January 1, 2016. They include:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment must be applied prospectively.

(Expressed in thousands of United States dollars)

IFRS 7 Financial Instruments: Disclosures

(i) Servicing contracts

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

IAS 19 Employee Benefits

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively.

IAS 34 Interim Financial Reporting

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. These amendments are not expected to have any impact on the Group.

Note 3 | Net interest income

	2016	2015
Interest and similar income		
Cash, balances with Central Banks and due from banks	$ 3,387	$ 2,174
Investment securities	67,065	69,141
Loans and advances to customers	361,122	364,495
	431,574	435,810
Interest and similar expense		
Customer deposits	42,346	53,042
Debt securities in issue	7,575	4,784
Other	11,800	15,285
	61,721	73,111
	$ 369,853	$ 362,699

For the year ended October 31, 2016
(Expressed in thousands of United States dollars)

Note 4 | Operating income

	2016	2015
Net fee and commission income	$ 106,988	$ 108,746
Foreign exchange commissions	44,003	41,203
Foreign exchange revaluation net gains	6,302	3,751
Net trading losses	(2,869)	(2,579)
Net investment securities gains (note 12)	1,814	2,604
Net hedging gains	4,183	1,037
Other operating income	3,506	4,912
	$ 163,927	$ 159,674

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

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

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

Analysis of net fee and commission income:

	2016	2015
Underwriting	$ 4,818	$ 3,822
Deposit services	42,807	43,795
Credit services	8,793	8,307
Card services	19,606	20,295
Fiduciary & investment management	27,266	28,347
Other	3,698	4,180
	$ 106,988	$ 108,746

Note 5 | Operating expenses

	2016	2015
Staff costs	$ 177,884	$ 193,072
Property and equipment expenses	43,430	42,581
Depreciation (note 16)	17,917	20,197
Other operating expenses	118,209	114,261
	$ 357,440	$ 370,111

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(Expressed in thousands of United States dollars)

Analysis of staff costs:

	2016	2015
Salaries	$ 140,785	$ 156,313
Pension costs - defined contribution plans (note 18)	4,922	4,563
Pension costs - defined benefit plans (note 18)	3,791	3,348
Post-retirement medical benefits charge (note 18)	2,953	3,491
Other share and cash-based benefits	1,094	1,050
Risk benefits	8,657	8,421
Other staff related costs	15,682	15,886
	$ 177,884	$ 193,072

Analysis of other operating expenses:

	2016	2015
Business taxes	$ 39,683	$ 38,161
Professional fees	16,765	19,626
Advertising and marketing	3,904	4,024
Business development and travel	3,871	3,363
Communications	9,412	9,869
Net losses on sale of property and equipment	293	17
Consumer related expenses	3,709	4,093
Non-credit losses	4,030	3,963
Outside services	9,837	6,569
Other	26,705	24,576
	$ 118,209	$ 114,261

Note 6 Income tax expense

	2016	2015
The components of income tax expense for the year are:		
Current tax charge	$ 13,559	$ 8,160
Deferred tax charge	2,140	4,663
	$ 15,699	$ 12,823

(Expressed in thousands of United States dollars)

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

	2016	2015
Income before taxation	$ 159,035	$ 110,755
Tax calculated at the statutory tax rate of 25%	39,759	27,689
Effect of different tax rates in other countries	(11,106)	(15,825)
Effect of income not subject to tax	(93,321)	(89,989)
Effect of income subject to tax at 12.5%	1,679	2,584
Under provision of prior year deferred tax liability	136	75
(Over)/under provision of current year corporation tax liability	(286)	208
Movement in deferred tax asset not recognised	20,650	27,858
Effect of expenses not deductible for tax purposes	58,188	60,223
	$ 15,699	$ 12,823

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

	2016	2015
Net income attributable to equity holders of the parent	$ 140,005	$ 94,703
Weighted average number of common shares (thousands)	1,577,095	1,577,095
Basic and diluted earnings per share (expressed in cents per share)	8.9	6.0

There are no potentially dilutive instruments

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Note 8 | Components of other comprehensive loss, net of tax

		2016		2015
Available-for-sale investment securities, net of tax:				
Net gains/(losses) arising during the year	$	7,433	$	(6,979)
Reclassification adjustments for gains included in the consolidated statement of income		(1,814)		(2,604)
		5,619		(9,583)
Attributable to:				
Equity holders of the parent		5,539		(9,546)
Non-controlling interests		80		(37)
		5,619		(9,583)
Net exchange losses on translation of foreign operations, net of tax				
Attributable to:				
Equity holders of the parent		(13,272)		(7,828)
Non-controlling interests		(62)		(21)
		(13,334)		(7,849)
Other comprehensive loss for the year, net of tax	$	(7,715)	$	(17,432)

Note 9 | Income tax effects relating to other comprehensive loss

		2016		2015
Available-for-sale investment securities, net of tax:				
Before	$	6,458	$	(13,253)
Tax (charge)/credit		(839)		3,670
After tax		5,619		(9,583)
Net exchange losses on translation of foreign operations, net of tax				
Before and after tax		(13,334)		(7,849)
Other comprehensive loss for the year, net of tax	$	(7,715)	$	(17,432)

(Expressed in thousands of United States dollars)

Note 10 Cash and balances with Central Banks

	2016	2015
Cash	$ 94,460	$ 85,329
Deposits with Central Banks - interest bearing	52,777	51,162
Deposits with Central Banks - non-interest bearing	815,365	766,111
Cash and balances with Central Banks	962,602	902,602
Less: Mandatory reserve deposits with Central Banks	(320,923)	(309,159)
Included in cash and cash equivalents as per below	$ 641,679	$ 593,443

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

	2016	2015
Cash and balances with Central Banks as per above	$ 641,679	$ 593,443
Due from banks (note 11)	884,189	691,137
	1,525,868	1,284,580
Cash and cash equivalents classified as discontinued operations (note 31)	-	101,817
	$ 1,525,868	$ 1,386,397

Note 11 Due from banks

	2016	2015
Included in cash and cash equivalents (note 10)	$ 884,189	$ 691,137
Greater than 90 days maturity from date of acquisition	151,791	98,042
	$ 1,035,980	$ 789,179

The average effective yield on these amounts during the year was 0.5% (2015 – 0.3%).

(Expressed in thousands of United States dollars)

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.

2016	Notional amount	Assets	Liabilities
Interest rate swaps	**$ 940,018**	**$ 7,716**	**$ 51,632**
Foreign exchange forwards	**25,000**	**909**	**-**
Interest rate options	**16,392**	**264**	**258**
	$ 981,410	**$ 8,889**	**$ 51,890**

2015	Notional amount	Assets	Liabilities
Interest rate swaps	$ 988,420	$ 7,343	$ 58,383
Foreign exchange forwards	43,540	292	291
Interest rate options	30,126	301	290
	$ 1,062,086	$ 7,936	$ 58,964

The Group has positions in the following types of derivatives:

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

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

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.

Cash collateral pledged with counterparties that have one-way collateral posting arrangements represent $20,993 (2015: $22,718)

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

During the year, the Group recognised gains on effective hedges of $4,183 (2015 - $1,037) due to losses on hedging instruments of $1,648 (2015 – $7,604), and gains on hedged items attributable to the hedged risk of $5,831 (2015 - $8,641). These gains are included within operating income as net hedging gains.

In 2016 and 2015, the Group recognised no 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.

(Expressed in thousands of United States dollars)

Note 13 Other assets

	2016	2015
Prepayments and deferred items	$ 10,016	$ 10,782
Other accounts receivable	48,896	55,262
	$ 58,912	$ 66,044

Note 14 Investment securities

	2016	2015
Available-for-sale		
Equity securities – unquoted	$ 823	$ 1,027
Government debt securities	1,237,470	1,575,150
Other debt securities	946,629	737,171
	2,184,922	2,313,348
Add: Interest receivable	17,671	17,664
	$ 2,202,593	$ 2,331,012

The average effective yield during the year on debt securities and treasury bills was 2.9% (2015 - 3.0%). 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, 2016 the reserve requirement amounted to $466,262 (2015 - $448,895) of which $320,923 (2015 - $309,159) is included within cash and balances with Central Banks (note 10).

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

	2016	2015
Balance, beginning of year	$ 2,313,348	$ 2,283,072
Additions (purchases, changes in fair value and foreign exchange)	1,954,359	1,670,372
Disposals (sales and redemptions)	(2,082,785)	(1,636,696)
Transferred to assets classified as discontinued operations (note 31)	-	(3,400)
Balance, end of year	$ 2,184,922	$ 2,313,348

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Note 15 Loans and advances to customers

	Mortgages	Personal Loans	Business & Sovereign	2016
Performing loans	**$ 1,940,367**	**$ 515,994**	**$ 3,612,878**	**$ 6,069,239**
Impaired loans	**208,203**	**52,560**	**157,656**	**418,419**
Gross loans	**2,148,570**	**568,554**	**3,770,534**	**6,487,658**
Less: Provisions for impairment	**(129,234)**	**(50,804)**	**(118,752)**	**(298,790)**
	$ 2,019,336	**$ 517,750**	**$ 3,651,782**	**$ 6,188,868**
Add: Interest receivable				**50,079**
Less: Unearned fee income				**(26,680)**
				$ 6,212,267

	Mortgages	Personal Loans	Business & Sovereign	2015
Performing loans	$ 1,878,965	$ 485,437	$ 3,384,968	$ 5,749,370
Impaired loans	289,519	60,236	230,311	580,066
Gross loans	2,168,484	545,673	3,615,279	6,329,436
Less: Provisions for impairment	(147,821)	(50,883)	(151,547)	(350,251)
	$ 2,020,663	$ 494,790	$ 3,463,732	$ 5,979,185
Add: Interest receivable				52,981
Less: Unearned fee income				(27,145)
				$ 6,005,021

Movement in provisions for impairment is as follows:

	Mortgages	Personal Loans	Business & Sovereign	2016
Balance, beginning of year	**$ 147,821**	**$ 50,883**	**$ 151,547**	**$ 350,251**
Individual impairment	**12,562**	**13,189**	**(9,621)**	**16,130**
Collective impairment	**(702)**	**(587)**	**2,464**	**1,175**
Recoveries and write-offs	**(20,006)**	**(9,262)**	**(23,604)**	**(52,872)**
Interest accrued on impaired loans	**(10,441)**	**(3,419)**	**(2,034)**	**(15,894)**
Balance, end of year	**$ 129,234**	**$ 50,804**	**$ 118,752**	**$ 298,790**

Movement in provisions for impairment is as follows:

	Mortgages	Personal Loans	Business & Sovereign	2015
Balance, beginning of year	$ 171,893	$ 60,275	$ 175,402	$ 407,570
Individual impairment	14,001	2,955	21,528	38,484
Collective impairment	(942)	(1,198)	5,163	3,023
Recoveries and write-offs	(26,481)	(9,075)	(47,894)	(83,450)
Interest accrued on impaired loans	(10,650)	(2,074)	(2,652)	(15,376)
Balance, end of year	$ 147,821	$ 50,883	$ 151,547	$ 350,251

For the year ended October 31, 2016
(Expressed in thousands of United States dollars)

Ageing analysis of past due but not impaired loans:

	Mortgages	Personal Loans	Business & Sovereign	2016
Less than 30 days	$ 85,418	$ 10,894	$ 63,628	$ 159,940
31 – 60 days	49,679	5,460	22,417	77,556
61 – 89 days	31,773	2,923	9,463	44,159
	$ 166,870	$ 19,277	$ 95,508	$ 281,655

Ageing analysis of past due but not impaired loans:

	Mortgages	Personal Loans	Business & Sovereign	2015
Less than 30 days	$ 76,343	$ 6,798	$ 109,373	$ 192,514
31 – 60 days	53,616	5,814	15,916	75,346
61 – 89 days	22,195	2,670	6,432	31,297
	$ 152,154	$ 15,282	$ 131,721	$ 299,157

The average interest yield during the year on loans and advances was 6.0% (2015 – 6.2%). Impaired loans as at October 31, 2016 amounted to $418,419 (2015 - $580,066) and interest taken to income on impaired loans during the year amounted to $5,328 (2015 – $7,290).

Loans and advances to customers include finance lease receivables:

	2016	2015
No later than 1 year	$ 5,818	$ 5,246
Later than 1 year and no later than 5 years	11,782	17,065
Gross investment in finance leases	17,600	22,311
Unearned finance income on finance leases	(2,205)	(2,750)
Net investment in finance leases	$ 15,395	$ 19,561

During the year ended October 31, 2016 $ 1,124 (2015 - $1,438) of lease income was recorded in net income.

(Expressed in thousands of United States dollars)

Note 16 Property and equipment

	Land and buildings	Equipment, furniture and vehicles	Leasehold improvements	2016
Cost				
Balance, beginning of year	$ 100,966	$ 266,565	$ 38,104	$ 405,635
Purchases	1,407	29,256	3,162	33,825
Disposals	-	(559)	(424)	(983)
Net transfers/write-offs *	129	(3,014)	(248)	(3,133)
Balance, end of year	$ 102,502	$ 292,248	$ 40,594	$ 435,344
Accumulated depreciation				
Balance, beginning of year	$ 37,595	$ 198,676	$ 29,663	$ 265,934
Depreciation	2,519	14,196	1,202	17,917
Disposals	-	(279)	(336)	(615)
Net transfers/write-offs *	(41)	(1,651)	(122)	(1,814)
Balance, end of year	$ 40,073	$ 210,942	$ 30,407	$ 281,422
Net book value, end of year	$ 62,429	$ 81,306	$ 10,187	$ 153,922

	Land and buildings	Equipment, furniture and vehicles	Leasehold improvements	2015
Cost				
Balance, beginning of year	104,327	$ 249,446	$ 36,698	$ 390,471
Purchases	376	29,919	1,970	32,265
Disposals	(1,218)	(2,750)	(152)	(4,120)
Net transfers/write-offs *	1,030	(2,291)	85	(1,176)
Transferred to disposal group held for sale	(3,549)	(7,759)	(497)	(11,805)
Balance, end of year	$ 100,966	$ 266,565	$ 38,104	$ 405,635
Accumulated depreciation				
Balance, beginning of year	$ 38,049	$ 192,932	$ 27,952	258,933
Depreciation	2,296	14,687	3,214	20,197
Disposals	(1)	(1,674)	(149)	(1,824)
Net transfers/write-offs *	(21)	(484)	(109)	(614)
Transferred to disposal group held for sale	(2,728)	(6,785)	(1,245)	(10,758)
Balance, end of year	$ 37,595	$ 198,676	$ 29,663	$ 265,934
Net book value, end of year	$ 63,371	$ 67,889	$ 8,441	$ 139,701

Included as part of equipment, furniture and vehicles is an amount for $32,951 (2015 - $24,506) relating to systems development costs and work in progress which is incomplete, not yet in operation and on which no depreciation has been charged.

During 2015, property and equipment transferred to the disposal group classified as held-for-sale amounted to $1,048 and related to assets that were used by the Belize operations. See note 31 for further details regarding the disposal group held for sale.

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

(Expressed in thousands of United States dollars)

Note 17 Deferred tax assets/(liabilities)

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

	2016	2015
Net deferred tax position, beginning of year	$ 7,442	$ 6,482
Deferred tax charge to statement of income for the year	(2,140)	(4,663)
Deferred tax (charge)/credit to other comprehensive income for the year	(2,279)	5,623
Net deferred tax position, end of year	$ 3,023	$ 7,442

Represented by:

	2016	2015
Deferred tax assets	$ 10,674	$ 14,183
Deferred tax liabilities	(7,651)	(6,741)
Net deferred tax position, end of year	$ 3,023	$ 7,442

The components of the net deferred tax position are:

	2016	2015
Decelerated tax depreciation	$ (354)	$ (26)
Loan loss provisions	5,628	5,824
Other provisions	890	1,756
Tax losses carried forward	4,067	4,399
Pension and other post-retirement benefit assets	(7,119)	(5,217)
Changes in fair value of available-for-sale investment securities in other comprehensive income	(89)	706
	$ 3,023	$ 7,442

The deferred tax assets include assets established on tax losses carried forward of $12,431 (2015 - $13,901), of which $ nil (2015 - $ nil) will expire over the next seven years. The Group has tax losses of $820,405 (2015 - $662,877) for which no deferred tax assets have been recognized due to uncertainty of their recoverability. These losses will expire over the next seven years.

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 material changes to the terms of the Group's defined benefit pension or post-retirement medical benefit plans in 2016 or 2015.

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 recognized 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 was $4,922 (2015 - $4,563), which represents contributions to defined contribution plans by the Group at rates specified in the rules of the plan. Refer to note 5.

For the year ended October 31, 2016
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	Defined benefit pension plans		Post-retirement medical benefits	
	2016	2015	**2016**	2015
Fair value of the plan assets	**$ 364,813**	$ 315,287	**$ -**	-
Present value of the obligations	**(287,992)**	(275,374)	**(22,973)**	$ (37,518)
Net retirement benefit assets/(obligations)	**$ 76,821**	$ 39,913	**$ (22,973)**	$ (37,518)

The pension plan assets include the Bank's common shares with a fair value of $1,255 (2015 - $1,208).

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

	2016	2015
Opening fair value of plan assets	**$ 315,287**	$ 328,513
Interest income on plan assets	**33,362**	356
Contributions by employer	**34,235**	4,590
Benefits paid	**(14,385)**	(13,897)
Foreign exchange translation losses	**(1,923)**	(2,208)
Assets transferred out	**(873)**	(1,256)
Plan administration costs	**(890)**	(811)
Closing fair value of plan assets	**$ 364,813**	$ 315,287

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

	2016	2015
Opening obligations	**$ (275,374)**	$ (286,132)
Interest cost on defined benefit obligation	**(19,188)**	(18,779)
Current service costs	**(6,335)**	(7,117)
Benefits paid	**14,385**	13,897
Foreign exchange translation gains	**1,585**	1,918
Actuarial (loss)/gain on obligations	**(3,065)**	19,824
Curtailment gain	**-**	1,015
Closing obligations	**$ (287,992)**	$ (275,374)

(Expressed in thousands of United States dollars)

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

	2016	2015
Opening obligations	**$ (37,518)**	$ (45,969)
Interest costs	**(2,465)**	(2,394)
Current service costs	**(488)**	(828)
Curtailment loss	-	(285)
Benefits paid	**979**	1,067
Foreign exchange translation gains	**49**	410
Actuarial gains on obligations	**16,470**	10,481
Closing obligations	**$ (22,973)**	$ (37,518)

The Bank expects to contribute $4,291 (2015 - $4,113) to its defined benefit pension plan in the following year.

The amounts recognized in the consolidated statement of income were as follows:

	Defined benefit pension plans		Post-retirement medical benefits	
	2016	2015	2016	2015
Current service costs	**$ 6,335**	$ 7,117	**$ 488**	$ 895
Interest costs on defined benefit obligation	**19,188**	18,779	**2,465**	2,311
Interest income on plan assets	**(22,614)**	(22,321)	**-**	-
Curtailment (gains)/losses	-	(1,015)	**-**	285
Plan administration costs	**882**	788	**-**	-
Total amount included in staff costs (note 5)	**$ 3,791**	$ 3,348	**$ 2,953**	$ 3,491
Actual return on plan assets	**$ 33,362**	$ 356	**$ -**	$ -

The net re-measurement (gain)/loss recognized in statement of other comprehensive income was as follows:

	Defined benefit pension plans		Post-retirement medical benefits	
	2016	2015	2016	2015
Actuarial (gain)/loss on defined benefit obligation arising from:				
- Financial assumptions	**$ 2,890**	$ (8,991)	**$ 527**	$ (10,273)
- Experience adjustments	**175**	(10,832)	**(16,997)**	(208)
- Return on plan assets excluding interest income	**(10,817)**	21,957	**-**	-
Net re-measurement (gain)/loss recognized in OCI	**$ (7,752)**	$ 2,134	**$ (16,470)**	$ (10,481)

(Expressed in thousands of United States dollars)

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

	Defined benefit pension plans		Post-retirement medical benefits	
	2016	**2015**	**2016**	**2015**
Balance, beginning of year	**$ 39,913**	$ 42,381	**$ (37,518)**	$ (45,969)
Charge for the year	**(3,791)**	(3,348)	**(2,953)**	(3,491)
Contributions by employer	**34,235**	4,590	**-**	-
Benefits paid	**-**	-	**979**	1,067
Foreign exchange translation (losses)/gains	**(415)**	(320)	**49**	394
Transfer of assets	**(873)**	(1,256)	**-**	-
Effect on statement of Other Comprehensive Income	**7,752**	(2,134)	**16,470**	10,481
Balance, end of year	**$ 76,821**	$ 39,913	**$ (22,973)**	$ (37,518)

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	
	2016	**2015**	**2016**	**2015**
Active members	**$ 148,714**	$ 139,071	**$ 83**	$ 7,414
Inactive and retired members	**139,278**	136,303	**22,890**	30,104
	$ 287,992	$ 275,374	**$ 22,973**	$ 37,518

The average duration of the net asset/(obligations) at the end of the reporting period

	Defined benefit pension plans		Post-retirement medical benefits	
	2016	**2015**	**2016**	**2015**
Average duration, in years	**17**	18	**11**	18

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

	Main				Bahamas				Jamaica				Bahamas Trust			
	2016	2016	2015	2015	2016	2016	2015	2015	2016	2016	2015	2015	2016	2016	2015	2015
	$	%	$	%	$	%	$	%	$	%	$	%	$	%	$	%
Quoted Equity instruments																
- Canada	-	-	-	-	-	-	-	-	57	-	42	-	-	-	-	-
- U.S	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- International	3,453	2%	3,031	2%	997	1%	911	1%	3,862	8%	2,900	9%	-	-	-	-
Quoted Debt instruments																
- Government bonds	23,848	11%	24,724	13%	712	1%	716	1%	10,961	39%	11,318	36%	1,366	25%	1,258	26%
- Corporate bonds	35,082	16%	31,442	17%	-	-	-	-	551	1%	807	3%	-	-	-	-
- Inflation Adj. bonds	18,382	8%	16,343	9%	-	-	-	-	1,363	4%	1,210	4%	-	-	-	-
Investment Funds																
- U.S Equity	-	-	-	-	11,232	10%	38,579	41%	-	-	-	-	2,690	49%	-	-
- International Equity	116,933	54%	105,238	57%	69,524	64%	22,044	24%	-	-	-	-	-	-	-	-
- Fixed Income	-	-	-	-	22,014	20%	30,496	33%	-	-	-	-	-	-	2,273	47%
Other																
- Cash and Cash equiv.	20,679	9%	5,226	2%	3,319	4%	293	-	7,975	26%	8,244	26%	1,417	26%	1,347	27%
- Other	-	-	-	-	-	-	-	-	8,396	22%	6,845	22%	-	-	-	-
	218,377	100%	186,004	100%	107,798	100%	93,039	100%	33,165	100%	31,366	100%	5,473	100%	4,878	100%

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	
	2016	2015
Discount rate	**3.7 – 9.0%**	4.3 – 9.0%
Future salary increases	**4.0 – 7.5%**	4.0 – 7.5%
Future pension increases	**0.0 – 5.5%**	0.0 – 5.5%

	Post-retirement medical benefits	
	2016	2015
Discount rate	**6.25 – 9.0%**	4.3 – 10.0%
Premium escalation rate	**5.0 – 6.0%**	5.0 – 6.0%
Existing retiree age	**60 – 65**	60 – 65

(Expressed in thousands of United States dollars)

A quantitative sensitivity analysis for significant assumptions as at October 31, 2016 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%	(44,639)	57,570	(5,594)	6,714
Future salary increases	0.50%	7,985	(6,984)	n/a *	n/a *
Future pension increases	0.50%	17,347	(15,738)	n/a *	n/a *
Premium escalation rate	1%	n/a *	n/a *	6,709	(5,719)
Existing retiree age	1	6,783	n/a *	4,181	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.

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

	2016	2015
Within the next 12 months	$ **7,648**	$ 7,483
Between 2 and 5 years	**37,217**	35,682
Between 5 and 10 years	**70,437**	66,313
Total expected payment	$ **115,302**	$ 109,478

FirstCaribbean International Bank Limited Retirement Plan
The last actuarial valuation was conducted as at November 1, 2013 and revealed a fund surplus of $4,466.

FirstCaribbean International Bank (Bahamas) Limited Retirement Plan
The last actuarial valuation was conducted as at November 1, 2013 and revealed a fund surplus of $11,223.

FirstCaribbean International Bank (Jamaica) Limited Retirement Plan
The last actuarial valuation was conducted as at November 1, 2012 and revealed a fund surplus of $14,004.

CIBC Trust Company (Bahamas) Limited Retirement Plan
The last actuarial valuation was conducted as at November 1, 2013 and revealed a fund deficit of $397.

(Expressed in thousands of United States dollars)

Note 19 Intangible assets

	Goodwill	2016	2015
Cost, beginning and end of year	$ 218,961	**$ 218,961**	$ 218,961
Net book value, end of year	$ 218,961	**$ 218,961**	$ 218,961

Goodwill

Impairment tests for goodwill

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

	2016	2015
Barbados (Wealth Management Operations)	**$ 17,040**	$ 17,040
Bahamas	**62,920**	62,920
Cayman	**105,369**	105,369
Trinidad	**4,260**	4,260
Curaçao	**29,372**	29,372
	$ 218,961	$ 218,961

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 recognized 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 2016, we have determined that the estimated recoverable amount of the CGU's was in excess of their carrying amounts. As a result, no impairment charge was recognized during 2016.

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 growth rates are based on management's expectations of real growth but does not exceed the long-term average growth rate for the country in which the CGU operates.

For the year ended October 31, 2016
(Expressed in thousands of United States dollars)

	Discount Rate (%)		Growth Rate (%)	
	2016	2015	**2016**	2015
Barbados (Wealth Management Operations)	**15**	15	1	1
Bahamas	**13**	12	2	2
Cayman	**10**	10	3	2
Trinidad	**13**	12	1	2
Curaçao	**13**	13	1	2

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. We estimated that a 10% reduction in forecasted cash flows or a 1% rise in the discount rate would not significantly impact the CGU's recoverable amount to result in any goodwill impairment at October 31, 2016.

Note 20 Customer deposits

	Payable on demand	Payable after notice	Payable at a fixed date	2016	2015
Individuals	**$ 612,546**	**$ 1,926,961**	**$ 724,386**	**$ 3,263,893**	$ 3,799,925
Business & Sovereign	**3,135,136**	**581,161**	**2,088,339**	**5,804,636**	4,829,677
Banks	**942**	**-**	**76,107**	**77,049**	62,423
	3,748,624	**2,508,122**	**2,888,832**	**9,145,578**	8,692,025
Add: Interest payable	**598**	**315**	**9,019**	**9,932**	6,725
	$ 3,749,222	**$ 2,508,437**	**$ 2,897,851**	**$ 9,155,510**	$ 8,698,750

The average effective rate of interest on customer deposits during the year was 0.5% (2015 - 0.6%).

(Expressed in thousands of United States dollars)

Note 21 | Other liabilities

	2016	2015
Accounts payable and accruals	**$ 127,254**	$ 128,181
Restructuring costs	**3,765**	17,839
Amounts due to related parties	**14,053**	13,086
	$ 145,072	$ 159,106

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

During 2013, the Group embarked on a restructuring plan which aimed to enhance its long term competitiveness through reductions in costs, duplication and complexity in the years ahead. Included in other liabilities is a related provision for severance of $1,555 (2015- $5,379) and other costs of $334 (2015 - $585). The movement in the provision during the year related primarily to accruals and payments made by the Group.

Note 22 | Debt securities in issue

	2016	2015
Subordinated notes issued	**$ 197,040**	$ 207,459
Add: Interest payable	**1,257**	1,431
	$ 198,297	$ 208,890

(Expressed in thousands of United States dollars)

The Group holds four debt issues which are outstanding guaranteed obligations and are subordinated to the claims of depositors and other creditors .The terms and conditions of the subordinated notes issued are as follows:

Subsidiary	Description	Contractual maturity date	Interest rate	2016	2015
FirstCaribbean (Trinidad & Tobago) Limited	TT$195 million term notes	September 23, 2018	Fixed (1)	**$ 29,325**	$ 30,769
FirstCaribbean (Trinidad & Tobago) Limited	TT$480 million senior bonds	October 20, 2018 December 22, 2017	Fixed (2)	**144,369**	151,479
FirstCaribbean (Jamaica) Limited	J$3billion senior bonds	January 2018	Fixed (3)	**23,346**	25,211
				$ 197,040	$ 207,459

(1) The interest on the notes was fixed for the first two years at 7.90%; then fixed for the next three years at 8.15%; thereafter fixed at 8.75% for the remaining term. Effective September 2013, the subordinated notes were amended, and the maturity date was extended to September 2018 and the interest was reduced to 4.35% per annum for the remaining term. The average effective interest rate was 4.35% (2015 - 4.35%).

(2) Two medium term notes were issued during 2016 for TT$480 million each. The interest rate was 2.25% and 3.45% for three years while the average effective interest rate was 2.33% and 3.55% respectively.

(3) The interest rate is fixed at 9.25% for one year and variable at 6 month weighted average Treasury bill yield plus 190bps per annum for year two-three. The average effective interest rate was 8.16% (2015 - 9.25%).

The Group has not had any defaults of principal, interest or other breaches with respect to its subordinated liabilities during the years ended 2016 and 2015.

Note 23 Issued capital

	2016	2015
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, 2016 and 2015.

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 7% and 14% respectively. During the year, we have complied in full with all of our regulatory capital requirements.

Regulatory capital

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

As at October 31, 2016, Tier I and Tier I & Tier II capital ratios were 19% and 21% respectively (2015 - 22% and 23% respectively).

(Expressed in thousands of United States dollars)

Note 24 Reserves

		2016		2015
Statutory and general banking reserves	$	**285,835**	$	268,329
Revaluation reserve – available-for-sale investment securities		**(6,011)**		(11,550)
Revaluation reserve – buildings		**2,846**		2,846
Translation reserve		**(66,722)**		(53,464)
Contributed surplus reserve		**3,119**		3,119
Retirement benefit reserve		**1,499**		(19,123)
Reverse acquisition reserve		**(463,628)**		(463,628)
Total reserves	$	**(243,062)**	$	(273,471)

Statutory and general banking reserves

		2016		2015
Balance, beginning of year	$	**268,329**	$	258,248
Transfers from retained earnings		**17,506**		10,081
Balance, end of year	$	**285,835**	$	268,329

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

Revaluation reserve – available-for-sale investment securities

		2016		2015
Balance, beginning of year	$	**(11,550)**	$	(2,004)
Net gains/(losses) on available-for-sale investment securities		**5,539**		(9,546)
Balance, end of year	$	**(6,011)**	$	(11,550)

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

Revaluation reserve – building

		2016		2015
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.

(Expressed in thousands of United States dollars)

Translation reserve

	2016	2015
Balance, beginning of year	**$ (53,450)**	$ (45,622)
Net exchange losses on translation of foreign operations	**(13,272)**	(7,828)
Balance, end of year	**(66,722)**	$ (53,450)

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

Contributed surplus reserve

	2016	2015
Balance, beginning and end of year	**$ 3,119**	$ 3,119

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

Retirement benefit reserve

	2016	2015
Balance, beginning of year	**$ (19,123)**	$ (28,849)
Re-measurement gains on retirement benefit plans	**21,149**	10,652
Non-controlling interest in subsidiary	**(527)**	(926)
Balance, end of year	**$ 1,499**	$ (19,123)

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

Reverse acquisition reserve

	2016	2015
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

As at October 31, 2016, the Directors recommended for approval a final common share dividend, which is not reflected in these financial statements, of two cents ($0.025) per common share (2015 - $0.020), bringing the total dividend for 2016 to four point five cents ($0.045) per common share (2015 - $0.035).

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. The awards granted in 2016 amounted to $2,663 (2015 - $3,350). The amounts expensed during the year related to these cash awards were $3,131 (2015 - $4,048).

Employee share purchase plan

Under our employee share purchase plan, qualifying employees can choose each year to have up to 10% of their eligible earnings withheld to purchase common shares in the Bank. The Bank matches 50% of the employee's contribution amount, up to a maximum contribution of 6% of eligible earnings, depending upon length of service and job level. The Bank's contributions vest after employees have two years of continuous participation in the plan, and all subsequent contributions vest immediately. All contributions are paid into a trust and used by the plan trustees to purchase common shares in the open market. The Bank's contributions are expensed as incurred and totalled $1,094 in 2016 (2015 - $1,050).

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. During 2012, the Group loaned a wholly-owned US subsidiary of the major shareholder $500 million in order to deploy excess liquidity. The loan matures on April 16, 2017 and yields one month libor plus 3.15%.

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	Directors and key management personnel		Major shareholder	
	2016	2015	2016	2015
Asset balances:				
Cash and due from banks	$ -	$ -	$ 439,260	$ 257,811
Loans and advances to customers	6,384	6,323	500,770	500,743
Derivative financial instruments	-	-	2,078	1,688
Liability balances:				
Customer deposits	27,009	16,060	14,422	15,035
Derivative financial instruments	-	-	36,661	40,923
Due to banks	-	-	14,054	13,086
Revenue transactions:				
Interest income earned	248	388	18,440	17,342
Other revenue	3	3	516	1,013
Other income/(loss) from derivative relationship	-	-	4,595	(6,223)
Expense transactions:				
Interest expense incurred	103	108	11,672	12,220
Other expenses for banking and support services	-	-	2,778	2,814

Key management compensation	2016	2015
Salaries and other short-term benefits	$ 7,959	$ 7,688
Post-employment benefits	259	276
Long-term incentive benefits	2,117	1,821
	$ 10,335	$ 9,785

Non-executive directors' remuneration

A listing of the members of the Board of Directors is included within the Group's Annual Report. In 2016, the total remuneration for the non-executive directors was $370 (2015 - $295). The executive director's remuneration is included under key management compensation.

(Expressed in thousands of United States dollars)

Note 28 Commitments, guarantees and contingent liabilities

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

	2016	2015
Letters of credit	**$ 165,342**	$ 160,795
Loan commitments	**641,608**	556,578
Guarantees and indemnities	**65,066**	74,812
	$ 872,016	$ 792,185

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

Note 29 Future rental commitments under operating leases

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

	2016	2015
Not later than 1 year	**$ 10,813**	$ 11,628
Later than 1 year and less than 5 years	**28,025**	23,118
Later than 5 years	**6,023**	4,924
	$ 44,861	$ 39,670

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 financial statements. At the reporting date, the Group had investment assets under administration on behalf of third parties amounting to $50,006,353 (2015 - $49,601,843).

(Expressed in thousands of United States dollars)

Note 31 Discontinued operations

During August 2015, the Bank publicly announced the decision of its Board of Directors to sell the net assets of its Belize operations. Regulatory, legal and operational plans are progressing to satisfy the requirements of the sale transaction. The transaction was finalized January 31, 2016.

The Bank recognized an impairment loss as a result of the re-measurement of specific assets to fair value less costs to sell of $3,837 in 2015. This loss is recognized in the Consolidated Statement of Income. The classes of assets and liabilities of the Belize operation classified as discontinued operations were as follows:

(a) Assets of disposal group

	2016	2015
Cash and balances with Central Bank	$ -	$ 91,476
Investment securities	-	3,400
Loans and advances to customers	-	42,381
Due from banks	-	10,341
Other current assets	-	71
Property and equipment	-	1,048
Total	$ -	$ 148,717

(b) Liabilities of disposal group

	2016	2015
Customer deposits	$ -	$ 133,616
Total	$ -	$ 133,616

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Note 32 Business segments

The Group's operations are organized into four segments: Retail, Business and International Banking ("RBB"), Wholesale Banking ("WB") and Wealth Management ("WM"), which are supported by the functional units within the Administration ("Admin") segment (which includes Treasury, Finance, HR, Technology & Operations, Risk and Other). The Administration segment results include the earnings on economic capital and capital charges for Treasury and the offset of the same for RBB, WB, and WM.

Effective November 2015, International Wealth, which was previously reported in Wealth Management, was transitioned to the Retail Banking segment. Prior period disclosures have been amended to conform to this current presentation basis.

Effective November 2016, Wholesale Banking was renamed Corporate & Investment Banking.

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on economic profits, which for the total of all segments is equal to net income before taxes reflected on the consolidated financial statements. Economic profits include funds transfer pricing, management allocations, and earnings/charges for the segments' use of capital. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

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

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

2016 Segment reporting

	RBB	WB	WM	Admin	2016
External revenues	$ 206,743	$ 206,250	$ 40,311	$ 80,476	$ 533,780
Revenues from other segments	12,434	4,444	32,732	(49,610)	-
Total revenues	$ 219,177	$ 210,694	$ 73,043	$ 30,866	$ 533,780
Segment result	$ (476)	$ 72,607	$ 24,916	$ 61,988	$ 159,035
Income tax expense					15,699
Net income for the year					143,336

Segment results include the following items of income or expense:

	RBB	WB	WM	Admin	2016
Interest income	$ 175,723	$ 178,814	$ 33,624	$ 43,413	$ 431,574
Interest expense	21,597	14,940	5,912	19,272	61,721
Loan loss impairment	14,233	3,439	(367)	-	17,305
Net hedging gains	-	-	-	4,183	4,183
Depreciation	6,713	850	988	9,366	17,917

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Total assets and liabilities by segment are as follows:

	RBB	WB	WM	Admin	2016
Segment assets	**$ 2,428,642**	**$ 3,336,040**	**$ 43,772**	**$ 4,903,535**	**$ 10,711,989**
Unallocated assets					**253,676**
Total assets					**$ 10,965,665**
Segment liabilities	**$ 3,403,483**	**$ 3,082,200**	**$ 2,745,119**	**$ 342,939**	**$ 9,573,741**
Unallocated liabilities					**$ 16,531**
Total liabilities					**$ 9,590,272**

2015 Segment reporting

	RBB	WB	WM	Admin	2015
External revenues	$ 194,328	$ 208,017	$ 43,634	$ 76,394	$ 522,373
Revenues from other segments	13,274	10,762	26,050	(50,086)	-
Total revenues	$ 207,602	$ 218,779	$ 69,684	$ 26,308	$ 522,373
Segment result	$ (21,450)	$ 48,157	$ 22,401	$ 61,647	$ 110,755
Income tax expense					12,823
Net income for the year					$ 97,932

Segment results include the following items of income or expense:

	RBB	WB	WM	Admin	2015
Interest income	$ 180,604	$ 189,844	$ 28,891	$ 36,471	$ 435,810
Interest expense	35,363	13,511	4,086	20,151	73,111
Loan loss impairment	17,446	23,644	417	-	41,507
Net hedging gains	-	-	-	1,037	1,037
Depreciation	6,015	1,360	845	11,977	20,197

Total assets and liabilities by segment are as follows:

	RBB	WB	WM	Admin	2015
Segment assets	$2,483,263	$ 3,099,409	$ 24,980	$ 4,673,096	$ 10,280,748
Unallocated assets					259,888
Assets of disposal group classified as discontinued operations	(70,552)	92,523	-	126,746	148,717
Total assets					**$ 10,689,353**
Segment liabilities	$3,441,839	$ 2,657,542	$ 2,624,934	$ 438,910	$ 9,163,225
Unallocated liabilities					11,911
Liabilities of disposal group classified as discontinued operations	45,436	88,180	-	-	133,616
Total liabilities					$ 9,308,752

Note 33 | 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 Finance Risk & Conduct Review Committee of the Board (FRCRC). The FRCRC also has the responsibility for approving credit policies and key risk limits including portfolio limits, which are reviewed annually.

Credit risk limits

Credit 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 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.

Geographic distribution

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

	Drawn	Undrawn	Gross maximum exposure 2016	Drawn	Undrawn	Gross maximum exposure 2015
Barbados	$ 1,315,616	$ 178,767	$ 1,494,383	$ 1,329,112	$ 141,300	$ 1,470,412
Bahamas	1,859,083	118,755	1,977,838	1,725,433	116,369	1,841,802
Cayman	1,131,028	125,562	1,256,590	1,151,888	118,413	1,270,301
Eastern Caribbean	667,526	90,393	757,919	665,642	78,108	743,750
Jamaica	351,586	34,408	385,994	324,500	34,329	358,829
BVI	145,420	44,446	189,866	153,149	20,684	173,833
Curaçao	245,854	2,890	248,744	210,586	6,003	216,589
Trinidad	329,191	14,957	344,148	308,066	16,476	324,542
Other	442,354	31,430	473,784	461,060	24,896	485,956
	$ 6,487,658	$ 641,608	$ 7,129,266	$ 6,329,436	$ 556,578	$ 6,886,014

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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.

	Drawn	Undrawn	Gross maximum exposure 2016	Drawn	Undrawn	Gross maximum exposure 2015
Agriculture	$ 12,878	$ 1,188	$ 14,066	$ 27,359	$ 1,393	$ 28,752
Sovereign	1,046,709	11,001	1,057,710	931,045	11,056	942,101
Construction	308,887	12,778	321,665	317,292	18,878	336,170
Distribution	413,442	133,524	546,966	378,783	134,979	513,762
Education	481	-	481	585	-	585
Electricity, gas & water	185,336	45,791	231,127	113,944	15,433	129,377
Fishing	11,306	934	12,240	8,083	1,802	9,885
Health & social work	27,403	-	27,403	26,477	-	26,477
Hotels & restaurants	220,859	24,080	244,939	268,753	22,003	290,756
Individuals & individual trusts	2,225,250	252,689	2,477,939	2,166,877	235,597	2,402,474
Manufacturing	109,454	34,172	143,626	105,925	35,889	141,814
Mining & quarrying	9,310	173	9,483	9,214	194	9,408
Miscellaneous	714,365	66,466	780,831	730,014	45,755	775,769
Other depository corporations	-	3,900	3,900	-	3,900	3,900
Other financial corporations	566,677	30,652	597,329	558,465	5,597	564,062
Real estate, renting & other activities	511,411	20,104	531,515	589,871	16,224	606,095
Transport, storage & communications	123,890	4,156	128,046	96,749	7,878	104,627
	$ 6,487,658	$ 641,608	$ 7,129,266	$ 6,329,436	$ 556,578	$ 6,886,014

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Derivatives

The Group maintains strict control limits on net open derivative positions, i.e., 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 statement of financial position assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by a master-netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Group's overall exposure to credit risk on derivative instruments subject to master-netting arrangements can change substantially within a short period since it is affected by each transaction subject to the arrangement.

Credit-related instruments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods or appropriate assets to which they relate and therefore carry less risk than a direct borrowing.

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

Maximum exposure to credit risk

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

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	Gross maximum exposure 2016	2015
Balances with Central Banks	$ 868,142	$ 817,273
Due from banks	1,035,980	789,179
Derivative financial instruments	8,889	7,936
Investment securities		
- Government debt securities	1,237,470	1,575,150
- Other debt securities	946,629	737,171
- Interest receivable	17,671	17,664
Loans and advances to customers		
- Mortgages	2,148,570	2,168,484
- Personal loans	568,554	545,673
- Business & Sovereign loans	3,770,534	3,615,279
- Interest receivable	50,079	52,981
Other assets	48,896	55,262
Total	$ 10,701,414	$ 10,382,052
Commitments, guarantees and contingent liabilities (Note 28)	872,016	792,185
Total credit risk exposure	$ 11,573,430	$ 11,174,237

Geographical concentration

The following table reflects additional geographical concentration information.

2016	Total assets	Total liabilities	Commitments, guarantees and contingent liabilities	External revenues	Capital expenditure *	Non-current assets **
Barbados	$ 4,878,590	$ 3,861,255	$ 266,495	$ 290,772	$ 21,419	$ 81,729
Bahamas	2,861,880	2,247,392	174,045	157,822	3,905	95,655
Cayman	2,473,633	2,193,118	150,662	79,054	850	155,862
Eastern Caribbean	1,051,927	1,059,522	104,662	59,097	2,010	23,956
Jamaica	665,443	544,239	66,789	41,866	2,941	10,396
BVI	618,192	503,501	49,628	15,995	309	5,658
Curacao	598,493	495,414	8,422	17,427	219	625
Trinidad	653,312	570,764	17,071	11,158	206	1,418
Other	980,576	855,199	34,242	36,845	1,966	12,590
	14,782,046	12,330,404	872,016	710,036	33,825	387,889
Eliminations	(3,816,381)	(2,740,132)	-	(176,256)	-	(15,006)
	$10,965,665	$ 9,590,272	$ 872,016	$ 533,780	$ 33,825	$ 372,883

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2015	Total assets	Total liabilities	Commitments, guarantees and contingent liabilities	External revenues	Capital expenditure *	Non-current assets **
Barbados	$ 4,658,719	$ 3,658,815	$ 231,005	$ 184,408	$ 20,557	$ 77,501
Bahamas	2,870,811	2,303,702	175,332	159,223	2,263	93,643
Cayman	2,240,161	1,863,184	142,576	77,892	1,266	155,991
Eastern Caribbean	993,136	1,006,343	95,010	56,401	2,284	22,178
Jamaica	636,064	509,215	59,106	39,233	3,802	9,549
BVI	757,918	648,950	25,839	13,906	604	5,632
Belize	151,680	149,481	-	6,613	-	-
Curaçao	528,495	432,740	12,695	17,638	774	728
Trinidad	661,188	577,836	23,705	11,289	45	2,011
Other	1,093,852	981,849	26,917	35,857	670	6,437
	14,592,024	12,132,115	792,185	602,460	32,265	373,670
Eliminations	(3,902,671)	(2,823,363)	-	(80,087)	-	(15,008)
	$ 10,689,353	$ 9,308,752	$ 792,185	$ 522,373	$ 32,265	$ 358,662

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

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

Credit quality

A mapping between the grades used by the Group and the external agencies' ratings is shown in the table below. As part of the Group's risk-rating methodology, the risk assessed includes a review of external ratings of the obligor. The obligor rating assessment takes into consideration the Group's financial assessment of the obligor, the industry, and the economic environment of the country in which the obligor operates. In certain circumstances, where a guarantee from a third party exists, both the obligor and the guarantor will be assessed.

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

(Expressed in thousands of United States dollars)

A credit scoring methodology is used to assess Personal customers and a risk grading model is used for Commercial and Corporate customers. 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.

At the reporting date, investment securities were all rated standard or high grade. No securities were classified as 'impaired' in 2016 (2015 – $2,795). Cash balances and amounts due from banks are held with counterparties that are high grade including CIBC group entities.

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

	Notes	High grade	Standard	Substandard	Impaired	2016
Loans and advances to customers						
-Mortgages		**$ 1,792,617**	**$ 115,355**	**$ 32,395**	**$ 208,203**	**$ 2,148,570**
-Personal loans		**501,392**	**11,678**	**2,924**	**52,560**	**568,554**
-Business & Sovereign loans		**3,508,795**	**95,243**	**8,840**	**157,656**	**3,770,534**
Total	**16**	**$ 5,802,804**	**$ 222,276**	**$ 44,159**	**$ 418,419**	**$ 6,487,658**

	Notes	High grade	Standard	Substandard	Impaired	2015
Loans and advances to customers						
-Mortgages		$ 1,748,218	$ 105,661	$ 25,086	$ 289,519	$ 2,168,484
-Personal loans		472,925	9,873	2,639	60,236	545,673
-Business & Sovereign loans		3,257,204	124,192	3,572	230,311	3,615,279
Total	16	$ 5,478,347	$ 239,726	$ 31,297	$ 580,066	$ 6,329,436

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, 2016, Early Warning List customers in the medium to high risk category amounted to $144,384 (2015 - $200,069).

Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to the change in market variables. Market risk arises from positions in securities and derivatives as well as from 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 two years by the Finance, Risk and Conduct Review Committee. The Board limits, which are approved annually, are used by the Bank to establish explicit risk tolerances expressed in term of the four main risk measures mentioned below. There is a three-tiered approach to limits at the Bank. The highest level is set at the Board; the second tier is delegated by the Chief Risk and Administrative Officer and the third tier to Treasury, 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, Value at Risk (VaR) and certain Profit and Loss (P&L) measures are all measured daily whereas others such as stress tests and credit spread sensitivity are performed on a weekly or monthly basis. Detailed market risk compliance reports are produced and circulated to senior management on a monthly basis and a summary version supplied to the Board quarterly.

Risk Measurement

The bank has four main measures of market risk:

- Outright position, used predominantly for FX,
- Sensitivity to a 1 basis point move in a curve, used for both interest rate and credit spread risk,
- Value at Risk (VaR) measures for both interest rate risk and for non-pegged currencies,
- Stress scenarios based upon a combination of theoretical situations and historical events.

Position

This risk measure is used predominantly for the Group's foreign exchange business. The measure monitored daily focuses upon the outright long or short position in each currency from both a spot or 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 of having, for example, a long position in the short end of the curve offset by a short position in the longer tenors. This is then utilised within the scenario analysis. The sensitivities are calculated on both a pre-structural basis that includes contractual maturity positions; and on a post-structural basis that also 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.

Value at Risk

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

Stress testing & scenario analysis

Stress testing and scenario analysis are designed to add insight to possible outcomes of abnormal (or tail event) market conditions and to highlight where risk concentrations could be a concern. The Group has two distinct approaches to this which are as follows:

- For the hard currency testing it utilises the suite of measures that the parent company has developed. The stress testing measures the effect on the hard currency portfolio values over a wide range of extreme moves in market prices. The stress testing methodology assumes no actions are taken or are able to be taken during the event to mitigate the risk, reflecting the decreased liquidity that frequently accompanies market shocks. The scenario analysis approach again for the Group's hard currency exposures simulate an impact on earnings of extreme market events up to a period of one quarter. Scenarios are developed using actual historical data during periods of market disruption, or are based upon hypothetical occurrence of economic or political events or natural disasters and are designed by economists, business leaders and risk managers. These tests are run on a daily basis.
- The local currency stress tests are designed on a similar but smaller scale. For interest rate stresses, Market Risk in conjunction with Treasury consider the market data over approximately the last 10 years and identify the greatest curve or data point moves over both sixty and single days. These are then applied to the existing positions/sensitivities of the Group.

This is performed and reported on a monthly basis as they do not tend to change rapidly. 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

Of the market risks arising from the various currencies, yield curves and spreads throughout the regional and broader international markets, the following risks are considered by management the most significant for the Group. (i) The risk of credit spreads widening in a similar fashion to the Credit Crisis of 2008 on bonds held within the investment portfolios, (ii) the low probability, high impact of a peg breaking between the USD and a local currency, particularly the BSD, impacting the structural long position of the bank. The largest interest rate risk run through multiple scenarios is that if the USD yield curve moves in a similar fashion to a 60 day period during the Subprime Crisis and The Collapse Lehman Brothers. The following section highlights these key risks as well as some of the lesser ones that arise from the Group's ongoing banking operations.

Foreign Exchange Risk

Foreign exchange (or currency) risk is defined as the risk that the value of a financial instrument will fluctuate as a result of changes in foreign exchange rates. A significant number of the regional currencies are pegged to the USD and hence the VaR measure is not appropriate and that is why more emphasis is put on the overall position limit and related stress tests. The Board has set limits on positions by currency. Positions are monitored on a daily basis and Treasury Sales & Trading are solely responsible for the hedging of the exposure of the Group.

(Expressed in thousands of United States dollars)

				2016				2015
Currency	Trading Position Long (Short) vs USD	VaR	Stressed Loss	Total FX Position (Structural + Trading)	Trading Position (Short) Long vs USD	VaR	Stressed Loss	Total FX Position (Structural +Trading)
Cayman Islands dollars	**$ (122,953)**	**Pegged**	**$ 9,836**	**$ 50,818**	$ (130,622)	Pegged	$ 9,948	$ 146,818
Trinidad and Tobago dollars	**595**	**6**	**149**	**63,384**	1,168	1.3	1,544	47,007
Barbados dollars	**(31,037)**	**Pegged**	**2,483**	**(14,870)**	17,263	Pegged	1,892	3,624
Bahamian dollars	**(1,006)**	**Pegged**	**81**	**624,804**	2,073	Pegged	645	503,819
Jamaican dollars	**1,048**	**11**	**419**	**57,911**	3,843	66.9	2,066	67,990
Eastern Caribbean dollars	**(56,104)**	**Pegged**	**4,488**	**744**	(46,706)	Pegged	7,203	59,866

The Group also uses a measure to quantify non-trading foreign exchange risk, also referred to as structural foreign exchange risk. This considers the effect of currency change on the Group's investment in foreign operations, retained earnings and profit derived throughout the year in non-USD. Due to the size of investments in the Bahamas, Cayman, the Eastern Caribbean and Jamaica this significantly increases the Group's exposure to these currencies and is reflected in the "Total FX Position" columns.

Interest Rate Risk

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

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

	2016	2015
Market risk metrics		
Interest rate VaR – hard currency (HC)	**$ 1,180**	$ 813
Interest rate VaR – local currency (LC)	**1,890**	242
Interest rate VaR – total	**1,380**	949
Interest rate stress worst case loss of value – HC 1 day	**318**	130
Interest rate stress worst case loss of value – HC 60 days	**22,137**	7,267
Interest rate stress worst case loss of value – LC 1 day	**2,588**	16,756
Interest rate stress worst case loss of value – LC 60 days	**17,148**	4,980
DV01 HC	**(105)**	(68)
DV01 LC	**43**	154

(Expressed in thousands of United States dollars)

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

Currency	2016 DV01	2016 VaR	2016 60 day stressed loss	2015 DV01	2015 VaR	2015 60 day stressed loss
United States dollars	$ (87.3)	$ 882.7	$ 22,137	$ (38.5)	$ 838.7	$ 7,267
Trinidad and Tobago dollars	20.4	294.2	1,343	(6.4)	255.8	3,161
Barbados dollars	(11.3)	138.8	9,117	83.3	100.3	4,753
Bahamian dollars	22.0	0.1	1,981	93.7	43.5	4,196
Jamaican dollars	1.9	132.1	1,172	(9.6)	(150.6)	2,332
Eastern Caribbean dollars	10.0	971.4	1,303	(0.5)	921.5	108
Cayman Islands dollars	7.8	-	1,502	(15.6)	12.7	853

Credit Spread Risk

Credit spread exists as the benchmark curve and the reference asset curves either converge or diverge. The Group has two portfolios that have a material amount of credit spread risk. The risk is measured using an estimated CSDV01 and stress scenarios. The results of these are reported monthly to senior management.

Credit spread risk by Operating Company (OPCO)

	2016								
	Locally Issued Hard Dollar Bonds			Non-Regional Hard Dollar Bonds			Total		
	Notional	Credit Spread DV01	Stress Loss	Notional	Credit Spread DV01	Stress Loss	Notional	Credit Spread DV01	Stress Loss
Bahamas	$ 66,772	$ 52	$ 17,072	$ 244,740	$ 38	$ 8,281	$ 311,512	$ 90	$ 25,353
Cayman	84,101	62	14,689	466,301	66	14,003	550,402	128	28,692
Barbados	154,723	68	15,381	73,470	11	2,351	228,193	79	17,732
Offshore	13,550	5	1,224	24,488	4	823	38,038	9	2,047
Trinidad	46,626	17	4,248	-	-	-	46,626	17	4,248
Total	$ 365,772	$ 204	$ 52,614	$ 808,999	$ 119	$ 25,458	$ 1,174,771	$ 323	$ 78,072

For the year ended October 31, 2016
(Expressed in thousands of United States dollars)

	2015								
	Locally Issued Hard Dollar Bonds			Non Regional Hard Dollar Bonds			Total		
	Notional	Credit Spread DV01	Stress Loss	Notional	Credit Spread DV01	Stress Loss	Notional	Credit Spread DV01	Stress Loss
Bahamas	$ 56,561	$ 51	$ 16,985	$ 232,880	$ 54	$ 11,261	$ 289,441	$ 105	$ 28,246
Cayman	87,523	53	12,694	396,393	78	16,144	483,916	131	28,838
Barbados	156,735	67	15,727	73,470	18	3,841	230,205	85	19,568
Offshore	14,967	6	1,385	19,500	5	980	34,467	11	2,365
Trinidad	52,319	22	5,602	-	-	-	52,319	22	5,602
Total	**$ 368,105**	**$ 199**	**$ 52,393**	**$ 722,243**	**$ 155**	**$ 32,226**	**$1,090,348**	**$ 354**	**$ 84,619**

At fiscal year-end, the weighted average rating of the positions in the regional portfolio remained BBB+. The average weighted maturity remained 6.5 years. The weighted average rating of the positions in the regional portfolio remained AA-. The average weighted maturity remained 2 years.

Derivatives held for ALM purposes

Where derivatives are held as hedges against either sizeable loans from core businesses or to reduce interest risk exposure to USD denominated local bond issues, and if the transactions meet the regulatory criteria, then the Bank applies for hedge accounting. Derivative hedges that do not qualify for hedge accounting treatment are considered to be economic hedges and are recorded at market value on the Statement of Financial Position with changes in the fair value reflected through the profit or loss. It should be noted that these are only interest rate risk hedges and other risks such as credit spread on the underlying still exist and are measured separately.

For the year ended October 31, 2016
(Expressed in thousands of United States dollars)

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

	EC	BDS	CAY	BAH	US	JA	Other	2016
Assets								
Cash and balances with Central Banks	$ 285,953	$ 227,567	$ 3,841	$ 99,358	$ 59,769	$ 39,394	$ 246,720	**$ 962,602**
Due from banks	2,218	2,793	138	15,302	675,293	5,338	334,898	**1,035,980**
Derivative financial instruments	-	-	-	-	8,576	-	313	**8,889**
Other assets	7,914	20,638	8,886	8,403	(9,059)	5,555	16,575	**58,912**
Taxation recoverable	21,949	488	-	-	(51)	1,658	-	**24,044**
Investment securities	45,175	513,562	4	352,715	1,100,013	42,030	149,094	**2,202,593**
Loans and advances to customers	488,320	651,468	288,026	1,115,603	3,208,226	172,221	288,403	**6,212,267**
Property and equipment	23,707	60,975	12,950	22,705	20,623	10,400	2,562	**153,922**
Deferred tax assets	4,178	733	-	-	(280)	3,108	2,935	**10,674**
Retirement benefit assets	15,804	30,560		29,002	(5,901)	5,223	2,133	**76,821**
Intangible assets	-	218,961	-	-	-	-	-	**218,961**
Total assets	895,218	1,727,745	313,845	1,643,088	5,057,209	284,927	1,043,633	**10,965,665**
Liabilities								
Derivative financial instruments	-	-	-	-	50,607	-	1,283	**51,890**
Customer deposits	819,977	1,473,696	249,994	1,140,293	4,543,747	224,107	703,696	**9,155,510**
Other liabilities	13,458	(41,612)	(112,378)	(73,493)	322,438	(22,990)	59,649	**145,072**
Taxation payable	369	6,360	-	-	1,284	436	430	**8,879**
Deferred tax liabilities	2,320	4,738	-	-	199	202	192	**7,651**
Debt securities in issue	-	-	-	-	-	23,813	174,484	**198,297**
Retirement benefit obligations	2,245	2,485	2,259	10,673	4,265	645	401	**22,973**
Total liabilities	838,369	1,445,667	139,875	1,077,473	4,922,540	226,213	940,135	**9,590,272**
Net assets/(liabilities)	$ 56,849	$ 282,078	$ 173,970	$ 565,615	$ 134,669	$ 58,715	$ 103,498	**$ 1,375,393**
Commitments, guarantees and contingent liabilities (Note 28)	$ 60,299	$ 131,725	$ 30,526	$ 44,654	$ 536,222	$ 10,497	$ 58,093	**$ 872,016**

For the year ended October 31, 2016
(Expressed in thousands of United States dollars)

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

	EC	BDS	CAY	BAH	US	JA	Other	2015
Assets								
Cash and balances with Central Banks	$ 263,007	$ 196,602	$ 4,421	$ 86,320	$ 45,739	$ 43,829	$ 262,684	$ 902,602
Due from banks	1,849	2,800	326	794	495,885	5,476	282,049	789,179
Derivative financial instruments	-	-	-	-	7,439	-	497	7,936
Other assets	19,448	15,813	4,344	5,686	19,371	1,883	(501)	66,044
Taxation recoverable	23,606	465	-	-	944	1,069	-	26,084
Investment securities	58,184	552,674	4	461,209	1,045,855	45,393	167,693	2,331,012
Loans and advances to customers	467,463	636,639	296,215	1,013,321	3,175,172	162,055	254,156	6,005,021
Property and equipment	22,083	56,664	13,299	20,695	14,714	9,549	2,697	139,701
Deferred tax assets	4,865	3,065	-	-	(1,026)	4,282	2,997	14,183
Retirement benefit assets	12,326	8,281	-	14,281	(2,131)	5,640	1,516	39,913
Intangible assets	-	218,961	-	-	-	-	-	218,961
Assets of a disposal group classified as held for sale	-	-	-	-	-	-	148,717	148,717
Total assets	872,831	1,691,964	318,609	1,602,306	4,801,962	279,176	1,122,505	10,689,353
Liabilities								
Derivative financial instruments	-	940	-	-	53,730	-	4,294	58,964
Customer deposits	805,258	1,409,283	184,093	1,142,956	4,278,067	206,779	672,314	8,698,750
Other liabilities	22,129	8,247	(131,077)	(76,671)	331,686	(17,923)	22,715	159,106
Taxation payable	287	309	-	-	1,394	288	2,889	5,167
Deferred tax liabilities	2,480	3,747	-	-	210	640	(336)	6,741
Debt securities in issue	-	-	-	-	-	25,804	183,086	208,890
Retirement benefit obligations	1,833	2,467	7,804	19,073	5,275	648	418	37,518
Liabilities of disposal group classified as held for sale	-	-	-	-	-	-	133,616	133,616
Total liabilities	831,987	1,424,993	60,820	1,085,358	4,670,362	216,236	1,018,996	9,308,752
Net assets/(liabilities)	$ 40,844	$ 266,971	$ 257,789	$ 516,948	$ 131,600	$ 62,940	$ 103,509	$ 1,380,601
Commitments, guarantees and contingent liabilities (Note 28)	$ 57,736	$ 93,213	$ 25,145	$ 52,871	$ 487,951	$ 16,302	$ 58,967	$ 792,185

Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. Limits are set on the level of mismatch of interest rate repricing that may be undertaken, which are monitored on an ongoing basis.

Expected repricing and maturity dates do not differ significantly from the contract dates, except for the maturity of deposits up to one month, which represent balances on current accounts considered by the Group as a relatively stable core source of funding for its operations.

Liquidity risk

Liquidity risk arises from the Group's general funding activities in the course of managing assets and liabilities. It is the risk of having insufficient cash resources to meet current financial obligations without raising funds at unfavourable rates or selling assets on a forced basis.

The Group's liquidity management strategies seek to maintain sufficient liquid financial resources to continually fund the statement of financial position under both normal and stressed market environments.

Process and control

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

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

Risk measurement

The Group's liquidity measurement system provides daily liquidity risk exposure reports for monitoring and review by the Treasury department. The Group's Assets and Liabilities Committee (ALCO) is responsible for recommending the liquidity ratio targets, the stress scenarios and the contingency funding plans. The Group's Board of Directors is ultimately responsible for the Group's liquidity.

The Group manages liquidity risk by maintaining a significant base of core customer deposits, liquid assets and access to contingent funding as part of its management of risk. Each operational entity has internally established specific liquidity requirements that are approved by the Group's ALCO and reviewed annually.

(Expressed in thousands of United States dollars)

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

	0-3 months	3-12 months	1-5 years	Over 5 years	2016
Assets					
Cash and balances with Central Banks	$ 956,904	$ 5,698	$ -	$ -	**$ 962,602**
Due from banks	798,950	237,030	-	-	**1,035,980**
Derivative financial instruments	1,617	6,910	362	-	**8,889**
Other assets	81,063	1,139	-	(23,290)	**58,912**
Taxation recoverable	12,277	11,767	-	-	**24,044**
Investment securities	497,230	331,855	947,423	426,085	**2,202,593**
Loans and advances to customers	568,897	1,226,230	818,178	3,598,962	**6,212,267**
Property and equipment	2,998	251	57,852	92,821	**153,922**
Deferred tax assets	-	-	5,820	4,854	**10,674**
Retirement benefit assets	-	-	-	76,821	**76,821**
Intangible assets	-	-	-	218,961	**218,961**
Total assets	$ 2,919,936	$ 1,820,880	$ 1,829,635	$ 4,395,214	**$ 10,965,665**
Liabilities					
Derivative financial instruments	$ 31,226	$ -	$ 6,106	$ 14,558	**$ 51,890**
Customer deposits	7,592,854	1,503,082	56,490	3,084	**9,155,510**
Other liabilities	145,072	-	-	-	**145,072**
Taxation payable	8,872	-	-	7	**8,879**
Deferred tax liabilities	-	-	-	7,651	**7,651**
Debt securities in issue	583	674	197,040	-	**198,297**
Retirement benefit obligations	-	-	-	22,973	**22,973**
Total liabilities	$ 7,778,607	$ 1,503,756	$ 259,636	$ 48,273	**$ 9,590,272**
Net assets/(liabilities)	$ (4,858,671)	$ 317,124	$ 1,569,999	$ 4,346,941	**$ 1,375,393**
Commitments, guarantees and contingent liabilities (Note 28)	**$ 441,218**	**$ 214,359**	**$ 60,834**	**$ 155,605**	**$ 872,016**

For the year ended October 31, 2016
(Expressed in thousands of United States dollars)

	0-3 months	3-12 months	1-5 years	Over 5 years	2015
Assets					
Cash and balances with Central Banks	$ 893,041	$ 9,561	$ -	$ -	$ 902,602
Due from banks	634,138	105,039	50,002	-	789,179
Derivative financial instruments	21,940	(14,458)	454	-	7,936
Other assets	80,979	11,327	-	(26,262)	66,044
Taxation recoverable	15,130	10,954	-	-	26,084
Investment securities	502,992	389,391	1,022,968	415,661	2,331,012
Loans and advances to customers	1,076,460	192,375	1,002,131	3,734,055	6,005,021
Property and equipment	2,858	317	46,670	89,856	139,701
Deferred tax assets	-	818	2,465	10,900	14,183
Retirement benefit assets	561	-	-	39,352	39,913
Intangible assets	-	-	-	218,961	218,961
Assets of disposal group classified as discontinued operations	148,717	-	-	-	148,717
Total assets	$ 3,376,816	$ 705,324	$ 2,124,690	$ 4,482,523	$ 10,689,353
Liabilities					
Derivative financial instruments	$ 34,707	$ -	$ 8,442	$ 15,815	$ 58,964
Customer deposits	7,321,175	1,153,618	168,252	55,705	8,698,750
Other liabilities	147,935	11,171	-	-	159,106
Taxation payable	5,167	-	-	-	5,167
Deferred tax liabilities	22	-	-	6,719	6,741
Debt securities in issue	612	819	207,459	-	208,890
Retirement benefit obligations	(28)	-	-	37,546	37,518
Liabilities of disposal group classified as discontinued operations	133,616	-	-	-	133,616
Total liabilities	$ 7,643,206	$ 1,165,608	$ 384,153	$ 115,785	$ 9,308,752
Net assets/(liabilities)	$ (4,266,390)	$ (460,284)	$ 1,740,537	$ 4,366,738	$ 1,380,601
Commitments, guarantees and contingent liabilities (Note 29)	$ 397,680	$ 239,455	$ 10,523	$ 144,527	$ 792,185

(Expressed in thousands of United States dollars)

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 balance sheet, are categorized.

	Level 1	Level 2	Level 3	Total	Total
	Quoted market price	Valuation technique- observable market input	Valuation technique- non-observable market input	2016	2015
Financial Assets					
Cash and balances with Central Banks*	$ 962,602	$ -	$ -	$ 962,602	$ 902,602
Due from banks*	1,035,980	-	-	1,035,980	789,179
Derivative financial instruments	-	8,889	-	8,889	7,936
Investment securities	-	2,201,770	823	2,202,593	2,330,700
Loans and advances to customers	-	-	6,201,956	6,201,956	6,022,802
Total Financial assets	$ 1,998,582	$ 2,210,659	$ 6,202,779	$ 10,412,020	$ 10,053,219
Financial Liabilities					
Derivative financial instruments	$ -	$ 51,890	$ -	$ 51,890	$ 58,964
Customer deposits	-	-	9,163,319	9,163,319	8,702,712
Debt securities in issue	-	199,003	-	199,003	210,407
Total Financial liabilities	$ -	$ 250,893	$ 9,163,319	$ 9,414,212	$ 8,972,083

*Financial assets with carrying values that approximate fair value.

Transfers between levels in the fair value hierarchy are deemed to have occured at the beginning of the year in which the transfer occured. Transfers between levels can occur as a result of additional or new information regarding valuation inputs and changes in their observability. During 2016, we transferred $6,201,956 of loans and advances to customers and $9,163,319 of customer deposits from level 2 to level 3 due to reduced observability in the inputs used to value these instruments.

For the year ended October 31, 2016
(Expressed in thousands of United States dollars)

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:

	2016				Range of inputs	
As at October 31,	**Amortised cost**	**Fair value**	**Valuation technique**	**Key non-observable inputs**	**Low**	**High**
Loans and advances to customers	$ 6,212,267	$ 6,201,956	Market proxy or direct broker quote	Market proxy or direct broker quote	3.6%	34%
Customer Deposits	$ 9,155,510	$ 9,163,319	Market proxy or direct broker quote	Market proxy or direct broker quote	-	1.5%
Investment Securities	$ 823	$ 823	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.

- *Available-for-sale investment securities*
  Available-for-sale investment securities valued using a valuation technique or pricing models primarily consist of debt securities. These assets are valued using models which sometimes only incorporate data observable in the market and at other times use both observable and non-observable data. The non-observable inputs to the models include assumptions about liquidity and price disclosure, counterparty credit spreads and sector specific risks.

Fair value of financial instruments not carried at fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments, which are not already recorded at fair value in the financial statements:

- *Loans and advances to customers*
  Loans and advances to customers are stated net of specific and other provisions for impairment. The estimated fair values of loans and advances to customers represents the discounted amount of estimated future cash flows expected to be received.

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

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(Expressed in thousands of United States dollars)

- *Debt securities in issue*
  The fair value is calculated using a discounted cash flow model based on a current interest rate yield curve appropriate for the remaining term to maturity.

Financial assets and liabilities with carrying values that approximate fair value

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

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 Trust and Merchant Bank (Barbados) Limited	Barbados
FirstCaribbean International Land Holdings (Barbados) Limited	Barbados
FirstCaribbean International Operations Centre Limited	Barbados
FirstCaribbean International Finance Corporation (Leeward & Windward) Limited	St. Lucia
FirstCaribbean International Bank (Bahamas) Limited (95.2%)	Bahamas
FirstCaribbean Insurance Agency (Bahamas) Limited	Bahamas
FirstCaribbean International (Bahamas) Nominees Company Limited	Bahamas
CIBC Trust Company (Bahamas) Limited	Bahamas
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 (99.74%)*	Jamaica
FirstCaribbean International Securities Limited	Jamaica
FirstCaribbean International Bank (Trinidad & Tobago) Limited	Trinidad
FirstCaribbean International Bank (Cayman) Limited	Cayman Islands
FirstCaribbean International Finance Corporation (Cayman) Limited	Cayman Islands
FirstCaribbean International (Cayman) Nominees Company Limited	Cayman Islands
CIBC Bank and Trust Company (Cayman) Limited	Cayman Islands
Commerce Advisory Services Limited	Cayman Islands
Commerce Corporate Services Limited	Cayman Islands
Commerce Management Services Limited	Cayman Islands
FirstCaribbean International Finance Corporation (Netherlands Antilles) Limited	Netherlands Antilles
FirstCaribbean International Bank (Curaçao) N.V.	Netherlands Antilles

All subsidiaries are wholly owned unless otherwise stated.

*The ordinary shares of FirstCaribbean International Bank (Jamaica) Limited ("The Jamaica Bank') were delisted from the Jamaica Stock Exchange effective December 30, 2011. During 2016, the Group purchased an additional 178,325 of the outstanding minority shares. The current ownership of the Jamaica Bank stands at 99.74% (2015-99.71%).

On November 18, 2016, the Group completed the repurchase of all outstanding minority shares. The Group now owns 100% of the Jamaica Bank.