2016

ANNUAL REPORT

CIBC FirstCaribbean International Bank

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Inside this report

Corporate Profile

CIBC FirstCaribbean International Bank is a relationship bank offering a full range of market-leading financial services through our Wholesale Banking, Retail and Business Banking and Wealth Management segments. We are located in seventeen (17) countries around the Caribbean, providing the banking services that fit our customers' lives through approximately 3,000 employees, in 80 branches and offices. We are one of the largest regionally-listed financial services institutions in the English and Dutch speaking Caribbean, with over US$11 billion in assets and market capitalization of US $1.8 billion. We also have an office in Hong Kong. The face of banking is changing throughout the world and CIBC FirstCaribbean intends to lead these changes with the expertise, integrity and knowledge gained from banking in the Caribbean since 1836.

Vision

To be the leader in client relationships – we put our clients at the centre of everything we do in order to be the first choice for financial services in the region.

Mission

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

- Clients - To deliver to our clients banking that fits their lives
- Employees - To create an environment where all employees can excel
- Communities - To make a real difference in our communities
- Shareholders - To generate strong total returns for our shareholders

Succeeding will mean living by our values – Trust, Teamwork, Accountability – and creating value for all who invest in CIBC FirstCaribbean.

Values - Trust, Teamwork, Accountability

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

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

Strategic Priorities

- Cultivating deeper relationships with our clients across our business
- Focusing on value for our clients through understanding their needs
- Competing in businesses where we can leverage our expertise to add differentiated value
- Pursuing risk-controlled growth in the region
- Continuously investing in our people and infrastructure to enhance efficiency and effectiveness

2016 Highlights

First for Clients

Ever mindful that a key contributor to our business success rests in the advocacy of our clients, in 2016 our lines of business held steadfast to their mission of deepening client relationships and enhancing value to the client.

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 relevant 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.

First For 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 of manager knowledge sharing sessions and a mentor system is also being developed.
- Building enduring relationships with our clients while providing them with financial solutions that meet their needs 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 75 employees across all our major business lines focused on new 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%.

First For 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.

2016 HIGHLIGHTS

Financial Highlights

US $ millions, except per share amounts, as at or for the year ended October 31		2016	2015	2014	2013	2012
Common share information						
Per share (US cents)	- basic and diluted earnings/(loss)	**8.9**	6.0	(9.3)	(1.3)	4.4
	- regular dividends	**4.5**	3.5	3.0	3.0	3.0
	- special dividend	**-**	6.3	-	-	-
Share price (US cents)	- closing	**113**	86	88	114	135
Shares outstanding (thousands)	- end of the period	**1,577,095**	1,577,095	1,577,095	1,577,095	1,577,095
Market capitalisation		**1,789**	1,363	1,395	1,798	2,129
Value measures						
Dividend yield (dividends per share/share price)		**4.0%**	4.0%	3.4%	2.6%	2.2%
Dividend payout ratio (dividends/net income)		**50.7%**	58.3%	n/m	n/m	68.4%
Financial results						
Total revenue		**534**	522	529	530	543
Loan loss impairment		**17**	42	206	151	120
Impairment of intangible assets		**-**	-	116	-	-
Operating expenses		**357**	370	349	397	343
Net income/(loss)		**143**	98	(148)	(22)	77
Financial measures						
Efficiency ratio (operating expenses/total revenue)		**67.0%**	70.9%	66.0%	74.9%	63.2%
Return on equity (net income/average equity)		**10.4%**	7.2%	(10.3%)	(1.4%)	4.7%
Net interest margin (net interest income/average total assets)		**3.4%**	3.4%	3.3%	3.3%	3.5%
Statement of Financial Position information						
Loans and advances to customers		**6,212**	6,005	6,140	6,329	6,832
Total assets		**10,966**	10,689	10,779	11,430	11,487
Deposits & other borrowed funds		**9,156**	8,699	9,200	9,623	9,641
Debt securities in issue		**198**	209	31	30	31
Total equity		**1,375**	1,381	1,338	1,532	1,625
Statement of Financial Position quality measures						
Common equity to risk weighted assets		**21%**	24%	22%	27%	27%
Risk weighted assets		**6,461**	5,745	5,955	5,668	5,845
Tier I capital ratio		**19%**	22%	20%	23%	23%
Tier I and II capital ratio		**21%**	23%	21%	24%	24%
Other information						
Employees (#)		**2,991**	3,055	3,053	3,427	3,439

n/m - Not Meaningful

We are determined to increase the return to our shareholders through excellence in customer service, delivered through a team of highly-skilled professionals.

David Ritch OBE, J.P
Chair of the Board

A renewed commitment

It is difficult to forecast the rate of recovery our region will see when we consider some of the lingering challenges we continue to face. Nevertheless, we are approaching 2017 with the same cautious optimism and determination to excel as in previous years.

Caribbean economies continued their modest recovery in 2016. Latest data suggests that despite some deceleration in tourism growth, economic activity continues to expand across most markets. Regional unemployment, while still high, continues to trend downward, and some markets which previously experienced near-zero economic growth – Barbados and Jamaica specifically – have recorded economic growth in excess of 1% so far in 2016.

Further, private sector construction has started to play a greater role in the economic recovery as some governments continue to reduce capital expenditure to eliminate budget deficits. Additionally, while weak loan demand in some markets continues to boost banking sector excess liquidity, loan quality has improved and has supported increased Bank profitability.

In fiscal 2016, our Bank built on the synergies created by the 2013 to 2015 restructuring programme and improvements to our credit framework, underwriting process and infrastructure resulting in net income of $143.3 million for the year. This is an improvement of 46% over our performance in fiscal 2015, when we recorded net income of $97.9 million, and demonstrates a significant commitment by management and staff to deliver on our articulated management priority of accelerated growth.

In this context, therefore, I am happy to report that, based on our earnings per share of eight point nine cents ($0.089), your Board has fixed a final dividend of two point five cents ($0.025) per share bringing the total dividend to four point five cents ($0.045) for the year.

Looking forward, significant economic and political risks to faster expansion have emerged. While persistently low energy prices have helped to boost growth in tourism-dependent economies, Trinidad and Tobago has remained in recession.

Further, fewer Canadian and Venezuelan tourists are visiting. Also, heightened uncertainty surrounding the UK's decision to leave the European Union has pushed the British Pound Sterling lower and this may reduce British visitors to the region and investments. The US government transition in early 2017 adds further uncertainty to the region's outlook.

It is difficult to forecast the rate of recovery our region will see when we consider some of the lingering challenges we continue to face. Nevertheless, we are approaching 2017 with the same cautious optimism and determination to excel as in previous years. We are determined to increase the return to our shareholders through excellence in customer service, delivered through a team of highly-skilled professionals.

In January 2016, the Bank welcomed a new CEO, Mr. Gary Brown, a financial services professional with over 40 years of experience in the business, who joined us from CIBC in New York, where he was Global Head of Corporate Banking. Immediately prior to assuming his position as our CEO, from 2004 to 2013 Gary was President and CEO of CIBC World Markets Corp., the bank's U.S. broker-dealer and responsible as U.S. Region Head for all business and governance functions under a U.S. regional management structure.

Gary's wide experience in the financial services industry has served us well, and his particular emphasis on the delivery of excellence in customer service has driven the Bank further along the path to growth. Clients are reporting a significantly better banking experience with the improvements that we have introduced in the year, and even though Gary would be the first to point out that there is still a way to go, there have been demonstrable improvements to the Bank's operations that are resulting in an improved client experience and a resulting increase in client satisfaction and returns for all stakeholders.

Under Gary's leadership, we have realized many of our plans to improve our efficiency and deliver on the Bank's strategic priorities.

Of note is the completion of our withdrawal from Belize and completion of our entry into the Aruba market, where we established a Retail, Corporate and Wealth Management presence.

To support its work in focusing its employees on growth as a priority, the Bank embarked on a programme to redefine its corporate culture, a programme that will continue into the new fiscal year.

The introduction of new brand ideals, announced during the fiscal, provides employees with the context against which CIBC FirstCaribbean will encourage the deepening of its relationships with its clients through a renewed commitment to providing our clients with the banking solutions that best fit their lives and their financial goals.

CIBC FirstCaribbean also continued to be a leader in the area of corporate social responsibility, taking seriously its role as a corporate citizen and its commitment to contributing to the ongoing development of the region it calls its home. The Bank continues to be recognized as a leader in corporate citizenship, contributing 1% of post-tax profits annually to social causes, principally in the areas of the community and the environment, young people and their education and health and wellness.

I am also happy to report that the Board of Directors of the parent Bank and our subsidiaries have met quarterly to provide strategic guidance to the management of the Bank and to monitor the operations of the Bank to ensure continued adherence to the requirements of governance and control of the firm.

During the year, Sir Fred Gollop, a long-standing member of our Board, opted not to stand for re-election. Mr. Rik Parkhill, a former Chief Executive Officer of the Bank, joined the Board, along with the incoming CEO, Mr. Gary Brown.

I wish to record our sincere appreciation to Sir Fred for his fifteen years of sterling contribution to CIBC FirstCaribbean.

I also wish to record my sincere thanks to the other members of the Board and to Gary and his team for their unwavering commitment to the success of our Bank, in financial performance, operating excellence and participation in the development of our communities.

David Ritch OBE, J.P
Chair of the Board

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. . .

Gary Brown
Chief Executive Officer

A bright future ahead

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.

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.

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

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.

Gary Brown
Chief Executive Officer

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

Mr. Ritch is the Senior Partner in the law firm of Ritch & Conolly in the Cayman Islands. He was admitted in 1976 in England as a Barrister-at-Law and in the Cayman Islands as an Attorney-at-Law. He is a graduate of the University of the West Indies, (LL.B) (Hons), and the Inns of Court School of Law, Inner Temple, London, England. He has served as a Clerk of Courts, Crown Counsel and Senior Crown Counsel with the Cayman Islands Government from January 1977 - November 1979.

Mr. Ritch is a Past President of the Cayman Islands Law Society.

In 2003, he was made an Officer of the Most Excellent Order of the British Empire by Her Majesty, Queen Elizabeth II.

Year Joined Board	2016 Meeting Attendance	
	Overall Attendance	Interim Meetings
2002	4/4	1/1
Current Board Committee Memberships		
• Audit & Governance Committee	4/4	Nil
• Change, Operations, Technology & Human Resources Committee	4/4	1/1
• Finance, Risk & Conduct Review Committee	4/4	8/8

Interlocking/Other Current Directorships

Caribbean Utilities Company, Ltd. – Chair
FirstCaribbean International Bank (Cayman) Limited

Other Former Positions Held in the Cayman Islands

Planning Appeals Tribunal – Chair
Cayman Islands Currency Board-Member
Labour Law Appeals Tribunal – Chair
Port Authority of the Cayman Islands – Chair
Trade & Business Licensing Board – Chair
Immigration Board – Chair
Work Permit Board – Chair
Caymanian Protection Board – Chair
Constitutional Commission – Chair

GARY BROWN
Barbados
Non-Independent

Gary Brown was appointed Chief Executive Officer of CIBC FirstCaribbean with effect from 1st January 2016.

Prior to this, he was Global Head of Corporate Banking with CIBC. In that role, Mr. Brown had responsibility for corporate and institutional banking activities at CIBC, including lending to large corporates, real estate finance, global banking, international lending and certain non-core portfolio activities. Additionally, he served as a member of the Wholesale Banking Management Committee and the Investment Committee, and CIBC's Operating Committee. Mr. Brown remains a member of the Operating Committee in his role as Chief Executive Officer of CIBC FirstCaribbean.

Immediately prior to assuming that position, from 2004 to 2013 Mr. Brown was President and CEO of CIBC World Markets Corp., the bank's U.S. broker-dealer and responsible as U.S. Region Head for all business and governance functions under a U.S. regional management structure.

Mr. Brown began his banking career in 1976 with The Chase Manhattan Bank as a lending officer in the Commodity Finance division. From 1980 to 1999, he held a number of senior business and risk management positions with UBS AG, including New York Branch Manager and Head of the Structured Finance division, one of six operating divisions of UBS in the Americas. In 1998, Mr. Brown was appointed Chief Credit Officer — Americas. Immediately prior to joining CIBC in 2001, he served as President and Director for K2 Digital, Inc., an Internet professional services company.

Mr. Brown received a BSc in Business Administration from Oral Roberts University and has attended executive programs at the Salzburg Institute and Harvard Business School. He served as Chairman of the Board of Trustees of Mercy College, and is on the Executive Committee of the Board of Mercy Ships International, and the Board of Directors of the Foreign Policy Association in New York.

Year Joined Board	2016 Meeting Attendance	
	Overall Attendance	Interim Meetings
2016	4/4	0/1
Current Board Committee Memberships		
• Audit & Governance Committee	Not a Member	Not a Member
• Change, Operations, Technology & Human Resources Committee	4/4	0/1
• Finance, Risk & Conduct Review Committee	4/4	6/8

Interlocking/Other Current Directorships	Former Directorships
FirstCaribbean International Bank (Barbados) Limited	K2 Digital Inc.
FirstCaribbean International Trust & Merchant Bank (Barbados) Limited	Sefar Americas, Inc.
FirstCaribbean International Wealth Management Bank (Barbados) Limited	
FirstCaribbean International Finance Corporation (Leeward & Windward) Limited	
FirstCaribbean International Bank (Bahamas) Limited	

DAVID ARNOLD
Canada
Non-Independent

Mr. Arnold is an Executive Vice President at CIBC. He leads CIBC's Finance Shared Services group, and is the Global Controller for CIBC. His team is responsible for accounting and reporting of the CIBC Group of Companies and wholly owned subsidiaries across the globe.

Mr. Arnold joined the Bank in 2001 as a Vice President, has held progressively more senior executive roles at CIBC. He oversaw the Finance Business Support group, which is responsible for providing analytics and decision support at CIBC.

Mr. Arnold has over 24 years of finance experience. He is a Chartered Professional Accountant, having previously practised public accounting in both Canada and South Africa. Mr. Arnold graduated from the University of Cape Town in 1991 with a Bachelor of Commerce Degree majoring in Accounting and Technology. He subsequently obtained a Bachelor of Commerce Honors post graduate degree majoring in Finance.

Mr. Arnold articled at Arthur Andersen LLP and has worked in numerous countries servicing the assurance and advisory needs of financial services, consumer products, manufacturing and wholesale industries.

Mr. Arnold is a certified Director with the Institute of Corporate Directors and has served on a number of public, private and not-for-profit Boards. More recently, he was a Board Member of CIBC Mellon and chaired the Audit, Risk & Conduct Review Committee from 2011 to 2014.

Year Joined Board	2016 Meeting Attendance	
	Overall Attendance	Interim Meetings
2014	4/4	0/1=
Current Board Committee Memberships		
• Audit & Governance Committee	4/4	Nil

Interlocking/Other Current Directorships	Former Directorships
None	CIBC Mellon

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

BRIAN CLARKE QC
Barbados
Non-Independent

Mr. Clarke is the General Counsel & Corporate Secretary of CIBC FirstCaribbean.

Brian's over 30 years of legal experience have equipped him to direct and advise the board and senior management of CIBC FirstCaribbean on legal, regulatory, governance and business issues.

Brian is a graduate of the University of the West Indies and the Norman Manley Law School and is a Queen's Counsel.

Year Joined Board	2016 Meeting Attendance	
	Overall Attendance	Interim Meetings
2014	4/4	1/1

Current Board Committee Memberships	Committee Attendance	Interim Committee Meetings
None	N/A	N/A

Interlocking/Other Current Directorships	Former Directorships
None	Salvation Army Advisory Board

SIR ALLAN FIELDS
Barbados
Independent

Sir Allan is the chair of Cable & Wireless (Barbados) Ltd. and Tower Hill Merchants PLC (UK). Sir Allan returned to Barbados in 1966 after studying mechanical engineering in Glasgow, Scotland. He worked at the Barbados Light & Power Company until 1978. He then joined Lucas Industries Barbados' operations (Tropical Battery Co.) as Managing Director. This company was subsequently taken over by Neal & Massy in the 80's.

He then joined Banks (Barbados) Breweries Ltd. as Managing Director in 1988. He was appointed Chair in 1999 when he resigned to take up the post of Managing Director of BS&T. He was appointed Chair of BS&T in 2004.

He was Barbados' Ambassador to The People's Republic of China and an independent Senator in the Parliament of Barbados from 2003 until 2008.

He is a Past President of The Master Brewers Association of the Americas and a founding member of the Caribbean Brewers Association. He is a Past President of The Barbados Manufactures Association and the Barbados Employers Confederation.

He was awarded a Knighthood by Queen Elizabeth II in 2005.

Sir Allan serves on many Boards in Barbados. He is also a Past President of the Private Sector Organization.

Sir Allan is a former Board member of the Commonwealth Business Council based in the U.K.

Year Joined Board	2016 Meeting Attendance	
	Overall Attendance	Interim Meetings
2002	4/4	1/1
Current Board Committee Memberships		
• Audit & Governance Committee	3/4	Nil
• Change, Operations, Technology & Human Resources Committee	3/4	1/1
• Finance, Risk & Conduct Review Committee	3/4	8/8

Interlocking/Other Current Directorships	Former Directorships
Mark Anthony International SRL – Executive Chair	Banks Holdings Ltd.
Cable & Wireless (Barbados) Limited – Chair	Barbados Dairy Industries Ltd.
Tower Hill Merchants Plc	Barbados Employers Confederation
	Barbados Farms Ltd.
	Barbados National Insurance Scheme
	Caribbean Broadcasting Corporation
	YMCA

THE BOARD OF DIRECTORS

CHRISTINA KRAMER
Canada
Non-Independent

Ms. Kramer is the Executive Vice President, Retail Distribution and Channel Strategy, responsible for all of CIBC's client-facing Retail banking services across Canada. This includes leading over 22,000 sales and service employees across CIBC's broad distribution network - banking centers, mobile advice, ATMs, digital channels, contact centres and President's Choice Financial (PCF).

Since joining CIBC in 1987, Ms. Kramer has held progressively more Senior Executive roles and has been key in developing CIBC's channel strategies and innovation into mobile banking. Prior to this, she held various leadership roles within CIBC's Human Resources division and was a member of the Human Resources Professionals Association of Ontario.

Ms. Kramer is a director on the board of CIBC FirstCaribbean International Bank, Princess Margaret Cancer Foundation, and formerly a director of INTRIA Items Inc. She was the Executive Sponsor of the CIBC Women's Network, CIBC United Way Campaign Co-Chair, Co-Chair of the YWCA Women of Distinction Awards, Co-Chair and founder of the Canadian Breast Cancer Foundation, Ontario Leaders Program, and a former participant of The Judy Project at the Rotman School of Management, University of Toronto. Ms. Kramer is the CIBC Executive Sponsor of the Canadian Breast Cancer Foundation CIBC Run for the Cure, which has raised $45 million over the past 20 years.

She is the recipient of the Governor General of Canada's Caring Canadian award, has been named one of the "Top 100 Most Powerful Women in Canada" four times by the Women's Executive Network (WXN) and has been inducted into the WXN Hall of Fame. Ms. Kramer has a Bachelor of Commerce degree from Ryerson University in Toronto.

Year Joined Board	2016 Meeting Attendance	
	Overall Attendance	Interim Meetings
2011	3/4	0/1@
Current Board Committee Memberships	**Committee Attendance**	**Interim Committee Meetings**
• Change, Operations, Technology & Human Resources Committee	3/4	0/1@

Interlocking/Other Current Directorships	Former Directorships
Princess Margaret Cancer Foundation	INTRIA Items Inc.

@ - One Board of Directors meeting and one Change, Operations Technology & Human Resources meeting attended by alternate Mr. Brian Lee.

BRIAN McDONOUGH
Canada
Non-Independent

Mr. McDonough is Executive Vice-President & Chief Risk Officer, Global Credit Risk Management at CIBC. He leads CIBC's Corporate and Business Banking Adjudication globally for CIBC and is responsible for assessment, adjudication, monitoring and overall governance oversight of Corporate and Business credit risk.

Mr. McDonough joined CIBC in 1983, has held various senior positions in Risk Management, and was appointed to his current position in July 2008.

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

Year Joined Board	2016 Meeting Attendance	
	Overall Attendance	Interim Meetings
2013	4/4	0/1=

Current Board Committee Memberships	Committee Attendance	Interim Committee Meetings
• Finance, Risk & Conduct Review Committee – Chair	4/4	0/8=

Interlocking/Other Current Directorships	Former Directorships
None	None

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

RIK PARKHILL
Canada
Non-Independent

Mr. Parkhill is an experienced business leader with a record of innovation and profitable business expansion. He currently serves as a director on several public and private company boards, and provides advisory services to corporations and institutional investors on strategy, capital markets, and banking issues.

Rik's previous positions include: CEO, CIBC FirstCaribbean International Bank; Managing Director, Head of Cash Equities and Capital Markets Sales, CIBC; and Co-Chief Executive Officer TMX Group. He is a graduate of Queen's University.

Year Joined Board	2016 Meeting Attendance	
	Overall Attendance	Interim Meetings
2011 + 2016	3/4^	0/1=^

Current Board Committee Memberships	Committee Attendance	Interim Committee Meetings
• Audit & Governance Committee	3/4^	Nil
• Change, Operations, Technology & Human Resources Committee	3/4^	0/1=
• Finance, Risk & Conduct Review Committee	3/4^	2/8=

Interlocking/Other Current Directorships

FirstCaribbean International Bank (Bahamas) Limited – Chair
FirstCaribbean International Bank (Cayman) Limited – Chair
CIBC Cayman Bank Limited

Former Directorships

CIBC Children's Foundation
CIBC Mellon Asset Management
Market Regulation Services
FirstCaribbean International Bank (Barbados) Limited – Chair
FirstCaribbean International Trust & Merchant Bank (Barbados) Limited – Chair
FirstCaribbean International Wealth Management Bank (Barbados) Limited – Chair
FirstCaribbean International Finance Corporation (Leeward & Windward) Limited – Chair

^ - Was elected a director after the first quarter's meeting
= - Directors residing in Canada cannot participate in meetings from Canada, and could not arrange to attend in person due to short notice given for the interim meetings.

PAULA RAJKUMARSINGH
Trinidad & Tobago
Independent

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 fifteen years of experience at a senior management level.

Ms. Rajkumarsingh is a Fellow of the Association of Certified Accountants.

Year Joined Board	2016 Meeting Attendance	
	Overall Attendance	Interim Meetings
2008	4/4	1/1

Current Board Committee Memberships	Committee Attendance	Interim Committee Meeting
• Audit & Governance Committee	3/4	Nil
• Change, Operations, Technology & Human Resources Committee	4/4	1/1
• Finance, Risk & Conduct Review Committee	4/4	4/8**

Interlocking/Other Current Directorships	Former Directorships
Massy Holdings Limited	Sugar Manufacturing Company
FirstCaribbean International Bank (Trinidad & Tobago) Limited	DevCap- A private equity fund.
Trinidad & Tobago Chamber of Industry and Commerce	
Cluny Schools Board of Management	

** Declared a conflict and accordingly could not attend one meeting.

G. DIANE STEWART
The Bahamas
Independent

Mrs. Stewart is a Partner in the law firm McKinney, Bancroft & Hughes in the Bahamas. She 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.

Following her education at York University in Toronto, Canada and the University of the West Indies, Mrs. Stewart entered articles of clerkship with Mr. Winston Saunders and was called to the Bahamas Bar in 1985.

Mrs. Stewart regularly advises the firm's institutional as well as individual clients on domestic and cross border disputes and on administrative and public law matters. She has frequently appeared before the Courts of first instance and the Bahamian Appellate courts in a broad range of commercial and civil matters. Mrs. Stewart also has an extensive family law practice. She has served as an Acting Justice of the Supreme Court and as a Stipendiary Magistrate.

Mrs. Stewart is a former Associate Lecturer and tutor at the Eugene Dupuch Law School. Further she has regularly been throughout her career the guest speaker and presenter of papers on varied public and private law issues.

She is presently the Vice-Chancellor of the Anglican Diocese of the Bahamas & Turks & Caicos Islands.

Mrs. Stewart is a recipient of many awards including the Kiwanis Service to Youth Award, the Zontian of the Year Award, the Appreciation Award of the College of the Bahamas Union of Students and the Ministry of Health & Environment Family Planning Secretariat Award.

Year Joined Board	2016 Meeting Attendance	
	Overall Attendance	Interim Meetings
2008	4/4	1/1

Current Board Committee Memberships	Committee Attendance	Interim Committee Meeting
• Audit & Governance Committee	4/4	Nil
• Change, Operations, Technology & Human Resources Committee	4/4	1/1
• Finance, Risk & Conduct Review Committee	4/4	6/8

Interlocking/Other Current Directorships	Former Directorships
FirstCaribbean International Bank (Bahamas) Limited FirstCaribbean Finance Corporation Capital Life Insurance Company Bahamas Limited	None

EXECUTIVE COMMITTEE AND SENIOR EXECUTIVE TEAM

GARY BROWN
Barbados
Executive Committee
Senior Executive Team

Gary Brown was appointed Chief Executive Officer in 2016.

Gary Brown was appointed Chief Executive Officer of CIBC FirstCaribbean with effect from 1st January 2016.

Prior to this, he was Global Head of Corporate Banking with CIBC. In that role, Mr. Brown had responsibility for corporate and institutional banking activities at CIBC, including lending to large corporates, real estate finance, global banking, international lending and certain non-core portfolio activities. Additionally, he served as a member of the Wholesale Banking Management Committee and the Investment Committee, and CIBC's Operating Committee. Mr. Brown remains a member of the Operating Committee in his role as Chief Executive Officer of CIBC FirstCaribbean.

Immediately prior to assuming that position, from 2004 to 2013 Mr. Brown was President and CEO of CIBC World Markets Corp., the bank's U.S. broker-dealer and responsible as U.S. Region Head for all business and governance functions under a U.S. regional management structure.

Mr. Brown began his banking career in 1976 with The Chase Manhattan Bank as a lending officer in the Commodity Finance division. From 1980 to 1999, he held a number of senior business and risk management positions with UBS AG, including New York Branch Manager and Head of the Structured Finance division, one of six operating divisions of UBS in the Americas. In 1998, Mr. Brown was appointed Chief Credit Officer — Americas. Immediately prior to joining CIBC in 2001, he served as President and Director for K2 Digital, Inc., an Internet professional services company.

Mr. Brown received a BSc in Business Administration from Oral Roberts University and has attended executive programs at the Salzburg Institute and Harvard Business School. He served as Chairman of the Board of Trustees of Mercy College, and is on the Executive Committee of the Board of Mercy Ships International, and the Board of Directors of the Foreign Policy Association in New York.

NEIL BRENNAN
Barbados
Executive Committee
Senior Executive Team

Neil Brennan was appointed Managing Director, Human Resources in 2015.

Neil joined FirstCaribbean International Bank in 2004 and served in the position of Director, Compensation, Benefits & HR Operations until 2009. He returned to CIBC FirstCaribbean in 2012 to the position of Director, Financial Integration and Operations, Human Resources. In this role, he was responsible for all of the Bank's Compensation and Benefits programmes, management of the Bank's pension plans and for delivering HR operational support across the Caribbean.

Neil has more than 25 years' experience working in Human Resources, both in a consulting capacity and in corporate environments, and has worked in the Caribbean, North America, Europe and Asia in a variety of roles covering all areas of Human Resources.

Prior to returning to CIBC FirstCaribbean in 2012 Neil was Global Vice President, Human Resources at AET, one of the world's largest petroleum logistics companies. Prior to this he has held increasingly senior positions in HR across a variety of industries, among them Consulting Actuary, Hymans Robertson, Head of UK Benefits Practice for Arthur Andersen and HR Consulting Services Director, Jardine Lloyd Thompson

Neil graduated from Heriot-Watt University, Edinburgh, in 1989 with a BEng in Electrical and Electronic Engineering. He is a Fellow of the Faculty of Actuaries and an Associate of the Pensions Management Institute.

EXECUTIVE COMMITTEE AND SENIOR EXECUTIVE TEAM

COLETTE DELANEY
Barbados
Executive Committee
Senior Executive Team

Colette Delaney was appointed Chief Risk and Administrative Officer in September 2014.

The Bank's Risk, Controls and Legal Departments, as well as Corporate Security report to Colette.

Colette is a banking professional with thirty years' experience, having started her career with CIBC in 1987, and prior to that with National Westminster Bank Plc. She holds a Master of Arts degree from St. Anne's College, University of Oxford in the United Kingdom, an MBA from Cass Business School in London, and received the designation of Associate of the Chartered Institute of Bankers in the United Kingdom in 1989.

Prior to joining CIBC FirstCaribbean, she held the position of Executive Vice President at CIBC. During her career at CIBC, she has worked in the UK, US and in Canada in areas such as Risk Management, Commercial Banking and Retail Banking.

She has served as a Director on the Board of the Canadian Payments Association and Acxys Corporation and as a Director at Skills for Change – a not-for-profit organization helping newcomers to Canada.

BRIAN LEE
Barbados
Executive Committee
Senior Executive Team

Brian Lee was appointed Chief Financial Officer in December 2012.

As the Regional Chief Financial Officer for the FirstCaribbean Group, Brian possesses more than fifteen years of experience in finance in the banking sector. Brian has overall responsibility for financial oversight, reporting and planning for all legal entities within the FirstCaribbean Group. Brian also has oversight for the Treasury Group, specifically for matters relating to the composition and usage of CIBC FirstCaribbean's Balance Sheet resources.

Brian joined CIBC in 2001 and was a Senior Vice President in Finance. In his role at CIBC, Brian was responsible for bank-wide financial planning and analysis, financial performance measurement, project reporting as well as financial oversight and support for all of the infrastructure groups at CIBC.

Brian chairs the Asset and Liability Committee (ALCO) and is also chairman of the Curaçao OPCO Board of Directors and sits on the Boards of Barbados OPCO and CIBC Offshore Banking Services Corporation (COBSCO).

A highly-trained accounting professional, Brian holds a Master of Accounting degree from the University of Waterloo in Canada and is also a Chartered Accountant/Certified Public Accountant. Prior to joining CIBC, Brian articled with the accounting firms Arthur Andersen LLP and BDO Dunwoody.

JUDE PINTO
Barbados
Executive Committee
Senior Executive Team

Jude Pinto was appointed Chief Information Officer and Managing Director, Technology, Operations & Corporate Services in May 2013.

Jude currently serves as the firm's Chief Information Officer and MD TO&CS with responsibility for Technology, Project Execution, Operations, Strategic Sourcing and Real Estate management activities throughout the Caribbean.

Jude also serves as the Chairman of CIBC Offshore Banking Services Company (COBSCO) and as Vice Chair of CIBC Reinsurance, both in Barbados.

Jude has worked in the Canadian Financial Services industry for the past twenty-seven years, including the past 3 ½ years in CIBC's Caribbean operations and seventeen years prior with CIBC. As an experienced banker, Jude has held a variety of positions within CIBC spanning Insurance, Finance, Retail Strategy, Electronic Channels, Operational Risk, Business Transformation, Programs Operations and Technology.

Jude has a Master of Business Administration from the Rotman School of Business, University of Toronto (2002). He is a Certified Management Accountant (1992) and has an Honours Bachelor of Business Administration from Wilfrid Laurier University (1989).

MARK ST. HILL
Barbados
Executive Committee
Senior Executive Team

Mark St. Hill was appointed Managing Director, Retail & Business Banking in May 2013

Mark has responsibility for the development and growth of CIBC FirstCaribbean's Retail & Business Banking operations across seventeen countries.

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

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

Mark is a graduate of the FirstCaribbean Executive Leadership program with Wharton Business School and a Fellow of the British Institute of Chartered Secretaries and Administrators. He is currently completing his Masters Certificate in Financial Services Leadership in conjunction with York University and CIBC.

He is also the President of the Barbados Hockey Federation.

EXECUTIVE COMMITTEE AND SENIOR EXECUTIVE TEAM

TREVOR TORZSAS
The Bahamas
Executive Committee
Senior Executive Team

Trevor Torzsas was appointed Managing Director, Customer Relationship Management & Strategy in May 2012.

Along with the management of the Cards Issuing and Cash Management businesses, Trevor has responsibility for several strategic support units, including Strategy, Marketing & Communications, Product Development & Customer Analytics, Customer Research and Insights, Customer Experience and Alternate Channels.

In addition to his executive portfolio, Trevor serves on the Board of Directors of CIBC Bank and Trust Company (Bahamas) Ltd and FirstCaribbean International Bank (Trinidad and Tobago) Limited. He also serves as a Director of the FirstCaribbean International Comtrust Foundation Ltd, a registered charitable foundation.

His service as co-chair of CIBC Miracle Day and as a donations committee member equipped him to establish and lead the CIBC FirstCaribbean Walk for the Cure in 2012. His involvement in charitable activity at CIBC FirstCaribbean includes contributing his expertise through serving as Executive co–chair for the Walk. Trevor brings to the Bank extensive experience and a proven track record in customer relationship management from his tenure at CIBC in Canada. Prior to joining CIBC FirstCaribbean, as Managing Director, Global Relationship Management at CIBC in Canada from 2008 to 2012, he headed and developed CIBC's global relationship management program within its cash equities group. He directly interfaced with institutional clients to drive a client-focused strategy. During that time, CIBC's overall quality of client service in the Cash Equities group improved to No.1 in Canada.

Prior to joining CIBC, Trevor spent four years at Desjardins Securities – two years as the Head of Equity Sales and two years as the Head of Business Development. Before joining Desjardins, he spent eight years as a partner at Brendan Wood International, leading its broker/dealer strategic advisory group and as an executive member of the firm's executive recruiting team.

PIM VAN DER BURG
Curaçao
Executive Committee
Senior Executive Team

Pim van der Burg was appointed Managing Director Wholesale Banking in December 2015.

Prior to that Pim was the Managing Director for the Dutch Caribbean for CIBC FirstCaribbean and was responsible for the development of the businesses of the Bank in Curacao, St. Maarten and Aruba.

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

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

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

DANIEL WRIGHT
The Cayman Islands
Executive Committee
Senior Executive Team

Daniel Wright was appointed Managing Director, Wealth Management in February 2014.

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

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

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

BRIAN CLARKE QC
Barbados
Senior Executive Team

Brian Clarke was appointed General Counsel & Corporate Secretary in June 2012.

Brian is the General Counsel & Corporate Secretary of CIBC FirstCaribbean.

Brian's over thirty years of legal experience have equipped him to direct and advise the board and senior management of CIBC FirstCaribbean on legal, regulatory, governance and business issues.

Brian is a graduate of the University of the West Indies and the Norman Manley Law School and is a Queen's Counsel.

Brian is also a former member of the Salvation Army advisory board.

BEN DOUANGPRACHANH
Barbados
Senior Executive Team

Ben Douangprachanh was appointed Chief Auditor in July 2014.

Prior to joining, FirstCaribbean International Bank in July 2014 as Chief Auditor, Ben served as Senior Audit Director, Risk Management at CIBC. He brings over two decades of service in the financial services industry in Canada, US and Asia.

A Chartered Professional Accountant (CPA) and a Chartered Financial Analyst (CFA), Ben is an alumnus of the Wilfrid Laurier University and holds a Bachelor of Business Administration (1993). He is also a member of the Institute of Internal Auditors (IIA).

As Senior Audit Director, he was responsible for the audit mandate covering risk management enterprise wide, including capital markets risk management, retail risk management, and operational risk management.

Prior to joining CIBC, Ben was the Chief Auditor and Head of Corporate Security at CIBC Mellon and has worked in increasingly senior roles at PriceWaterhouseCoopers and Merrill Lynch in Canada, Asia and the U.S.

NIGEL HOLNESS
Jamaica
Senior Executive Team

Nigel Holness was appointed Managing Director of Jamaica in October 2010.

Nigel joined the FirstCaribbean family, formerly CIBC, in 1988 and has enjoyed a very successful career with this institution spanning twenty-eight years. His prior appointment saw him spearheading and rebuilding the Jamaica Treasury function, embedding new policies and governance structures that brought efficiency and diversification to the currency balance sheets.

Prior to returning to Jamaica, Nigel was part of the Regional Centralized Treasury team located in Barbados, and was responsible for managing the soft currency portfolios across numerous jurisdictions. He has been exposed to a number of formal training and development programmes locally and internationally such as International Cash & Treasury Risk Management, Bourse Game, Consultancy Skills and Employee Relations, to name a few.

His training has been complemented by valuable exposure gained through working in all major markets across the Caribbean. He has acquired considerable experience on the job, which has supported and enhanced his capability to perform with excellence thus earning him the Managing Directors Award for excellence in 1993.

Nigel also served on the Regional Consulting Methods and Organization Management Team responsible for branch re-engineering and restructuring, an initiative led by CIBC.

SENIOR EXECUTIVE TEAM

MARK McINTYRE
The Cayman Islands
Senior Executive Team

Mark McIntyre was appointed Managing Director, Cayman, BVI & Platinum Banking in January 2012.

Mark, a career banker and dynamic leader, has developed a deep and diverse career within the Caribbean Capital Markets and Financial Services industry over the past three decades.

Mark has a proven track record of developing high-performance teams and achieving consistent results in competitive and demanding environments and brings to CIBC FirstCaribbean a reputation as an excellent negotiator and problem-solver who is experienced in the delivery of exceptional customer service.

Mark has held positions of increasing seniority across all business segments of the bank that have made him eminently qualified for his current role. His professional experience has honed his skills in Retail, Corporate and International Banking, Strategic Management, Executive Negotiation and People Management. Mark also previously served as Corporate Secretary and Wealth Management Director for CIBC FirstCaribbean in the Cayman Islands before being headhunted by HSBC in 2007 to establish its banking presence in the Cayman Islands where he served as both Head of Corporate Banking and Head of Business Development - Caribbean Sovereigns & Markets in the intervening years before returning to CIBC FirstCaribbean to assume the role of Managing Director early in 2012.

Mark, an MBA graduate, has also benefited from a number of executive development and specialized training programmes with several international academic organizations and institutions including the Chartered Institute of Bankers in the United Kingdom, Euromoney and most recently The Wharton School, University of Pennsylvania where he was awarded a Certificate of Professional Development and participated on the FirstCaribbean Executive Development Programme.

MARIE RODLAND-ALLEN
The Bahamas
Senior Executive Team

Marie Rodland-Allen, was appointed Managing Director of the Bahamas & Turks and Caicos Islands in September 2010.

Marie joined CIBC FirstCaribbean International Bank from Citigroup, where she began her career in the late 1990s as an Investment Banking Analyst in both New York and Paris. She later accepted a position in her hometown of Nassau, Bahamas as a Corporate Banker before returning to New York in 2004 to work in the Office of the Chief Executive Officer of The Citigroup Private Bank.

In her last assignment prior to joining CIBC FirstCaribbean, Mrs. Rodland-Allen was the Senior Vice President and Global Head of Special Investments for Citigroup's global trust business. She holds a Bachelor's of Science in Finance and International Business from New York University's Stern School of Business and a dual Masters of Business Administration degree from Cornell University and Queen's University.

Mrs. Rodland-Allen was also the 2013 recipient of the Bahamas "40 under 40 Award" by the Bahamas' Ministry of Youth Sports and Culture in conjunction with Jones Communications which recognized outstanding performance and contribution to The Bahamas. She is also a member of the Young Presidents' Organization and a Member of the Society of Trust and Estate Practitioners.

SENIOR EXECUTIVE TEAM

DEBBIE KELLETT
The Cayman Islands
Senior Executive Team

Debbie Kellett was appointed Executive Consultant, Special Initiatives in January 2011.

Debbie has been employed with the CIBC group since 1977, and in her present role provides project management oversight and support on policy, processes and governance. She participates in HR strategy development and provides oversight on international executive resourcing and contracts.

Prior to that she held the position of Senior Director, International Mobility, Executive Services and Special initiatives with CIBC Canada where she was responsible for overseeing and managing all international mobility activities and international executive support for CIBC as well as project managing Human Resources initiatives for the CIBC Group.

She also held various senior positions with the CIBC Group over the span of her career including Director of Human Resources, Senior Director Industrial and Employee Relations, Senior Director Human Resources Merger and Acquisition Team and Senior Director, International Mobility, Executive Services and Special initiatives.

Debbie holds a Masters Certificate (Project Management) from Schulich School of Business, York University, has obtained Project Management Professional (PMP) designation and pursued studies in Labour Relations at Ryerson College and Queens University in Canada.

DONNA WELLINGTON
Barbados
Senior Executive Team

Donna Wellington was appointed Managing Director, Barbados and the OECS in June 2013.

Donna Wellington joined CIBC FirstCaribbean International Bank in 2005, after working fifteen years for Sagicor, EY Caribbean and PwC in Barbados. At CIBC FirstCaribbean she has progressed through various positions in the Wholesale Banking segment, culminating in her current position as the Managing Director – Barbados Operating Company.

In this position Donna has responsibility for revenue generation and regulatory affairs across all key segments of the banking operations of the Barbados Operating Company in eight countries (Barbados and seven countries in the OECS). A seasoned corporate banker with twenty-seven years' experience in the financial services sector, Donna also has a strong accounting background with a BSc in Accounting from the University of the West Indies and is a member of the Certified General Accountant Association registered under the Charter Professional Accountants Association of Canada (CPA,CGA).

Management's discussion and analysis (MD&A) is provided to enable readers to assess CIBC FirstCaribbean's financial condition and results of operations as at and for the year ended October 31, 2016, compared with prior years. The MD&A should be read in conjunction with the audited consolidated financial statements included in this Annual Report. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and are expressed in thousands of United States dollars. Certain comparative amounts have been reclassified to conform to the presentation adopted in the current year.

Overview

CIBC FirstCaribbean International Bank Limited is a leading Caribbean financial institution providing individual and business clients with a full range of products and services through our four (4) segments – Retail and Business Banking, Wholesale Banking, Wealth Management and Administration. Our business segments service clients in seventeen (17) countries through our eight (8) operating companies located in Bahamas, Barbados, Cayman, Jamaica and Trinidad.

The business segments and geographic operating companies are supported by the Administration segment which includes Finance, Human Resources, Risk, Technology & Operations, Treasury, and other support units. Highlights and commentary on business segments can be found in the 2016 Highlights Section of this annual report.

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

Nature of the business

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

Objectives and strategies

The Group continues to focus on five strategic priorities to address market trends: Cultivating deeper relationships with its clients across its business; Focusing on value for its clients through understanding their needs; Competing in businesses where the Group can leverage its expertise to add differentiated value; Pursuing risk-controlled growth in the region; and Continuously investing in its client base, people and infrastructure.

Resources, risks and relationships

The most important resources and relationships available to the Group are driven by its clients, employees, communities (including its regulators) and its shareholders. Over the years, the Group has developed these resources and relationships to synergistically deliver banking that fits our clients' lives.

Using the capital provided and reinvested by shareholders and other funding from clients, the Group, through the work of its employees is able to provide a stable affordable source of funding to its clients, contributing to building the communities in which the Group resides. The risks faced by the Group (including credit, market, compliance, operational, and liquidity) and approach to managing risk are discussed further under the heading "Risk Management Approach" in this discussion and analysis.

Review of results, performance measures and indicators

Review of the Consolidated Statement of Income

$ Millions except per share amounts, as at or for the year ended October 31	2016	2015
Total revenue	**534**	522
Net income for the year	**143**	98
Net income attributable to the equity holders of the parent	**140**	95
Total assets	**10,966**	10,689
Basic earnings per share (cents)	**8.9**	6.0
Dividend per share (cents)	**4.5**	3.5
Closing share price per share (cents)	**113**	86
Return on equity	**10.4%**	7.2%
Efficiency ratio	**67%**	71%
Tier I capital ratio	**19%**	22%
Total capital ratio	**21%**	23%

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.
- $116 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 and margin

$ millions for the year ended October 31	2016	2015
Average total assets	**10,828**	10,734
Net interest income	**370**	363
Net interest margin	**3.4%**	3.4%

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

$ millions for the year ended October 31	2016	2015
Net fee and commission income	**107**	109
Foreign exchange earnings	**50**	45
Net gains	**3**	1
Other	**4**	5
	164	160

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.

Operating expenses

$ millions for the year ended October 31	2016	2015
Staff costs		
Salaries	**141**	140
Benefits & other	**37**	53
	178	193
Property and equipment expenses	**43**	43
Depreciation	**18**	20
Business taxes	**40**	38
Professional fees	**17**	20
Communications	**9**	10
Other	**52**	46
	357	370

Operating expenses decreased year-on-year by $13 million (4%) primarily due to lower staff costs related to restructuring from the prior year ($21 million), along with lower professional fees and depreciation. This was offset by higher business taxes and other operating expenses core to business operations.

Loan loss impairment

$ millions for the year ended October 31	2016	2015
Individual impairment charge		
Mortgages	13	14
Personal	13	3
Business & Sovereign	(10)	21
	16	38
Collective impairment charge	1	3
	17	41

Loan loss impairment decreased by $24 million (59%) 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

$ millions for the year ended October 31	2016	2015
Income tax expense	16	13
Income before taxation	159	111
Effective tax rate	9.9%	11.6%

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 11.6% to 9.9%.

Review of the Consolidated Statement of Comprehensive Income

$ millions for the year ended October 31	2016	2015
Net Income for the year	143	98
Other comprehensive income/(loss)		
Net gains/(losses) on available-for-sale investment securities	6	(10)
Net exchange losses on translation of foreign operations	(13)	(8)
Re-measurement gains on retirement benefit plans	21	11
Other Comprehensive income/(loss)	14	(7)
Total Comprehensive income	157	91

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 8% 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.

Review of the Consolidated Statement of Financial Position

$ millions for the year ended October 31	2016	2015
Assets		
Cash and balances with banks	**1,999**	1,692
Investment securities	**2,203**	2,331
Loans and advances to customers:		
Mortgages	**2,149**	2,168
Personal	**569**	546
Business & Sovereign	**3,771**	3,615
Other	**23**	26
Provision for impairment (net of recoveries and write-offs)	**(299)**	(350)
	10,415	6,005
Other assets	**551**	661
	10,966	10,689
Liabilities and equity		
Customer deposits		
Individuals	**3,264**	3,800
Business & Sovereign	**5,805**	4,830
Banks	**77**	62
Interest Payable	**10**	7
	9,156	8,699
Debt securities in issue	**198**	209
Other liabilities	**237**	400
Non-controlling interest	**28**	26
Equity attributable to equity holders of the parent	**1,347**	1,355
	10,966	10,689

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

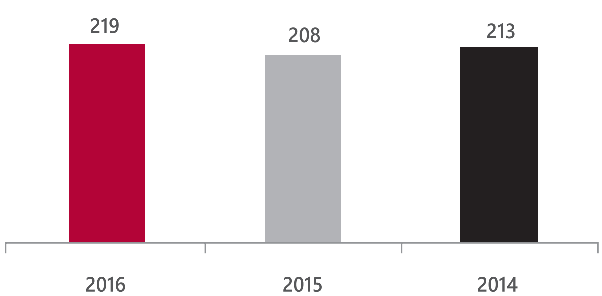
Retail Banking includes the Retail, Business Banking and Cards businesses. Effective November 2015, International Wealth, which was previously reported in Wealth Management, was transitioned to the Retail Banking segment. Prior period disclosures have been amended to conform to this current presentation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

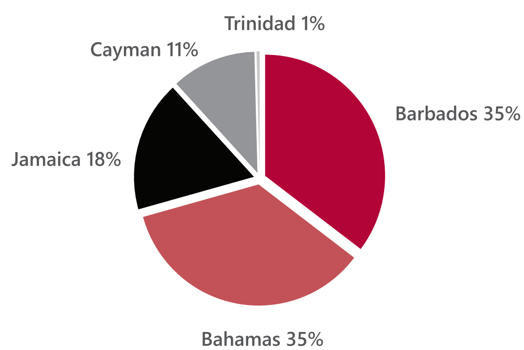
Segment results increased year-on-year by $21 million principally as a result of higher net interest income as well as lower loan loss expense.

Productive loans grew by 4% over last year.

Total Revenues ($Millions)



Total Revenues (% Operating Company)



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.

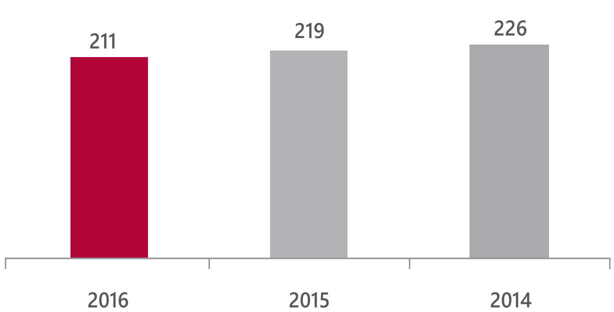
Clients are also provided with derivative and other risk mitigating products through the Client Solutions Group.

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.

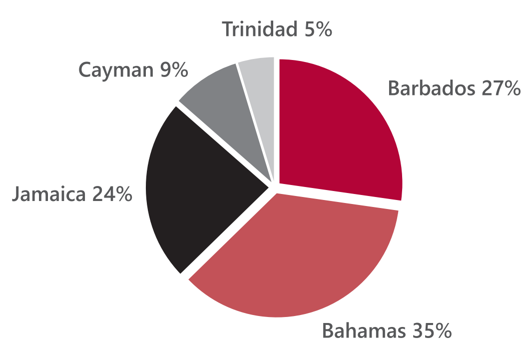
However, segment results increased year-on-year by $25 million as a result of lower loan loss provision and operating expenses.

Productive loans grew by 6% over last year.

Total Revenues ($Millions)



Total Revenues (% Operating Company)



Wealth Management

This segment comprises International Corporate Banking, Investment Management, Private Wealth Management and CIBC Bank & Trust.

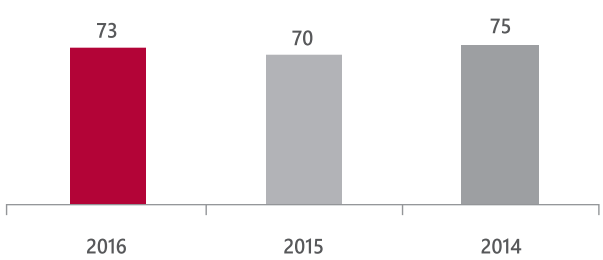
Wealth Management clients are provided investment advice and traditional banking services through a relationship management offer.

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.

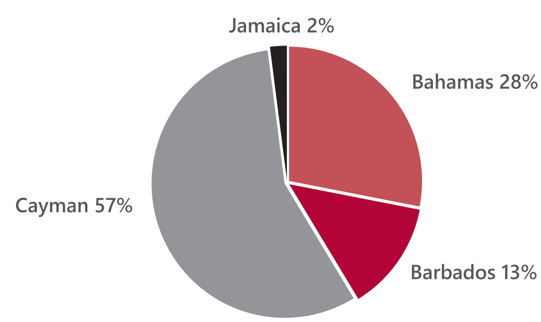
Total revenues were higher year-over-year by $3 million or 5% as a result of higher internal revenues allocated to deposits.

Segment results increased year-on-year by $3 million driven by higher internal revenues.

Total Revenues ($Millions)



Total Revenues (% Operating Company)



Administration

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

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

Risk Management Approach

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

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

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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.

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.

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.

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

(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

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

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

(Expressed in thousands of United States dollars)

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.

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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

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.

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(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%.

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

	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

(Expressed in thousands of United States dollars)

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

(Expressed in thousands of United States dollars)

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

(Expressed in thousands of United States dollars)

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

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

For the year ended October 31, 2016
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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

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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).

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

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:

	2016			2015		
Currency	DV01	VaR	60 day stressed loss	DV01	VaR	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

(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.

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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**

(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.

For the year ended October 31, 2016
(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.

(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.

(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.

Statement of Corporate Governance

Introduction to the Corporate Governance Statement

It is important that you, our shareholders, understand how the Board of Directors of CIBC FirstCaribbean fulfills its corporate governance oversight responsibilities.

The governance framework which guides the Board is described in CIBC FirstCaribbean's Corporate Governance Statement which follows this introduction.

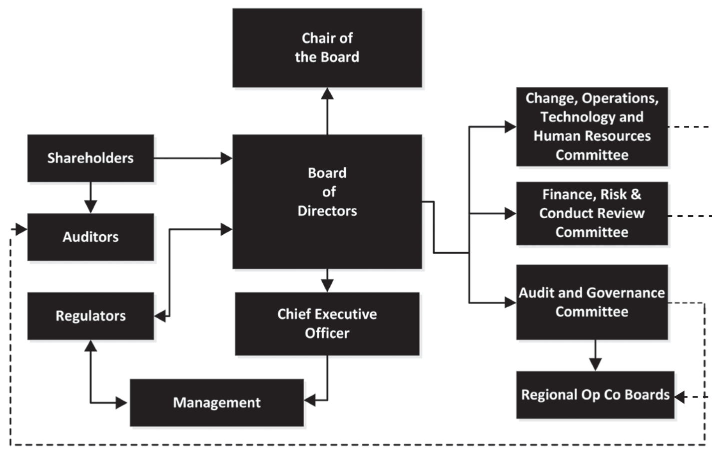
Certain documents are incorporated by reference into the Corporate Governance Statement and may be found on the Company's website at www.cibcfcib.com. These include:

1. Board of Directors Mandate
2. Audit & Governance Committee Mandate
3. Change, Operations, Technology & Human Resources Committee Mandate
4. Finance, Risk & Conduct Review Committee Mandate
5. Mandate of the Chair of the Board
6. Mandate of the Committee Chairs
7. Mandate of the Chief Executive Officer
8. Code of Conduct for Employees
9. Code of Ethics for Directors
10. Insider Trading Policy

This statement of corporate governance practices describes the governance framework that guides CIBC FirstCaribbean's Board and management in fulfilling their obligation to CIBC FirstCaribbean and its stakeholders. It was reviewed and approved by the Board in December 2016.

1. Governance structure

At the foundation of CIBC FirstCaribbean's governance structure are knowledgeable, effective, independent and non-independent directors. Documenting clear roles and responsibilities for the Board and its committees assists the Board in supervising the management of CIBC FirstCaribbean's business and affairs. This diagram provides a snapshot of how the Board interacts with management and CIBC FirstCaribbean's stakeholders.



2. Board composition

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

Legal requirements

The Board adheres to all local and regional legal and regulatory requirements, guidelines and recommendations applicable to directors and the Board, including the legal and regulatory requirements related to our lead central bank regulator, the Central Bank of Barbados, the Barbados Financial Services Commission and the Barbados Stock Exchange, as well as the legal and regulatory requirements, guidelines and recommendations related to other central banks and regulators in the region.

Board size

CIBC FirstCaribbean's by laws require a minimum of ten directors and a maximum of eighteen directors, and that the majority of the Board's directors reside outside of Canada. The Board is currently comprised of ten directors, six of whom permanently reside outside of Canada. Four of the Board's directors[1] are independent, as required by the Central Bank of Barbados.

3. Board responsibilities

The Board's key responsibilities include oversight of and decision-making on: strategic planning, risk management, human resources, corporate governance, financial information, communications, board committees, regulators and director development and evaluation.

The Board is responsible for the management of the business and affairs of CIBC FirstCaribbean and the overall direction and supervision of the CIBC FirstCaribbean Group. The Board, directly and through its committees, provides direction to senior management, generally through the Chief Executive Officer, to pursue the best interests of the CIBC FirstCaribbean Group. The mandate of the Board of Directors is incorporated into this document by reference.

Strategic planning

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

[1] Effective December 2014.

Risk Management
With assistance from the Finance, Risk & Conduct Review and Audit & Governance Committees, the Board approves CIBC FirstCaribbean's risk appetite and reviews management reports on material risks associated with CIBC FirstCaribbean's business and operations, the implementation by management of systems to manage those risks and material deficiencies in the operation of those systems.

Human resources management
With assistance from the Change, Operations, Technology & Human Resources Committee, the Board reviews CIBC FirstCaribbean's approach to human resources, talent management, and the succession planning process for the CEO and other key management positions considering business performance, including its risk-related aspects and the extent to which management fosters a culture of integrity.

Corporate governance
With assistance from the Audit & Governance Committee, the Board reviews CIBC FirstCaribbean's approach to corporate governance, and code of conduct and ethics for employees and directors respectively.

Financial information
With assistance from the Audit & Governance Committee, the Board reviews CIBC FirstCaribbean's internal controls relating to financial information, management reports on material deficiencies relating to those controls and the integrity of CIBC FirstCaribbean's financial and information systems.

Board committees
The Board establishes committees and their mandates and requires committee chairs to report to the Board each quarter on material matters considered by the committees.

Director development and evaluation
Each director participates in CIBC FirstCaribbean's director development sessions. The Board engages in a process each year to evaluate Board performance and effectiveness to develop action plans that enhance its effectiveness.

The Board participated in interactive development sessions on the following topics:

- Market Risk
- Managing the Evolving World of Third Party Transactions
- New Insurance Product

4. Director independence
The Board believes that director independence is an important part of fulfilling its duty to supervise the management of CIBC FirstCaribbean's business and affairs. The Board relies on regulatory requirements, best practices and good judgment to define independence. A director is considered to be independent only where the Board determines that the director has no material relationship with CIBC FirstCaribbean. A material relationship is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of an independent director's judgment.

The Board and its committees also foster independence by:

- Having an independent non-executive Chair of the Board to oversee the operations and deliberations of the Board;
- Having independent directors on each of the Board's Committees including the Human Resources Sub-Committee of the Change, Operations, Technology & Human Resources Committee;
- Reviewing board interlocks;
- Conducting in camera sessions at each Board meeting without the CEO and other members of management;
- Determining whether directors have a material interest in transactions.

A majority of the members of the Audit & Governance Committee, the Finance, Risk & Conduct Review Committee and the Change, Operations, Technology & Human Resources Committee, are independent.

Board interlocks and outside board membership

The Board does not limit the number of public companies on which a director sits. However the Audit & Governance Committee verifies that a director continues to fulfill his or her obligations to CIBC FirstCaribbean's Board, and determines whether there are circumstances which would impair a director's ability to exercise independent judgment, by reviewing the number of other public boards on which CIBC FirstCaribbean's directors sit and the business relationship between CIBC FirstCaribbean and those companies.

The Board believes disclosing other public company board memberships and interlocking board membership is important. See the director biographies starting on page 10 of this document for the other public company boards of each Board member. Other boards on which directors sit are also shown.

An 'interlock' occurs when one or more Board members are also board members of other public companies. The interlocking board memberships among CIBC FirstCaribbean's directors are set out below.

Company	Director
Caribbean Utilities Company Ltd	David Ritch
Cable & Wireless (Barbados) Limited	Sir Allan Fields
Massy Limited	Paula Rajkumarsingh

In camera sessions

The Board sets aside time at each Board meeting for in camera sessions to facilitate open and candid discussion among non-management directors. The CEO and other members of management are not present. The sessions are conducted by the Chair of the Board at Board meetings.

Conflicts of interest

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

Independent non-executive Chair of the Board

The Chair of the Board is an independent director. The Chair's independence fosters the Board's independent decision-making.

5. Director nomination process

Nominating a new director for election

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

Meeting attendance record

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

During fiscal 2016 the Board met five times. The Finance, Risk, Conduct & Review Committee met twelve times. The Audit & Governance Committee met four times and the Change, Operations, Technology & Human Resources Committee met five times.

Scheduled quarterly meetings

	Board of Directors' Meetings	Audit & Governance Committee Meetings	Change, Operations, Technology & Human Resources Committee Meetings	Finance, Risk & Conduct Review Committee Meetings
David Ritch	4/4	4/4	4/4	4/4
Gary Brown	4/4	Not a Member	4/4	4/4
Rik Parkhill^	3/4	Not a Member	3/4	3/4
Christina Kramer	3/4	Not a Member	3/4	Not a Member
Brian McDonough	4/4	Not a Member	Not a Member	4/4
David Arnold	4/4	4/4	Not a Member	Not a Member
Sir Fred Gollop!	1/4	1/4	1/4	1/4
Sir Allan Fields	4/4	4/4	4/4	4/4
G. Diane Stewart	4/4	4/4	4/4	4/4
Paula Rajkumarsingh	4/4	4/4	4/4	4/4
Brian Clarke	4/4	Not a Member	Not a Member	Not a Member
Lincoln Eatmon+	Not a Member	4/4	Not a Member	Not a Member

^ - Was elected a director after the first quarter's meeting

! - Did not stand for re-election at annual meeting

+ - Member of the Audit & Governance Committee only

Interim meetings called at short notice

	Board of Directors' Meetings	Audit & Governance Committee Meetings	Change, Operations, Technology & Human Resources Committee Meetings	Finance, Risk & Conduct Review Committee Meetings
David Ritch	1/1	No meetings held	1/1	8/8
Gary Brown	0/1	No Meetings held	0/1	6/8
Rik Parkhill=	0/1	No meetings held	0/1	2/8
Christina Kramer=	0/1@	No meetings held	0/1@	Not a Member
Brian McDonough=	0/1	No meetings held	Not a Member	0/8
David Arnold=	0/1	No meetings held	Not a Member	Not a Member
Sir Fred Gollop	0/1	No meetings held	0/1	1/8
Sir Allan Fields	1/1	No meetings held	1/1	8/8
G. Diane Stewart	1/1	No meetings held	1/1	6/8
Paula Rajkumarsingh	1/1	No meetings held	1/1	4/8**
Brian Clarke	1/1	Not a Member	Not a Member	Not a Member
Lincoln Eatmon+	Not a Member	No meetings held	Not a Member	Not a Member

** - Declared a conflict and accordingly could not attend one meeting
@ - One Board of Directors meeting and one Change, Operations, Technology & Human Resources meeting attended by alternate Mr. Brian Lee
+ - Member of the Audit & Governance Committee only
= - Directors residing in Canada cannot participate in meetings from Canada, and could not arrange to attend in person due to short notice given for the interim meetings.

Annual Meeting

CIBC FirstCaribbean's Annual Meeting held March 11, 2016 was attended by the Board of Directors. CIBC FirstCaribbean's Chief Financial Officer and external auditor, Ernst & Young, were also present as well as other members of CIBC FirstCaribbean's Senior Executive Team.

6. Director tenure

Unless his tenure is sooner determined, a director holds office from the date on which he is first elected or appointed until the next annual meeting at which time he shall be eligible for re-election.[2] A director may serve for up to fifteen years. Consideration is being given to allowing the Chair, at the request of the Board, to continue to serve as director and Chair for up to five successive annual terms after 15 years' service.

7. Annual performance evaluation of the Board

The Mandate of the Board of Directors requires the Board to conduct a review of the role of the Board and its committees, the methods and processes by which the Board fulfills its duties, the effectiveness of the Board structure and its directors, and the performance of the Chair of the Board against criteria the Committee considers appropriate. The board delegates this function to the Audit & Governance Committee.

The Audit & Governance Committee conducts this self-assessment with the assistance of the Corporate Secretary. The evaluation addresses the performance and effectiveness of the Board, each Board committee and the Chair of the Board. The evaluation is based on confidential feedback obtained from a survey completed by each director and submitted to the Corporate Secretary.

[2] Subject to confirmation at the Annual General Meeting

The survey asks questions about what was done well, what could be done better and covers Board and Committee structure and composition, Board leadership, the Board's relationship with the CEO, management, succession planning, strategic planning, risk management, operational performance and Board processes and effectiveness. The evaluation process helps identify opportunities of continuing Board and director development and forms the basis of action plans for improving the Board's operations. The Audit & Governance Committee monitors progress against these plans.

8. The Chief Executive Officer

The primary objectives of the CEO are to lead the management of CIBC FirstCaribbean's operations, and to lead the implementation of resolutions, strategy and policies set by the Board. The Mandate of the Chief Executive Officer sets out the CEO's key accountabilities and responsibilities, which include duties relating to CIBC FirstCaribbean's operational direction, strategy, financial performance, governance, risk management, risk appetite, financial information, human resources management, succession review, integrity of management, vision, mission, values and reputation, risk management, senior executive team, interaction with the Board and communication with stakeholders. The CEO is appointed by the Board after having considered the recommendations of the Audit & Governance Committee. The Board and the Audit & Governance Committee must be satisfied that the CEO is qualified in all respects to successfully discharge the requirements imposed by the Mandate of the Chief Executive Officer.

9. The Chair of the Board

The primary functions of the Chair of the Board are to facilitate the operations and deliberations of the Board and the satisfaction of the Board's responsibilities under its mandate. The Mandate of the Chair of the Board sets out the Chair's key accountabilities and responsibilities, which include setting Board meeting agendas, chairing Board and shareholder meetings, leading director development, providing input on the integrity and suitability of potential director candidates, leading the Board in overseeing the development of CIBC FirstCaribbean's strategic direction, processes, plans, priorities and benchmarks, providing Board feedback to the CEO and communicating with shareholders, regulators and other stakeholders.

10. Board committees

Each member of the Committee is appointed by the Board on an annual basis and serves at the pleasure of the Board, or until the earlier of:

(a) the close of the next annual meeting of shareholders of CIBC FirstCaribbean at which the member's term of office expires;
(b) the death of the member; or
(c) the resignation, disqualification or removal of the member from the Committee or from the Board.

The Board may fill a vacancy in the membership of the Committee. At the time of the annual appointment of the members of the Committee, the Board shall appoint a Chair of the Committee.

Audit & Governance Committee

The Audit & Governance Committee is responsible for reviewing the integrity of the financial statements of CIBC FirstCaribbean, related management's discussion and analysis (MD&A) and internal control over financial reporting, monitoring the system of internal control, monitoring compliance with legal and regulatory requirements including Sarbanes Oxley reporting requirements, selecting external auditors for shareholder approval, reviewing the qualifications, independence and performance of the external auditors, reviewing the qualifications, independence and performance of the internal auditors; managing the determination of the Bank's financial year, monitoring the internal audit function and assisting the Board of Directors in fulfilling its corporate governance oversight. All members of the Audit & Governance Committee are financially literate.

The members of the Committee are:

Chair	Paula Rajkumarsingh (independent)
Membership	David Arnold
	Rik Parkhill

Sir Allan Fields (independent)
David Ritch (independent)
G. Diane Stewart (independent)
Lincoln Eatmon (independent)

Change, Operations, Technology & Human Resources Committee

The Change, Operations, Technology & Human Resources Committee is responsible for assisting the Board of Directors in fulfilling its governance and supervisory responsibilities for strategic oversight of CIBC FirstCaribbean's change initiatives, information technology and security effectiveness, and their alignment with the CIBC FirstCaribbean's strategy of consistent, sustainable performance, as well as control matters. The Committee is also responsible for assisting the Board in fulfilling its governance and supervisory responsibilities for strategic oversight of the Bank's human capital, including organization effectiveness, succession planning and compensation and their alignment with the Bank's strategy of consistent, sustainable performance, its risk appetite and control framework. The Human Resources Sub-Committee which is responsible for compensation, among other things, is a sub-committee of the Change, Operations, Technology & Human Resources Committee. [3]

The members of the Committee are:

Chair	Christina Kramer (Human Resources sub-committee member)
Membership	Gary Brown
	Rik Parkhill
	Sir Allan Fields (independent) (Human Resources sub-committee member)
	Paula Rajkumarsingh (independent)
	David Ritch (independent) (Human Resources sub-committee member)
	G. Diane Stewart (independent)

Finance, Risk & Conduct Review Committee

The Finance, Risk & Conduct Review Committee is responsible for assisting the Board of Directors in fulfilling its governance and supervisory responsibilities including strategic oversight of the CIBC FirstCaribbean group's business risks including the review and approval of significant disposals, investments, changes in nature of business, expansion and major contracts, credit, investment, market, treasury and liquidity, and operational risk.

The members of the Committee are:

Chair	Brian McDonough
Membership	Rik Parkhill
	Gary Brown
	Paula Rajkumarsingh (independent)
	David Ritch (independent)
	G. Diane Stewart (independent)
	Sir Allan Fields (independent)

11. Board access to independent advisors and management

To assist the Board, the Chair of the Board and the Board Committees in satisfying their responsibilities and to foster their independence, the Board, the Chair of the Board and the Board Committees have authority to retain and terminate external legal counsel, consultants or other advisors to assist them in fulfilling their responsibilities and to set and pay the compensation of these advisors without consulting or obtaining approval of management. The Board, the Chair of the Board and the Board Committees also have unrestricted access to management and employees of CIBC FirstCaribbean, as well as the external auditors.

[3] None of the members of the Human Resources Sub-Committee are from management although they all are not independent directors as recommended by the Barbados Stock Exchange.

12. Director orientation and continuing development

CIBC FirstCaribbean's ongoing director development programme fosters the continuous education of Board members. The programme has two components:

1. New director orientation to assist new directors in becoming fully engaged as quickly as possible; and
2. Ongoing director development

New director orientation

New directors are presented with a manual which includes the Roles and Accountabilities Manual, Board Mandates, the most recent CEO Business Update, current financial and capital plans, the most recent annual report, and any other material the Chair of the Board considers appropriate.

They are also required to attend various orientation meetings and at the Chair of the Board's request may be assigned a current Board member as a mentor. They may also meet separately with each of the Chair of the Board, the Chief Executive Officer, Chief Risk and Administrative Officer, Chief Financial Officer, Managing Director - Governance & Controls, the Corporate Secretary, one or more members of the Senior Executive Team or any other person the Chair of the Board considers appropriate.

Ongoing director development

All directors participate in the development sessions held during each quarterly Board meeting. The sessions are comprised of presentations to the Board by internal and external experts. One-on-one sessions between a director and an internal or external subject matter expert may be arranged at the request of the Chair or Committee Chair. A director or committee member may contact the Corporate Secretary or the Chair of the Board about participating in an external education program or session related to development as a CIBC FirstCaribbean director or committee member.

13. Director compensation

The Audit & Governance Committee reviews director compensation annually to assess whether it aligns with CIBC FirstCaribbean's strategy imperative to deliver consistent and sustainable earnings, fosters prudent decision making and is competitive with other director compensation programs and levels among regional financial institutions. The Audit & Governance Committee recommends changes in director compensation to the Board for approval when considered appropriate or necessary to align with these objectives and recognize the workload, time, commitment and responsibility of the Board and committee members. The Audit & Governance Committee may retain an independent external consultant to provide data and advice to that committee on its director compensation policy and practices.

The Board Chair and independent directors are paid a flat annual fee for attending all board and committee meetings, whether scheduled or not. Neither CIBC FirstCaribbean executives, nor CIBC executives, who are directors, are paid fees. Independent committee chairs and committee members who are not directors[4] are paid fees. The Board Chair, independent directors and independent committee members are paid an aggregate total of USD$370,333 annually.

14. Approval of the CEO's Service Contract

The Human Resource Sub-Committee of the Change, Operations, Technology & Human Resources Committee reviews the employment arrangements for the Chief Executive Officer annually.

15. Organization of management

A 9 member Executive Committee (ExCo), a 16 member Senior Executive Team (SET), both appointed by the CEO, lead the execution of the Bank's business strategy and execution of day-to-day management. The Executive Committee and SET are constituted as follows:

[4] Mr. Lincoln Eatmon, a member of the Audit & Governance Committee, is the only committee member who is not also a director.

Chief Executive Officer	Gary Brown	Executive Committee Senior Executive Team
Managing Director, Human Resources	Neil Brennan	Executive Committee Senior Executive Team
Chief Risk & Administrative Officer	Colette Delaney	Executive Committee Senior Executive Team
Chief Financial Officer	Brian Lee	Executive Committee Senior Executive Team
Chief Information Officer and Managing Director, Technology, Operations & Corporate Services	Jude Pinto	Executive Committee Senior Executive Team
Managing Director, Retail, Business and International Banking	Mark St. Hill	Executive Committee Senior Executive Team
Managing Director, Customer Relationship Management and Strategy	Trevor Torzsas	Executive Committee Senior Executive Team
Managing Director, Wholesale Banking	Willem van der Burg	Executive Committee Senior Executive Team
Managing Director, Wealth Management	Daniel Wright	Executive Committee Senior Executive Team
General Counsel & Corporate Secretary	Brian Clarke	Senior Executive Team
Chief Auditor	Ben Douangprachanh	Senior Executive Team
Managing Director, Jamaica	Nigel Holness	Senior Executive Team
Executive Consultant, Special Initiatives	Debbie Kellett	Senior Executive Team
Managing Director, Cayman, BVI & Platinum Banking	Mark McIntyre	Senior Executive Team
Managing Director, Bahamas & TCI	Marie Rodland-Allen	Senior Executive Team
Managing Director, Barbados Operating Company	Donna Wellington	Senior Executive Team

CIBC FirstCaribbean has adopted a strategic business segment approach with three strategic business segments reporting to the Chief Executive Officer. A Managing Director runs each line of business:

- Retail, Business & International Banking
- Wholesale Banking
- Wealth Management

In addition to the above a number of other senior management committees are in place to support the day-to-day management of the organization. These are:

- Asset Liability Committee
- Credit Committee
- Treasury Asset Investment Review Committee
- Strategic Projects Office

Executive compensation

CIBC FirstCaribbean's executive compensation philosophy is simple and consistent from year to year. The aim is to reward the CEO and senior leaders for delivering enhanced shareholder value through successful execution of the corporate strategy. Pay programmes are also designed to attract, retain and motivate key talent while aligning pay and performance.

It is the mandate of the Human Resources Sub-Committee of the Change, Operations, Technology & Human Resources Committee to make executive pay decisions and recommendations to the Board.

The elements of CIBC FirstCaribbean's executive compensation programs are:

ELEMENT	PURPOSE	HOW IT IS DETERMINED
Base Salary	Provide competitive fixed pay	• Based on job scope, experience and market pay
Discretionary Variable Incentive Award (cash incentive and deferred cash incentive)	Align compensation with business and individual performance	• Absolute and relative business performance measured against balanced scorecard • Measures are weighted, vary by role, and are designed to promote strong alignment with CIBC FirstCaribbean's corporate and business unit goals • Individual performance assessed against a series of Committee approved goals focused on strategy execution
Benefits and Perquisites	Investment in employee health, wellness and engagement	• A range of benefit programmes provided to all employees across the Caribbean to support health and well-being
Retirement Programmes	Contribute to financial security	• Competitive pension arrangements as provided to all employees in the Caribbean after retirement

CIBC FirstCaribbean's discretionary variable incentive award elements are designed to reward performance over both the long and short term. In cases where a decision is taken to make a variable incentive award, the following considerations apply:

ELEMENT	PERFORMANCE MEASURES	DESCRIPTION

Annual Cash Incentive Award (around 50% of total incentive)	• Grant measures:
	  • Financial
	  • Risk
	  • Client
	  • Employee
	  • Strategy execution
		• Short term
		• Focused on:
		  • Profitability
		  • Growth
		  • Adherence to Risk Appetite
		  • Strategy execution
		  • Client and employee satisfaction

Deferred Cash Award (around 50% of total incentive)	• Grant measures:
	  • Same as cash incentive
	• Vesting measures:
	  • Individual performance over vesting period
		• Long term
		• Deferred cash incentive award with 3 year cliff vesting

16. CIBC FirstCaribbean's Code of Conduct and Code of Ethics for Directors

CIBC FirstCaribbean is committed to the highest standards of ethical and professional conduct. The Code of Conduct applies to all full and part-time employees. The Code also applies to consultants, independent contractors and temporary agency staff providing services to CIBC FirstCaribbean.

The Code of Ethics for Directors applies to all members of the Board. When a new director joins the Board, he or she will be required to review the Code and acknowledge in writing that he or she has reviewed it and agrees to abide by its terms. All directors are required to review and attest to compliance with the applicable code annually.

Together, these Codes establish the standards that govern the way employees and directors deal with each other, CIBC FirstCaribbean shareholders, clients, suppliers, competitors and communities. The Codes also address general conduct, conflicts of interest, information management, protection of CIBC FirstCaribbean's assets and internal and regulatory investigations.

17. External Auditors: Oversight & Fees

The external auditors report to the Audit & Governance Committee.

Fees billed for professional services rendered by EY across its regional footprint for the consolidated financial statements years ended October 31, 2016 and October 31, 2015, are set out as follows:

Unaudited, US$000's	2016	2015
Audit Fees (1)	**$ 2,889**	$ 2,807
Audit related fees (2)	**167**	243
Tax fees (3)	**151**	66
Total	**$ 3,207**	$ 3,116

(1) For the audit of CIBC FirstCaribbean's annual financial statements and services normally provided by the principal auditor in connection with statutory and regulatory filings.

(2) For the assurance and related services that are reasonably related to the performance of the audit or review of CIBC FirstCaribbean's financial statements.

(3) For tax compliance services.

18. Engagement of non-audit services by external auditors

CIBC FirstCaribbean's Scope of Services policy requires Audit & Governance Committee pre-approval of non-audit services provided by our external auditors.

19. Oversight of the Internal Audit function by the Audit Committee

Internal Audit Function

The Audit & Governance Committee has the ultimate responsibility for the internal audit function and oversees its performance.

1) **Organizational Framework —** At least annually, the Audit & Governance Committee reviews and approves the Internal Audit charter (developed in accordance with professional standards promulgated by the Institute of Internal Auditors), having regard to its role as an independent control function.

2) **Chief Auditor —** The Audit & Governance Committee also reviews and approves the appointment of the Chief Auditor.

Organization Placement

The Internal Audit Department ('IAD') reports to the Chief Auditor, who in turn reports to the Chief Auditor, CIBC, and on a dotted line basis to the Chair of the Audit & Governance Committee and administratively to the Chief Executive Officer. The Chief Auditor has unencumbered access to the Audit & Governance Committee and may freely discuss audit policies, audit findings, and recommendations, audit follow-up, guidance issues and other matters.

Professional Standards and Independence

The IAD follows the professional standards of relevant professional organizations including:

i. Code of Ethics of the Institute of Internal Auditors and the International Standards for the Professional Practice of Internal Auditing.

ii. Information Systems Auditing Standards, Guidelines and Procedures, and the Code of Professional Ethics of the Information Systems Audit and Control Association. The Control Objectives for Information Technology will be used as a reference.

Resources and skillset

The Audit & Governance Committee recognizes that professional standards require that auditors have knowledge of operations and appropriate expertise in the subject matter that is being audited. The Chief Auditor therefore provides the Audit & Governance Committee with a regular report on the Department's personnel, including the sufficiency of resources, their qualifications, certifications, and development.

Independence

The Chief Auditor periodically discusses standards of professional audit independence with the Audit & Governance Committee Chair and Audit & Governance Committee. The Audit & Governance Committee reviews the reporting relationships of the Chief Auditor periodically.

The Internal Audit Department will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair the internal auditor's judgment.

Periodic Review

The Audit & Governance Committee is responsible for reviewing the effectiveness of the Internal Audit function and receives reports from the Chief Auditor. On a periodic basis, the Audit & Governance Committee will engage an independent third party to assess the Internal Audit function in accordance with professional standards promulgated by the Institute of Internal Auditors and in the context of regulatory expectations and practices of leading institutions. The Audit & Governance Committee reviews the results of those assessments.

Audit Plan

The Audit & Governance Committee reviews and approves the annual audit plan including the audit scope and the overall risk assessment methodology presented by the Chief Auditor to assess whether it is appropriate, risk based and addresses all relevant activities over a measureable cycle. The Chief Auditor, on a quarterly basis, reviews the status of the audit plan and any changes needed, including reviews of:

i) the results of audit activities, including any significant issues reported to management and management's response and/or corrective actions;
ii) the status of identified control weaknesses;
iii) the adequacy and degree of compliance with its systems of internal control.

20. Risk and Control Governance Framework

CIBC FirstCaribbean's management follows a consistent approach in developing and determining, with reasonable assurance, that the Bank's risk and control environment is designed and operating effectively. It also provides key stakeholders, with the structure required to assess the strength of CIBC FirstCaribbean's Risk and Control Governance systems.

In addition, CIBC FirstCaribbean has implemented the Risk and Control Governance Framework to help ensure that the parent, CIBC, meets the requirements of the Sarbanes-Oxley Act (2002), for management to assess the effectiveness of the system of internal control.

The Framework has been developed based on the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) widely accepted "Enterprise Risk Management – Integrated Framework" (the COSO Framework) which is the most broadly used standard.

There are seven (7) components to this Framework, these are defined as follows:

1. **Principles, Vision, Mission, Values** – "Tone from the Top" – the Board of Directors and Executive Committee of the Bank has overall responsibility for the Bank including determining, approving and overseeing the Bank's strategic objectives, risk strategy, governance structure and corporate values. This shapes the Risk and Control Governance Framework of the Bank.

2. **Risk Appetite** – this defines the level of risk the Bank is prepared to accept in pursuit of the Bank's mission, vision, strategic objectives and corporate values.

3. **Risk and Control related Policies, Limits, Standards and Guidelines** – these set the boundaries for positive actions and behaviors of CIBC FirstCaribbean employees and contingent workers.

4. **Management Objectives** – the Bank's risk and control systems are designed to ensure the achievement of the following four categories of objectives:

i) **Strategic objectives** – High level goals which are aligned with the achievement of the Bank's mission and vision;

ii) **Effective Operations** – The operations of CIBC FirstCaribbean are effective in meeting its strategic objectives;

iii) **Reliable Reporting** – The financial reports provided to shareholders and other external stakeholders are accurate and reliable in all material respects; and

iv) **Regulatory Compliance** – The conduct and actions of CIBC FirstCaribbean's Board of Directors, executives, employees and contingent workers comply with all applicable laws and regulations.

5. **Risk Identification and Control Management Activities** – is the control management process of the Bank, which has six elements:

i) **Risk Assessment and Response** – determine the likelihood of occurrence of and impact of risks undertaken to achieve business objectives and what would be our desired response, that is, avoid, transfer, accept or mitigate;

ii) **Documentation and Maintenance** – risk scenarios and related key controls must be documented for CIBC FirstCaribbean's Risk & Control Self-Assessment and updated as changes occur;

iii) **Monitoring and Testing** – a robust monitoring and testing methodology must be designed and implemented to confirm risks are within acceptable thresholds and key controls are designed and operating effectively;

iv) **Assessment** – management must complete steps to determine whether or not their risks are within acceptable thresholds and the system of internal control is working effectively or if there are deficiencies that need to be identified;

v) **Risk/Deficiency Management** – Once a new risk or deficiency has been identified, the severity of the issue must be determined, action plans to remediate should be documented and executed to ensure the issue is addressed; and

vi) **Assertion** – Accountable Officers and Senior Executive Team Members complete quarterly assertions on the state of controls and deficiencies within their respective lines of businesses.

6. **Reporting** – the appropriate management information must be communicated to the Board and the Senior Executive Team in a timely, complete, understandable and accurate manner so that they are equipped to make informed decisions.

7. **Stress Testing** – CIBC FirstCaribbean performs stress tests and scenario analyses in order to gain a better understanding of the significant risks the bank potentially faces under extreme conditions and to provide important input into the determination of related regulatory and economic capital requirements. Stress testing refers to shifting the values of individual parameters that affect our financial position and determining the effect on the business.

21. Insider Trading

CIBC FirstCaribbean's policy on insider trading, employees of CIBC FirstCaribbean described as insiders and their trading activity can be found at www.cibcfcib.com

CIBC FirstCaribbean is in compliance with the Insider Guidelines issued by the Barbados Stock Exchange Inc. The Exchange's Insider Trading Guidelines can be found at www.bse.com.bb.

Notice Of Meeting

Annual Meeting

Notice is hereby given that the twenty-third annual meeting of the shareholders of FirstCaribbean International Bank Limited ("the Company") will be held at the Ball Room 3, Hilton Barbados Resort, St. Michael, Barbados, on Friday, March 10, 2017 at 10:00 a.m. for the following purposes:

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, 2016 and the report of the directors and auditors thereon.

3. 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 Arnold
   (ii) Mr. Gary Brown
   (iii) Mr. Brian Clarke
   (iv) Sir Allan Fields
   (v) Ms. Christina Kramer
   (vi) Mr. Brian McDonough
   (vii) Mr. Douglas Parkhill
   (viii) Mrs. Paula Rajkumarsingh
   (ix) Mr. David Ritch, and
   (x) Mrs. G. Diane Stewart

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

5. To discuss any other business which may be properly considered at the annual meeting.

By order of the Board.

Brian Clarke QC
General Counsel & Corporate Secretary
January, 2017

Proxies

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

Documents Available for Inspection

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

Registered Office

Michael Mansoor Building, Warrens, St. Michael, Barbados, West Indies.

Directors' Report

Directors

During the year, Sir Fred Gollop did not stand for re-election as a director. Sir Fred served until March 2016.

Shareholders are requested to re-elect the following directors who retire by rotation and being eligible, offer themselves for re-election to serve as directors until the next annual meeting of the Company:

(i) Mr. David Arnold
(ii) Mr. Gary Brown
(iii) Mr. Brian Clarke
(iv) Sir Allan Fields
(v) Ms. Christina Kramer
(vi) Mr. Brian McDonough
(vii) Mr. Douglas Parkhill
(viii) Mrs. Paula Rajkumarsingh
(ix) Mr. David Ritch, and
(x) Mrs. G. Diane Stewart

Directors' Interests

As of October 31, 2016, particulars of directors' shareholdings in the issued capital of the Company are as follows:

Common Shares of No Par Value

		Beneficial Interest	Non Beneficial Interest
Directors			
1.	David Arnold	nil	nil
2.	Gary Brown	nil	nil
3.	Brian Clarke	nil	nil
4.	Sir Allan Fields	1,000	nil
5.	Christina Kramer	nil	nil
6.	Brian McDonough	nil	nil
7.	Douglas Parkhill	nil	nil
8.	Paula Rajkumarsingh	nil	nil
9.	David Ritch	nil	nil
10.	G. Diane Stewart	nil	nil
Senior Management			
1.	Neil Brennan	nil	nil
2.	Gary Brown	nil	nil
3.	Brian Clarke	nil	nil
4.	Colette Delaney	nil	nil
5.	Ben Douangprachanh	nil	nil
6.	Nigel Holness	nil	nil
7.	Debbie Kellett	nil	nil
8.	Brian Lee	nil	nil
9.	Mark McIntyre	nil	nil
10.	Jude Pinto	nil	nil
11.	Marie Rodland-Allen	nil	nil
12.	Mark St. Hill	2,830	nil
13.	Trevor Torzsas	nil	nil
14.	Willem M van der Burg	12,465	nil
15.	Donna Wellington	nil	nil
16.	Daniel Wright	nil	nil

Financial Results and Dividends

The Company's consolidated net profit for the period ending October 31, 2016 amounted to $143 million. All statutory requirements for the period have been fulfilled.

The Company declared a final dividend of $0.025 per common share for the period ending October 31, 2016. An interim dividend of $0.020 per common share was also paid in the 2016 fiscal period. Total dividend for the period was $0.045 per common share.

The final dividend will be paid on January 27, 2017 to shareholders of record as at December 29, 2016.

Share Capital

The Bank is entitled to issue an unlimited number of common shares with no par value. The Bank has 1,577,094,570 common shares issued and outstanding as at the end of the 2016 financial year.

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

Substantial Interest as at October 31, 2016*

Common shares of no par value

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

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

Auditors

Messrs. Ernst & Young, Chartered Accountants, served as external auditors of the Company for the 2016 financial year. A resolution relating to the re-appointment of Ernst & Young as auditors for the 2017 financial year will be proposed.

By order of the Board

Brian Clarke, QC

General Counsel & Corporate Secretary

Barbados
The Companies Act, Chapter 308 Section 140

1. Name of Company:

FirstCaribbean International Bank Limited
Company No. 8521

2. Particulars of Meeting:

Twenty-third annual meeting of the shareholders of the Company to be held at the Ball Room 3, Hilton Barbados Resort, St. Michael, Barbados on Friday, March 10, 2017 at 10:00 a.m.

3. Record Date and Voting of Shares

The directors of the Company have fixed January 24, 2017 as the record date for the purpose of determining the shareholders entitled to receive notice of the meeting. Only the shareholders of common shares of the Company of record at the close of business on January 24, 2017 will be entitled to receive notice of the meeting.

Only the shareholders of common shares of the Company will be entitled to vote at the meeting. Each shareholder is entitled to one vote for each share held.

4. Solicitation

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

5. Any Director's Statement Submitted Pursuant to Section 71 (2):

No statement has been received from any director of the Company pursuant to Section 71(2) of the Companies Act, Chapter 308.

6. Any Auditor's Statement Submitted Pursuant to Section 163 (1):

No statement has been received from the auditors of the Company pursuant to Section 163 (1) of the Companies Act, Chapter 308.

7. Any Shareholders' Proposal Submitted Pursuant to Section 112:

No proposal has been received from any shareholder pursuant to Section 112 of the Companies Act, Chapter 308.

8. Governance

The practices and procedures of CIBC FirstCaribbean management and the Board foster compliance with the Corporate Governance Recommendations for Listed Companies on the Barbados Stock Exchange. There are no significant differences between the Company's governance practices and the Recommendations except that the members of the Human Resources Sub-Committee are not all independent directors as recommended by the Barbados Stock Exchange. The majority of the members of the sub-committee is independent and none are from CIBC FirstCaribbean management. The members of the Sub-Committee are directors Christina Kramer (not independent), David Ritch (independent) and Sir Allan Fields (independent).

9. Issued Shares

The Bank is entitled to issue an unlimited number of common shares with no par value. The Bank has 1,577,094,570 common shares issued and outstanding as at the end of the year.

Date	**Name and Title**	**Signature**
January 24, 2017	Brian Clarke QC General Counsel & Corporate Secretary FirstCaribbean International Bank Limited	

Proxy Form

I/We the undersigned shareholder/shareholders of FirstCaribbean International Bank Limited hereby appoint Mr. David Ritch or failing him Mr. Gary Brown or ___________________________as my/our proxy to vote for me/us on my/our behalf as indicated below on the resolutions to be proposed at the annual meeting of the shareholders of the Company to be held on Friday, March 10, 2017.

Dated this ______________________day of __________________________, 2017.

Name of shareholder(s) of the Company ____________________________________

Signature____

Name(s) of signatory(ies) in block capitals ___________________________________

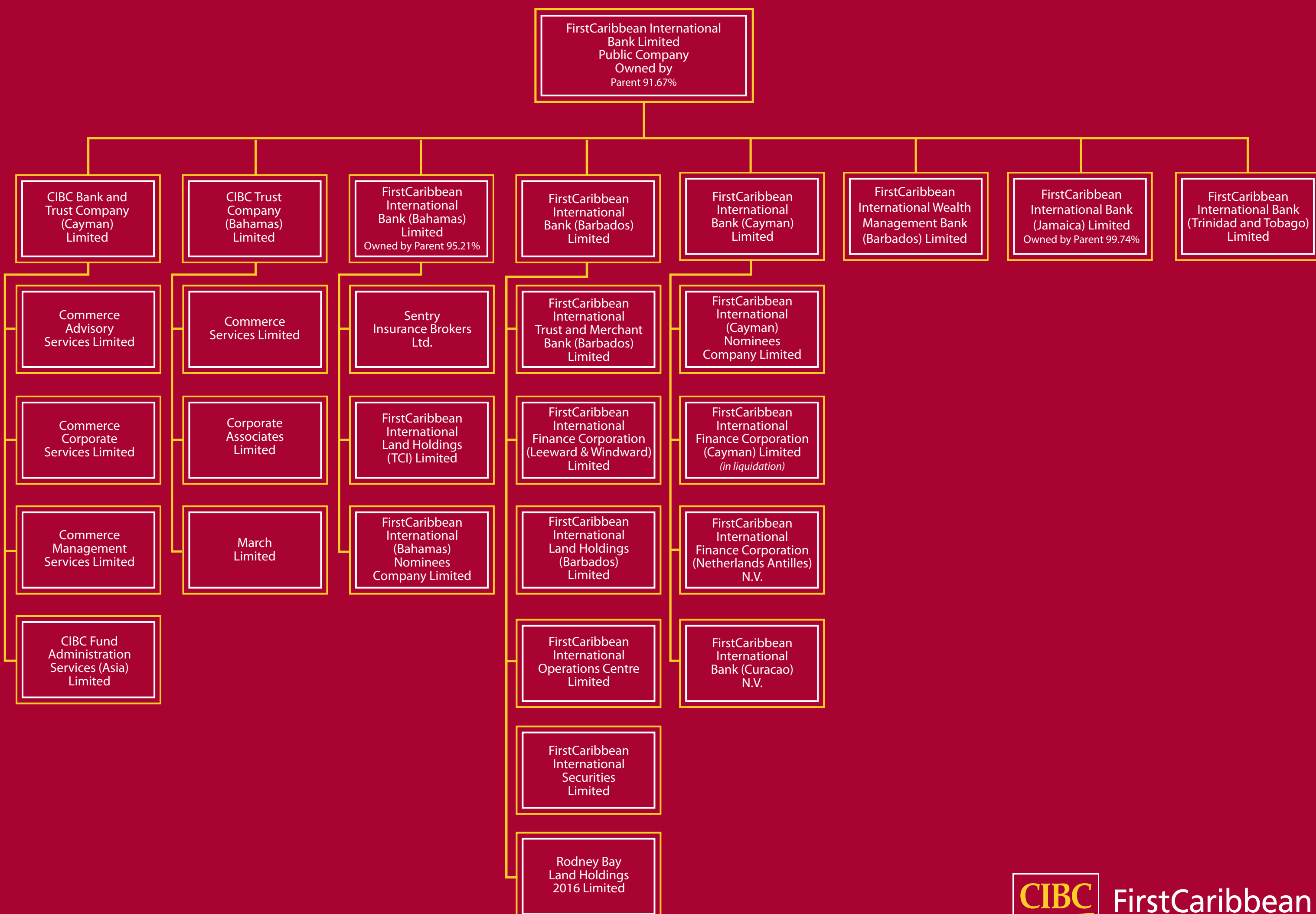
Please indicate with an "X" in the spaces below how you wish your proxy to vote on the resolutions referred to. If no indication is given the proxy will exercise his or her discretion as to how he or she votes or whether he or she abstains from voting.

	FOR	AGAINST
Resolution 1 To approve the amendments to the Amended and Restated By-Law No. 1 of the Company shown in the notice of the meeting and to adopt the thus amended By-Law No. 1 as the amended by-law of the Company.		
Resolution 2 To approve the adoption of the audited consolidated financial statements of the Company for the year November 1, 2015 to October 31, 2016		
Resolution 3 To re-elect the following persons to serve as directors until the next annual meeting of the Company:		
(i) Mr. David Arnold		
(ii) Mr. Gary Brown		
(iii) Mr. Brian Clarke		
(iv) Sir Allan Fields		
(v) Ms. Christina Kramer		
(vi) Mr. Brian McDonough		
(vii) Mr. Douglas Parkhill		
(viii) Mrs. Paula Rajkumarsingh		
(ix) Mr. David Ritch		
(x) Mrs. G. Diane Stewart		
Resolution 4 To approve the appointment of the auditors, and to authorise the directors to fix their remuneration.		

Notes:

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

Ownership Structure



CIBC FirstCaribbean International Bank

Main Branches & Centres

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

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

Antigua
P.O. Box 225
High & Market Street
St. John's
Tel: (268) 480-5000

Aruba
Tanki Flip 14 A + B
Oranjestad
Tel: (297) 522-5600

The Bahamas
P.O. Box N -8350
Shirley Street, Nassau
Tel: (242) 322-8455

Barbados
P.O. Box 503
Broad Street
St. Michael
Bridgetown
Tel: (246) 367-2300

British Virgin Islands
P.O. Box 70
Road Town
Tortola, VG1110
Tel: (284) 852-9900

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

Curaçao
P.O. Box 3144
De Ruyterkade 61
Willemstad
Curaçao
Tel: (+5999) 433-8000

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

Grenada
P.O. Box 37
Church Street
St. George's
Tel: (473) 440-3232

Jamaica
P.O. Box 403
23-27 Knutsford Blvd
Kingston 5
Tel: (876) 929-9310

St. Kitts
P.O. Box 42
Bank Street, Basseterre
Tel: (869) 465-2449

St. Lucia
P.O. Box 335
Bridge Street, Castries
Tel: (758) 456-1000

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

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

Trinidad & Tobago
CIBC FirstCaribbean Bank
Financial Centre
74 Long Circular Road
Maraval, Trinidad, W.I.
Tel: (868) 628-4685

Turks and Caicos Islands
P.O. Box 236
62 Salt Mills Plaza
Grace Bay Branch
Providenciales
Turks & Caicos Islands
Tel: (649) 941-4558

St. Vincent
P.O. Box 604
Halifax Street,
Kingstown
Tel: (784) 456-1706

CORPORATE BANKING CENTRES

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

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

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

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

CIBC FirstCaribbean Bank Financial Centre Corporate & Investment
Banking Units
Ground Floor
74 Long Circular Road
Maraval, Trinidad, W.I.
Tel: (868) 628-4685

Finance Corporation
P.O. Box 335
Castries St. Lucia
Tel: (758) 456-1110

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

Corporate Banking Centre St. Kitts
P.O. Box 42
The Circus, Basseterre
Tel: (869) 465-2449

WEALTH MANAGEMENT CENTRES

International Corporate Banking Centre & Platinum Banking Centre
P.O. Box N -8350
Shirley Street
Nassau, The Bahamas
Tel: (242) 302-6000

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

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

Platinum Banking Centre
Liguanea
129 1/2 Old Hope Road
Kingston 6
Tel: (876) 656-9240

Platinum Banking Centre
Montego Bay
59 St. James Street,
Montego Bay
Tel: (876) 952-0801
or 952-4045/6

Platinum Banking Centre
De Ruyterkade 61
P.O. Box 3144
Willemstad, Curaçao
Netherlands Antilles
Tel: (+5999) 433-8000

Main Branches & Centres

CIBC FirstCaribbean Bank Financial Centre Platinum Banking Centre
1st Floor
74 Long Circular Road
Maraval, Trinidad, W.I.
Platinum Banking Centre
Verbiage

Wealth Management Centre
1st Floor
Corporate & Investment
Banking Units: Ground Floor.

Private Wealth Management & International Corporate Banking Centre
P.O. Box 68
Grand Cayman KY
1-1102
25 Main Street
GeorgeTown
Grand Cayman
Cayman Islands
Tel: (345) 949-7300

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

International Corporate Banking & Platinum Banking Centre
P.O. Box 236
62 Salt Mills Plaza
Grace Bay Branch
Providenciales
Turks & Caicos Islands
Tel: (649) 941-4558

Platinum Banking Centre
P.O. Box 335
Rodney Bay
Gros Islet

Private Wealth & International Corporate Banking
P.O. Box 3144
De Ruyterkade 61
Willemstad
Curaçao
Tel: (+5999) 433-8000

OTHER SUBSIDIARIES

Trust & Merchant Bank Asset Management & Securities Trading
3rd Floor Broad Street,
Bridgetown, St. Michael
Barbados
Tel: (246) 467-8838

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

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

CIBC Bank and Trust Company (Cayman) Limited
CIBC Financial Centre
11 Dr. Roy's Drive
P.O. Box 694
Grand Cayman KYI-1107
Cayman Islands

CIBC Trust Company (Bahamas) Limited
Goodman's Bay
Corporate Centre
West Bay Street
P.O. Box N. 3933
Nassau, Bahamas
Tel: (242) 356-1800

Private Wealth Management
Goodman's Bay
Corporate Centre
West Bay Street
P.O. Box N. 3933
Nassau, Bahamas
Tel: (242) 356-1800

Notes

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