

# 2015

ANNUAL REPORT



**FirstCaribbean**  
International Bank





# FirstCaribbean

## International Bank

### Inside this report

2	Corporate Profile
3	2015 Highlights
6	Message from the Chair of The Board
8	Message from the Chief Executive Officer
10	The Board of Directors
20	Senior Executive Team
26	Management's Discussion and Analysis

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35	Auditors' Report
36	Consolidated Statement of Income
37	Consolidated Statement of Comprehensive Income
38	Consolidated Statement of Financial Position
39	Consolidated Statement of Changes in Equity
40	Consolidated Statement of Cash Flows
41	Notes to the Consolidated Financial Statements

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108	Statement of Corporate Governance
123	Notice Of Meeting
124	Directors' Report
126	Management Proxy Circular
128	Proxy Form
129	Ownership Structure
130	Main Branches and Centres

# Corporate Profile

CIBC FirstCaribbean International Bank is a relationship bank offering a full range of market-leading financial services through our Wholesale Banking, Retail, Business & International Banking and Wealth Management segments. We are located in eighteen (18) countries around the Caribbean, providing the banking services that matter to our customers through approximately 3,100 employees, in 66 branches. We are one of the largest regionally-listed financial services institutions in the English and Dutch speaking Caribbean, with over US\$10.7 billion in assets and market capitalization of US \$1.4 billion. The face of banking is changing throughout the world and CIBC FirstCaribbean intends to lead these changes with the expertise, integrity and knowledge of banking that almost 250 years of combined experience in the Caribbean brings.

## Vision

To be the leading financial services provider in the region, building enduring client relationships through trusted advice and superior service.

## Mission

We live our values of Trust, Teamwork and Accountability, deliver superior performance and service, and generate sustainable benefits for all our stakeholders.

Achieving our Vision means delivering on the things that matter to our key stakeholders. To do this, we have commitments to each of our stakeholder audiences:

- Clients - To help our clients achieve what matters to them
- 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 - Acting with integrity, honesty and transparency in our relationships with others
- Teamwork - Working collaboratively with others within our Strategic Business Units (SBU) and across SBUs to achieve CIBC FirstCaribbean's common goals
- Accountability - Accepting overall responsibility for our behaviour, decisions and outcomes in all relationships with colleagues, with clients, with the community and with shareholders

## 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 client base, people, and infrastructure



# 2015 Highlights

## First for Clients

Ever mindful that a key contributor to our business success rests in the advocacy of our clients, in 2015 our lines of business held steadfast to their mission of deepening customer relationships and enhancing value to the client.

### In Retail, Business & International Banking, we have:

- Worked to improve the client experience by providing easier Loan & Credit Card products and services. Loan origination and adjudication processes were significantly improved which resulted in our ability to respond quickly to our client's needs. This has translated to significant growth in our credit portfolios during the year with sales origination increasing by 55% from previous year.
- Successfully implemented our End-to-End Auto Loan Redesign which was piloted in Barbados. This resulted in improved loan sales and client experience in achieving turnaround times of 48 hours inclusive of disbursement. This process is scheduled to be replicated across our other jurisdictions in 2016.
- Responded to our client's requests for more campaign promotions and pre-approved offers.
- Created the platform for growth of our Business Banking offer by our continued investment in systems, products and training. During the year we conducted Road Shows across 11 countries in conjunction with International accounting firm BDO providing management insights to our small business customers.
- Continued our expansion strategy in Jamaica and Dutch Caribbean opening new branches (Fairview Montego Bay / Santa Cruz – Jamaica, Representative office – Aruba) along with expanding our Platinum Banking offer into Curacao with the opening of a new state-of-the-art Platinum Banking Office.

Across the region we continue to expand our Automated Banking Machine (ABM) network to enhance customer convenience and we are in the process of upgrading all machines across our footprint.

### In Wealth Management, we have:

- Successfully opened a Private Wealth Management office in The Bahamas, catering to high and ultra-high net worth individuals with unique needs through customized solutions.
- Voted by Global Finance - "Best Private Bank in the Caribbean".

### In Wholesale Banking we have:

- During the fiscal our Wholesale Banking (WB) Team was involved in structuring and arranging just over US\$1.0 billion

of financing for our clients across the Caribbean in a broad range of industries including Energy, Infrastructure, Utilities, Telecommunications, Governments 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.

- WB made significant strides in our effort to provide exceptional service to our clients through deepening relationships, improving execution velocity, streamlining internal processes and progressing the project to realign our corporate teams to ensure that front line staff can effectively focus on our clients' needs. We are in the final stages of the re-alignment of our corporate team and expect our clients to enjoy improved service in 2016.
- We continue to build our Wholesale Banking brand and again successfully hosted the CIBC FirstCaribbean annual Infrastructure Conference in Montego Bay, Jamaica, in June 2015. 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 & infrastructure financier. In addition to our annual conference we also participated and presented at several industry conferences including Caribbean Renewal Energy Forum.

## First for Employees

We continued our focus on training, development and retention to improve our delivery of customer service excellence.

### Employee Initiatives:

- An extensive training focus was undertaken for fiscal 2015 with over 1,000 of our employees being trained in a various courses, such as, Customer First, Sales and Service, and Performance Management.
- In deepening and expanding our employee engagement initiatives, our regional Human Resources Teams with the assistance of our Employee Engagement Champions coordinated a number of wellness activities across different territories. These included on-site exercising and dance classes; promoting healthy lifestyles presentations; sponsorship of gym memberships; and "lunch and learn" sessions on various employee related topics.
- Along with CIBC Canada, our annual Employee Appreciation Day was held on May 14th and was described as the best yet. Amongst all of the various activities arranged to show

our appreciation for our employees, we saw our Employee Engagement Champions creating and launching Employee of Choice competitions within their respective teams. Some of the categories were “Most Engaged”, “Most Helpful”, “Most Knowledgeable” and “Most Fun” amongst many others.

- Our recognition program continues to be well subscribed and saw increased utilization in 2015. Our anniversaries program is also highly appreciated by celebrants who never fail to show their pride of achievement when receiving recognition gifts and letters.

### **The 2015 Employee Voice Survey:**

- In anticipation of the launch of our E-Voice for 2015 Employee Engagement Champions also partnered with Human Resources and created “video selfies” to encourage their fellow colleagues to participate in the survey. This initiative resulted in a 65% participation rate of employees in our survey.
- For 2015 the Bank recorded an Employee Commitment Index of 71% an increase of 2% over 2014 with 71% of our employees indicating that they are “satisfied with this organization as a place to work.”
- In 2014 we identified three key areas to focus our efforts, Satisfaction with Organization, Work Life Balance and Senior Leadership and we saw marked improvements in these areas with increases as much as 5% in some areas. For 2015, our Bank again focused on a holistic action plan and three main aspects: Work Life Balance, Fair Treatment and Satisfaction with Organization.

### **First for Communities**

CIBC FirstCaribbean’s corporate social responsibility programme was again vibrant in 2015. Recognizing that slow economic recovery continues in many of our communities, the bank’s employees enthusiastically spearheaded numerous worthwhile initiatives region-wide to assist those less fortunate in our communities. We again concentrated our efforts on Health/Wellness, Communities/Environment and Youth/Education, committing \$1 million to worthy causes in the Caribbean.

#### **Our achievements have been notable. We have:**

- Continued support of our education partnership with the University of the West Indies (UWI). Under the Graduate Placement Programme six interns were placed with the bank across a variety of disciplines during the summer period.
- Partnered with UWI to promote our guest lecture series.

#### **Building awareness and creating advocacy in support of our regional communities in the fight against cancer to witness:**

- Rapid growth of our annual Walk for the Cure event which

achieved record levels of fund-raising and participation. Approximately \$380,000 was raised in donations and corporate sponsorship and over 20,000 walkers/runners across the region were registered to more than double participation in 2015 from 2014.

- Continuation of our relationship with Hospital for Sick Children with \$1 million being committed over 7 years to improve the care of children in the Caribbean diagnosed with cancer and blood diseases such as sickle cell anemia. The bank is a major contributor of funding for a nursing training programme due to start at UWI St. Augustine in March 2016. Nurses from six Caribbean countries will be programme beneficiaries.

#### **Protecting the environment and securing our future through our Going Green efforts:**

A 4500 sq. ft. biodiversity wall mosaic was completed at the bank’s Regional Headquarters to promote environmental awareness. The project was a joint venture between the bank and the Barbados Future Centre Trust, a non-governmental environmental protection agency. As part of the effort, the bank teamed up with its neighbours, including businesses and schools in the construction effort.

#### **Actively participating in worthwhile causes to develop our communities:**

In 2015 the bank allocated over \$75,000 in funding for its Adopt-a-Cause programmes across the region and half of its budget – approximately \$1 million – to local community relations programmes. The Adopt-a-Cause initiative cultivates a spirit and desire of giving back among staff who identify areas of immediate need and actively participate in projects to develop schools, communities and educational programmes, among others.

With our community relations giving, our country management teams are able to respond directly to specific needs within their communities that are not touched by the regionally-coordinated programmes.

#### **First for Shareholders**

- Maintained our capital strength, with Total Capital ratio at 23% well above regulatory minimum requirements.
- Announced a final dividend for the year of \$0.020 per share, an increase of \$0.005 over the interim dividend.
- Announced a special dividend of \$100 million (\$0.063 per share).

## 2015 HIGHLIGHTS

### Financial Highlights

US \$ millions, except per share amounts, as at or for the year ended October 31		2015	2014 Restated*	2013 Restated*	2012	2011
<b>Common share information</b>						
Per share (US cents)	- basic and diluted earnings/(loss)	6.0	(9.3)	(1.3)	4.4	4.6
	- regular dividends	3.5	3.0	3.0	3.0	4.5
	- special dividend	6.3	-	-	-	-
Share price (US cents)	- closing	86	88	114	135	142
Shares outstanding (thousands)	- end of the period	1,577,095	1,577,095	1,577,095	1,577,095	1,577,095
Market capitalisation		1,363	1,395	1,798	2,129	2,239
<b>Value measures</b>						
Dividend yield (dividends per share/share price)		3.5%	3.4%	2.6%	2.2%	3.2%
Dividend payout ratio (dividends/net income)		46.3%	n/m	n/m	68.4%	97.8%
<b>Financial results</b>						
Total revenue		522	529	530	543	507
Loan loss impairment		42	206	151	120	87
Impairment of intangible assets		-	116	-	-	-
Operating expenses		370	349	397	343	338
Net income/(loss)		98	(148)	(22)	77	74
<b>Financial measures</b>						
Efficiency ratio (operating expenses/total revenue)		70.9%	66.0%	74.9%	63.2%	66.7%
Return on equity (net income/average equity)		7.2%	(10.3%)	(1.4%)	4.7%	4.6%
Net interest margin (net interest income/average total assets)		3.4%	3.3%	3.3%	3.5%	3.6%
<b>Statement of Financial Position information</b>						
Loans and advances to customers		6,005	6,140	6,329	6,832	6,616
Total assets		10,689	10,779	11,430	11,487	11,228
Deposits & other borrowed funds		8,699	9,200	9,623	9,641	9,415
Debt securities in issue		209	31	30	31	31
Total equity		1,381	1,338	1,532	1,625	1,619
<b>Statement of Financial Position quality measures</b>						
Common equity to risk weighted assets		25%	22%	27%	27%	27%
Risk weighted assets		5,583	5,955	5,668	5,845	6,097
Tier I capital ratio		22%	20%	23%	23%	21%
Tier I and II capital ratio		23%	21%	24%	24%	22%
<b>Other information</b>						
Employees (#)		3,055	3,053	3,427	3,439	3,410

\* Certain amounts shown here do not correspond to the 2014 and 2013 consolidated financial statements and reflect adjustments made. Refer to note 2.3.

n/m - Not Meaningful

During 2014, FirstCaribbean International Bank Limited delisted from the Jamaica Stock Exchange.



The Bank is starting to see the result of the corrective measures it put in place over the past two years, and the continued emphasis on corporate governance, customer engagement, cost containment and sales and service excellence.

**David Ritch OBE, J.P.**  
Chair of the Board

## On a clear path to growth

We continue to feel great pride in the manner in which our people across the Caribbean have embraced the challenge of refocusing the Bank and putting us on a clear path to growth as the region itself begins the exit out of the difficult economic conditions of the past several years.

The Caribbean economic recovery continues to be slow and uneven, but stronger economic performance in the USA and United Kingdom and low energy prices contributed to a modest improvement in regional economic performance in 2015. While the pace of growth in stay-over tourist arrivals generally slowed during the first half of the year, latest data suggests that more tourists visited the Caribbean in 2015 compared to 2014. In some of the jurisdictions in which we have a presence stay-over numbers for recent years have been encouraging. Unemployment, while generally lower, remains elevated, and domestic demand sluggish, as weak mortgage growth and cuts to capital expenditure in some markets limit expansion in construction activity.

The banking sector lending continues to lag the

economic recovery and remains virtually flat, but bank loan quality continues to improve and capital buffers remain adequate relative to regulatory requirements. With the exception of Trinidad and Tobago where credit demand remains strongest, central banks across the region have maintained or increased their accommodative monetary policy stances to encourage greater lending and reduce the level and cost of high excess liquidity.

Against this background, I am nevertheless able to report that 2015 has been a year of recovery for CIBC FirstCaribbean, with the Bank achieving a net income for fiscal 2015 of \$98 million, a significant improvement over our performance in fiscal 2014, with a reported net loss of \$148 million.

## MESSAGE FROM THE CHAIR OF THE BOARD

Based on earnings per share of 6.0 cents versus the loss per share of 9.3 cents in the prior year the Board has approved a final regular dividend of \$0.020 per share which brings the total regular dividend for 2015 to \$0.035 per share. The Board also announced a special dividend of \$100 million (\$0.063 per share) against the backdrop of a strong capital position.

With the restructuring programme announced in October of 2013 coming to an end during this fiscal, the Bank is starting to see the result of the corrective measures it put in place over the past two years, and the continued emphasis on corporate governance, customer engagement, cost containment and sales and service excellence.

The Bank conducted a strategic assessment of our operations region-wide and concluded that some levels of adjustments were required in the way we currently conduct our business to ensure that CIBC FirstCaribbean maintains and builds on its strengths and opportunities in key markets. In some territories this resulted in the closure of branches and in others, the consolidation of branches to make our operations more efficient and position us to drive profitable growth.

The announcement of our exit from the Belize market followed this review, with an almost simultaneously announcement of the opening of a representative office in Aruba, and plans for full branch facilities in fiscal 2016.

We continue to feel great pride in the manner in which our people across the Caribbean have embraced the challenge of refocusing the Bank and putting us on a clear path to growth as the region itself begins the exit out of the difficult economic conditions of the past several years.

We continue to create a supportive working environment for our people across the region and they have responded by working hard to stay close to our clients as their financial partners

as the challenges of recent time continue to linger.

I am happy to report that the Boards of Directors of the parent Bank and subsidiaries have met quarterly to provide strategic leadership and guidance and to monitor the operating performance and proper functioning of our systems of control and governance.

During the fiscal we also announced that our Chief Executive Officer, Mr. Rik Parkhill, will be leaving us at the end of December 2015. On behalf of the Board of Directors I wish to express sincere gratitude to Rik for his stewardship of this enterprise at one of the most challenging times in recent economic history.

Rik's dedication to the quality of leadership that was needed to return this Bank to financial health through a combination of measures that were at times difficult for us all have borne fruit as evidenced by our results this fiscal. I wish to thank him and his management team, in addition to all our people around the region for their commitment and tenacity.

Sir Fred Gollop QC, one of our longest serving Board members, recently indicated that he has decided not to stand for election as director in 2016 in order to spend more time with his family. Sir Fred became a director CIBC West Indies Holdings Limited in May 2001, and has been a director of CIBC FirstCaribbean from inception. I wish to thank Sir Fred both personally and also on behalf of the Board for his exemplary service.

I am pleased to say that Rik has agreed to stand for election at our March 2016 annual meeting and will, if elected, fill the vacancy resulting from Sir Fred's retirement.

Finally, I also wish to place on record my sincere appreciation to our regulators and host governments for their continued support.



Our people play a pivotal role in successfully delivering on the Bank's growth aspirations and achieving customer service excellence. In support of this we continue to invest in the learning and development of our people around our product suite, customer service and management skillset.

**Rik Parkhill**  
Chief Executive Officer

## A year of recovery

We continue to believe that infrastructure development and renewal in the Caribbean will play a pivotal role in its economic recovery.

2015 was a year of recovery for CIBC FirstCaribbean. The Bank delivered solid results against its strategic objectives of accelerating profitable revenue growth and improving operational efficiency recording net income of \$10.9 million in the fourth quarter. Normalized<sup>1</sup> net income was \$36.4 million, up \$10.3 million or 39% over the prior year's fourth quarter net income of \$25.5 million. The strong close to the fiscal year also included higher revenue and lower loan loss impairment compared with the same period in the prior year.

For the fiscal year ending October 31, 2015, the Bank recorded net income of \$97.9 million. Excluding restructuring costs, which include the sale of our Belize operations, and other non-core items

the Bank generated normalized<sup>1</sup> net income of \$123.4 million. This represents a significant improvement in performance versus the normalized<sup>1</sup> net income of \$82.5 million (reported net loss \$148.4 million) in the prior year.

We announced a final regular dividend for the year of \$0.020 per share, bringing the total dividend to \$0.035 per share for the year, an increase of \$0.005 over 2014. We also announced a special dividend of \$100 million (\$0.063 per share), which not only signifies the Bank's commitment to enhancing shareholder returns through capital deployment but reflects the strength in our capital position. The Bank's Tier 1 and Total Capital ratios at year end are 21.6% and 22.8%, well in excess of applicable regulatory



## MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

requirements. The dividends will be paid on January 29, 2016 to shareholders of record as at December 29, 2015.

In 2014 we outlined the significant effort the Bank made in confronting and remediating a number of legacy issues including our credit framework, underwriting processes and infrastructure upgrades. During 2015, our results reflect the benefit of these efforts with loan loss impairment and non-performing loans at significantly lower levels. Additionally, expenses continue to be well managed against a backdrop of increasing costs in the region.

Normalized<sup>1</sup> revenue of \$526.4 million remained relatively flat against the prior year as interest margin pressures still persist and a sustained demand for credit has not fully returned to the region. However, revenue for the second half of the fiscal year was up \$5.8 million or 2% over the same period last year. Additionally, our Retail business recorded productive loan growth of 1% for the second half of the year as sales activity showed positive momentum after 3 previous years of net decline. Normalized<sup>1</sup> operating expenses of \$348.2 million were also flat against the prior year as a result of discretionary expense control and the benefit from previous restructuring activities.

Loan loss impairment expense was significantly lower by \$49.8 million compared with the prior period's normalized<sup>1</sup> expense of \$91.3 million due to an improvement in the loss experience and recovery activity. Additionally, non-productive loan balances were down 22% to \$583.7 million compared with the same period last year and well down from our historical peak level of \$981.7 million in May 2012. Significant focus has been placed on further strengthening the quality of our loan portfolio.

Loan growth during the second half of the fiscal has been another encouraging aspect of our 2015 performance. The \$125.6 million or 2% productive loan growth recorded since the second quarter of the fiscal remains generally in line with our perspective of a slowly recovering regional economy. While the economic outlook and forecasts for the Caribbean remain modest we are positive about the Bank's future and believe we are well positioned for sustainable growth and improved shareholder returns.

During 2015, the Bank continued to make number of investments across the region pursuing its growth objectives while also demonstrating its continuing commitment to the Caribbean.

With an intensified focus on clients to whom we can add substantive value, we opened a new branch at Fairview, Montego Bay and piloted a mini-branch at Santa Cruz, both in Jamaica.

Additionally, we recently opened a Representative Office in Aruba and have plans to open a full service branch in 2016, as part of our expansion plan for the Dutch Caribbean. And, we are in the process of converting the Rendezvous Branch in Barbados into a first-class sales center catering to Platinum Banking, Business Banking, Corporate and International Banking customers. We also made the decision to exit the Belize market.

Along with the optimization of the physical branch network, the Bank's renewed emphasis on improving response and turnaround times to the customer through the first phase of a recently launched organizational initiative should also position us to benefit from improved customer experiences throughout 2016 and beyond.

We continue to believe that infrastructure development and renewal in the Caribbean will play a pivotal role in its economic recovery. During 2015, the Bank again hosted its annual infrastructure conference bringing together clients and subject matter experts to discuss key issues and financing options.

Our people play a pivotal role in successfully delivering on the Bank's growth aspirations and achieving customer service excellence. In support of this we continue to invest in the learning and development of our people around our product suite, customer service and management skillset. The Bank also remains highly committed to soliciting the feedback of its employees as part of its overall mandate of employee engagement.

CIBC FirstCaribbean takes great pride in delivering on its corporate social responsibility. In 2015, we contributed approximately \$1 million to community causes and programs. Additionally, the Bank's annual fundraising effort, Walk for the Cure, raised a record \$380,000 across the region and attracted 20,000 walkers. Once again the funds raised will go towards the care and support of those in the region living with cancer. We wish to thank all who participated in this worthy event.

We continue to believe that the future remains promising for our franchise and wish to thank the board, management, staff and most importantly our clients for their loyalty and continuing support.



**Rik Parkhill**  
Chief Executive Officer

<sup>1</sup> 2015: Current year net income has been normalized for restructuring costs, which include the sale of the Belize operation and other non-core items totaling \$25.5 million  
2014: Prior year net income has been normalized for two (2) for the items of note, \$115.0 million of incremental loan losses and a non-cash goodwill impairment charge of \$115.9 million

## THE BOARD OF DIRECTORS



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

Mr. Ritch, is a 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), 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	2015 Meeting Attendance	
	Overall Attendance	Special Meetings
2002	4/4	4/4
<b>Current Board Committee Memberships</b>		
• Audit & Governance Committee	4/4	3/3
• Change, Operations, Technology & Human Resources Committee	4/4	1/1
• Finance, Risk & Conduct Review Committee	4/4	4/5

Interlocking/Other Current Directorships	Other Former Positions Held in the Cayman Islands
Caribbean Utilities Company, Ltd. – Chair FirstCaribbean International Bank (Cayman) Limited	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
	Current Other Positions Held in the Cayman Islands
	Constitutional Commission – Chair



## THE BOARD OF DIRECTORS



**DAVID ARNOLD**  
Canada  
Non-Independent

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

In addition to his current responsibilities, David has recently been appointed the Chief Financial Officer to the Treasury function at CIBC. He has held progressively more senior roles at the bank, and most recently he oversaw the Finance Business Support group, which is responsible for providing analytics and decision support at CIBC. He joined the bank in 2001 as a Vice President. David has over 22 years of finance experience.

David is a Chartered Accountant (now Chartered Professional Accountant), having previously practiced public accounting in both South Africa and more recently in Canada. David articulated 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. David was most recently a Board Member of CIBC Mellon and chaired the Audit, Risk & Conduct Review Committee having tendered his resignation in 2014. He has also served on a number of not-for-profit Boards. He is a graduate of the University of Cape Town, South Africa.

Year Joined Board	2015 Meeting Attendance	
	Overall Attendance	Special Meetings
2014	4/4	0/4*
Current Board Committee Memberships		
• Audit & Governance Committee	4/4	0/3*
Interlocking/Other Current Directorships	Former Directorships	
None	CIBC Mellon	

\*CIBC executives who are directors cannot participate in meetings from Canada and could not arrange to attend in person due to short notice given for the specially convened meetings.

## THE BOARD OF DIRECTORS



**BRIAN CLARKE QC**

Barbados

Non-Independent

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

Brian's over 30 years legal experience has 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	2015 Meeting Attendance	
	Overall Attendance	Special Meetings
2014	4/4	3/4
Current Board Committee Memberships	Committee Attendance	Special Committee Meetings
None	N/A	N/A
Interlocking/Other Current Directorships		Former Directorships
None		None

## THE BOARD OF DIRECTORS



**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, including the Barbados Employers' Confederation. 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.

He is Executive Chair of Mark Anthony International SRL.

Year Joined Board	2015 Meeting Attendance	
	Overall Attendance	Special Meetings
2002	4/4	3/4
<b>Current Board Committee Memberships</b>		
• Audit & Governance Committee	4/4	3/3
• Change, Operations, Technology & Human Resources Committee	4/4	0/1
• Finance, Risk & Conduct Review Committee	4/4	3/5

Interlocking/Other Current Directorships	Former Directorships
Cable & Wireless (Barbados) Limited – Chair Tower Hill Merchants Plc	Banks Holdings Ltd. Barbados Dairy Industries Ltd. Barbados Farms Ltd. Barbados National Insurance Scheme Caribbean Broadcasting Corporation Y.M.C.A

## THE BOARD OF DIRECTORS



**SIR FRED GOLLOP QC JP**

Barbados

**Non-Independent**

Sir Fred is a Queen's Counsel and Justice of the Peace.

He was a partner of the law firm of Yearwood and Boyce from 1972 –1984 and a member of the Disciplinary Committee of the Barbados Bar Association from 1982-1995. He continues to practice as an Attorney-at-Law.

He was co-founder and Chairman of the Nation Group of media companies in Barbados. He was the Chairman of the Group for 32 years.

In 2006 Sir Fred was elected Chairman of One Caribbean Media Limited (OCM) a public company headquartered in Trinidad.

Over the years he has served on the boards of many corporations in the public and private sectors including Consumers' Guarantee Insurance (Chairman for its first 10 years). In the 1980's he was simultaneously Chairman of the Barbados Industrial Development Corporation and Barbados Institute of Management and Productivity.

Sir Fred was a Director of the Central Bank of Barbados for 10 years and from 2009 to 2012 served as a Commissioner on the Judicial and Legal Services Commission of the Caribbean Court of Justice.

He was President of the Senate of Barbados for 14 years. In 1996 he was awarded the accolade of Knight of St. Andrew, Barbados highest honour. In the capacity as President of the Senate Sir Fred acted as Governor General of Barbados on many occasions.

He is at present a Director of Fortress Fund Managers Limited. He also serves as a trustee of three recognized charitable foundations.

Year Joined Board	2015 Meeting Attendance	
	Overall Attendance	Special Meetings
2001	4/4	4/4
<b>Current Board Committee Memberships</b>		
• Audit & Governance Committee	4/4	3/3
• Change, Operations, Technology & Human Resources Committee	4/4	1/1
• Finance, Risk & Conduct Review Committee	4/4	3/5

Interlocking/Other Current Directorships	Former Directorships
One Caribbean Media Corporation Limited – Chair Fortress Mutual Fund Ltd. FirstCaribbean International Bank (Barbados) Limited FirstCaribbean International Wealth Management Bank (Barbados) Limited FirstCaribbean International Trust & Merchant Bank (Barbados) Limited	Caribbean News Agency Ltd. – Chair Caribbean Communications Network Ltd.

## 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 21,000 sales and service employees across CIBC's broad distribution network - branches, ATMs, mobile sales force, telephone contact centres, mobile and online banking, and the President's Choice Financial line of business.

Since joining CIBC in 1987, Ms. Kramer has held progressively senior executive roles and has been a key player in the development of CIBC's channel strategies and innovation into mobile banking, launching Canada's first mobile banking app in 2010. Prior to this, she held various leadership roles within CIBC's Human Resources division.

Ms. Kramer is a director on the board of Princess Margaret Cancer Foundation, and formerly a director of INTRIA Items Inc. She was the Executive Sponsor of the CIBC Women's Network, Co-Chair of the YWCA Women of Distinction Awards, was 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 has been the CIBC United Way Campaign Co-Chair for the past two years, as well as the CIBC Executive Sponsor of the Canadian Breast Cancer Foundation CIBC Run for the Cure, which raised more than \$25 million for breast cancer research in 2014.

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 and has been inducted to the WXN Hall of Fame. Ms. Kramer has a Bachelor of Commerce degree from Ryerson University in Toronto.

Year Joined Board	2015 Meeting Attendance	
	Overall Attendance	Special Meetings
2011	4/4	0/4*
Current Board Committee Memberships	Committee Attendance	Special Committee Meetings
<ul style="list-style-type: none"> <li>Change, Operations, Technology &amp; Human Resources Committee</li> </ul>	4/4	0/1*

### Interlocking/Other Current Directorships

Princess Margaret Cancer Foundation

### Former Directorships

INTRIA Items Inc.

\*CIBC executives who are directors cannot participate in meetings from Canada and could not arrange to attend in person due to short notice given for the specially convened meetings.

## THE BOARD OF DIRECTORS



**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	2015 Meeting Attendance	
	Overall Attendance	Special Meetings
2013	4/4	0/4*
Current Board Committee Memberships	Committee Attendance	Special Committee Meetings
<ul style="list-style-type: none"> <li>Finance, Risk &amp; Conduct Review Committee – Chair</li> </ul>	4/4	0/5*
Interlocking/Other Current Directorships	Former Directorships	
None	None	

\*CIBC executives who are directors cannot participate in meetings from Canada and could not arrange to attend in person due to short notice given for the specially convened meetings.

## THE BOARD OF DIRECTORS



**RIK PARKHILL**

Barbados

**Non-Independent**

Mr. Parkhill is Chief Executive Officer, CIBC FirstCaribbean. He was appointed CEO in 2011.

He joined CIBC in 2008 as Managing Director, Head of Capital Markets Sales & Cash Equities with CIBC World Markets Inc. He has more than 20 years of experience managing brokerage firms and exchanges in the Canadian equities markets.

In his role at CIBC, Mr. Parkhill held responsibility for sales, trading, alternative execution services and research for all aspects of CIBC's cash equities business. He also shared responsibility for the Equity Capital Markets activities with Geoff Belsher and was a member of the Wholesale Banking Management Committee.

Prior to joining CIBC, Mr. Parkhill was Interim Co-Chief Executive Officer with the TSX Group. In his role, he was responsible for determining the strategic business direction with the Board and enhancing competitive positioning and maximizing shareholder returns. He also played a key role in expanding products and services domestically and internationally, while also strengthening operational effectiveness.

Mr. Parkhill is a graduate of Queen's University.

Year Joined Board	2015 Meeting Attendance	
	Overall Attendance	Special Meetings
2011	4/4	4/4

Current Board Committee Memberships	Committee Attendance	Special Committee Meetings
• Change, Operations, Technology & Human Resources Committee	4/4	1/1
• Finance, Risk & Conduct Review Committee	4/4	4/5

Interlocking/Other Current Directorships	Former Directorships
FirstCaribbean International Bank (Barbados) Limited – Chair	CIBC Children's Foundation
FirstCaribbean International Trust & Merchant Bank (Barbados) Limited – Chair	CIBC Mellon Asset Management
FirstCaribbean International Wealth Management Bank (Barbados) Limited – Chair	Market Regulation Services
FirstCaribbean International Finance Corporation (Leeward & Windward) Limited – Chair	
FirstCaribbean International Bank (Bahamas) Limited – Chair	
FirstCaribbean International Bank (Cayman) Limited – Chair	

## THE BOARD OF DIRECTORS



**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 15 years of experience at a senior management level.

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

Year Joined Board	2015 Meeting Attendance	
	Overall Attendance	Special Meetings
2008	4/4	3/4

Current Board Committee Memberships	Committee Attendance	Special Committee Meeting
• Audit & Governance Committee	4/4	2/3
• Change, Operations, Technology & Human Resources Committee	4/4	1/1
• Finance, Risk & Conduct Review Committee	4/4	4/5

### Interlocking/Other Current Directorships

Massy Holdings Limited  
FirstCaribbean International Bank (Trinidad & Tobago) Limited  
Trinidad & Tobago Chamber of Industry and Commerce  
Cluny Schools Board of Management

### Former Directorships

Sugar Manufacturing Company  
DevCap – A private equity fund



## THE BOARD OF DIRECTORS



**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 in 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	2015 Meeting Attendance	
	Overall Attendance	Special Meetings
2008	4/4	4/4
Current Board Committee Memberships	Committee Attendance	Special Committee Meeting
• Audit & Governance Committee	4/4	3/3
• Change, Operations, Technology & Human Resources Committee	4/4	1/1
• Finance, Risk & Conduct Review Committee	4/4	4/5

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

## SENIOR EXECUTIVE TEAM



**RIK PARKHILL**

Barbados

### **Rik Parkhill was appointed Chief Executive Officer in September 2011.**

He joined CIBC in 2008 as Managing Director, Head of Capital Markets Sales & Cash Equities with CIBC World Markets Inc. He has more than 20 years of experience managing brokerage firms and exchanges in the Canadian equities markets.

In his role at CIBC, Mr. Parkhill held responsibility for sales, trading, alternative execution services and research for all aspects of CIBC's cash equities business. He also shared responsibility for the Equity Capital Markets activities with Geoff Belsher and was a member of the Wholesale Banking Management Committee.

Prior to joining CIBC, Mr. Parkhill was Interim Co-Chief Executive Officer with the TSX Group. In his role, he was responsible for determining the strategic business direction with the Board and enhancing competitive positioning and maximizing shareholder returns. He also played a key role in expanding products and services domestically and internationally, while also strengthening operational effectiveness.

Mr. Parkhill is a graduate of Queen's University.



**NEIL BRENNAN**

Barbados

### **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.



**BRIAN CLARKE QC**

Barbados

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

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

Brian's over 30 years legal experience has 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.

## SENIOR EXECUTIVE TEAM



**COLETTE DELANEY**

Barbados

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

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

Colette is a banking professional of nearly thirty years' experience, having started her career with CIBC in 1987, and prior to that with National Westminster Bank Plc. She holds a Bachelor 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, CIBC, responsible for strategic projects, execution, implementation and measurement of key initiatives. Prior to that she held a number of positions including Senior Vice President, GICs Deposits and Payments, Senior Vice President, Mortgages, Lending and Insurance with CIBC Retail Markets, and Executive Vice President, Mortgages, Lending, Insurance and Deposit.



**BEN  
DOUANGPRACHANH**

Barbados

### **Ben Douangprachanh was appointed Chief Auditor in July 2014.**

Ben has served as Senior Audit Director, Risk Management at CIBC and brings over two decades of service in the financial services industry in Canada, US and Asia.

A Chartered Accountant and a Chartered Financial Analyst, 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.



**DONNA GRAHAM**

St Lucia

### **Donna Graham was appointed Managing Director, Governance & Controls in July 2013.**

Donna comes to CIBC FirstCaribbean International Bank following successful careers in both private and public sectors in Canada. She worked as a management consultant from 1999-2002 at the Canadian firm of McKinsey & Company where she developed business strategies for a number of Fortune 500 Companies across multiple sectors, including Financial Services.

Donna joined CIBC in 2002 to develop an internal Strategic Consulting group for the Retail Bank. In that role she served clients across all the retail businesses and assisted them with strategic challenges ranging from product development to distribution, organizational design and cost cutting initiatives.

In addition, her accountabilities included selection of employees with senior management potential and their training and development. Donna moved into the position of Vice President, Internal Audit, CIBC Retail Markets, Wealth Management and Retail Operations in 2004. Under her guidance, an Employee Retention Strategy was designed and rolled out to the division. She was also at the forefront of a number of innovative approaches to auditing such as Integrated Audit, and Continuous Auditing and Monitoring. She holds Bachelor and Masters Degrees from the University of Toronto and a Masters in Business Administration with Distinction from York University, Toronto. She is the recipient of several academic and national awards.

## SENIOR EXECUTIVE TEAM



**NIGEL HOLNESS**

Jamaica

### **Nigel Holness was appointed Managing Director in October 2010.**

Nigel joined the FirstCaribbean family, formerly CIBC, in 1988 and has enjoyed a very successful career with this institution spanning over 22 years. His prior appointment saw him spearheading and rebuilding the Jamaica Treasury, 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.



**BRIAN LEE**

Barbados

### **Brian Lee was appointed Chief Financial Officer in December 2012.**

As the Regional Chief Financial Officer for the FirstCaribbean Group, Brian possesses more than 13 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 articulated with the accounting firms Arthur Andersen LLP and BDO Dunwoody.



**IRENE MARKUS**

Barbados

### **Irene Markus was appointed Managing Director, Wholesale Banking in 2014.**

Irene has over 18 years of banking, corporate finance and capital markets experience spanning Barbados, Toronto, New York and Germany.

Irene joined CIBC in 2010 as Executive Director, Loan Syndications. She subsequently joined CIBC FirstCaribbean in April 2013 and has held a number of positions including Executive Director, Structuring & Distribution and Executive Director, Special Initiatives, Corporate and Investment Banking. Effective January 2015, Irene was appointed to the position of Managing Director, Wholesale Banking.

Irene's experience spans both the sell side and the buy side. Irene spent a number of years working in New York, with J.P. Morgan and Scotia Capital, in the areas of leveraged finance, syndications and private equity sponsor coverage. In addition, Irene worked for a Toronto-based investment management firm focused on hedge fund investing in the areas of portfolio management and investment structuring.

Irene holds an MBA from the Rotman School of Management at the University of Toronto, a LLB from the University of Western Ontario, and is a member of the Ontario Bar.

## SENIOR EXECUTIVE TEAM



**MARK McINTYRE**  
The Cayman Islands

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

Mark, a career banker and dynamic leader, has a proven track record of developing high-performance teams and achieving consistent results in competitive environments.

He brings to CIBC FirstCaribbean a reputation as an excellent negotiator and problem-solver, who is experienced in the delivery of exceptional customer service in very demanding environments.

During a career spanning almost twenty-five years, 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 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.



**JUDE PINTO**  
Barbados

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

Jude Pinto was appointed CIBC FirstCaribbean's Managing Director, Technology, Operations & Corporate Services (TO&CS) in May 2013. He 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 26 years, including the past 2 ½ years in CIBC's Caribbean operations.

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).



**MARIE RODLAND-ALLEN**  
The Bahamas &  
Turks & Caicos Islands

**Marie Rodland-Allen was appointed Managing Director in September 2010.**

Marie joined FirstCaribbean from Citigroup, where she began her career in 1998 as an Investment Banking Analyst in both New York and Paris. She worked for two years in her hometown of Nassau as a Corporate Banker and returned to New York to work in the Office of the CEO of The Citigroup Private Bank.

Previously, Marie was the Senior Vice-President and Global Head of Special Investments for Citigroup's global trust business. She holds a Bachelor of Science in Finance and International Business from New York University's Stern School of Business and a dual Master's of Business Administration degree from Cornell University and Queen's University. She is also a Member of the Society of Trust and Estate Practitioners.



## SENIOR EXECUTIVE TEAM



**MARK ST. HILL**

Barbados

**Mark St. Hill was appointed Managing Director, Retail, Business and International Banking in May 2013.**

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

An experienced banker with over 20 years in various positions spanning Insurance Brokering, 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.



**TREVOR TORZSAS**

The Bahamas

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

Trevor is responsible for Strategy Development and Implementation, Marketing, Branding, Corporate Communications, Customer Research and Insights, Sales and Customer Service training as well as the development of new products and services that respond to customer demand and add value to relationships with customers, and consequently plays a pivotal role in maximizing sustainable revenues. More recently, he assumed responsibility for the Credit Card Issuing portfolio and the Customer Care & Sales Centres, both areas integral to the achievement of the Bank's profitability objectives.

Trevor brings to the company extensive experience and a proven track record in customer relationship management during his tenure at CIBC in Canada.

Trevor sits on the Board of Directors of CIBC Bank and Trust Company (Cayman) Ltd and serves as a Director of the FirstCaribbean International Comtrust Foundation Ltd, a registered charitable foundation. He was also the Executive Sponsor for Walk for the Cure. His involvement in charitable activity at CIBC FirstCaribbean follows service as co-chair of CIBC Miracle Day and as a donations committee member.

Prior to joining CIBC FirstCaribbean, he held the position of Managing Director, Global Relationship Management at CIBC in Canada from 2008 to 2012 where he headed and developed CIBC's global relationship management program within its cash equities group, directly interfacing with institutional clients to drive a client-focused strategy. During that time, CIBC's overall quality of client services improved to #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 its executive recruiting efforts.

## SENIOR EXECUTIVE TEAM



**PIM VAN DER BURG**  
Dutch Caribbean

**Pim van der Burg was appointed Managing Director in 2008.**

Prior to this, Pim held a variety of international senior positions within the Dutch banking group, ABN AMRO, in the areas of Corporate and 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 FirstCaribbean International Bank in 2006, Pim joined FirstCaribbean and was responsible for the integration of the acquired organization within the FirstCaribbean group.

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.



**DONNA WELLINGTON**  
Barbados

**Donna Wellington was appointed Managing Director in June 2013.**

Donna Wellington joined CIBC FirstCaribbean International Bank in 2005, after working for Sagcor, Ernst & Young Caribbean and PricewaterhouseCoopers in Barbados. At CIBC FirstCaribbean she has progressed through various positions in the corporate finance and investment banking segments, culminating in her current position as the Managing Director – Barbados Operating Company.

In this position Donna has responsibility for regulatory affairs and revenue generation, across all key segments of the commercial banking operations of the Barbados Operating Company in 9 countries (Barbados, 7 countries in the OECS and Belize). A seasoned corporate banker with 25 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 of Canada (CGA).



**DAN WRIGHT**  
The Cayman Islands

**Dan Wright was appointed Managing Director, Private 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.

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 new role, Dan will be leveraging 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.

## Management's Discussion and Analysis

Management's discussion and analysis (MD&A) is provided to enable readers to assess CIBC FirstCaribbean's financial condition and results of operations as at and for the year ended October 31, 2015, 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 with the presentation adopted in the current year.

### Overview

FirstCaribbean International Bank Limited is a leading Caribbean financial institution providing individual and business clients with a full range of products and services through our four (4) segments – Retail, Business and International Banking, Wholesale Banking, Wealth Management and Administration. Our business segments service clients in eighteen (18) 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 2015 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 for what matters to its clients 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 need; 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 what matters.

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.



## Management's 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	2015	2014 Restated*
Total revenue	522	529
Net income/(loss) for the year	98	(148)
Net income/(loss) attributable to the equity holders of the parent	95	(147)
Total assets	10,689	10,779
Basic earnings/(loss) per share (cents)	6.0	(9.3)
Dividend per share (cents)	3.5	3.0
Closing share price per share (cents)	86	88
Return on equity	7.2%	(10.3%)
Efficiency ratio	71%	66%
Tier I capital ratio	22%	20%
Total capital ratio	23%	21%

Net income for the year was \$98 million, compared to a net loss of \$148 million in 2014.

This year's results were affected by lower loan loss impairment, no impairment charge on goodwill, lower deposit interest offset by declining net interest income and higher operating expenses. The results for both years were affected by certain significant items as follows:

#### 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.
- \$6 million decrease in net interest income primarily due to lower loan interest earnings from loans offset by lower funding costs.

#### 2014

- \$116 million in impairment charge on goodwill in light of persistently challenging economic conditions and financial projections for conditions going forward.
- \$47 million decrease in operating expenses which includes \$41 million reduction in salaries and benefits related to the restructuring program in 2013 as well as overall reduction in discretionary spending due to cost cutting measures.
- \$55 million increase in loan loss impairment reflecting further deterioration and updates to collateral values underlying secured loans.
- \$4 million decrease in net interest income largely due to sustained downward pressure on loan volumes in key markets.
- \$3 million increase in operating income driven by higher service based fees and foreign exchange commissions.

## Management's Discussion and Analysis

### Net interest income and margin

\$ millions for the year ended October 31	2015	2014
Average total assets	10,734	11,104
Net interest income	363	369
Net interest margin	3.4%	3.3%

Net interest income decreased year on year by \$6 million (2%) largely caused by lower loan interest earnings, and security yields offset by lower deposit funding costs.

### Operating income

\$ millions for the year ended October 31	2015	2014
Net fee and commission income	109	106
Foreign exchange earnings	45	46
Net gains	1	4
Other	5	5
	160	161

Operating income decreased year on year by \$1 million (1%) primarily due to lower foreign exchange earnings and net gains offset by higher service based fees.

### Operating expenses

\$ millions for the year ended October 31	2015	2014
Staff costs		
Salaries	140	144
Benefits & other	53	40
	193	184
Property and equipment expenses	43	44
Depreciation	20	18
Business taxes	38	34
Professional fees	20	15
Communications	10	10
Other	46	44
	370	349

Operating expenses increased year on year by \$21 million (6%) primarily due to higher staff costs, business taxes and professional fees. Increased restructuring costs, which includes the sale of the Belize operations was the main driver of the increase to staff costs. The increase to business taxes was directly related to the implementation of Value Added Tax in The Bahamas, while professional fees increased largely due to project-related expenses.

## Management's Discussion and Analysis

### Loan loss impairment

\$ millions for the year ended October 31	2015	2014
Individual impairment		
Mortgages	14	103
Personal	3	33
Business & Sovereign	21	55
	38	191
Collective impairment charge	3	15
	41	206

Loan loss impairment decreased by \$165 million (80%) year on year. The specific allowances decreased by \$153 million as a result of lower specific provisions and higher recoveries.

The ratio of loan loss provision to gross loans was 5.5% compared with 6.2% at the end of 2014. However non-performing loans to gross loans declined to 9.1% at the end of 2015 compared to 11.4% at the end of 2014.

### Income tax expense

\$ millions for the year ended October 31	2015	2014
Income tax expense	13	6
Income/(loss) before taxation	111	(142)
Effective tax rate	11.6%	(4.4%)

Income tax expense has increased year on year by \$7 million (104%). The increase in taxes is largely due to higher taxable income in taxable jurisdictions and the elimination of group tax relief in Barbados. The combined impact of the above resulted in a move in the effective tax rate from (4.4%) to 11.6%.

### Review of the Consolidated Statement of Comprehensive Income

\$ millions for the year ended October 31	2015	2014
Net Income/(loss) for the year	98	(148)
Other comprehensive (loss)/income		
Net (losses)/gains on available-for-sale investment securities	(10)	7
Net exchange losses on translation of foreign operations	(8)	(9)
Re-measurement gains on retirement benefit plans	11	4
Other Comprehensive (loss)/ income	(7)	2
Total Comprehensive income/(loss)	91	(146)

Other comprehensive income decreased year on year as a result of net losses from investment securities compared with gains in the prior year, due primarily to lower sales and 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 strengthened by 6% year on year, while the Trinidad dollar remained relatively stable. This has resulted in lower exchange losses of \$8 million in the current year compared with losses of \$9 million in the prior year.

## Management's Discussion and Analysis

### Review of the Consolidated Statement of Financial Position

\$ millions for the year ended October 31

	2015	2014 Restated *
<b>Assets</b>		
Cash and balances with banks	1,692	1,814
Investment securities	2,331	2,305
Loans and advances to customers:		
Mortgages	2,168	2,256
Personal	546	553
Business & Sovereign	3,615	3,726
Other	26	13
Provision for impairment (net of recoveries and write-offs)	(350)	(408)
	<b>6,005</b>	<b>6,140</b>
Other assets	661	520
	<b>10,689</b>	<b>10,779</b>
<b>Liabilities and equity</b>		
Customer deposits		
Individuals	3,800	4,278
Business & Sovereign	4,830	4,864
Banks	62	15
Interest Payable	7	9
	<b>8,699</b>	<b>9,166</b>
Other borrowed funds	-	35
Debt securities in issue	209	31
Other liabilities	400	210
Non-controlling interest	26	23
Equity attributable to equity holders of the parent	1,355	1,314
	<b>10,689</b>	<b>10,779</b>

Total assets decreased by \$90 million (0.8%) primarily due to decreased loans and advances and lower cash & balances with banks.

Total liabilities decreased by \$132 million (1.4%) due to lower customer deposits as a result of decreased funds placed in the trust companies.

Equity attributable to equity holders of the parent has increased year on year by \$40 million (3.1%) due mainly to net income for the year of \$95 million, other comprehensive losses of \$8 million offset by dividends of \$47 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 22% and 23% respectively at the end of 2015, 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.

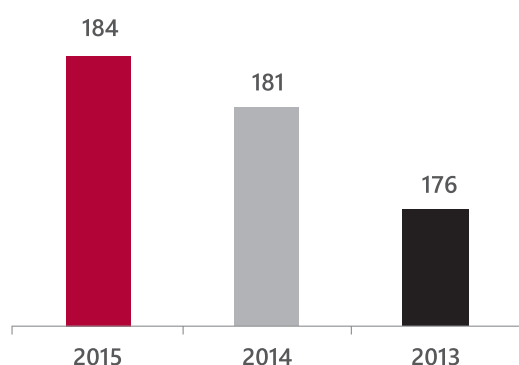
## Retail, Business and International Banking

Retail Banking includes Retail, Business and International Banking and Cards businesses. This segment provides a full range of financial products and services to individuals which can be accessed through our network of branches and ABMs, as well as through internet and telephone banking channels. 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.

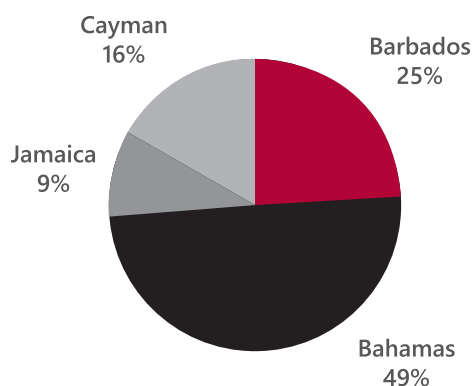
External revenues increased year on year by \$3 million or 2% with higher contribution from Retail Channels business helped by lower interest expense in Barbados and EC Islands due to cessation/reduction of the minimum savings rate. This was offset by lower loan earnings negatively affected by lower average loan balances.

Segment results improved year on year by \$94 million primarily as a result of lower loan loss impairment.

External Revenues (\$Millions)



External Revenues (% Operating Company)



## Wholesale Banking

This segment comprises Corporate and Investment Banking and the Client Solutions Group.

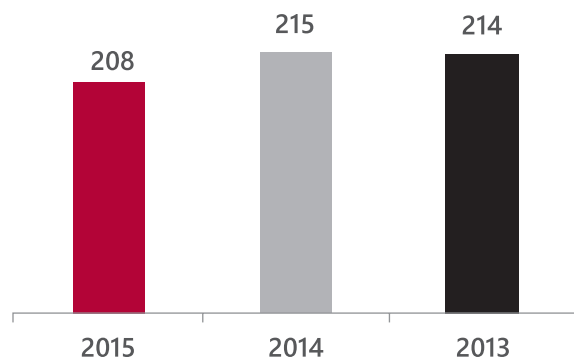
Corporate Banking provides a full range of corporate and commercial banking services to large and mid-size corporate businesses, governments, financial institutions, international trading companies and private wealth vehicles throughout the Caribbean.

Investment Banking provides debt, equity, capital markets and corporate finance products and services to large corporations, financial institutions and governments. The Client Solutions Group provides derivative and other risk mitigating products to clients.

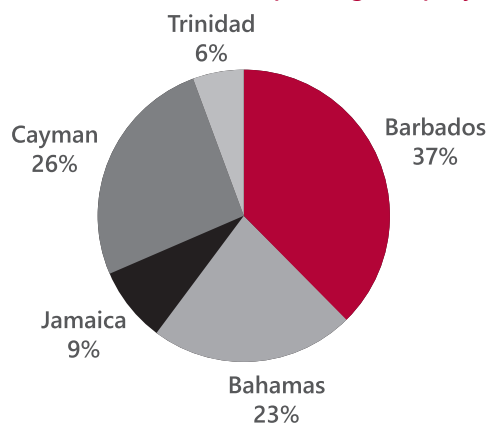
External revenue decreased year on year by \$7 million or 3% due to lower yields, FX commissions and securities gains and losses from derivative instruments.

Segment results increased year on year by \$47 million primarily as a result of lower loan loss impairment.

External Revenues (\$Millions)



External Revenues (% Operating Company)



### Wealth Management

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

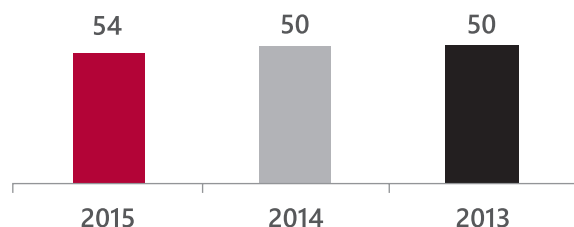
Wealth Management clients are provided investment advice and traditional banking services through a relationship management offer.

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

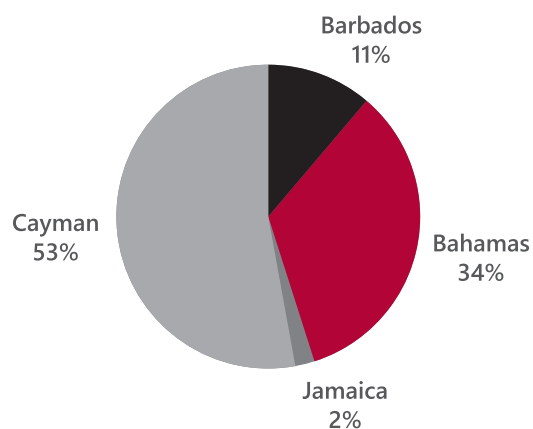
External revenue increased year on year \$4 million or 8% as higher deposit services, asset management, fiduciary & investment management fees and lower interest expense were offset by lower productive loan earnings.

Segment results decreased year on year by \$6 million primarily as a result of lower internal revenue partially offset by lower loan loss impairment.

External Revenues (\$Millions)



External 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 manages the interest rate, foreign exchange and liquidity risk of the Group. In addition, Treasury conducts foreign exchange and other derivative transactions on behalf of Bank clients. Securities and cash placements are normally held within the Treasury unit included in the Administration segment.

### Risk Management Approach

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

The Group's approach to risk management is based on sound banking principles and a robust governance structure. Risk is managed within tolerance levels established by our management committees and approved by the Board of Directors and its committees (the Board). This is achieved through a comprehensive framework of measurement, monitoring and control policies, procedures and processes. Further information on credit, market and liquidity risks within the Group can be found in note 34 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 Finance Risk and Conduct Review Committee of the Board also delegates credit approval limits to the Management and 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 and financial controls team.

### Market Risk

Market risk is the measurement of potential loss arising from adverse movements in interest rates, foreign exchange rates, equity and commodity prices, and credit spread risk in the Group's investment portfolios. It arises in 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.

## Management's Discussion and Analysis

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 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 Finance 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) and is chaired by the Chief Financial Officer. The Group and individual operating company ALCOs are responsible for monitoring liquidity risk and adherence to the Liquidity Management Policy. Day-to-day management of liquidity is handled by the Treasury team.

The Group performs stress tests and scenario analyses 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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## INDEPENDENT AUDITORS' REPORT

### To the Shareholders of FirstCaribbean International Bank Limited

We have audited the accompanying consolidated financial statements of FirstCaribbean International Bank Limited and its subsidiaries ("the Bank") which comprise the consolidated statement of financial position as at October 31, 2015 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 Bank as at October 31, 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

CHARTERED ACCOUNTANTS

Barbados

December 10, 2015

## Consolidated Statement of Income

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

	Notes	2015	2014 Restated*
Interest and similar income		\$ 435,810	\$ 455,175
Interest and similar expense		73,111	86,386
Net interest income	3	362,699	368,789
Operating income	4	159,674	160,604
		522,373	529,393
Operating expenses	5	370,111	349,295
Loan loss impairment	15	41,507	206,283
Impairment of intangible assets	19	-	115,946
		411,618	671,524
Income/(loss) before taxation		110,755	(142,131)
Income tax expense	6	12,823	6,282
<b>Net income/(loss) for the year</b>		<b>\$ 97,932</b>	<b>\$ (148,413)</b>
<b>Net income/(loss) for the year attributable to:</b>			
Equity holders of the parent		\$ 94,703	\$ (146,724)
Non-controlling interests		3,229	(1,689)
		\$ 97,932	\$ (148,413)
<b>Basic and diluted earnings/(loss) per share attributable to the equity holders of the parent for the year (expressed in cents per share)</b>	7	<b>6.0</b>	<b>(9.3)</b>

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

\* Certain amounts shown here do not correspond to the 2014 financial statements and reflect adjustments made, refer to note 2.3.

## Consolidated Statement of Comprehensive Income

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

	Notes	2015	2014 Restated*
<b>Net income/(loss) for the year</b>		\$ 97,932	\$ (148,413)
<b>Other comprehensive income/(loss) (net of tax) to be reclassified to net income or loss in subsequent periods</b>			
Net (losses)/gains on available-for-sale investment securities		(9,583)	7,462
Net exchange losses on translation of foreign operations		(7,849)	(8,942)
<b>Net other comprehensive loss (net of tax) to be reclassified to net income or loss in subsequent periods</b>	8,9	(17,432)	(1,480)
<b>Other comprehensive income (net of tax) not to be reclassified to net income or loss in subsequent periods</b>			
Re-measurement gains on retirement benefit plans	25	10,652	4,053
<b>Net other comprehensive income (net of tax) not to be reclassified to net income or loss in subsequent periods</b>		10,652	4,053
Other comprehensive (loss)/income for the year, net of tax		(6,780)	2,573
<b>Comprehensive income/(loss) for the year, net of tax</b>		\$ 91,152	\$ (145,840)
<b>Comprehensive income/(loss) for the year attributable to:</b>			
Equity holders of the parent		\$ 87,055	\$ (144,317)
Non-controlling interests		4,097	(1,523)
		\$ 91,152	\$ (145,840)

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

\* Certain amounts shown here do not correspond to the 2014 financial statements and reflect adjustments made, refer to note 2.3.

## Consolidated Statement of Financial Position

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

	Notes	2015	2014 Restated *	As at November 1, 2013 Restated *
<b>Assets</b>				
Cash and balances with Central Banks	10	\$ 902,602	\$ 901,394	\$ 727,059
Due from banks	11	789,179	912,308	1,584,479
Derivative financial instruments	12	7,936	5,267	3,239
Other assets	13	66,044	81,904	33,876
Taxation recoverable		26,084	27,891	26,294
Investment securities	14	2,331,012	2,305,215	2,214,085
Loans and advances to customers	15	6,005,021	6,140,273	6,329,247
Property and equipment	16	139,701	131,538	127,040
Deferred tax assets	17	14,183	11,586	14,308
Retirement benefit assets	18	39,913	42,381	35,044
Intangible assets	19	218,961	218,961	334,907
		\$ 10,540,636	\$ 10,778,718	\$ 11,429,578
Assets of disposal group classified as held for sale	32	148,717	-	-
<b>Total assets</b>		<b>\$ 10,689,353</b>	<b>\$ 10,778,718</b>	<b>\$ 11,429,578</b>
<b>Liabilities</b>				
Derivative financial instruments	12	\$ 58,964	\$ 52,603	\$ 50,061
Customer deposits	20	8,698,750	9,165,789	9,606,533
Other borrowed funds	21	-	34,590	16,388
Other liabilities	22	159,106	105,509	148,388
Taxation payable		5,167	529	1,956
Deferred tax liabilities	17	6,741	5,104	2,035
Debt securities in issue	23	208,890	30,974	30,461
Retirement benefit obligations	18	37,518	45,969	42,063
		\$ 9,175,136	\$ 9,441,067	\$ 9,897,885
Liabilities of disposal group classified as held for sale	32	133,616	-	-
<b>Total liabilities</b>		<b>\$ 9,308,752</b>	<b>\$ 9,441,067</b>	<b>\$ 9,897,885</b>
<b>Equity attributable to equity holders of the parent</b>				
Issued capital	24	\$ 1,193,149	\$ 1,193,149	\$ 1,193,149
Reserves	25	(273,471)	(275,904)	(270,090)
Retained earnings		434,925	397,009	582,218
		1,354,603	1,314,254	1,505,277
<b>Non-controlling interests</b>		<b>25,998</b>	<b>23,397</b>	<b>26,416</b>
<b>Total equity</b>		<b>1,380,601</b>	<b>1,337,651</b>	<b>1,531,693</b>
<b>Total liabilities and equity</b>		<b>\$ 10,689,353</b>	<b>\$ 10,778,718</b>	<b>\$ 11,429,578</b>

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

\* Certain amounts shown here do not correspond to the 2014 financial statements and reflect adjustments made, refer to note 2.3.

Approved by the Board of Directors on December 10, 2015

  
Sir Fred Gollop  
Director

  
Rik Parkhill  
Chief Executive Officer

## Consolidated Statement of Changes in Equity

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

	Notes	Attributable to equity holders of the parent			Non- controlling interests	Total equity
		Issued capital	Reserves	Retained earnings		
<b>Balance at November 1, 2013 (as previously reported)</b>		\$ 1,193,149	\$ (262,281)	\$ 574,409	\$ 26,416	\$ 1,531,693
Effect of change in accounting policy and correction to prior periods	2.3	-	(7,809)	7,809	-	-
<b>As at November 1, 2013 (Restated*)</b>		1,193,149	(270,090)	582,218	26,416	1,531,693
Comprehensive loss for the year, net of tax		-	2,407	(146,724)	(1,523)	(145,840)
Transfer from reserves	25	-	(8,221)	8,221	-	-
Equity dividends	26	-	-	(46,706)	-	(46,706)
Dividends of subsidiaries		-	-	-	(1,496)	(1,496)
<b>Balance at October 31, 2014 (Restated*)</b>		\$ 1,193,149	\$ (275,904)	\$ 397,009	\$ 23,397	\$ 1,337,651
Comprehensive income for the year, net of tax		-	(7,648)	94,703	4,097	91,152
Transfer to reserves	25	-	10,081	(10,081)	-	-
Equity dividends	26	-	-	(46,706)	-	(46,706)
Dividends of subsidiaries		-	-	-	(1,496)	(1,496)
<b>Balance at October 31, 2015</b>		<b>\$ 1,193,149</b>	<b>\$ (273,471)</b>	<b>\$ 434,925</b>	<b>\$ 25,998</b>	<b>\$ 1,380,601</b>

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

\* Certain amounts shown here do not correspond to the 2014 financial statements and reflect adjustments made, refer to note 2.3.

## Consolidated Statement of Cash Flows

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

	2015	2014 Restated*
<b>Cash flows from operating activities</b>		
Income/(loss) before taxation including discontinuing operations	\$ 110,755	\$ (142,131)
Loan loss impairment	41,507	206,283
Depreciation of property and equipment	20,197	18,115
Impairment of intangible assets	-	115,946
Net losses on impairment and disposals of property and equipment	2,858	245
Net gains on disposals and redemption of investment securities	(2,604)	(3,901)
Net hedging gains	(1,037)	(799)
Interest income earned on investment securities	(69,112)	(75,511)
Interest expense incurred on other borrowed funds and debt securities	4,846	4,531
Net cash flows from operating income before changes in operating assets and liabilities	107,410	122,798
<b>Changes in operating assets and liabilities:</b>		
- net decrease/(increase) in due from banks	30,316	(63,164)
- net decrease/(increase) in loans and advances to customers	58,514	(17,365)
- net decrease/(increase) in other assets	14,215	(56,001)
- net decrease in customer deposits	(333,424)	(440,744)
- net increase/(decrease) in other liabilities	60,550	(36,999)
Income taxes paid	(7,628)	(2,521)
<b>Net cash used in operating activities</b>	<b>(70,047)</b>	<b>(493,996)</b>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(33,313)	(22,884)
Proceeds from disposals of property and equipment	-	26
Purchases of investment securities	(1,676,133)	(1,843,996)
Proceeds from disposals and redemption of investment securities	1,633,684	1,767,456
Interest income received on investment securities	73,591	75,354
<b>Net cash used in investing activities</b>	<b>(2,171)</b>	<b>(24,044)</b>
<b>Cash flows from financing activities</b>		
Net proceeds on other borrowed funds and debt securities	143,777	18,463
Interest expense paid on other borrowed funds and debt securities	(5,297)	(4,279)
Dividends paid to equity holders of the parent	(46,704)	(46,706)
Dividends paid to non-controlling interests	(1,496)	(1,496)
<b>Net cash from/(used) in financing activities</b>	<b>90,280</b>	<b>(34,018)</b>
<b>Net increase/(decrease) in cash and cash equivalents for the year</b>	<b>18,062</b>	<b>(552,058)</b>
Effect of exchange rate changes on cash and cash equivalents	(7,849)	(8,942)
<b>Cash and cash equivalents, beginning of year</b>	<b>1,376,184</b>	<b>1,937,184</b>
<b>Cash and cash equivalents, end of year (note 10)</b>	<b>\$ 1,386,397</b>	<b>\$ 1,376,184</b>

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

\* Certain amounts shown here do not correspond to the 2014 financial statements and reflect adjustments made, refer to note 2.3.

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

### Note 1 | General Information

FirstCaribbean International Bank Limited and its subsidiaries ("the Group") are registered under the relevant financial and corporate legislations of 18 countries in the Caribbean to carry on banking and other related activities. The Group's parent company, FirstCaribbean International Bank Limited ("the Bank"), is a company incorporated and domiciled in Barbados at Warrens, St. Michael. The ultimate parent company and controlling party of the Bank is Canadian Imperial Bank of Commerce ("CIBC") which holds 91.7% of the Bank's issued shares and is a company incorporated in Canada.

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

These consolidated financial statements have been authorised for issue by the Board of Directors on December 10, 2015. The Board of Directors have 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. An additional statement of financial position as at November 1, 2013 is presented in these consolidated financial statements due to retrospective application of certain accounting policies and correction of prior period errors. Refer to note 2.3.

#### 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, 2015 (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 35.

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

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

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 24
- Financial risk management and policies Note 34
- Sensitivity analyses disclosures Notes 18, 34



## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

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.

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

### 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

The Group has applied, for the first time, IFRIC 21 Levies that requires restatement of previous financial statements. Several other new standards and amendments apply for the first time in 2015. However, they do not affect the annual consolidated financial statements.

The nature and the impact of the new standards and amendments is described below:

#### IFRIC 21 Levies

IFRIC 21 clarifies the timing of the recognition of the liability for a levy imposed by a government. The Interpretation covers the accounting for outflows of economic benefits imposed on entities by governments (including government agencies and similar bodies) in accordance with laws and/or regulations. However, it does not include income taxes (see IAS 12 Income Taxes), fines and other penalties, liabilities arising from emissions, trading schemes and outflows within the scope of other standards.

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognized before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in interim financial statements.

IFRIC 21 is effective for annual periods beginning on or after 1 January 2014 and is applied retrospectively. The Group has applied IFRIC 21 for the first time in these consolidated financial statements.

#### Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact to the Group, since none of the entities in the Group qualifies to be an investment entity under IFRS 10.

#### Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no material impact on the Group.

#### Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

instrument meets certain criteria. These amendments have no impact to the Group as the Group has not novated its derivatives during the current or prior periods.

### Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36

These amendments remove the unintended consequences of IFRS 13 Fair Value Measurement on the disclosures required under IAS 36 Impairment of Assets. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognised or reversed during the period. These amendments have no impact on the Group as there was no impairment loss that has been recognised or reversed during the period.

### Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after July 1, 2014. These amendments are not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

### Annual Improvements 2010-2012 Cycle

In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 Fair Value Measurement. The amendment to IFRS 13 is effective immediately and, thus, for periods beginning at January 1, 2014, and it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no impact on the Group.

### Annual Improvements 2011-2013 Cycle

In the 2011-2013 annual improvements cycle, the International Accounting Standards Board (IASB) issued four amendments to four standards, which included an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 is effective immediately and, thus, for periods beginning at January 1, 2014, and clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. This amendment to IFRS 1 has no impact on the Group, since the Group is an existing IFRS preparer.

### Effect of Change in Accounting Policy and Correction to Prior Periods

#### IFRIC 21 Levies

The Group's subsidiary, FirstCaribbean International Bank (Jamaica) Limited, is required by legislation to pay an asset tax on March 15th of each year based on the assets held as at the end of the previous financial year. Accordingly, a levy liability was recognized progressively over time during the previous financial year.

Upon adoption of IFRIC 21, asset tax is no longer eligible to be accounted for on a periodic accrual basis, but must be recorded in full when triggered. The full liability of this expense for this current financial year should be recorded on November 1, 2014 based on the assets recorded as at October 31, 2014. Accordingly, the Group has determined that the levy liability that was recognized at October 31, 2014 should be reversed and instead be recognized in full on November 1, 2014.

#### Hedge Accounting – Basis Adjustment

In accordance with its documented hedging strategy, the Group hedges its interest rate risk exposure on fixed income securities (bonds) which are classified as available-for-sale securities and fixed rate loans (hedged item) with interest rate swaps (hedged

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

instrument). The Group's hedging strategy is geared towards managing its interest rate risk. While the parent acts as a swap counterparty to most of the interest rate swap transactions. The Group retains control and oversight from a system, process, documentation and monitoring standpoint.

The basis adjustment refers to the change in the carrying amount of the hedged item (e.g. bond or loan) due to changes in fair value attributable to the specific hedged risk (e.g. interest rate). The basis adjustment, when netted against the change in value of the derivative forms the net hedging result booked to the profit and loss.

While IFRS does not prescribe any specific approach for an entity to calculate its basis adjustment, the Group decided to harmonize its accounting policy for basis adjustment calculation on hedged items with that of its Parent. Accordingly, the Group adjusted the affected other comprehensive income - available-for-sale securities reserves accounts and retained earnings retrospectively to reflect this change.

### Correction to Prior Periods – Other Comprehensive Income (OCI) – Available-for-Sale Securities (AFS) Reserves

During the year, the Group made a prior period adjustment arising from an in-depth reconciliation of its OCI-AFS reserve account related to prior periods for the Group's subsidiary, FirstCaribbean International Bank (Bahamas) Limited. This was accounted for retrospectively in the consolidated financial statements.

The overall effect of the changes on the consolidated financial statements are reflected below

	Reported as at October 31, 2013	IFRIC 21 Levies	Hedge Accounting Basis adjustment	OCI - Available-for-sale securities (AFS Reserves)	Restated as at October 31, 2013
<b>Assets</b>					
Asset line items not affected					
by accounting changes	\$ 11,429,578	-	-	-	\$ 11,429,578
	\$ 11,429,578	-	-	-	\$ 11,429,578
<b>Liabilities</b>					
Liability line items not affected					
by accounting changes	\$ 9,897,885	-	-	-	\$ 9,897,885
	\$ 9,897,885	-	-	-	\$ 9,897,885
<b>Equity</b>					
Issued capital	\$ 1,193,149	-	-	-	\$ 1,193,149
Reserves	(262,281)	-	9,855	(17,665)	(270,090)
Retained earnings	574,409	-	(9,855)	17,665	582,218
	\$ 1,505,277	-	-	-	\$ 1,505,277
Non-controlling interest	26,416	-	-	-	26,416
	\$ 11,429,578	-	-	-	\$ 11,429,578

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015

(Expressed in thousands of United States dollars)

	Reported as at October 31, 2014	IFRIC 21 Levies	Hedge Accounting Basis adjustment	OCI - Available-for-sale securities (AFS Reserves)	Restated as at October 31, 2014
<b>Assets</b>					
Asset line items not affected by accounting changes	\$ 10,778,718	-	-	-	\$ 10,778,718
	\$ 10,778,718	-	-	-	\$ 10,778,718
<b>Liabilities</b>					
Other liabilities	106,626	(1,117)	-	-	105,509
Liability line items not affected by accounting changes	\$ 9,335,558	-	-	-	\$ 9,335,558
	\$ 9,442,184	(1,117)	-	-	\$ 9,441,067
<b>Equity</b>					
Issued capital	\$ 1,193,149	-	-	-	1,193,149
Reserves	(266,825)	-	8,862	(17,941)	(275,904)
Retained earnings	386,813	1,117	(8,862)	17,941	397,009
	\$ 1,313,137	1,117	-	-	\$ 1,314,254
Non-controlling interest	23,397	-	-	-	23,397
	\$ 10,778,718	-	-	-	\$ 10,778,718

The decrease on the consolidated statements of income and consolidated statements of comprehensive income as a result of the restrospective application of these was as follows:

	2014
<b>Impact on Net loss for the year</b>	
Increase in Other Income	\$ 1,078
Decrease in Operating expenses	(1,117)
	2,195
Decrease in income taxes	(223)
Decrease in net loss for the year	\$ 2,418
<b>Impact on other comprehensive income for the year</b>	
Decrease in net gains on available-for-sale investment securities	\$ (1,301)
Decrease in other comprehensive loss for the year	\$ (1,301)
Decrease in total comprehensive loss for the year	\$ 1,117
<b>Impact on basic and diluted loss per share (expressed in cents per share)</b>	
Net loss attributable to equity holders of the parent, as previously reported	(9.5)
Decrease on net loss attributable to equity holders of the parent	0.2
Net loss attributable to equity holders of the parent, as restated	(9.3)

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

### 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.

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

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

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

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 financial assets.

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

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

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

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

Unquoted equity instruments for which fair values cannot be measured reliably are recognised at cost less impairment. All gains and losses from disposals and/or changes in the fair value of financial assets and liabilities at fair value through profit or loss and derivatives held for trading are included in operating income as net trading gains or losses. All gains and losses from disposals of



## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

investment securities available-for-sale are included in operating income as net investment securities gains or losses. Where certain financial assets are hedged and there is ineffectiveness, this is included in operating income as net hedging gains or losses. Dividends are recorded on the accrual basis when declared and are included in investment securities interest and similar income.

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 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

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

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

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.

### 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.

### Customer-related intangible assets

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

### 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 probable. 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

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of income during the financial period in which they are incurred.

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

### The annual rates used are:

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

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

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

### Leases

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

### 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 are treated as contingent liabilities and not recognised in the statement of financial position until a payment under the guarantee has been made, at which time the payment is treated as a loan and advance to customers.

### 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.

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

### 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

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

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 34. 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

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

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 which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.
- **IFRS 15 Revenue from Contracts with Customers** - IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to 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 principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015

(Expressed in thousands of United States dollars)

- 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 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 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.

### Note 3 | Net interest income

	2015	2014
<b>Interest and similar income</b>		
Cash, balances with Central Banks and due from banks	\$ 2,174	\$ 1,848
Investment securities	69,141	75,511
Loans and advances to customers	364,495	377,816
	<b>435,810</b>	455,175
<b>Interest and similar expense</b>		
Customer deposits	53,042	67,633
Debt securities in issue	4,784	1,338
Borrowed funds and other	15,285	17,415
	<b>73,111</b>	86,386
	<b>\$ 362,699</b>	\$ 368,789

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

### Note 4 | Operating income

	2015	2014
Net fee and commission income	\$ 108,746	\$ 105,633
Foreign exchange commissions	41,203	40,487
Foreign exchange revaluation net gains	3,751	5,573
Net trading losses	(2,579)	(390)
Net investment securities gains	2,604	3,730
Net hedging gains	1,037	799
Other operating income	4,912	4,772
	<b>\$ 159,674</b>	<b>\$ 160,604</b>

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

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

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

#### Analysis of net fee and commission income:

	2015	2014
Underwriting	\$ 3,822	\$ 3,369
Deposit services	43,795	40,599
Credit services	8,307	7,953
Card services	20,295	23,110
Fiduciary & investment management	28,347	27,478
Other	4,180	3,124
	<b>\$ 108,746</b>	<b>\$ 105,633</b>

### Note 5 | Operating expenses

	2015	2014
Staff costs	\$ 193,072	\$ 183,708
Property and equipment expenses	42,581	43,996
Depreciation (note 16)	20,197	18,115
Other operating expenses	114,261	103,476
	<b>\$ 370,111</b>	<b>\$ 349,295</b>



## Notes to the Consolidated Financial Statements

### Analysis of staff costs:

	2015	2014
Salaries	\$ 156,313	\$ 144,867
Pension costs - defined contribution plans (note 18)	4,563	4,545
Pension costs - defined benefit plans (note 18)	3,348	4,705
Post-retirement medical benefits charge (note 18)	3,491	2,903
Other share and cash-based benefits	1,050	1,334
Risk benefits	8,421	8,889
Other staff related costs	15,886	16,465
	<b>\$ 193,072</b>	<b>\$ 183,708</b>

### Analysis of other operating expenses:

	2015	2014
Business taxes	\$ 38,161	\$ 34,120
Professional fees	19,626	14,876
Advertising and marketing	4,024	4,874
Business development and travel	3,363	2,917
Communications	9,869	9,599
Net losses/(gains) on sale of property and equipment	17	(26)
Consumer related expenses	4,093	8,088
Non-credit losses	3,963	1,964
Outside services	6,569	5,505
Other	24,576	21,559
	<b>\$ 114,261</b>	<b>\$ 103,476</b>

### Note 6 | Income tax expense

	2015	2014
The components of income tax expense for the year are:		
Current tax charge	\$ 8,160	\$ 1,544
Deferred tax charge	4,663	4,738
	<b>\$ 12,823</b>	<b>\$ 6,282</b>

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

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

	2015	2014
Income/(loss) before taxation from continuing operations	\$ 110,755	\$ (142,131)
Tax calculated at the statutory tax rate of 25%	27,689	(35,533)
Effect of different tax rates in other countries	(15,825)	(15,685)
Effect of income not subject to tax	(66,238)	(22,425)
Effect of income subject to tax at 12.5%	2,584	1,983
Under provision of prior year deferred tax liability	75	1,750
Under provision of current year corporation tax liability	208	11
Movement in deferred tax asset not recognised	3,279	31,981
Effect of expenses not deductible for tax purposes	61,051	44,200
	\$ 12,823	\$ 6,282

### Note 7 | Earnings/(loss) per share

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

#### Basic Earnings/(loss) per share

	2015	2014
Net income/(loss) attributable to equity holders of the parent	\$ 94,703	\$ (146,724)
Weighted average number of common shares (thousands)	1,577,095	1,577,095
Basic and diluted earnings/(loss) per share (expressed in cents per share)	6.0	(9.3)

There are no potentially dilutive instruments

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

### Note 8 | Components of other comprehensive income, net of tax

	2015	2014
<b>Available-for-sale investment securities, net of tax:</b>		
Net (losses)/gains arising during the year	\$ (6,979)	\$ 11,363
Reclassification adjustments for gains included in the consolidated statement of income	(2,604)	(3,901)
	<b>(9,583)</b>	<b>7,462</b>
Attributable to:		
Equity holders of the parent	(9,546)	7,499
Non-controlling interests	(37)	(37)
	<b>(9,583)</b>	<b>7,462</b>
<b>Net exchange losses on translation of foreign operations, net of tax</b>		
Attributable to:		
Equity holders of the parent	(7,828)	(8,949)
Non-controlling interests	(21)	7
	<b>(7,849)</b>	<b>(8,942)</b>
Other comprehensive loss for the year, net of tax	\$ (17,432)	\$ (1,480)

### Note 9 | Income tax effects relating to other comprehensive income/(loss)

	2015	2014
<b>Available-for-sale investment securities, net of tax:</b>		
Before	\$ (15,206)	\$ 6,409
Tax credit/(charge)	5,623	(1,053)
After tax	<b>(9,583)</b>	<b>7,462</b>
<b>Net exchange losses on translation of foreign operations, net of tax</b>		
Before and after tax	<b>(7,849)</b>	<b>(8,942)</b>
Other comprehensive income/(loss) for the year, net of tax	\$ (17,432)	\$ (1,480)

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

### Note 10 | Cash and balances with Central Banks

	2015	2014
Cash	\$ 85,329	\$ 89,394
Deposits with Central Banks - interest bearing	51,162	39,797
Deposits with Central Banks - non-interest bearing	766,111	772,203
Cash and balances with Central Banks	902,602	901,394
Less: Mandatory reserve deposits with Central Banks	(309,159)	(298,678)
Included in cash and cash equivalents as per below	\$ 593,443	\$ 602,716

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

	2015	2014
Cash and balances with Central Banks as per above	\$ 593,443	\$ 602,716
Due from banks (note 11)	691,137	773,468
	1,284,580	1,376,184
Cash and cash equivalents classified as assets of disposal group held for sale (note 32)	101,817	-
	\$ 1,386,397	\$ 1,376,184

### Note 11 | Due from banks

	2015	2014
Included in cash and cash equivalents (note 10)	\$ 691,137	\$ 773,468
Greater than 90 days maturity from date of acquisition	98,042	138,840
	\$ 789,179	\$ 912,308

The average effective yield on these amounts during the year was 0.2% (2014 – 0.2%).

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(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.

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
		\$ 7,936	\$ 58,964

2014	Notional amount	Assets	Liabilities
Interest rate swaps	\$ 1,096,607	\$ 4,651	\$ 52,336
Foreign exchange forwards	201,219	463	113
Interest rate options	79,552	153	154
		\$ 5,267	\$ 52,603

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.

#### *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 \$1,037 (2014 - \$799) due to losses on hedging instruments of \$7,604 (2014 - \$2,012), and gains on hedged items attributable to the hedged risk of \$8,641 (2014 - \$2,811). These gains are included within operating income as net hedging gains.

In 2015 and 2014, 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.

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

### Note 13 | Other assets

	2015	2014
Prepayments and deferred items	\$ 10,782	\$ 9,273
Other accounts receivable	55,262	72,631
	\$ 66,044	\$ 81,904

### Note 14 | Investment securities

	2015	2014
<b>Available-for-sale</b>		
Equity securities – unquoted	\$ 1,027	\$ 1,027
Government debt securities	1,575,150	1,475,886
Other debt securities	737,171	806,159
	2,313,348	2,283,072
Add: Interest receivable	17,664	22,143
	\$ 2,331,012	\$ 2,305,215

The average effective yield during the year on debt securities and treasury bills was 3.0% (2014 - 3.3%). 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, 2015 the reserve requirement amounted to \$448,895 (2014 - \$442,945) of which \$309,159 (2014 - \$298,678) is included within cash and balances with Central Banks (note 10).

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

	2015	2014
Balance, beginning of year	\$ 2,283,072	\$ 2,192,099
Additions (purchases, changes in fair value and foreign exchange)	1,670,372	1,858,429
Disposals (sales and redemptions)	(1,636,696)	(1,767,456)
Transferred to assets held for disposal (note 32)	(3,400)	-
Balance, end of year	\$ 2,313,348	\$ 2,283,072

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

### Note 15 | Loans and advances to customers

	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

	Mortgages	Personal Loans	Business & Sovereign	2014
Performing loans	\$ 1,920,691	\$ 483,338	\$ 3,388,155	\$ 5,792,184
Impaired loans	335,248	69,835	338,076	743,159
Gross loans	2,255,939	553,173	3,726,231	6,535,343
Less: Provisions for impairment	(171,893)	(60,275)	(175,402)	(407,570)
	\$ 2,084,046	\$ 492,898	\$ 3,550,829	\$ 6,127,773
Add: Interest receivable				42,705
Less: Unearned fee income				(30,205)
				\$ 6,140,273

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

Movement in provisions for impairment is as follows:

	Mortgages	Personal Loans	Business & Sovereign	2014
Balance, beginning of year	\$ 92,159	\$ 40,034	\$ 161,374	\$ 293,567
Individual impairment	103,194	33,318	54,321	190,833
Collective impairment	9,466	2,471	3,513	15,450
Recoveries and write offs	(16,386)	(11,763)	(34,583)	(62,732)
Interest accrued on impaired loans	(16,540)	(3,785)	(9,223)	(29,548)
Balance, end of year	\$ 171,893	\$ 60,275	\$ 175,402	\$ 407,570

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

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

Ageing analysis of past due but not impaired loans:

	Mortgages	Personal Loans	Business & Sovereign	2014
Less than 30 days	\$ 68,244	\$ 7,906	\$ 123,520	\$ 199,670
31 – 60 days	63,459	14,108	30,291	107,858
61 – 89 days	33,419	2,852	6,554	42,825
	\$ 165,122	\$ 24,866	\$ 160,365	\$ 350,353

The average interest yield during the year on loans and advances was 6.1% (2014 – 6.2%). Impaired loans as at October 31, 2015 amounted to \$580,066 (2014 - \$743,159) and interest taken to income on impaired loans during the year amounted to \$7,290 (2014 – \$5,862).

Loans and advances to customers include finance lease receivables:

	2015	2014
No later than 1 year	\$ 5,246	\$ 6,148
Later than 1 year and no later than 5 years	17,065	21,500
Gross investment in finance leases	22,311	27,648
Unearned finance income on finance leases	(2,750)	(4,121)
Net investment in finance leases	\$ 19,561	\$ 23,527



## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

### Note 16 | Property and equipment

	Land and buildings	Equipment, furniture and vehicles	Leasehold improvements	2015
<b>Cost</b>				
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)
<b>Balance, end of year</b>	<b>\$ 100,966</b>	<b>\$ 266,565</b>	<b>\$ 38,104</b>	<b>\$ 405,635</b>
<b>Accumulated depreciation</b>				
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)
<b>Balance, end of year</b>	<b>\$ 37,595</b>	<b>\$ 198,676</b>	<b>\$ 29,663</b>	<b>\$ 265,934</b>
<b>Net book value, end of year</b>	<b>\$ 63,371</b>	<b>\$ 67,889</b>	<b>\$ 8,441</b>	<b>\$ 139,701</b>

	Land and buildings	Equipment, furniture and vehicles	Leasehold improvements	2014
<b>Cost</b>				
Balance, beginning of year	\$ 103,876	\$ 232,343	\$ 33,003	\$ 369,222
Purchases	111	18,014	4,759	22,884
Disposals	-	(257)	(5)	(262)
Net transfers/write-offs (*)	340	(654)	(1,059)	(1,373)
<b>Balance, end of year</b>	<b>\$ 104,327</b>	<b>\$ 249,446</b>	<b>\$ 36,698</b>	<b>\$ 390,471</b>
<b>Accumulated depreciation</b>				
Balance, beginning of year	\$ 35,735	\$ 184,194	\$ 22,253	\$ 242,182
Depreciation	2,342	9,980	5,793	18,115
Disposals	-	(272)	-	(272)
Net transfers/write-offs (*)	(28)	(970)	(94)	(1,092)
<b>Balance, end of year</b>	<b>\$ 38,049</b>	<b>\$ 192,932</b>	<b>\$ 27,952</b>	<b>\$ 258,933</b>
<b>Net book value, end of year</b>	<b>\$ 66,278</b>	<b>\$ 56,514</b>	<b>\$ 8,746</b>	<b>\$ 131,538</b>

Included as part of equipment, furniture and vehicles is an amount for \$24,506 (2014 - \$19,223) relating to systems development costs and work in progress which is incomplete, not yet in operation and on which no depreciation has been charged.

Property and equipment transferred to the disposal group classified as held-for-sale amounts to \$1,048 and relates to assets that are used by the Belize operations. See note 32 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.

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(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:

	2015	2014
Net deferred tax position, beginning of year	\$ 6,482	\$ 12,273
Deferred tax charge to statement of loss for the year	(4,663)	(4,738)
Deferred tax credit/(charge) to other comprehensive income/(losses) for the year	5,623	(1,053)
Net deferred tax position, end of year	\$ 7,442	\$ 6,482

#### Represented by:

	2015	2014
Deferred tax assets	\$ 14,183	\$ 11,586
Deferred tax liabilities	(6,741)	(5,104)
Net deferred tax position, end of year	\$ 7,442	\$ 6,482

#### The components of the net deferred tax position are:

	2015	2014
(Decelerated)/accelerated tax depreciation	\$ (26)	\$ 245
Loan loss provisions	5,824	6,697
Other provisions	1,756	(248)
Tax losses carried forward	4,399	8,926
Pension and other post-retirement benefit assets	(5,217)	(7,397)
Changes in fair value of available-for-sale investment securities in other comprehensive (losses)/income	706	(1,741)
	\$ 7,442	\$ 6,482

The deferred tax assets include assets established on tax losses carried forward of \$13,101 (2014 - \$37,901), of which \$nil (2014 - \$21,284) will expire over the next seven years. The Group has tax losses of \$662,877 (2014 - \$686,638) for which no deferred tax assets have been recognized due to uncertainty of their recoverability. These losses will expire over the next nine years.

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

### 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 2015, 2014 or 2013.

#### 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 \$4,513 (2014 - \$4,545), which represents contributions to defined contribution plans by the Group at rates specified in the rules of the plan. Refer to note 5.

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

	Defined benefit pension plans		Post-retirement medical benefits	
	2015	2014	2015	2014
Fair value of the plan assets	\$ 315,287	\$ 328,513	\$ -	\$ -
Present value of the obligations	(275,374)	(286,132)	(37,518)	(45,969)
<b>Net retirement benefit assets/(obligations)</b>	<b>\$ 39,913</b>	<b>\$ 42,381</b>	<b>\$ (37,518)</b>	<b>\$ (45,969)</b>

The pension plan assets include the Bank's common shares with a fair value of \$1,208 (2014 - \$1,272).

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

	2015	2014
<b>Opening fair value of plan assets</b>	<b>\$ 328,513</b>	<b>\$ 317,276</b>
Interest income on plan assets	356	26,336
Contributions by employer	4,590	6,857
Benefits paid	(13,897)	(18,142)
Foreign exchange translation losses	(2,208)	(2,330)
Assets transferred out	(1,256)	(595)
Plan administration costs	(811)	(889)
<b>Closing fair value of plan assets</b>	<b>\$ 315,287</b>	<b>\$ 328,513</b>

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

	2015	2014
<b>Opening obligations</b>	<b>\$ (286,132)</b>	<b>\$ (282,232)</b>
Interest cost on defined benefit obligation	(18,779)	(18,893)
Current service costs	(7,117)	(6,711)
Benefits paid	13,897	18,142
Foreign exchange translation gains	1,918	2,128
Actuarial gains on obligations	19,824	1,434
Curtailment gain	1,015	-
<b>Closing obligations</b>	<b>\$ (275,374)</b>	<b>\$ (286,132)</b>

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

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

	2015	2014
<b>Opening obligations</b>	\$ (45,969)	\$ (42,063)
Interest costs	(2,394)	(2,266)
Current service costs	(828)	(645)
Curtailement loss	(285)	-
Benefits paid	1,067	944
Foreign exchange translation gains	410	206
Actuarial gains/(losses) on obligations	10,481	(2,145)
<b>Closing obligations</b>	\$ (37,518)	\$ (45,969)

The Bank expects to contribute \$4,113 (2014 - \$4,477) 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	
	2015	2014	2015	2014
Current service costs	\$ 7,117	\$ 6,711	\$ 895	\$ 645
Interest costs on defined benefit obligation	18,779	18,893	2,311	2,258
Interest income on plan assets	(22,321)	(21,788)	-	-
Curtailement (gains)/losses	(1,015)	-	285	-
Plan administration costs	788	889	-	-
<b>Total amount included in staff costs (note 5)</b>	\$ 3,348	\$ 4,705	\$ 3,491	\$ 2,903
<b>Actual return on plan assets</b>	\$ (152)	\$ 26,336	\$ -	\$ -

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

	Defined benefit pension plans		Post-retirement medical benefits	
	2015	2014	2015	2014
Actuarial gains(losses) on defined benefit obligation arising from:				
- Financial assumptions	\$ (8,991)	\$ 394	\$ (10,273)	\$ 3,435
- Experience adjustments	(10,832)	(1,827)	(208)	(1,290)
- Return on plan assets excluding interest income	21,957	(4,686)	-	-
<b>Net re-measurement gain/(loss) recognized in OCI</b>	\$ 2,134	\$ (6,119)	\$ (10,481)	\$ 2,145

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(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	
	2015	2014	2015	2014
Balance, beginning of year	\$ 42,381	\$ 35,044	\$ (45,969)	\$ (42,063)
Charge for the year	(3,348)	(4,705)	(3,491)	(2,903)
Contributions by employer	4,590	6,857	-	-
Benefits paid	-	-	1,067	944
Foreign exchange translation (losses)/gains	(320)	(339)	394	197
Transfer of assets	(1,256)	(595)	-	-
Effect on statement of Other Comprehensive Income	(2,134)	6,119	10,481	(2,144)
Balance, end of year	\$ 39,913	\$ 42,381	\$ (37,518)	\$ (45,969)

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	
	2015	2014	2015	2014
Active members	\$ 139,071	\$ 159,918	\$ 7,414	\$ 16,857
Inactive and retired members	136,303	126,214	30,104	29,112
	\$ 275,374	\$ 286,132	\$ 37,518	\$ 45,969

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

	Defined benefit pension plans		Post-retirement medical benefits	
	2015	2014	2015	2014
Average duration, in years	18	20	18	21

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

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			
	2015	2015	2014	2014	2015	2015	2014	2014	2015	2015	2014	2014	2015	2015	2014	2014
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
<b>Quoted Equity instruments</b>																
- Canada	-	-	-	-	-	-	-	-	42	-	57	-	-	-	-	-
- U.S.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- International	3,031	2%	3,305	2%	911	1%	947	1%	2,900	9%	2,557	8%	-	-	-	-
<b>Quoted Debt instruments</b>																
- Government bonds	24,724	13%	25,877	14%	716	1%	771	1%	11,318	36%	11,841	39%	1,258	26%	485	10%
- Corporate bonds	31,442	17%	32,256	17%	-	-	-	-	807	3%	352	1%	-	-	-	-
- Inflation Adj. bonds	16,343	9%	17,374	9%	-	-	-	-	1,210	4%	1,267	4%	-	-	-	-
<b>Investment Funds</b>																
- U.S. Equity	-	-	-	-	38,579	41%	40,634	40%	-	-	-	-	-	-	-	-
- International Equity	105,238	57%	109,121	57%	22,044	24%	25,101	25%	-	-	-	-	2,273	47%	2,337	50%
- Fixed Income	-	-	-	-	30,496	33%	31,260	31%	-	-	-	-	-	-	736	16%
<b>Other</b>																
- Cash and Cash equiv.	5,226	2%	3,195	2%	293	-	3,281	3%	8,244	26%	7,847	26%	1,347	27%	1,093	23%
- Other	-	-	-	-	-	-	-	-	6,845	22%	6,819	22%	-	-	-	-
	186,004	100%	191,128	100%	93,039	100%	101,994	100%	31,366	100%	30,740	100%	4,878	100%	4,651	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	
	2015	2014
Discount rate	4.3 – 9.0%	5.0 – 9.5%
Future salary increases	4.0 – 7.5%	4.0 – 8.0%
Future pension increases	0.0 – 5.5%	0.0 – 6.0%
	Post-retirement medical benefits	
	2015	2014
Discount rate	4.3 – 9.0%	4.3 – 10.0%
Premium escalation rate	5.0 – 6.0%	5.0 – 6.0%
Existing retiree age	60 – 65	60 – 65

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

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

A quantitative sensitivity analysis for significant assumptions as at October 31, 2015 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%	43,184	56,642	12,740	17,924
Future salary increases	0.50%	7,840	7,330	n/a	n/a
Future pension increases	0.50%	16,712	15,145	n/a	n/a
Premium escalation rate	1%	n/a	n/a	14,630	12,902
Existing retiree age	1	6,487	n/a	17,700	n/a

The sensitivity analysis above have 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:

	2015	2014
Within the next 12 months	\$ 7,483	\$ 9,575
Between 2 and 5 years	35,682	33,216
Between 5 and 10 years	66,313	61,939
<b>Total expected payment</b>	<b>\$ 109,478</b>	<b>\$ 104,730</b>

### 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 \$ 11,472.

### CIBC Trust Company (Bahamas) Limited Retirement Plan

The last actuarial valuation was conducted as at November 1, 2013 and revealed a fund deficit of \$327.



## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

### Note 19 | Intangible assets

	Goodwill	2015	2014
Cost, beginning and end of year	\$ 218,961	\$ 218,961	\$ 334,907
Impairment of intangible assets	-	-	115,946
<b>Net book value, end of year</b>	<b>\$ 218,961</b>	<b>\$ 218,961</b>	<b>\$ 218,961</b>

#### 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:

	2015	2014
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
	<b>\$ 218,961</b>	<b>\$ 218,961</b>

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 2015, 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 2015.

##### 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.

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

	Discount Rate (%)		Growth Rate (%)	
	2015	2014	2015	2014
Barbados (Wealth Management Operations)	15	14	2	1
Bahamas	12	11	2	2
Cayman	10	9	2	2
Trinidad	12	10	2	2
Curaçao	13	12	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, 2015.

### Note 20 | Customer deposits

	Payable on demand	Payable after notice	Payable at a fixed date	2015	2014
Individuals	\$ 786,446	\$ 1,871,143	\$ 1,142,336	\$ 3,799,925	\$ 4,277,784
Business & Sovereign	2,650,461	616,642	1,562,574	4,829,677	4,863,773
Banks	1,529	-	60,894	62,423	15,184
	3,438,436	2,487,785	2,765,804	8,692,025	9,156,741
Add: Interest payable	598	323	5,804	6,725	9,048
	\$ 3,439,034	\$ 2,488,108	\$ 2,771,608	\$ 8,698,750	\$ 9,165,789

The average effective rate of interest on customer deposits during the year was 0.6% (2014 - 0.7%).

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

### Note 21 | Other borrowed funds

	2015	2014
Investment note certificates and other fund raising instruments	\$ -	\$ 14,864
Obligations related to securities lent or sold under repurchase agreements	-	17,981
Add: Interest payable	-	1,745
	<b>\$ -</b>	<b>\$ 34,590</b>

On November 12, 2014, Trinidad and Tobago Mortgage Finance Company Limited exercised its rights under conditions 5(b) of the Trust Deed dated November 6, 1988 and repaid the Bank's investment of \$14,804 together with all interest outstanding. On that same date, the Bank repaid Investment Certificates issued by the Bank.

### Note 22 | Other liabilities

	2015	2014
Accounts payable and accruals	\$ 128,181	\$ 91,770
Restructuring costs	17,839	7,133
Amounts due to related parties	13,086	6,606
	<b>\$ 159,106</b>	<b>\$ 105,509</b>

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 \$5,379 (2014- \$5,701) and other costs of \$585 (2014 - \$1,432). The movement in the provision during the year related primarily to accruals and payments made by the Group.

### Note 23 | Debt securities in issue

	2015	2014
Subordinated notes issued	\$ 207,459	\$ 30,834
Add: Interest payable	1,431	140
	<b>\$ 208,890</b>	<b>\$ 30,974</b>

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(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	2015	2014
FirstCaribbean (Trinidad & Tobago) Limited	TT\$195 million term notes	September 23, 2018	Fixed (1)	\$ 30,769	\$ 30,834
FirstCaribbean (Trinidad & Tobago) Limited	TT\$480 million senior bonds	October 20, 2017 December 22, 2017	Fixed (2)	151,479	-
FirstCaribbean (Jamaica) Limited	J\$3billion senior bonds	January 2018	Fixed (3)	25,211	-
				<b>\$ 207,459</b>	<b>\$ 30,834</b>

- (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 during 2015 was 4.35% (2014 - 4.31%).
- (2) Two medium term notes were issued during 2015 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 years. The average effective interest rate during 2015 was 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 2015 and 2014.

### Note 24 | Issued capital

	2015	2014
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, 2015 and 2014.

### Regulatory requirements

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

BIS standards require that banks maintain minimum Tier I and Tier I & Tier II ratios of 4% and 8% respectively. The Central Bank of Barbados has established that FirstCaribbean International Bank Limited maintains minimum ratios of 7% and 14% respectively. During the 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, 2015, Tier I and Tier I & Tier II capital ratios were 22% and 23% respectively (2014 - 20% and 21% respectively).

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

### Note 25 | Reserves

	2015	2014
Statutory and general banking reserves	\$ 268,329	\$ 258,248
Revaluation reserve – available-for-sale investment securities	(11,550)	(2,004)
Revaluation reserve – buildings	2,846	2,846
Translation reserve	(53,464)	(45,636)
Contributed surplus reserve	3,119	3,119
Retirement benefit reserve	(19,123)	(28,849)
Reverse acquisition reserve	(463,628)	(463,628)
Total reserves	\$ (273,471)	\$ (275,904)

#### Statutory and general banking reserves

	2015	2014
Balance, beginning of year	\$ 258,248	\$ 266,469
Transfers from/(to) retained earnings	10,081	(8,221)
Balance, end of year	\$ 268,329	\$ 258,248

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

	2015	2014
Balance, beginning of year	\$ (2,004)	\$ (9,503)
Net (losses)/gains on available-for-sale investment securities	(9,546)	7,499
Balance, end of year	\$ (11,550)	\$ (2,004)

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

	2015	2014
Balance, beginning and end of year	\$ 2,846	\$ 2,846

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

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

### Translation reserve

	2015	2014
Balance, beginning of year	\$ (45,636)	\$ (36,687)
Net exchange losses on translation of foreign operations	(7,828)	(8,949)
Balance, end of year	\$ (53,464)	\$ (45,636)

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

	2015	2014
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

	2015	2014
<b>Balance, beginning of year</b>	<b>\$ (28,849)</b>	<b>\$ (32,675)</b>
Re-measurement gains on retirement benefit plans	10,652	4,053
Non-controlling interest in subsidiary	(926)	(227)
Balance, end of year	\$ (19,123)	\$ (28,849)

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

### Reverse acquisition reserve

	2015	2014
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 26 | Dividends

As at October 31, 2015, the Directors recommended for approval a final common share dividend, which is not reflected in these financial statements, of two cents (\$0.020) per common share (2014 - \$0.015), bringing the total dividend for 2015 to three point five cents (\$0.035) per common share (2014 - \$0.030). In addition to the regular dividend, a special dividend of \$100 million or six point three cents (\$0.063) per common share was announced.

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

### Note 27 | Other employee benefits

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#### 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 2015 amounted to \$3,350 (2014 - \$3,279). The amounts expensed during the year related to these cash awards were \$4,048 (2014 - \$2,950).

#### 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 \$1,050 in 2015 (2014 - \$1,334).

### Note 28 | Related party transactions and balances

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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%.



## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

	Directors and key management personnel		Major shareholder	
	2015	2014	2015	2014
<b>Asset balances:</b>				
Cash and due from banks	\$ -	\$ -	\$ 257,811	\$ 397,657
Loans and advances to customers	12,082	5,409	500,743	500,734
Derivative financial instruments	-	-	1,688	2,274
<b>Liability balances:</b>				
Customer deposits	16,060	30,945	15,035	21,723
Derivative financial instruments	-	-	40,923	35,204
Due to banks	-	-	13,086	6,606
<b>Revenue transactions:</b>				
Interest income earned	388	256	17,342	17,547
Other revenue	3	1	1,013	874
<b>Expense transactions:</b>				
Interest expense incurred	108	126	12,220	13,082
Other expenses for banking and support services	-	-	2,814	3,746
<b>Key management compensation</b>				
			2015	2014
Salaries and other short-term benefits			\$ 7,688	\$ 8,107
Post-employment benefits			276	304
Long-term incentive benefits			1,821	610
			\$ 9,785	\$ 9,021

### Non-executive directors' remuneration

A listing of the members of the Board of Directors is included within the Group's Annual Report. In 2015, the total remuneration for the non-executive directors was \$295 (2014 - \$281). The executive director's remuneration is included under key management compensation.

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

### Note 29 | 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.

	2015	2014
Letters of credit	\$ 160,795	\$ 113,998
Loan commitments	556,578	701,225
Guarantees and indemnities	74,812	104,211
	\$ 792,185	\$ 919,434

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.

On November 14, 2014, a court judgement was handed down against the Bank, in the amount of \$3 million and the bank decided to appeal the decision. Based upon advice of legal counsel, the Bank's chances of success were good so it was not probable that the Bank would have to settle this obligation. No additional provision was recognised as at October 31, 2014. On November 12, 2015, the Caribbean Court of Justice reversed the earlier judgement in favour of the Bank.

### Note 30 | 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:

	2015	2014
Not later than 1 year	\$ 11,628	\$ 10,252
Later than 1 year and less than 5 years	23,118	24,487
Later than 5 years	4,924	7,875
	\$ 39,670	\$ 42,614

During the year ended October 31, 2015 \$1,438 (2014 - 1,456) of lease payments was recorded in net income.

### Note 31 | 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 \$49,601,843 (2014 - \$53,008,344).

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

### Note 32 | Assets/Liabilities of Disposal Group classified as Held for Sale

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 is expected to be finalized by 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. This loss is recognized in the Consolidated Statement of Income.

The classes of assets and liabilities of the Belize operation classified as held for sale are, as follows:

(a) Assets of disposal group classified as held for sale

	2015	2014
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	-
<b>Total</b>	<b>\$ 148,717</b>	<b>\$ -</b>

(b) Liabilities of disposal group classified as held for sale

	2015	2014
Customer deposits	\$ 133,616	\$ -
<b>Total</b>	<b>\$ 133,616</b>	<b>\$ -</b>

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

### Note 33 | 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.

Concurrently, the assumptions underpinning the segment allocation methodologies were updated resulting in changes to segment performance. Prior period disclosures were amended to conform to this current presentation basis.

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.

### 2015 Segment Reporting

	RBB	WB	WM	Admin	2015
External revenues	\$ 183,758	\$ 208,017	\$ 54,204	\$ 76,394	\$ 522,373
Revenues from other segments	10,657	10,762	26,667	(50,086)	-
<b>Total revenues</b>	<b>\$ 191,542</b>	<b>\$ 211,838</b>	<b>\$ 82,871</b>	<b>\$ 29,509</b>	<b>\$ 522,373</b>
<b>Segment result</b>	<b>\$ (22,085)</b>	<b>\$ 48,157</b>	<b>\$ 22,986</b>	<b>\$ 61,647</b>	<b>\$ 110,755</b>
Income tax expense					12,823
<b>Net income for the year</b>					<b>\$ 97,932</b>

Segment results include the following items of income or expense:

	RBB	WB	WM	Admin	2015
Interest income	\$ 168,431	\$ 189,844	\$ 41,063	\$ 36,471	\$ 435,810
Interest expense	34,417	13,511	5,032	20,151	73,111
Loan loss impairment	13,685	23,644	4,178	-	41,507
Net hedging gains	-	-	-	1,037	1,037
Depreciation	5,843	1,360	1,017	11,977	20,197

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

Total assets and liabilities by segment are as follows:

	RBB	WB	WM	Admin	2015
Segment assets	\$ 2,292,723	\$ 3,099,409	\$ 215,456	\$ 4,673,096	\$ 10,280,684
Unallocated assets	-	-	-	-	259,952
Assets of disposal group classified as held for sale	(70,552)	92,523	-	126,746	148,717
<b>Total assets</b>					<b>\$ 10,689,353</b>
Segment liabilities	\$ 2,929,474	\$ 2,657,542	\$ 3,137,299	\$ 438,910	\$ 9,163,225
Unallocated liabilities	-	-	-	-	11,911
Liabilities of disposal group classified as held for sale	45,436	88,180	-	-	133,616
<b>Total liabilities</b>					<b>\$ 9,308,752</b>

### 2014 Segment Reporting

	RBB	WB	WM	Admin	2014 Restated*
External revenues	\$ 180,816	\$ 214,930	\$ 50,348	\$ 83,499	\$ 529,393
Revenues from other segments	15,553	10,578	41,325	(67,456)	-
Total revenues	\$ 196,369	\$ 225,508	\$ 91,673	\$ 16,043	\$ 529,393
<b>Segment result</b>	\$ (115,641)	\$ 1,321	\$ 28,612	\$ 46,959	\$ (38,749)
Impairment of intangible assets	-	-	-	-	(115,946)
Income tax expense	-	-	-	-	6,282
<b>Net loss for the year</b>					<b>\$ (148,413)</b>

Segment results include the following items of income or expense:

	RBB	WB	WM	Admin	2014 Restated*
Interest income	\$ 171,188	\$ 188,579	\$ 55,893	\$ 39,515	\$ 455,175
Interest expense	43,988	13,750	5,326	23,322	86,386
Loan loss impairment	112,175	82,553	11,555	-	206,283
Net hedging gains	-	-	-	799	799
Depreciation	5,444	1,328	697	10,646	18,115
Impairment of intangible asset	-	-	-	115,946	115,946

Total assets and liabilities by segment are as follows:

	RBB	WB	WM	Admin	2014 Restated*
Segment assets	\$2,214,834	\$ 3,257,336	\$ 237,959	\$ 4,811,152	\$ 10,520,281
Unallocated assets	-	-	-	-	258,437
<b>Total assets</b>					<b>\$ 10,778,718</b>
Segment liabilities	\$2,886,305	\$ 2,430,895	\$ 3,530,902	\$ 587,331	\$ 9,435,433
Unallocated liabilities	-	-	-	-	5,634
<b>Total liabilities</b>					<b>\$ 9,441,067</b>

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

### Note 34 | Financial risk management

#### Introduction

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

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

### 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 2015	Drawn	Undrawn	Gross maximum exposure 2014
Barbados	\$ 1,329,112	\$ 141,300	\$ 1,470,412	\$ 1,347,596	\$ 142,334	\$ 1,489,930
Bahamas	1,725,433	116,369	1,841,802	1,866,597	146,218	2,012,815
Cayman	1,151,888	118,413	1,270,301	1,181,154	115,184	1,296,338
Eastern Caribbean	665,642	78,108	743,750	718,600	81,713	800,313
Jamaica	324,500	34,329	358,829	309,379	35,583	344,962
BVI	153,149	20,684	173,833	119,623	47,849	167,472
Belize	-	-	-	45,018	15,339	60,357
Curacao	210,586	6,003	216,589	208,192	5,256	213,448
Trinidad	308,066	16,476	324,542	278,546	89,291	367,837
Other	461,060	24,896	485,956	460,638	22,458	483,096
	\$ 6,329,436	\$ 556,578	\$ 6,886,014	\$ 6,535,343	\$ 701,225	\$ 7,236,568

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

### Exposures by industry groups

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

	Drawn	Undrawn	Gross maximum exposure 2015	Drawn	Undrawn	Gross maximum exposure 2014
Agriculture	\$ 27,359	\$ 1,393	\$ 28,752	\$ 34,630	\$ 2,118	\$ 36,748
Sovereign	931,045	11,056	942,101	967,349	52,341	1,019,690
Construction	317,292	18,878	336,170	419,535	12,434	431,969
Distribution	378,783	134,979	513,762	408,927	147,041	555,968
Education	585	-	585	482	24	506
Electricity, gas & water	113,944	15,433	129,377	83,698	15,417	99,115
Fishing	8,083	1,802	9,885	8,059	1,460	9,519
Health & social work	26,477	-	26,477	22,538	-	22,538
Hotels & restaurants	268,753	22,003	290,756	311,753	31,829	343,582
Individuals & individual trusts	2,166,877	235,597	2,402,474	2,120,828	251,493	2,372,321
Manufacturing	105,925	35,889	141,814	102,530	36,227	138,757
Mining & quarrying	9,214	194	9,408	11,964	338	12,302
Miscellaneous	730,014	45,755	775,769	741,763	40,308	782,071
Other depository corporations	-	3,900	3,900	-	3,900	3,900
Other financial corporations	558,465	5,597	564,062	535,009	5,495	540,504
Real estate, renting & other activities	589,871	16,224	606,095	647,128	92,627	739,755
Transport, storage & communications	96,749	7,878	104,627	119,150	8,173	127,323
	<b>\$ 6,329,436</b>	<b>\$ 556,578</b>	<b>\$ 6,886,014</b>	<b>\$ 6,535,343</b>	<b>\$ 701,225</b>	<b>\$ 7,236,568</b>



## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

### 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.

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

	Gross maximum exposure	
	2015	2014
Balances with Central Banks	\$ 817,273	\$ 812,000
Due from banks	789,179	912,308
Derivative financial instruments	7,936	5,267
Investment securities		
- Government debt securities	1,575,150	1,475,886
- Other debt securities	737,171	806,159
- Interest receivable	17,664	22,143
Loans and advances to customers		
- Mortgages	2,168,484	2,255,939
- Personal loans	545,673	553,173
- Business & Sovereign loans	3,615,279	3,726,231
- Interest receivable	52,981	42,705
Other assets	55,262	72,631
<b>Total</b>	<b>\$ 10,382,052</b>	<b>\$ 10,684,442</b>
Commitments, guarantees and contingent liabilities (Note 30)	792,185	919,434
<b>Total credit risk exposure</b>	<b>\$ 11,174,237</b>	<b>\$ 11,603,876</b>

### Geographical concentration

The following table reflects additional geographical concentration information.

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	-	-
Curacao	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
<b>Eliminations</b>	<b>(3,902,671)</b>	<b>(2,823,363)</b>	<b>-</b>	<b>(80,087)</b>	<b>-</b>	<b>(15,008)</b>
	<b>\$ 10,689,353</b>	<b>\$ 9,308,752</b>	<b>\$ 792,185</b>	<b>\$ 522,373</b>	<b>\$ 32,265</b>	<b>\$ 358,662</b>

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

2014	Total assets	Total liabilities	Commitments, guarantees and contingent liabilities	External revenues	Capital expenditure (*)	Non-current assets (**)
Barbados	\$ 4,657,622	\$ 3,652,411	\$ 214,372	\$ 180,412	\$ 13,610	\$ 71,539
Bahamas	3,142,137	2,627,549	182,676	164,071	3,693	94,242
Cayman	2,346,675	1,970,079	137,686	80,101	406	155,563
Eastern Caribbean	990,164	995,872	99,487	60,639	1,699	20,158
Jamaica	573,528	441,886	66,563	42,447	3,059	7,030
BVI	751,137	644,477	53,123	12,865	137	5,086
Belize	151,378	142,086	24,864	6,128	43	1,905
Curaçao	554,557	465,734	16,182	15,954	(421)	738
Trinidad	614,438	526,443	99,900	14,143	140	2,521
Other	1,008,579	906,241	24,581	36,560	518	5,821
	14,790,215	12,372,778	919,434	613,320	22,884	364,603
Eliminations	(4,011,497)	(2,931,711)	-	(83,927)	-	(14,104)
	\$ 10,778,718	\$ 9,441,067	\$ 919,434	\$ 529,393	\$ 22,884	\$ 350,499

\* 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.

Grade description	Loans and advances to customers	Investment securities	
	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

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

A credit scoring methodology is used to assess Personal customers and a risk grading model is used for Commercial and Corporate customers. This risk-rating system is used for portfolio management, risk limit setting, product pricing, and in the determination of economic capital.

The effectiveness of the risk-rating system and the parameters associated with the risk ratings are monitored within Risk Management and are subject to an annual review.

At the reporting date, investment securities were all rated standard or high grade. No securities were classified as 'impaired' in 2015 (2014 – \$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	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
<b>Total</b>	<b>16</b>	<b>\$ 5,478,347</b>	<b>\$ 239,726</b>	<b>\$ 31,297</b>	<b>\$ 580,066</b>	<b>\$ 6,329,436</b>

	Notes	High grade	Standard	Substandard	Impaired	2014
Loans and advances to customers						
-Mortgages		\$ 1,774,145	\$ 114,896	\$ 31,650	\$ 335,248	\$ 2,255,939
-Personal loans		460,916	19,559	2,863	69,835	553,173
-Business & Sovereign loans		3,258,411	121,432	8,312	338,076	3,726,231
<b>Total</b>	<b>16</b>	<b>\$ 5,493,472</b>	<b>\$ 255,887</b>	<b>\$ 42,825</b>	<b>\$ 743,159</b>	<b>\$ 6,535,343</b>

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, 2015, Early Warning List customers in the medium to high risk category amounted to \$200,069 (2014 - \$262,349).

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(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 annually by the Finance, Risk and Conduct Review Committee. The policy includes the annual approval of the Board limits which 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.

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

VaR uses numerous risk factors as inputs and is computed through the use of historical volatility of each risk factor and the associated correlations among them, evaluated over a 1 year period and updated on a regular basis. The use of these historical measures cause a degree of limitation to its accuracy as it assumes that future price movements will follow a statistical distribution and thus may not 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 sends its position sensitivity to CIBC and utilises the suite of measures that the parent company has developed. The stress testing measures the effect on the hard currency portfolio values over a wide range of extreme moves in market prices. The stress testing methodology assumes no actions are taken or are able to be taken during the event to mitigate the risk, reflecting the decreased liquidity that frequently accompanies market shocks. The scenario analysis approach again for the Group's hard currency exposures simulate an impact on earnings of extreme market events up to a period of one quarter. Scenarios are developed using actual historical data during periods of market disruption, or are based upon hypothetical occurrence of economic or political events or natural disasters and are designed by our parent company's economists, business leaders and risk managers. These tests are run on our behalf on a daily basis.
- The local currency stress tests are designed on a similar but smaller scale. For interest rate stresses, Market Risk in conjunction with Treasury 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 of the USD yield curve moves in a similar fashion to a 60 day period during the Subprime Crisis and Lehman Colapse. 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.

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

The following table highlights the currencies that the Bank had significant exposures to at October 31, 2015. It also highlights the measures used by the Group to measure, monitor and control that risk.

Currency	2015				2014			
	Trading Position Long (Short) vs USD	VaR	Stressed Loss	Total FX Position (Trading + Structural)	Trading Position Long (Short) vs USD	VaR	Stressed Loss	Total FX Position (Trading + Structural)
Cayman Islands dollars	\$ (130,622)	Pegged	\$ 10,450	\$ 122,223	\$ (124,346)	N/A Pegged	\$ 9,948	\$ 146,818
Trinidad and Tobago dollars	1,168	5.0	292	70,882	(19,306)	1.3	1,544	47,007
Barbados dollars	17,263	Pegged	5,179	21,699	6,308	N/A Pegged	1,892	3,624
Bahamian dollars	2,073	Pegged	622	591,172	2,151	N/A Pegged	645	503,819
Jamaican dollars	3,843	63.3	1,537	66,577	5,164	66.9	2,066	67,990
Eastern Caribbean dollars	(46,706)	Pegged	3,736	(5,603)	24,009	N/A 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:

	2015	2014
<b>Market risk metrics</b>		
Interest rate VaR – hard currency (HC)	\$ 813	\$ 607
Interest rate VaR – local currency (LC)	242	815
Interest rate VaR – total	949	2,465
Interest rate stress worst case loss of value – HC 1 day	130	100
Interest rate stress worst case loss of value – HC 60 days	7,267	6,168
Interest rate stress worst case loss of value – LC 1 day	16,756	4,601
Interest rate stress worst case loss of value – LC 60 days	4,980	15,876
DV01 HC	(68)	74
DV01 LC	154	205

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

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

Currency	2015			2014		
	DV01	VaR	60 day stressed loss	DV01	VaR	60 day stressed loss
United States dollars	\$ (38.5)	838.7	\$ 7,267	\$ 86.9	\$ 607.3	\$ 6,168
Trinidad and Tobago dollars	(6.4)	255.8	3,161	1.4	35.6	277
Barbados dollars	83.3	100.3	4,753	107.6	803.6	7,066
Bahamian dollars	93.7	43.5	4,196	107.0	9.3	4,585
Jamaican dollars	(9.6)	(150.6)	2,332	(8.0)	281.1	1,874
Eastern Caribbean dollars	(0.5)	921.5	108	5.6	739.2	461
Cayman Island dollars	(15.6)	12.7	853	(15.6)	11.6	818

### 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)

	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	2,364
Trinidad	52,319	22	5,602	-	-	-	52,319	22	5,602
Jamaica	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$368,104</b>	<b>\$ 199</b>	<b>\$ 52,392</b>	<b>\$722,243</b>	<b>\$ 155</b>	<b>\$ 32,226</b>	<b>\$1,090,347</b>	<b>\$ 354</b>	<b>\$ 84,618</b>



## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

2014									
Locally Issued Hard Dollar Bonds				Non Regional Hard Dollar Bonds			Total		
	Credit Spread			Credit Spread			Credit Spread		
	Notional	DV01	Stress Loss	Notional	DV01	Stress Loss	Notional	DV01	Stress Loss
Bahamas	\$ 86,765	\$ 50	\$ 12,996	\$ 239,917	\$ 80	\$ 16,726	\$ 326,682	\$ 130	\$ 29,722
Cayman	121,672	75	17,939	412,986	126	26,027	534,658	200	43,966
Barbados	159,533	73	17,195	73,470	25	5,328	233,003	98	22,523
Offshore	20,383	11	2,681	19,500	7	1,349	39,883	18	4,030
Trinidad	57,680	28	7,007	-	-	-	57,680	28	7,007
<b>Total</b>	<b>\$ 446,033</b>	<b>\$ 237</b>	<b>\$ 57,818</b>	<b>\$745,873</b>	<b>\$ 238</b>	<b>\$ 49,430</b>	<b>\$ 1,191,905</b>	<b>\$ 475</b>	<b>\$ 107,249</b>

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.

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(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
<b>Assets</b>								
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)	3,784	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
<b>Total assets</b>	<b>872,831</b>	<b>1,691,964</b>	<b>318,609</b>	<b>1,602,306</b>	<b>4,801,962</b>	<b>279,176</b>	<b>1,122,505</b>	<b>10,689,353</b>
<b>Liabilities</b>								
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 borrowed funds	-	-	-	-	-	-	-	-
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
<b>Total liabilities</b>	<b>831,987</b>	<b>1,424,993</b>	<b>60,821</b>	<b>1,085,358</b>	<b>4,670,362</b>	<b>216,236</b>	<b>1,018,996</b>	<b>9,308,752</b>
<b>Net assets/(liabilities)</b>	<b>\$ 40,844</b>	<b>\$ 266,971</b>	<b>\$ 257,789</b>	<b>\$ 516,948</b>	<b>\$ 131,600</b>	<b>\$ 62,940</b>	<b>\$ 103,509</b>	<b>\$ 1,380,601</b>
<b>Commitments, guarantees and contingent liabilities (Note 29)</b>								
	\$ 57,736	\$ 93,213	\$ 25,145	\$ 52,871	\$ 487,951	\$ 16,302	\$ 58,967	\$ 792,185

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(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	2014
<b>Assets</b>								
Cash and balances								
with Central Banks	\$ 286,883	\$ 149,157	\$ 4,103	\$ 109,602	\$ 58,225	\$ 23,977	\$ 269,447	\$ 901,394
Due from banks	10,812	1,849	282	5,417	625,643	364	267,941	912,308
Derivative financial instruments	-	(110)	-	-	5,377	-	-	5,267
Other assets	45,668	32,586	3,867	20,786	(22,706)	(2,272)	(569)	81,903
Taxation recoverable	23,963	376	646	-	23	1,136	1,747	27,891
Investment securities	51,703	550,274	4	377,185	1,035,074	48,292	242,683	2,305,215
Loans and advances								
to customers	499,784	682,752	318,560	1,049,561	3,195,970	158,571	235,075	6,140,273
Property and equipment	19,911	48,881	13,217	21,625	13,508	7,939	6,457	131,538
Deferred tax assets	1,627	3,701	-	-	29	5,932	297	11,586
Retirement benefit assets	15,673	16,862	-	(838)	3,008	6,168	1,508	42,381
Intangible assets	-	218,961	-	-	-	-	-	218,961
<b>Total assets</b>	<b>956,024</b>	<b>1,705,289</b>	<b>340,679</b>	<b>1,583,338</b>	<b>4,914,151</b>	<b>254,651</b>	<b>1,024,586</b>	<b>10,778,718</b>
<b>Liabilities</b>								
Derivative financial instruments	-	384	-	-	48,800	-	3,419	52,603
Customer deposits	799,266	1,450,808	179,928	1,165,654	4,426,457	179,855	963,821	9,165,789
Other borrowed funds	-	-	-	-	-	17,981	16,609	34,590
Other liabilities	118,554	(7,413)	(123,884)	(35,591)	296,768	(8,345)	(134,580)	105,509
Taxation payable	101	(1,145)	646	-	1,349	(34)	(388)	529
Deferred tax liabilities	165	4,016	-	-	447	281	195	5,104
Debt securities in issue	-	-	-	-	-	-	30,974	30,974
Retirement benefit obligations	2,078	2,782	12,597	23,144	4,186	750	432	45,969
<b>Total liabilities</b>	<b>920,164</b>	<b>1,449,432</b>	<b>69,287</b>	<b>1,153,207</b>	<b>4,778,007</b>	<b>190,488</b>	<b>880,482</b>	<b>9,441,067</b>
<b>Net assets/(liabilities)</b>	<b>\$ 35,860</b>	<b>\$ 255,857</b>	<b>\$ 271,392</b>	<b>\$ 430,131</b>	<b>\$ 136,144</b>	<b>\$ 64,163</b>	<b>\$ 144,104</b>	<b>\$ 1,337,651</b>
<b>Commitments, guarantees and contingent liabilities</b>								
<b>(Note 29)</b>	<b>\$ 60,679</b>	<b>\$ 92,904</b>	<b>\$ 22,816</b>	<b>\$ 127,910</b>	<b>\$ 435,649</b>	<b>\$ 37,854</b>	<b>\$ 141,622</b>	<b>\$ 919,434</b>

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

### 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.

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(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	2015
<b>Assets</b>					
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	(14,457)	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	-	817	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 held for sale	148,717	-	-	-	148,717
<b>Total assets</b>	<b>\$ 3,376,816</b>	<b>\$ 705,324</b>	<b>\$ 2,124,690</b>	<b>\$ 4,482,523</b>	<b>\$ 10,689,353</b>
<b>Liabilities</b>					
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 borrowed funds	-	-	-	-	-
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 held for sale	133,616	-	-	-	133,616
<b>Total liabilities</b>	<b>7,643,206</b>	<b>1,165,608</b>	<b>384,153</b>	<b>115,785</b>	<b>9,308,752</b>
<b>Net assets/(liabilities)</b>	<b>\$ (4,266,390)</b>	<b>\$ (460,284)</b>	<b>\$ 1,740,537</b>	<b>\$ 4,366,738</b>	<b>\$ 1,354,601</b>
<b>Commitments, guarantees and contingent liabilities (Note 29)</b>					
	\$ 397,680	\$ 239,455	\$ 10,523	\$ 144,527	\$ 792,185

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

	0-3 months	3-12 months	1-5 years	Over 5 years	2014
<b>Assets</b>					
Cash and balances with Central Banks	\$ 888,566	\$ 7,102	\$ 5,726	\$ -	\$ 901,394
Due from banks	716,075	196,233	-	-	912,308
Derivative financial instruments	3,652	(14,626)	-	16,241	5,267
Other assets	102,148	1,200	-	(21,444)	81,904
Taxation recoverable	16,120	11,771	-	-	27,891
Investment securities	368,952	183,833	1,188,200	564,230	2,305,215
Loans and advances to customers	682,861	140,082	1,472,686	3,844,644	6,140,273
Property and equipment	3,192	753	44,178	83,415	31,538
Deferred tax assets	-	-	280	11,306	11,586
Retirement benefit assets	-	-	-	42,381	42,381
Intangible assets	-	-	-	218,961	218,961
<b>Total assets</b>	<b>2,781,566</b>	<b>526,348</b>	<b>2,711,070</b>	<b>4,759,734</b>	<b>10,778,718</b>
<b>Liabilities</b>					
Derivative financial instruments	24,332	-	-	28,271	52,603
Customer deposits	6,744,000	2,262,743	101,784	57,262	9,165,789
Other borrowed funds	15,460	4,264	-	14,866	34,590
Other liabilities	105,120	-	389	-	105,509
Taxation payable	529	-	-	-	529
Deferred tax liabilities	197	-	448	4,459	5,102
Debt securities in issue	-	140	30,835	-	30,974
Retirement benefit obligations	(17)	-	-	45,986	45,969
<b>Total liabilities</b>	<b>6,889,621</b>	<b>2,267,147</b>	<b>133,455</b>	<b>150,844</b>	<b>9,441,067</b>
<b>Net assets/(liabilities)</b>	<b>\$ (4,108,055)</b>	<b>\$(1,740,799)</b>	<b>\$ 2,577,615</b>	<b>\$ 4,608,890</b>	<b>\$ 1,337,651</b>
<b>Commitments, guarantees and contingent liabilities (Note 29)</b>					
	\$ 575,105	\$ 92,769	\$ 50,948	\$ 200,612	\$ 919,434

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(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	2015	2014
<b>Financial Assets</b>					
Cash and balances with Central Banks*	902,602	-	-	902,602	901,394
Due from banks*	789,179	-	-	789,179	912,308
Derivative financial instruments	-	7,936	-	7,936	5,267
Investment securities	-	2,329,673	1,027	2,330,700	2,305,215
Loans and advances to customers	-	5,381,740	641,062	6,022,802	6,153,629
Total Financial assets	1,691,781	7,719,349	642,089	10,053,219	10,277,813
<b>Financial Liabilities</b>					
Derivative financial instruments	-	58,964	-	58,964	52,603
Customer deposits	-	6,490,061	2,212,651	8,702,712	9,170,924
Other borrowed funds	-	-	-	-	45,948
Debt securities in issue	-	210,407	-	210,407	33,089
Total Financial liabilities	-	6,759,432	2,212,651	8,972,083	9,302,564

There were no transfers between levels in the fair value hierarchy during the year. In 2015, the group received repayment of its investment security classified as level 3. See note 16 for disclosures of the land and buildings that are measured at fair value and note 32 for disclosures of the disposal groups held for sale that are measured at fair value.

\*Financial assets with carrying values that approximate fair value.

## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

### Financial instruments recorded at fair value

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

- *Derivative financial instruments*  
Derivative products valued using a valuation technique with market observable inputs are interest rate swaps and foreign exchange forward contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.
- *Available-for-sale investment securities*  
Available-for-sale investment securities valued using a valuation technique or pricing models primarily consist of debt securities. These assets are valued using models which sometimes only incorporate data observable in the market and at other times use both observable and non-observable data. The non-observable inputs to the models include assumptions about liquidity and price disclosure, counterparty credit spreads and sector specific risks.

### Fair value of financial instruments not carried at fair value

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

- *Loans and advances to customers*  
Loans and advances to customers are stated net of specific and other provisions for impairment. The estimated fair values of loans and advances to customers represents the discounted amount of estimated future cash flows expected to be received.
- *Customer deposits and other borrowed funds*  
The estimated fair value of customer deposits and other borrowed funds is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and maturity.
- *Debt securities in issue*  
The fair value is calculated using a discounted cash flow model based on a current interest rate yield curve appropriate for the remaining term to maturity.

### Financial assets and liabilities with carrying values that approximate fair value

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



## Notes to the Consolidated Financial Statements

For the year ended October 31, 2015  
(Expressed in thousands of United States dollars)

### Note 35 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 (99.71%)	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.

## 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.cibcfib.com](http://www.cibcfib.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

## Statement of Corporate Governance

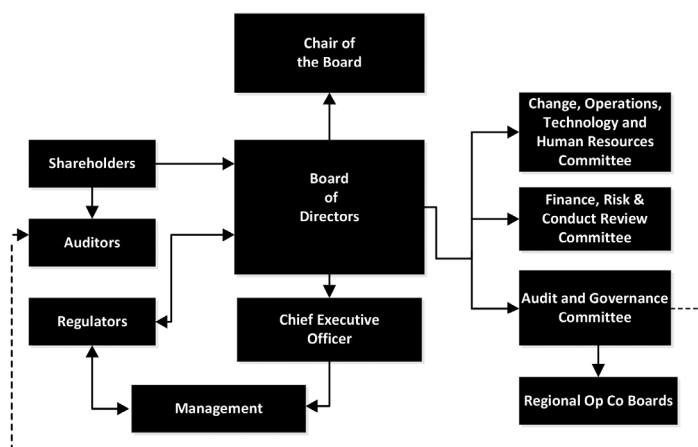
This statement of corporate governance practices describes the governance framework that guides CIBC FirstCaribbean's Board and management in fulfilling their obligation to CIBC FirstCaribbean and its stakeholders. It was reviewed and approved by the Board in December 2015.

### 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 accordingly comprised of ten directors<sup>1</sup>, six of whom permanently reside outside of Canada. Four of the Board's directors 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.

<sup>1</sup>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 codes of conduct for employees and directors.

### **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. With assistance from the Audit & Governance Committee, 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:

- A review of regional and global banking: performance and expectations
- Labour Management and Social Dialogue
- Annual Anti Money Laundering /Anti-Terrorist Financing Training
- Cyber Security

## **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.

## Statement of Corporate Governance

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 Compensation 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 pages 8-17 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
One Caribbean Media Corporation Limited	Sir Fred Gollop
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.

## Statement of Corporate Governance

### 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. Special 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 special Board or Committee meetings which are called on short notice.

During fiscal 2015 the Board met nine times. The Finance, Risk & Conduct & Review Committee met nine times. The Audit & Governance Committee met eight times and the Change, Operations, Technology & Human Resources Committees 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
Rik Parkhill	4/4	Not a Member	4/4	4/4
Christina Kramer	4/4	Not a Member	4/4	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	4/4	4/4	4/4	4/4
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

## Statement of Corporate Governance

### Special 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	4/4	3/3	1/1	4/5
Rik Parkhill	4/4	Not a Member	1/1	4/5
Christina Kramer=	0/4	Not a Member	0/1	Not a Member
Brian McDonough=	0/4	Not a Member	Not a Member	0/5
David Arnold=	0/4	0/3	Not a Member	Not a Member
Sir Fred Gollop	4/4	3/3	1/1	3/5@
Sir Allan Fields	3/4	3/3	0/1**	3/5
G. Diane Stewart	4/4	3/3	1/1	4/5
Paula Rajkumarsingh	3/4	2/3	1/1	4/5
Brian Clarke	3/4	Not a Member	Not a Member	Not a Member
Lincoln Eatmon+	Not a Member	3/3	Not a Member	Not a Member

\*\* - Declared a conflict and accordingly could not attend one meeting

@ - One Finance, Risk & Conduct Review Committee meeting attended by alternate Director Mr. Brian Clarke

+ - Member of the Audit & Governance Committee only

= - CIBC executives who are directors cannot participate in meetings from Canada and could not arrange to attend in person due to short notice given for the specially convened meetings.

### Annual meeting

CIBC FirstCaribbean's Annual Meeting held March 13, 2015 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.<sup>2</sup> A director may serve for up to fifteen years.

### 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 is based on confidential feedback obtained from a survey completed by each director and submitted to the Corporate Secretary. 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.

<sup>2</sup> Subject to confirmation at the Annual General Meeting

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



## Statement of Corporate Governance

### 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 Compensation Sub-Committee is a sub-committee of the Change, Operations, Technology & Human Resources Committee<sup>3</sup>.

The members of the Committee are:

Chair	Christina Kramer (Compensation sub-committee member)
Membership	Sir Fred Gollop (Compensation sub-committee member) Rik Parkhill Sir Allan Fields (independent) (Compensation sub-committee member) Paula Rajkumarsingh (independent) David Ritch (independent) 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 Sir Fred Gollop Paula Rajkumarsingh (independent) David Ritch (independent) G. Diane Stewart (independent) Sir Allan Fields (independent)

<sup>3</sup> None of the members of the Compensation Sub-Committee are from management although they all are not independent directors as recommended by the Barbados Stock Exchange.

### 11. Board access to independent advisors and management

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

### 12. Director orientation and continuing development

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

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

#### 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 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<sup>4</sup> are paid fees. The Board Chair, independent directors and independent committee members are paid an aggregate total of \$274,500 annually.

### 14. Approval of the CEO's Service Contract

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

<sup>4</sup> Mr. Lincoln Eatmon, a member of the Audit & Governance Committee, is the only committee member who is not also a director.

## Statement of Corporate Governance

### 15. Organization of management

A 17 member Senior Executive Team (SET), appointed by the CEO, leads the execution of the Bank's business strategy and execution of day-to-day management. The SET is constituted as follows:

Chief Executive Officer	Rik Parkhill
Chief Risk & Administrative Officer	Colette Delaney
Chief Financial Officer	Brian Lee
Chief Information Officer and Managing Director, Technology, Operations & Corporate Services	Jude Pinto
Chief Auditor	Ben Douangprachanh
General Counsel & Corporate Secretary	Brian Clarke
Managing Director, Wholesale Banking	Irene Markus
Managing Director, Retail, Business and International Banking	Mark St. Hill
Managing Director, Customer Relationship Management and Strategy	Trevor Torzsas
Managing Director, Private Wealth Management	Daniel Wright
Managing Director, Governance & Controls	Donna Graham
Managing Director, Human Resources	Neil Brennan
Managing Director, Bahamas & TCI	Marie Rodland-Allen
Managing Director, Barbados Operating Company	Donna Wellington
Managing Director, Cayman, BVI & Platinum Banking	Mark McIntyre
Managing Director, Dutch Caribbean	Willem van der Burg
Managing Director, Jamaica	Nigel Holness

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
- Private 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 and 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 Change, Operations, Technology & Human Resources Committee to make executive pay decisions and recommendations to the Board.

## Statement of Corporate Governance

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

ELEMENT	PURPOSE	HOW IT IS DETERMINED
Base Salary	Provide competitive fixed pay	<ul style="list-style-type: none"> <li>Based on job scope, experience and market pay</li> </ul>
Discretionary Variable Incentive Award (cash incentive and deferred cash incentive)	Align compensation with business and individual performance	<ul style="list-style-type: none"> <li>Absolute and relative business performance measured against balanced scorecard</li> </ul>
		<ul style="list-style-type: none"> <li>Measures are weighted, vary by role, and are designed to promote strong alignment with CIBC FirstCaribbean's corporate and business unit goals</li> </ul>
		<ul style="list-style-type: none"> <li>Individual performance assessed against a series of Committee approved goals focused on strategy execution</li> </ul>
Benefits and Prerequisites	Investment in employee health, wellness and engagement	<ul style="list-style-type: none"> <li>A range of benefit programmes provided to all employees across the Caribbean to support health and well-being</li> </ul>
Retirement Programmes	Contribute to financial security	<ul style="list-style-type: none"> <li>Competitive pension arrangements as provided to all employees in the Caribbean after retirement</li> </ul>

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

ELEMENT	PERFORMANCE MEASURES	DESCRIPTION
Annual Cash Incentive Award (approximately 50% of total incentive)	<ul style="list-style-type: none"> <li>Grant measures: <ul style="list-style-type: none"> <li>Financial</li> <li>Risk</li> <li>Client</li> <li>Employee</li> <li>Strategy execution</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Short term</li> <li>Focused on: <ul style="list-style-type: none"> <li>Profitability</li> <li>Growth</li> <li>Adherence to Risk Appetite</li> <li>Strategy execution</li> <li>Client and employee satisfaction</li> </ul> </li> </ul>
Deferred Cash Award (approximately 50% of total incentive)	<ul style="list-style-type: none"> <li>Grant measures: <ul style="list-style-type: none"> <li>Same as cash incentive</li> </ul> </li> <li>Vesting measures: <ul style="list-style-type: none"> <li>Company performance over vesting period</li> <li>Individual performance over vesting period</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Long term</li> <li>Deferred cash incentive award with 3 year cliff vesting</li> <li>Realizable value sustained dependent on company and individual performance over the vesting period</li> </ul>

## Statement of Corporate Governance

### 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, 2015 and October 31, 2014, are set out as follows:

Unaudited, US\$000's	2015	2014
Audit Fees <sup>(1)</sup>	\$ 2,807	\$ 2,665
Audit related fees <sup>(2)</sup>	243	37
Tax fees <sup>(3)</sup>	66	30
Total	\$ 3,116	\$ 2,732

<sup>(1)</sup> 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.

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

<sup>(3)</sup> 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.

## Statement of Corporate Governance

- 2) **Chief Auditor** – The Audit & Governance Committee also reviews and approves the appointment and removal 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 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 skill set

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 Senior Executive Team 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.

## Statement of Corporate Governance

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, can be found at [www.cibcfib.com](http://www.cibcfib.com).

CIBC FirstCaribbean's Insider Policy was designed to achieve compliance with the Insider Guidelines issued by the Barbados Stock Exchange and other regional Exchanges on which its shares are traded.

The Exchange's Insider Trading Guidelines can be found at [www.bse.com.bb](http://www.bse.com.bb).



## Notice Of Meeting

### Annual Meeting

Notice is hereby given that the twenty-second 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 11, 2016 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, 2015 and the report of the directors and auditors thereon.
3. To elect the following to serve as directors until the next annual meeting of the Company:
  - (i) Mr. Gary Brown; and
  - (ii) Mr. Rik Parkhill
4. To re-elect the following directors who retire by rotation and, being eligible, offer themselves for re-election to serve until the next annual meeting of the Company:
  - (i) Mr. David Ritch
  - (ii) Sir Allan Fields
  - (iii) Mrs. Paula Rajkumarsingh
  - (iv) Mrs. G. Diane Stewart;
  - (v) Ms. Christina Kramer
  - (vi) Mr. Brian McDonough
  - (vii) Mr. David Arnold, and
  - (viii) Mr. Brian Clarke
5. To appoint the auditors and to authorise the directors to fix their remuneration.
6. 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, 2016

## Directors' Report

### 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

In September 2015 the Board announced that Chief Executive Officer Mr Rik Parkhill would be stepping down as CEO effective December 31, 2015, and that CIBC executive, Mr. Gary Brown, would be appointed CEO effective January 1, 2016, subject to regulatory approval.

The Board has also accepted Mr. Parkhill's resignation from the Board effective December 31, 2015 and appointed Mr. Brown a director effective January 1, 2016, contemporaneously with his appointment as CEO.

Director, Sir Fred Gollop QC, has indicated that he will not stand for re-election. Mr Parkhill has agreed to stand for election as a director, and will, if elected, fill the vacancy resulting from Sir Fred's retirement.

Shareholders are therefore requested to elect Mr. Brown and Mr. Parkhill to serve as directors until the next annual meeting of the Company.

Shareholders are also 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 Ritch
- (ii) Sir Allan Fields
- (iii) Mrs. Paula Rajkumarsingh
- (iv) Mrs. G. Diane Stewart
- (v) Ms. Christina Kramer
- (vi) Mr. Brian McDonough
- (vii) Mr. David Arnold
- (viii) Mr. Brian Clarke

### Directors' Interests

As of October 31, 2015, particulars of directors' shareholdings in the issued capital of the Company are as follows:

### Common Shares of No Par Value

## Directors' Report

	Beneficial Interest	Non Beneficial Interest
1. David Ritch	nil	nil
2. Rik Parkhill	nil	nil
3. Sir Fred Gollop	1,416	nil
4. Sir Allan Fields	1,000	nil
5. G. Diane Stewart	nil	nil
6. Paula Rajkumarsingh	nil	nil
7. Christina Kramer	nil	nil
8. David Arnold	nil	nil
9. Brian McDonough	nil	nil
10. Brian Clarke	nil	nil

### Senior Management

1. Neil Brennan	nil	nil
2. Brian Clarke	nil	nil
3. Colette Delaney	nil	nil
4. Donna Graham	nil	nil
5. Nigel Holness	nil	nil
6. Debbie Kellett	nil	nil
7. Brian Lee	nil	nil
8. Irene Markus	nil	nil
9. Mark McIntyre	nil	nil
10. Rik Parkhill	nil	nil
11. Jude Pinto	nil	nil
12. Marie Rodland-Allen	nil	nil
13. Ben Douangprachanh	nil	nil
14. Mark St. Hill	2,830	nil
15. Trevor Torzsas	nil	nil
16. Willem M Van der Burg	12,465	nil
17. Donna Wellington	nil	nil
18. Dan Wright	nil	nil

### Financial Results and Dividends

The Company's consolidated net profit for the period ending October 31, 2015 amounted to \$98 million. All statutory requirements for the period have been fulfilled.

The Company declared a final dividend of \$0.020 per common share for the period ending October 31, 2015. An interim dividend of \$0.015 per common share was also paid in the 2015 fiscal period. Total dividend for the period was \$0.035 per common share.

In December 2015, the Company declared a special dividend of \$0.063 cents per share which was paid on January 29, 2016 to shareholders of record as at December 29, 2015.

### 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 2015 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, 2015\*

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 2015 financial year. A resolution relating to the re-appointment of Ernst & Young as auditors for the 2016 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-second 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 11, 2016 at 10:00 a.m.

##### 3. Record Date and Voting of Shares

The directors of the Company have fixed January 25, 2016 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 25, 2016 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 Compensation sub-committee are not all independent directors as recommended by the Barbados Stock Exchange. Although only one of the members of the sub-committee is independent, none are from CIBC FirstCaribbean management. The members of the Sub-Committee are directors Christina Kramer (not independent), Sir Fred Gollop (not independent) and Sir Allan Fields (independent). Sir Fred Gollop is not seeking re-election as a director in the 2016 financial year.

##### 9. Nominees Consent

Nominees have signed a declaration of consent attesting that they are willing to serve as directors of the Company.

##### 10. 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

January 25, 2016

### Name and Title

Brian Clarke QC  
General Counsel & Corporate Secretary  
FirstCaribbean International Bank Limited



Signature

## Proxy Form

I/We the undersigned shareholder/shareholders of FirstCaribbean International Bank Limited hereby appoint Mr. David Ritch or failing him Sir Fred Gollop 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 11, 2016.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

Name of shareholder(s) of the Company \_\_\_\_\_

Signature \_\_\_\_\_

Name(s) of signatory(ies) in block capitals \_\_\_\_\_

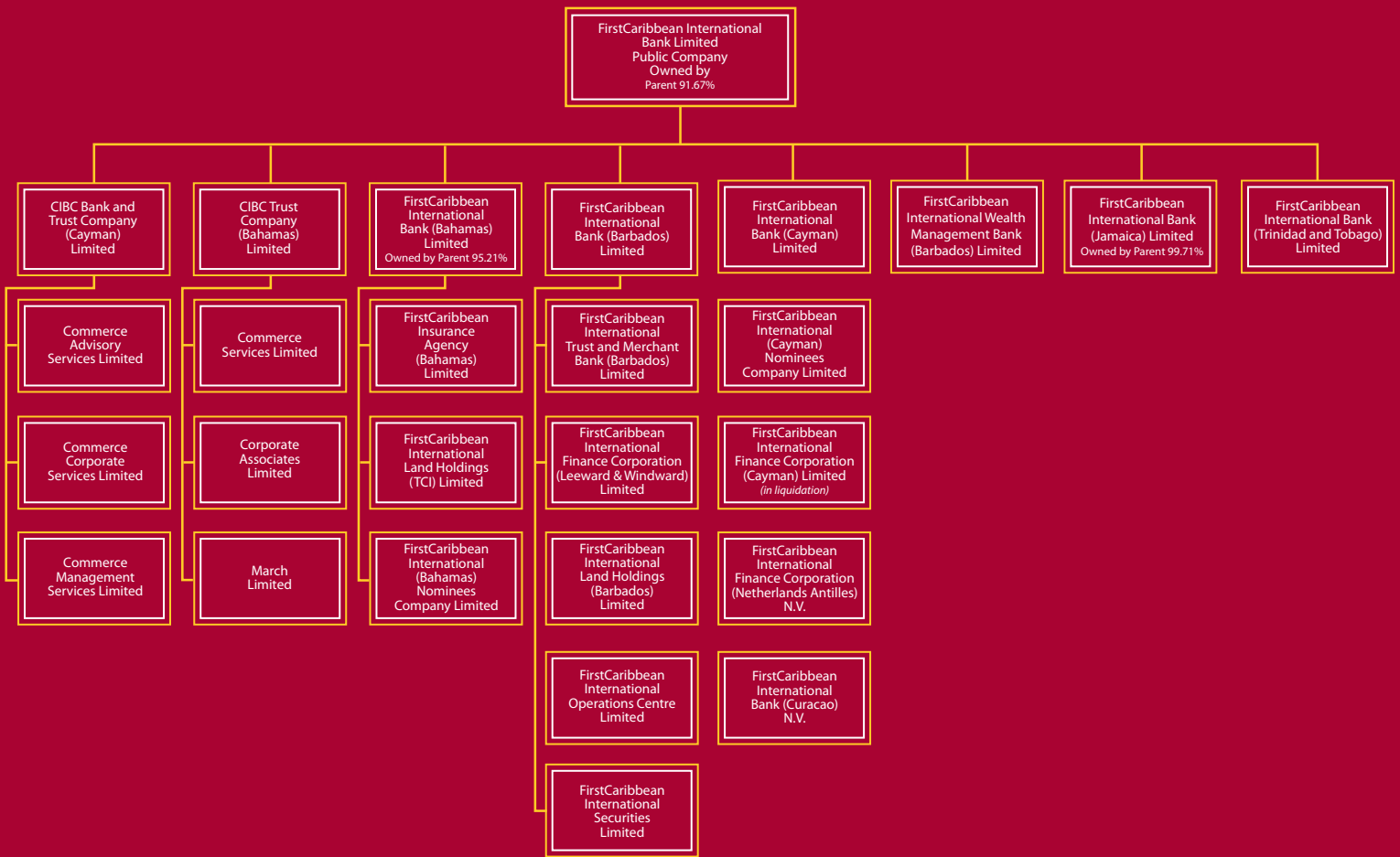
Please indicate with an "X" in the spaces below how you wish your proxy to vote on the resolutions referred to. If no indication is given the proxy will exercise his or her discretion as to how he or she votes or whether he or she abstains from voting.

	FOR	AGAINST
<b>Resolution 1</b> To approve the amendments to the Amended and Restated By-Law No. 1 of the Company and to adopt the thus amended By-Law No. 1 as the amended by-law of the Company.		
<b>Resolution 2</b> To approve the adoption of the audited consolidated financial statements of the Company for the year November 1, 2014 to October 31, 2015		
<b>Resolution 3</b> To approve the election of the following persons to serve as directors until the next annual meeting of the Company:		
(i) Mr. Gary Brown		
(ii) Mr. Rik Parkhill		
And to re-elect the following persons to serve as directors until the next annual meeting of the Company:		
(iii) Mr. David Ritch		
(iv) Sir Allan Fields		
(v) Mrs. Paula Rajkumarsingh		
(vi) Mrs. G. Diane Stewart		
(vii) Ms. Christina Kramer		
(viii) Mr. Brian McDonough		
(ix) Mr. David Arnold		
(x) Mr. Brian Clarke		
<b>Resolution 4</b> 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 in 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



## 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

### 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

### Belize

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

### British Virgin Islands

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

### Cayman Islands

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

### Curaçao

P.O. Box 3144  
De Ruyterkade 61  
Willemstad  
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) 9 433-8000



## 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







**FirstCaribbean**  
International Bank