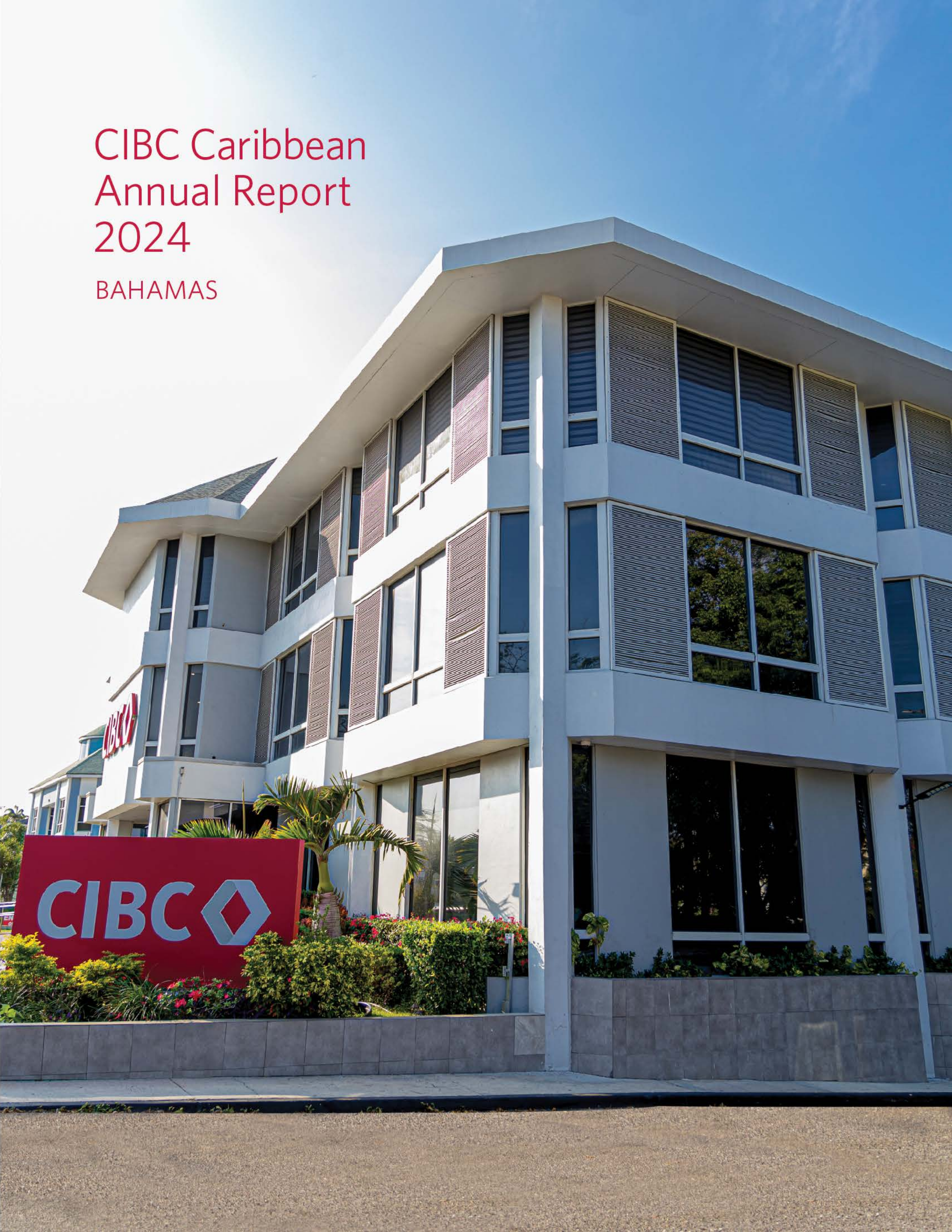
CIBC Caribbean Annual Report 2024

BAHAMAS



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Corporate Profile

CIBC Caribbean is a relationship bank offering a full range of market leading financial services through our Corporate Banking, Personal and Business Banking and Wealth Management segments. We are located in eleven (11) countries around the Caribbean, providing banking services through approximately 2,700 employees in 48 branches and offices. We are one of the largest regionally listed financial services institutions in the English and Dutch speaking Caribbean, with US$13 billion in assets and market capitalization of US$1.7 billion. We also have a representative office in Hong Kong focused on business development and relationship management for our fund administration business. The face of banking is changing throughout the world and CIBC Caribbean intends to lead these changes with the expertise, integrity and knowledge gained from banking in the Caribbean since 1836.

The Bahamas Operating Company (the "Bahamas OpCo" or the "Bank") comprises operations in The Bahamas and Turks and Caicos Islands where there are twelve (12) branches and agencies, sixty two (62) Instant Teller Machines, and Wealth Management and Corporate Investment Banking centres spread over New Providence, Grand Bahama, Abaco, Eleuthera and the Turks and Caicos Islands.

Vision

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

Purpose

Our purpose is to help make your ambition a reality.

Values

- Trust - Trust is the foundation of any mutually beneficial and productive relationship. Honesty and integrity in the way we work with each other for our mutual benefit, and ultimately for the benefit of our clients, will create that trust.
- Accountability - We apply critical thinking and good judgement when meeting our clients' needs and when engaging with each other, taking responsibility and accepting that we are collectively accountable for the outcome. It is not only what we do, but how we go about doing it, applying urgency and agility to solving our clients' problems. This is our bank.
- Collaboration - Our guiding principle is simple – One team, One bank! We believe in CIBC Caribbean and work together to promote a sense of pride and purpose in all we do for our clients and for our bank. We work cross-functionally in collective interest of the best outcomes for clients, employees and the community.
- Client Focus - At CIBC Caribbean, we put our clients at the centre of all we do, as we strive to build trusting and enduring relationships that help our clients achieve their ambitions.
- Innovation - Innovation is a part of our identity. Our culture of innovation nurtures, and harnesses, the innate creativity of our people and is focused on generating value for our clients and communities, driving technological progress and capitalizing on an increasingly dynamic environment. We innovate in a way that is collaborative, inclusive and establishes a path to a sustainable future.

Strategic Priorities

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

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

Caring for our Clients

Our business has focused on highlighting what sets us apart from our competition: our people who are committed to exceptional personal service, tailoring solutions to our clients' needs, as well as being at the forefront of digital banking.

As a modern relationship bank, we have been able to deliver next-generation, digitised consumer financial solutions which have contributed to an overall stellar year's performance.

Client Experience

Our business places the client at the center of everything we do. We offer personalised service and work closely with our clients to make their dreams a reality in an ever-changing environment. The profile of our clients and their choice of channels continues to evolve, and we have continued to ensure that we support both our teams and our clients to deliver on the commitment of being a modern relationship bank offering the best solutions through our people and the very best technology.

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

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

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

Similar to the transformation underway to digitally enhance our client sales and service capabilities, we are working apace on a number of initiatives geared toward improving the processes and technologies that our teams use to support our clients and internal partners.

We have committed further investments in simplification, automation, and security across our bank.

These robust changes offer us opportunities to innovate and transform ourselves and will provide our clients with value-added, new, and differentiated products and services. We have continued our investment in both our bricks and mortar premises as well as our virtual spaces to ensure that the client experience in either space is first class.

In doing so, our bank is leveraging agile methodologies to deliver products and services faster to market that will allow us to remain people and results focused and most importantly, competitive.

Personal and Business Banking

Personal and Business Banking delivered a strong 2024 performance, both in the financials as well as the digitised client experience. Financial results exceeded targets for growth revenue, operating profitability, and management of impaired loans. Portfolio balances remained strong, exceeding planned expectations, and our client retention strategy continued to demonstrate great success.

We continue to be exceptionally proud of our digitisation accomplishments as strong emphasis was placed on the personalised client experience in a fast-emerging digital world. Our client base continues to embrace an agile digital platform which provides seamless, secure, convenient and personalised customer experiences to our customers.

Additionally, other notable successes include:

- Continued monitoring of market trends in conjunction with client behaviour to develop products and services tailored specifically to the client needs.
- Our Digital Loan store also produced an overwhelming response from consumers, driving the success of a swift loan End to End process.
- Client centric approach with providing SMART automated banking machines provide additional convenience to clients by accommodating most services which are performed in branch.
- Enhanced Digital Client Onboarding platform allows existing clients to open new chequing and savings accounts in less than three (3) minutes via Digital Banking, thus eliminating the need to physically visit a branch.
- Our continued commitment to the development of our employees via ongoing training programs and accreditation courses which are easily accessible for personal enhancement.

Delighting our clients with easy, personalised, responsive and omni-channel service remains paramount while simultaneously enhancing our Culture of Care for employees which holds equal importance.

Digital Banking Highlights

Overall CIBC Caribbean Digital Banking Strategy Aims & Objectives

CIBC Caribbean's Digital Banking Transformation Strategy aims to deliver seamless, secure, convenient, and personalised customer experiences to our customers. This is done using next-gen solutions built-by-us-for-us to reduce the time from ideation to implementation. This approach provides our clients with tools specifically built for their needs, and not retrofitted from other markets' needs.

Our goals for the past year have focused on further integrating digital and data into our core operating model by:

1. Creating user friendly digital options featuring ten (10) minutes or less solutions for several products and services we offer our clients digitally.

2. Using a data-driven approach to enable digital fulfilment of several banking products and services with a maximum of three (3) touches or less by our clients.

Objectives successfully completed this year included: Digitised several customer journeys – including delivery of a new self-service Digital Client Onboarding & Deposit Account Opening solution for our Corporate Clients.

Adopted Artificial Intelligence (AI)/Machine Learning (ML) and implemented several Generative AI and ML models in our Digital Sales & Marketing solutions and our Digital Lending Applications.

Optimised and scaled our online and mobile banking platforms – Delivered several upgrades of our Online & Mobile Banking App to better meet customer expectations around easy account access, fast issue resolution, and secure and efficient transaction execution.

Developed our talent, enhanced our technology, and evolved our operating model – continued investment in upskilling our employees and acquiring expert talent in the digital and data space, upgrading our development tools and platforms, and embedding and scaling Agile across our business.

CIBC Personal Online Banking & Mobile Banking Application Strategic self-serve updates to our key digital banking solution

CIBC Caribbean's digital presence is enhanced by the simplicity, ease and functionality of our Online and Mobile Banking solution. In examining how to continuously improve our Award-Winning application, we sought this year to expand the services available online to our clients to now include several activities previously only available to clients in-branch.

1. Self-Serve New Account Opening
This enhancement allows existing clients to open new chequing and savings accounts in less than three (3) minutes via Digital Banking, thus eliminating a physical visit to a branch.

2. Self-Serve Card Replacement
Clients no longer have to visit the branch to complete forms to request a replacement card. They can request replacement cards via the Online Banking/Mobile Apps and the new card is generated, printed and delivered or collected by the client.

3. Self-Serve Unscheduled Loan Payments
Clients can make additional, unscheduled payments to existing Personal loan facilities from Online Banking. Clients have the freedom to make up to one unscheduled payment each month, without having to visit the branch. Payments are real-time and the client will see a reduction in their principal immediately.
4. Self-Serve Cross Border Payment Tracking
Clients can now track their international payments in real-time providing insight on payment status, payment location and certainty on credit. Our Digital Banking solutions are now integrated via API to our SWIFT GPI (Global Payments Innovation) upgrade on our payments hub. Clients now have better oversight and monitoring of wire transactions at every stage of the transaction process. Clients can now check transfer statuses, receive updates and confirmation of completion of the transfers. Clients are also notified when additional action is required of them, in the instance of cancelled/ rejected wires. We are the first financial institution in the Caribbean region to offer this capability.

5. Realtime Payments
Clients can send and receive payments in three minutes or less via Realtime Payments (RTP) transfers. Clients receive notifications in real-time of the success/failure of the outgoing payments and notifications for all incoming payments.

How our clients are benefitting from Digital Banking

Faster Access to Credit: Our clients have benefitted from getting loans in not just record time, and without hassle, but by having access to Credit 24/7, they have been able to fulfil their needs as they arise and at a time and location convenient to them.

Easier & Faster Onboarding for Corporate Clients: Our clients now have access to a modern best-in-class digital platform through which they can onboard themselves, including a user-friendly UX, document upload, workflow, eSignature and Realtime status updates.

Client Experience: CIBC Caribbean has taken some of the most time-consuming activities and activities often requiring a branch visit and digitised them, freeing up valuable time for our clients. In several instances, we are also personalising these interactions to fit our client's profile.

Self-Serve Options: By providing and promoting these channels/ features to transact efficiently online, we are providing clients with the power to manage their affairs themselves while still providing safety, security, and any needed support.

Digital Sales & Marketing: Our investments in Data Science and in enhancing our Digital Sales & Marketing capability means we now send clients tailored personalised offers through our leveraging of GenAI models. Clients can now receive offers via their social media channels or emails and these offers are tailored to them.

Realtime Payments & Access to Payments Status: Clients are benefitting from access to faster cross border payments (via SWIFT GPI) and real-time domestic payments with RTP and immediate access to payments status information.

Bank Resources: With these updates and new services, our team members can focus more of their energy on serving those clients who may not want a digital solution and prefer an in-branch interaction.

Care Centre Service: We are seeing a reduction in both traffic and wait-time experienced by clients calling our contact centre. Our team can therefore focus more time on each client interaction. We also help clients navigate the digital options, which then turn on their self-serve superpower.

Increased Locations: By adding ABMs to more locations and strategically deploying Dual Dispenser machines at key locations, we have made banking easier and our community larger.

How are we distinguishing ourselves in The Bahamas

Financial Inclusion & Community Outreach: focused on democratising access to financial services, and public awareness campaigns on issues like Fraud and Cybersecurity.

Best Banking App: Our Mobile Banking App is the highest rated of any Caribbean Bank in the App Stores: Apple - 4.8 and Android - 4.7.

Innovation: focused on building a culture around encouraging experimentation and innovation. This has led to achieving many firsts, e.g. first bank in our region to harness Generative AI for hyper-personalised digital marketing offers to clients and the only bank offering clients peer-to-peer transfers using email and telephone.

Digital Leadership: Act as thought leaders in several areas: Digital Identity, Payments, Cybersecurity and AI to support wider government led digitisation efforts.

Wealth Management

Wealth Management has delivered another strong but balanced financial performance, driven by strategic initiatives, and continued operational excellence. For the second consecutive year revenues increased, reflecting strong growth across core business areas. Similarly, we were able to grow operating profits, which was supported by effective cost management and increased operational efficiency. As a result of the attractive USD interest rates, deposits tracked impressively, significantly growing year-over-year. This was underpinned by strong customer acquisition and retention strategies by our team. We have also demonstrated exceptional success in managing our credit facilities, achieving a notable milestone with non-productive loans for another year. This accomplishment reflects robust credit policies, proactive risk management and diligent monitoring by the team.

The expansion of Private Banking in the Turks & Caicos Islands (TCI), and our introduction of white glove personalised services to meet the evolving customer needs, reflects the Bank's commitment to strengthening customer relationships within our business. This, coupled with the implementation of our centralised service and support team, has boded well with the advancements in digital transformation, and have reinforced our promise to innovate and provide customer convenience.

As we continue to take a balanced approach to achieving success, we remain optimistic and focused on growing our wallet share in the market, deepening client relationships, developing our next generation of leaders, supporting our community, and providing a personalised, responsive and an easy experience for all.

Corporate Banking

Corporate Banking had another strong and balanced year with respect to its financial performance. The segment, for the fourth straight year, has been able to grow revenues and operating profits, with the segment now registering back-to-back record years of performance in revenues and operating profit in fiscal 2023 and 2024, all the while maintaining its solid risk framework.

With the US Fed Funds rate remaining at 5.50% for much of the fiscal year, we did not benefit from the tailwinds of increasing US interest rates as in fiscal 2023, to drive margin expansion. Rather, growth in revenues and operating profit was driven by strong loan origination as well as continued buoyant activity-based fee income. Productive loan balances grew by 7% year over year, on the back of record new loans booked of over US$230 million during the fiscal year, and a concerted effort to work closely with our clients to help them achieve their financial and investment goals.

On the risk side, as alluded to earlier, credit risk in the portfolio remains well managed. Key portfolio credit metrics e.g. ratio of Non-Performing Loans-to-Total Loans remain below 1% and delinquency is well within our risk appetite levels.

On the technology front, we continue to innovate and consistently roll-out enhancements to our Corporate online banking platform as we make it easier for our clients to do business in a modern and convenient way.

Caring for our Employees

Our Culture of Care has been at work in 2024. "The Culture of Care is You!" has set the tone for how we live the values to care for each other, our clients, and our community to fulfil our purpose of making ambitions real.

We have also been focused on the continuous development of our teams, increased engagement activities to support work-life balance, focused attention on the levers that influence the engagement of employees, inclusion, and further simplification of our processes.

Transforming our Culture

- Our Culture of Care Focus Groups were launched in April 2024 to begin the process of defining the current and future culture. Voluntary, in-person sessions were facilitated by trained experts in Nassau, Freeport and Providenciales, Turks & Caicos Island (TCI). We gleaned valuable insights from our employees on how to work together as a team to support our bank and community.

- We have launched various initiatives focused on expanding our agile methodology and Agile Centre of Excellence to promote employee understanding of agile and its application in their everyday work activities.
- Both Bahamas and TCI employees participated in various community initiatives including career fairs at St. John's College, Bahamas Academy, and the University of The Bahamas. In TCI, our team adopted and made donations to the Ianthe Pratt Primary School and to Shining Stars Preparatory School.

Employee Health and Wellness

- We executed a Wellness fair "Your Wellness; Our Action" which looked at all aspects of health and wellness and provided an overview of the health insurance programme.
- The Zest Wellness programme continues to be robust and provided numerous health and wellness educational seminars which addressed menopause, occupational safety, self-care, mental wellness, and our health insurance scheme, in addition to biometric testing at the Nassau Business Centre, and various branches. Team TCI incorporated massage days to promote and boost mental and physical well-being.

Employee Experience, Inclusion and Recognition

- We celebrated Employee Appreciation Month, an annual event to celebrate our employees. Our Bahamas team engaged in and celebrated this month-long event with cool and sweet treats, team lunches, a game night and karaoke, culminating with an "Old School Music" party. Our TCI colleagues equally had a grand time launching the month of activities with a breakfast and continued with an island boat cruise and backyard barbecue for employees and their families. Their monthly game nights are always a hit, as they build camaraderie and healthy competition. All employees were delighted to receive their travel backpacks and branded umbrellas.
- Our ten Annual CEO Awardees for the region were hosted in Barbados for a few days of engagement, culminating in the awards ceremony. Nedra Woodside and Sonia Rutherford were celebrated as Annual CEO FirstStars Awardees for the Bahamas. We simultaneously launched the Radiate Your Excellence programme, which seeks to motivate and inspire potential awardees to continue to thrive for success.
- We continue to place an emphasis on proactive communication through the CEO's weekly blog, a monthly Chief Human Resources Officer (CHRO) communication and regular enterprise-wide and targeted communications from the other members of the Executive Committee (EXCO) and selected members of the Senior Leadership Team (SLT), in addition to regular townhalls and team meetings with leadership focused on two-way communications, and our Let's Chat series.

Employee Attraction and Development

- We launched a new Chief Commercial Office Programme through our Talent & Development programme which is an 18-month rotation geared towards attracting and developing talent for our Corporate Investment Banking and Personal & Business Banking critical roles.
- We continued the development of our leaders through various development activities such as the Manager Learning Moments curriculum to develop our leaders, a Courageous Leadership series for our Senior Leaders as well as 360 Assessment Reviews to aid development of leadership competencies.
- We continued our Summer Internship Programme for university students to afford them the opportunity to get hands on experience in their areas of interest for a period of three months.

Simplification

- We implemented several behind-the-scenes enhancements to our HRIS (Human Resources Information System) to improve functionality, efficiency, and user experience. These updates focused on streamlining processes, increasing system reliability, and enabling more robust data reporting and analysis.
- As the "Coach that Cares", our focus will be concentrated on our people strategy where we continue to transform our agile centres of excellence through the simplification of our processes, continual opportunities for our employees to innovate and create, coupled with on-going recognition and appreciation of our teams.

Environmental, Social and Governance

CIBC Caribbean is dedicated to maintaining strong environmental standards, conducting our activities in an environmentally and socially responsible manner, and contributing to long-term value for our clients, employees, communities, and our shareholders. We are activating our resources to create positive change, contributing to a more secure, equitable and sustainable future.

As a testament, we have been and continue to be at the forefront of financing sustainability. Our ultimate parent, CIBC, has been a signatory on the UN Principles for Responsible Investment since 2018 and is a founding signatory on the 2050 Net Zero Banking Alliance.

In 2024, we advanced partnerships to accelerate climate resiliency. Our regional office signed a memorandum of understanding with IDB Invest to collaborate on advancing sustainable development in the Caribbean and presented on the topic of building climate resilience at their biannual Sustainability Week conference.

We remained actively engaged in supporting a number of causes through our charitable arm, the ComTrust Foundation. This support ranged from formal activities through to employee volunteering activities through the Adopt-a-Cause programme.

From a governance perspective, our Regional Board has overarching responsibility for our Environmental, Social and Governance (ESG) strategic direction, and our Executive Committee is accountable for executing ESG strategy. We have an ESG Council, comprised of Subject Matter Experts from the Senior Leadership Team who support executive management by specifying and revising ESG strategic initiatives and assessing them according to their areas of expertise. We have strengthened our ongoing process of integrating ESG considerations into our Credit Risk, Enterprise Risk Management, and our regional Board Risk Committee frameworks – all within the ambit of our regulators.

A rebranded and refreshed CIBC Caribbean remained deeply engaged with the communities where the bank is located over the past year. Through its charitable arm, the FirstCaribbean ComTrust Foundation, the Bank supported various charities, youth and educational programmes, and social and community-based organisations.

2024 Highlights

Financial Highlights

B$ thousands, except per share amounts, as at or for the year ended October 31		2024	2023	2022	2021	2020
Common share information						
Per share (B$ cents)	- basic earnings/(loss)	113.4	101.8	58.4	68.4	(52.9)
	- adjusted basic earnings	113.4	101.8	58.4	68.4	68.2
	- regular dividends paid	36.0	36.0	36.0	54.0	9.0
	- special dividends paid	-	-	-	42.0	42.0
Share price	- closing	14.43	14.50	16.00	11.26	11.26
Shares outstanding (thousands)	- end of period	120,216	120,216	120,216	120,216	120,216
Market capitalisation		1,734,717	1,743,132	1,923,456	1,353,632	1,353,632
Value measures*						
Dividend yield (dividends per share/share price)		2.5%	2.5%	2.3%	4.8%	0.8%
Dividend payout ratio (dividends/net income/(loss))		31.7%	35.4%	61.7%	79.0%	n/m
Adjusted dividend payout ratio (dividends/adjusted net income)		31.7%	35.4%	61.7%	79.0%	13.2%
Financial results						
Total revenue		276,049	260,532	198,850	184,123	191,013
Credit loss (release)/expense on financial assets		(10,754)	5,394	16,026	(5,526)	70,027
Operating expenses		150,470	132,809	112,674	107,466	111,782
Net income/(loss) for the year		136,333	122,329	70,150	82,183	(63,543)
Adjusted net income for the year (1)		136,333	122,329	70,150	82,183	9,204
Financial measures						
Efficiency ratio (operating expenses/total revenue)		54.5%	51.0%	56.7%	58.4%	58.5%
Return on equity (net income/average equity)		18.2%	18.7%	11.5%	13.3%	(9.5%)
Adjusted Return on equity (adjusted net income/average equity)		18.2%	18.7%	11.5%	13.3%	1.4%
Net interest margin (net interest income/average total assets)		4.6%	4.5%	3.3%	3.6%	3.9%
Statement of Financial Position Information						
Loans and advances to customers		2,143,953	2,026,387	2,035,563	2,124,785	2,031,739
Total assets		4,787,883	4,359,700	4,414,200	3,980,182	3,654,931
Customer deposits		3,923,503	3,618,973	3,748,169	3,281,731	2,953,593
Total equity		806,501	694,310	610,832	614,383	619,815
Statement of Financial Position quality measures						
Common equity to risk weighted assets		31%	31%	27%	26%	28%
Risk weighted assets		2,586,998	2,242,923	2,226,202	2,335,916	2,236,052
Tier I capital ratio		29%	29%	26%	23%	26%
Tier I and II capital ratio		29%	29%	26%	23%	26%
Other information						
Full time equivalent employees (#)		338	326	368	402	405

* - exclude special dividends

n/m - not meaningful

Adjusted net income excludes:

(1) 2020 - Goodwill impairment $73 million

Message from the Managing Director

"Culture of Care embodies who we are, how we engage with our clients, how we treat each other and how we behave as corporate citizens."

Dr. Jacqueline Bend
Managing Director,
Bahamas Operating Company

2024 marked the completion of a significant transformation program which involved the rationalisation and consolidation of business lines and markets along with large investments in our technology platforms to enhance client experience and improve operational effectiveness. This culminated in our rebrand to CIBC Caribbean.

The Bank delivered another strong financial performance for the fiscal year. We continued to execute our client-focused strategy by leveraging our digital infrastructure, deepening client relationships, and investing in our people while enabling, simplifying, and protecting the Bank. Our strategic investments are creating a strong foundation for future growth and optimisation of resources across our various strategic business segments.

For the year ended October 31, 2024, the Bank reported net income of $136.3 million, up $14.0 million or 11% from prior year's net income of $122.3 million.

Overall, this year's financial performance has been positively impacted by solid performing loan growth, higher US interest margins and a favourable provision for credit loss. Revenue performed well year-over-year as loan originations increased, and we benefitted from a sustained uplift in other income. An anticipated increase in US interest rates may impact our revenue momentum; but could also promote increased credit demand in the market.

We experienced higher operating expenses due to increased spending on strategic investments, activity-based costs and other costs associated with protecting the Bank in a highly regulated environment. The provision for credit losses was significantly down from the prior year mainly due to a non-recurring account recovery. Our credit quality remains strong.

Economic growth in the country advanced at a moderate pace in 2024, as output has already completed its recovery cycles following the COVID-19 pandemic. Tourism remains the primary engine of expansion, while robust construction activity also continues to strengthen growth. Additionally, inflation continues to soften. The country's outlook remains stable, but potential threats to the global economy, like commodity price shocks and/or slower global growth could negatively impact prospects.

The Bank's Tier 1 and Total Capital ratios were 28.8%, in excess of applicable regulatory requirements.

Client Relationships

Our mantra of putting the client at the centre of everything we do drives our unwavering commitment to client service. This year, we refreshed our value proposition to our Platinum clients to deliver upgraded service. Relationship Managers received training on eligibility criteria, modernized service elements and client engagement tools, including data analytics-based reporting for tailoring solutions for clients.

The Client Resolution Centre – a self-service online portal that allows clients to lodge complaints or compliments and have these addressed through a structured process with executive oversight continues to perform well. We welcome the increased feedback from our clients.

With the integration of Environmental, Social and Governance (ESG) into our core strategy, sustainable lending is top on our agenda. That is why, in May this year, our regional office signed an MOU with IDB Invest signaling a significant step toward collaborative efforts in advancing sustainable development across the Caribbean region. This partnership also aims to bolster climate-resilience.

Modern Everyday Banking Experience

The LoanStore – our automated platform that allows borrowers to complete an online loan application, and once approved, receive the funds in less than ten minutes performed very well.

We continue to make enhancements to our internet and mobile banking platforms. With Corporate Online, among other user experience upgrades, clients can now make payments to multiple credit cards at once via a single file upload.

Simplification

Artificial Intelligence (AI) and Advanced Automation (AA) have achieved widespread use in business today. Our bank is also on the journey. To improve efficiency and effectiveness, we continue to automate mundane processes with repetitive tasks prone to manual errors. Our Digital Client Onboarding application is fully end-to-end digital in markets where regulations allow. Applicants perform identity verification online and no visit to the branch is required.

People

Our bank would not be what it is today without the investments we have made in our people. This year, not only did we continue the leadership development programmes, we also advanced the rollout of our Culture of Care. Culture of Care embodies who we are, how we engage with our clients, how we treat each other and how we behave as corporate citizens.

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

Dr. Jacqueline Bend
Managing Director

The Board of Directors

Mark St. Hill
Chief Executive Officer

Dr. Jacqueline Bend
Managing Director,
Bahamas Operating Company

Craig Gomez
Certified Public Accountant

Felix Stubbs
Business Executive

Brian Clarke
Legal Counsel and
Group Secretary

Willie Moss
Attorney-at-Law

MARK ST. HILL, Barbados Non-Independent

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

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

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

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

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

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

Year Joined Board	2024 Meeting Attendance	
	Overall Attendance	Interim Meetings
2022	4/4	0/0
Board Committee Memberships		
Group Risk Committee	4/4	3/4

Interlocking/Other Current Directorships	Former Directorships
FirstCaribbean International Finance Corporation (Leeward & Winward) Limited- Chair FirstCaribbean International ComTrust Foundation Limited- Chair CIBC Caribbean Trust Company (Bahamas) Limited CIBC Caribbean Bank (Cayman) Limited- Chair CIBC Caribbean Bank and Trust Company (Cayman) Limited- Chair	

DR. JACQUELINE BEND, The Bahamas Non-Independent

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

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

Dr. Bend held several senior roles across the bank and in her previous role as Director, Retail & Business Banking Channels, she was responsible for branch operations, people development, strategic initiatives and process improvement, risk and compliance, expense management, digital banking, and the Customer Care & Service Centers.

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

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

Year Joined Board	2024 Meeting Attendance	
	Overall Attendance	Interim Meetings
2021	4/4	0/0
Board Committee Memberships		
None	N/A	N/A

Interlocking/Other Current Directorships	Former Directorships
CIBC Caribbean Trust Company (Bahamas) Limited - Chair	
FirstCaribbean International (Bahamas) Nominees Company Limited - Chair	
Sentry Insurance Brokers Ltd - Chair	
Bahamas Automated Clearing House Limited	
CIBC Caribbean Land Holdings (TCI) Limited	

CRAIG GOMEZ, The Bahamas Independent

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

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

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

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

Year Joined Board	2024 Meeting Attendance	
	Overall Attendance	Interim Meetings
2019	4/4	0/0
Board Committee Memberships		
Committee memberships		
• Audit Committee	4/4	0/0
• Compensation Committee	4/4	1/1
• Nominating and Corporate Governance Committee	4/4	0/0
• Risk Committee	4/4	3/4

Interlocking/Other Current Directorships	Former Directorships
Bahamas Central Securities Depository - Chair	
CIBC Caribbean Bank Limited	
CIBC Caribbean Trust Company (Bahamas) Limited	
Minnesota State University Foundation - Audit Committee Chair	

WILLIE MOSS, The Bahamas Independent

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

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

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

Year Joined Board	2024 Meeting Attendance	
	Overall Attendance	Interim Meetings
1998	4/4	0/0
Board Committee Memberships		
None	N/A	N/A

Interlocking/Other Current Directorships	Former Directorships
Colina Holdings Bahamas Limited	

FELIX STUBBS, The Bahamas Independent

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

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

Committed to the wholesome development of The Bahamas, Felix sits on several governmental, non-governmental, civic, and charitable committees. He helps to shape and implement strategic, policy, budgetary, and fundraising plans. He is a past president of The Bahamas Chamber of Commerce, a former Director of the Central Bank of The Bahamas, a former Chairman and Director of the Grand Bahama Port Authority, and a former Director and Committee Chair of Famguard Corporation. He also served as Chairman of Junior Achievement for nineteen years.

As a result of his commitment to his country and dedication to excellence, he has frequently been called upon to lend his commercial expertise and leadership skills in many other areas that would lead to the betterment of the Bahamian society at large. In 2014 he was appointed as Chairman of the National Development Plan Steering Committee, a committee whose mandate was to create a 25-year strategic plan for the development of the Commonwealth of The Bahamas. That same year he was declared a Bahamian Icon when he won the Bahamian Icon Award in the field of Commerce.

Currently, he serves as Chairman of Doctors Hospital Health Services, BAF Financial, and New Providence Ecology Park. He is a director of CIBC Caribbean Bank (Bahamas) Limited and CIBC Caribbean Trust Company (Bahamas) Limited and the Cable Bahamas Group. Felix also serves as Chairman of the Salvation Army Bahamas and Turks & Caicos Division Advisory Board and The Bahamas Feeding Network. He is also a director of several other charitable organizations.

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

Felix is a passionate Rotarian. He is a Past District Governor for Rotary International, District 7020, which comprises of ten countries and 16 islands in the Northern Caribbean. He has served in several positions at the Club, District, and Zone levels. Currently, he serves as Innovative Club Advocate for Zone 34 with responsibility for Districts 6990, 7000, 7020, and 7030 and he is District 7020's Council on Legislation Representative. He began his Rotary service in 2001 as a charter member of his Club. In 2006, while serving as 1st Vice President, he was recognized by his Club as Rotarian of the Year. In 2016, he received the Sir Durward Knowles Humanitarian Recognition Award, and in 2019, he received RI's Four Avenues of Service Citation. He is a Rotary Foundation Benefactor and a Discussion Leader for the Sunshine Division of RLI.

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

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

FELIX STUBBS, The Bahamas Independent

Year Joined Board	2024 Meeting Attendance	
	Overall Attendance	Interim Meetings
2014	4/4	0/0
Board Committee Memberships		
None	N/A	N/A

Interlocking/Other Current Directorships	Former Directorships
CIBC Caribbean Trust Company (Bahamas) Limited FINS Investment Limited Doctors Hospital Health System Limited BAF Financial New Providence Ecology Park Cable Bahamas Group CIBC Caribbean Land Holdings (TCI) Limited	

BRIAN CLARKE, Barbados Non-Independent

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

Brian oversees all legal, board, corporate governance, securities commission and stock exchange matters in the Caribbean. He chairs the Bank's Reputation & Legal Risk Committee and sits on the boards of CIBC Caribbean Bank (Bahamas) Limited and CIBC Caribbean Trust Company (Bahamas) Limited.

Brian was a founding partner of a leading law firm in Barbados, a director of CIBC Caribbean Bank Limited, a lieutenant in the Coast Guard Reserve of the Barbados Defence Force, a member of the Barbados Income Tax Appeal Board, the Advisory Board of the Barbados Salvation Army and the Pension Committee of the Barbados Defence Force.

Brian graduated from the University of the West Indies in 1984, and the Norman Manley Law School in 1986. He is a King's Counsel.

Year Joined Board	2024 Meeting Attendance	
	Overall Attendance	Interim Meetings
2024	2/4*	0/0
Board Committee Memberships		
None	N/A	N/A

Interlocking/Other Current Directorships	Former Directorships
CIBC Caribbean Trust Company (Bahamas) Limited	

*Brian was appointed to the Board on April 3, 2024

Senior Management and Advisors

Bahamas Country Management Committee

Front Row left to right, are:
Nakessa Beneby
Head of Human Resources,
Bahamas and Turks & Caicos Islands

Kemar Polius
Director,
Corporate Banking

Dr. Jacqueline Bend
Managing Director,
Bahamas OpCo

Samuel Gardiner
Manager,
Branch Support Services

Gezel Farrington
Director,
Personal and Business Banking

Back Row left to right, are:
Stacia Williamson
Financial Controller

Beulah Arthur
Sr. Manager, Regional Treasury

Sherrylyn Bastian
Legal Counsel and Corporate
Secretary

Jeremy Gibbs
Associate Director,
Lending and Insurance Services

Tonia Cartwright
Head,
International Corporate Banking

Glenda Whylly
Senior Manager,
Managing Director's Office

Not Pictured:
Devin Woodside
Sr. Manager,
Client Credit Management

Turks & Caicos Country Management Committee

Standing left to right, are:
Conrad Clarke, Curley Been, Guimose Simmons, Tamyra Missick, Terrance Gibson, Darian Watts, Praneta Chand, Janae Rolle, Alonzo Higgs and Kathleen Williams-Simmons

Conrad Clarke - Manager, Local Operations Centre

Curley Been - Business Banking Manager

Guimose Simmons - Manager, International Corporate Banking

Tamyra Missick - Corporate Manager

Terrance Gibson - Country Manager, Turks & Caicos Islands

Darian Watts - Head, Retail and Business Banking

Praneta Chand - Relationship Manager, Platinum Banking

Janae Rolle - Private Banker

Alonzo Higgs - Corporate Manager

Kathleen Williams-Simmons - Relationship Manager, Platinum Banking

Registered Office
CIBC Caribbean Bank
Financial Centre
2nd Floor, Shirley Street
Nassau, The Bahamas

Regional Audit Committee
- Paula Rajkumarsingh - Chair
- Wayne Lee
- Chris de Caires
- Lincoln Eatmon
- Craig Gomez
- Brian McDonough
- Alasdair Robertson

Auditors
Ernst & Young Ltd.
Caves Corporate Centre
West Bay Street & Blake Road
P.O. Box N-3231
Nassau, Bahamas

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

Registrar and Transfer Agents
CIBC Caribbean Trust Company
(Bahamas) Limited

Management's discussion and analysis (MD&A) is provided to enable readers to assess CIBC Caribbean's financial condition and results of operations as at and for the year ended October 31, 2024, compared with prior years. The MD&A should be read in conjunction with the audited consolidated financial statements included in this Annual Report. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and are expressed in thousands of Bahamian dollars. Certain comparative amounts have been reclassified to conform to the presentation adopted in the current year..

Overview

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

The business segments are supported by the Administration segment which includes Finance, Human Resources, Risk, Technology, Innovation & Infrastructure, Treasury, and other support units. Highlights and commentary on business segments can be found in 2024 Highlights Section of this annual report.

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

Nature of the business

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

Objectives and strategies

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

Resources, risks and relationships

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

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

Review of results, performance measures and indicators

Review of the Consolidated Statement of Income

B$ thousands, except per share amounts, as at or for the year ended October 31	**2024**	2023
Total revenue	**276,049**	260,532
Net income	**136,333**	122,329
Total assets	**4,787,883**	4,359,700
Basic earnings per share (cents)	**113.4**	101.8
Dividend per share (cents)	**36.0**	36.0
Closing share price - per share (dollars)	**14.43**	14.50
Return on equity	**18.2%**	18.7%
Efficiency ratio	**54.5%**	51.0%
Tier 1 capital ratio	**28.8%**	29.0%
Total capital ratio	**28.8%**	29.0%

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

- $11 million increase in net interest income due primarily to increases in interest-bearing assets and higher US interest rate margins
- $5 million increase in operating income due primarily to increased transaction-based fees
- $16 million decrease in credit loss expense as the current year reflected improved collection activity, favourable economic forecasts and model updates
- $18 million increase in operating expenses due to spend on strategic investments, business taxes, activity-based costs and other costs associated with protecting the Bank.

Net interest income and margin

B$ thousands for the year ended October 31	**2024**	2023
Average total assets	**4,573,792**	4,386,950
Net interest income	**210,249**	199,465
Net interest margin	**4.6%**	4.5%

Net interest margin on average assets was up 0.1% primarily as a result of increases in interest-bearing assets (securities and loans) and higher US interest margins.

Operating income

B$ thousands for the year ended October 31	**2024**	2023
Net fee & commission income	**48,031**	43,016
Foreign exchange earnings	**16,961**	17,250
Other	**808**	801
	65,800	61,067

Operating income increased year-on-year by $5 million (8%) primarily due to higher transaction-based fees (deposit services and card services) and credit fees.

Operating expenses

B$ thousands for the year ended October 31	**2024**	2023
Staff costs		
Wages and salaries	**17,920**	18,463
Benefits and other	**4,288**	3,773
	22,208	22,236
Business license	**18,565**	13,004
Occupancy and maintenance	**5,281**	6,430
Depreciation	**8,565**	7,793
Communications	**2,880**	2,255
Professional fees and group service costs	**77,151**	62,574
Other	**15,820**	18,517
	150,470	132,809

Operating expenses increased year-on-year by $18 million (13%). The significant movements were due to higher spend on strategic investments, business taxes, activity-based costs, ongoing technology infrastructure cost, communications, depreciation, general insurances and non-credit losses.

Credit loss expense/(release) on financial assets

B$ thousands for the year ended October 31	**2024**	2023
(Release)/expense on impaired loans – Stage 3		
Residential Mortgages	**(813)**	6,770
Personal	**2,307**	1,733
Business & Sovereign	**(7,539)**	2,689
	(6,045)	11,192
Release on non-impaired loans		
Stage 1	**(810)**	(2,472)
Stage 2	**(1,984)**	(2,465)
	(2,794)	(4,937)
Total loans credit loss (release)/expense	**(8,839)**	6,255
Release on debt securities		
Stage 1	**108**	(403)
Stage 2	**(1,883)**	(82)
Stage 3	**(140)**	(376)
Total debt securities credit loss release	**(1,915)**	(861)
Total credit loss (release)/expense on financial assets	**(10,754)**	5,394

Loan credit loss expense on impaired loans decreased by $17 million primarily due a significant non-recurring account recovery and lower levels of stage migration. Credit loss release on non-impaired loans decreased by $2 million largely based on updated model assumptions more favourably impacting the prior year.

The ratio of credit loan allowances to gross loans was 4.8% compared with 5.4% at the end of 2023. Nonperforming loans to gross loans decreased to 5.0% compared to 5.3% as at 2023.

Debt securities credit loss release increased by $1 million due to the passage of time to maturity of underlying securities and updated model assumptions.

Review of the Consolidated Statement of Comprehensive Income

B$ thousands for the year ended October 31	**2024**	2023
Net income for the year	**136,333**	122,329
Other comprehensive income		
Net gains on debt securities at fair value through OCI	**1,182**	933
Re-measurement gains on retirement benefits plan	**17,952**	3,492
Other comprehensive income	**19,134**	4,425
Total comprehensive income	**155,467**	126,754

Other comprehensive income increased year-on-year as a result of significant re-measurement gains on retirement benefit plans primarily due to higher returns on plan assets due to improved investment performance, as well as net gains realised from the measurement of debt securities at fair value.

Review of the Consolidated Statement of Financial Position

B$ thousands for the year ended October 31	**2024**	2023
Assets		
Cash & balances with The Central Bank and due from banks	**1,097,939**	1,184,815
Securities	**1,391,694**	1,045,862
Loans and advances to customers:		
Residential mortgages	**973,895**	961,989
Personal	**253,523**	226,811
Business & Government	**1,027,515**	952,347
Provision for impairment (net of recoveries and write-offs)	**(108,641)**	(114,651)
Interest receivable	**11,954**	11,779
Unearned fee income	**(14,293)**	(11,888)
	2,143,953	2,026,387
Other assets	**154,297**	102,636
	4,787,883	4,359,700
Liabilities and equity		
Customer deposits		
Individuals	**1,191,565**	1,207,642
Business & Sovereign	**2,537,116**	2,268,863
Banks	**188,193**	138,001
Interest payable	**6,629**	4,467
	3,923,503	3,618,973
Other liabilities	**57,879**	46,417
Equity	**806,501**	694,310
	4,787,883	4,359,700

Total assets increased by $428 million (10%) primarily due to increases in securities and loans balances resulting from increased loan origination activity, and the management of deposit inflows into the Bank. The $87 million decrease in cash and balances with banks was also related to the management of deposit inflows.

Customer deposits increased by $305 million (8%) as an increased level of liquidity was generally noted in the Business demand and fixed deposit product categories.

Equity increased year-on-year by $112 million (16%) due mainly to total comprehensive income for the year of $155 million, offset by dividends of $43 million.

Our capital strength protects our depositors and creditors from risks inherent in our business, allows us to absorb unexpected losses and enables us to take advantage of attractive business opportunities. The Bank continues to maintain strong capital ratios of Tier I and Tier I & II of 28.8% each at the end of 2024, in excess of regulatory requirements.

Business Segment Overview

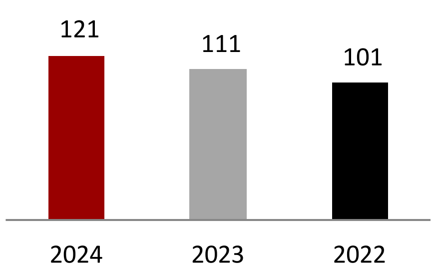
Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Transactions between the business segments are on normal commercial terms and conditions.

Personal & Business Banking

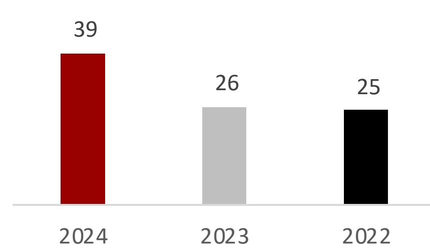
Personal & Business Banking includes Retail Channels, Business Banking and the Cards Issuing business. The segment provides a full range of financial products and services to individuals which can be accessed through our network of branches and ABMs, as well as through internet and telephone banking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

Total revenues increased year-on-year by $10 million or 9% primarily due to higher Fund Transfer Pricing (FTP) income on deposits, and higher performing loans and cards services income. Net income increased year-on-year by $13 million driven by the higher revenues and lower credit loss expense, offset by higher internal expense allocations.

Total Revenues ($Millions)



Net Income ($Millions)

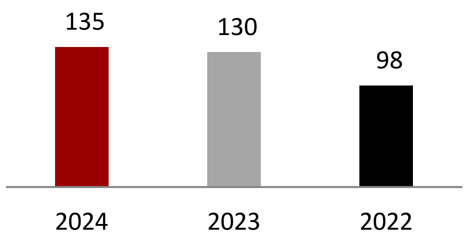


Corporate & Investment Banking

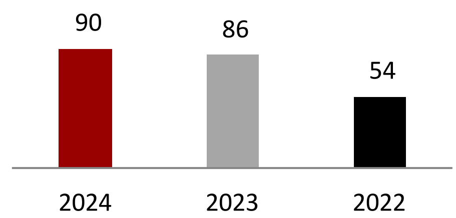
Corporate & Investment Banking includes Corporate & International Banking, Investment Banking, Forex & Derivative Sales and the Merchant Services business. The segment provides a full range of corporate and commercial banking services to large and mid-size corporate businesses, governments, financial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

Total revenues increased year-on-year by $5 million or 4% primarily due to higher Fund Transfer Pricing (FTP) income on deposits and performing loans income, offset by higher interest expense. The $4 million increase in net income year-on-year was driven by the higher revenues and lower credit loss expenses due to a significant non-recurring account recovery, offset by higher internal expense allocations.

Total Revenues ($Millions)



Net Income ($Millions)

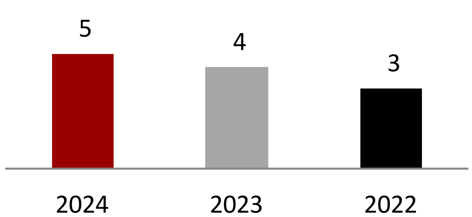


Wealth Management

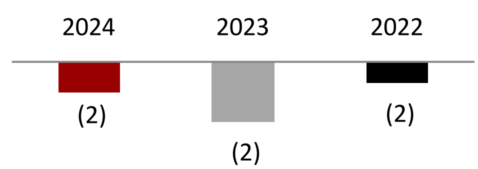
Wealth management comprises Private Wealth Management and Investment Management. Dedicated Wealth Management relationship managers provide traditional core banking, complex credit, investment advice, discretionary portfolio management and wealth planning to the high and ultra-high net worth clients.

Total revenues increased year-on-year by $1 million as a result of higher FTP earnings on deposits due to the higher interest rate environment. Net loss remained flat year-over-year as the higher revenues was offset by higher operating expense cost and internal expense allocations.

Total Revenues ($Millions)



Net Income ($Millions)



Administration

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

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

Risk Management Approach

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

The Bank's approach to risk management is based on sound banking principles and a robust governance structure. Risk is managed within tolerance levels established by our management committees and approved by the Board of Directors and its committees (the Board). This is achieved through a comprehensive framework of measurement, monitoring and control policies, procedures and processes. Further information on credit, market and liquidity risks within the Bank can be found in note 26 of the consolidated financial statements.

Primary responsibility for the identification and assessment of risk lies with line management in our various strategic business units. this includes environmental risk transmitted through financial risk categories, including but not limited to credit risk, reputational risk, market risk and liquidity risk. The Group's Risk Management department, which reports to the Chief Risk Officer, develops risk policies and procedures, and provides independent oversight, analysis and adjudication through centrally based teams that manage credit risk, market risk, and operational risk.

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

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

Credit Risk

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

Credit risk is managed and controlled on the basis of established credit processes and policies operating within a framework of delegated authorities. In addition to approving the Bank's key credit policies and setting credit risk appetite and tolerances, the Risk Committee of the Board also delegates credit approval limits to the Credit Committee of the Group. The Credit Committee is chaired by the Chief Risk Officer or Chief Credit Officer (delegate). There is appropriate segregation of duties between customer-facing functions responsible for originating and managing exposures, the Credit Risk Management function responsible for credit adjudication and oversight, credit reporting and credit provisioning administered by Risk Reporting and Risk Analytics (Risk Management units), the Operations function responsible for disbursing loans and safekeeping security and the Technology function responsible for the supporting data, data architecture and model monitoring (subject to Credit Risk Management review). The Bank applies the three lines of defense model to risk governance, and this includes the Bank's exposure to credit portfolio related environmental risk, inclusive of climate-related risk and involves safeguarding against assets being stranded by environmental degradation or the physical effects of climate change (physical risk) and policy changes (transition risk).

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

Market Risk

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

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

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

Compliance Risk

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

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

Operational Risk

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

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

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

Liquidity Risk

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

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

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

Environmental risk

The physical effects of climate change along with regulations designed to mitigate its negative impacts will have a measurable impact on communities and the regional economy. The physical risks of climate change resulting from severe weather events and systemic issues such as rising sea levels can impact profitability through disruptions in our own operations and damage to critical infrastructure. Transition risks, which arise as society adjusts towards a low-carbon future, can impact the financial health of our clients as changes in policy and technology aimed at limiting global warming can increase their operating costs and reduce profitability, while translating into potentially higher credit losses for the bank. We are also exposed to reputational risks due to changing stakeholder expectations related to action or inaction in addressing climate-related risks.

Details of the notes to the consolidated financial statements

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Independent Auditor's Report

The Shareholders and Directors
CIBC Caribbean Bank (Bahamas) Limited (formerly, FirstCaribbean International Bank (Bahamas) Limited)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of CIBC Caribbean Bank (Bahamas) Limited (the "Bank"), which comprise the consolidated statement of financial position as at October 31, 2024, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Bank as at October 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key Audit Matters

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

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

The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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Key Audit Matter	How our Audit Addressed the Key Audit Matter
Expected Credit Loss Allowances	
Related disclosures in the consolidated financial statements are included in Note 2.4, Summary of material accounting policies–Impairment of financial assets, Note 6, Securities, Note 7, Loans and advances to customers and Note 26, Financial risk management. IFRS 9: Financial Instruments uses an expected credit loss ("ECL") model which requires significant management judgment and incorporation of forward-looking information. IFRS 9 requires the Bank to record an allowance for ECLs for all loans and advances to customers and other financial assets not held at fair value through profit and loss, together with loan commitments and financial guarantee contracts. The Bank estimated a total ECL allowance of $121M as at October 31, 2024. This is a key audit matter as the estimation of ECLs is inherently uncertain and requires the application of judgment and use of subjective assumptions by management. Furthermore, models used to determine credit impairment are complex, and certain inputs used are not fully observable. Management compensates for any model and data deficiencies by applying management's judgmental adjustments overlays to ECL model outputs.	• We obtained an understanding, evaluated the design and tested the operating effectiveness of management's controls over the process for estimation of ECLs. • We evaluated the modelling techniques and methodologies developed by the Bank in order to estimate ECLs and assessed their compliance with the requirements of IFRS 9. • We tested the completeness and accuracy of data input to the models from the underlying systems to the models used to determine the ECL. We assessed the reasonableness of the methodologies and assumptions applied in determining 12 month and lifetime probabilities of default (PD), loss given default (LGD), exposure at default (EAD) and the determination of when a loan has experienced a significant increase in credit risk (SICR). • We involved our internal credit risk specialists to assist us in evaluating the methodology and assumptions used in the significant models that estimate ECL in comparison to the requirements of IFRS, the Bank's own historical data and industry standards. This included an assessment of the thresholds used to determine a SICR and the evaluation of management's judgmental adjustments by evaluating that the amounts recorded were reflective of the credit quality and macroeconomic trends, amongst other factors. • We also assessed the reasonableness of the generation of forward-looking information (FLI) by comparing a sample of management's FLI variables to independently derived forecasts and publicly available information and evaluated the probability weights used in the ECL models. On a sample basis, we recalculated the ECL to test the mathematical accuracy of management's models. • We involved our internal specialists to assess the methodology used and values obtained for third-party appraisals of real estate held as collateral for loans. • We assessed the reasonableness of qualitative adjustments or overlays derived outside the specific model output. • We assessed the adequacy of disclosures in the consolidated financial statements.

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Key Audit Matter	How our Audit Addressed the Key Audit Matter
Fair value of investment securities	
Related disclosures in the consolidated financial statements are included in Note 2.4, Summary of material accounting policies, Debt instruments at FVOCI, Equity instruments at FVOCI, Note 6, Securities and Note 26, Financial risk management. This is a key audit matter due to the complexity of valuation models used to determine fair value. These valuation models can be subjective in nature and involve observable and unobservable data and various assumptions. These include the valuation of financial instruments with higher estimation uncertainty for which observable market prices or market parameters are not available. The use of different valuation techniques and assumptions could result in significantly different estimates of fair value. The associated risk management disclosure is also complex and dependent upon high quality data.	• We obtained an understanding, evaluated the design and tested the operating effectiveness of management's controls over the investment securities valuation process. • We reviewed the market prices applied to the Bank's debt securities by comparing the prices used by management to an independent external source. • We involved internal valuation specialists to assess the reasonableness of the fair value of investment securities which did not have observable market prices by testing a sample of modelling assumptions and significant inputs used in the Bank's valuation methodologies to estimate the fair value. • We assessed the adequacy of the disclosures in the consolidated financial statements.

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Other Information Included in the Bank's 2024 Annual Report

Other information consists of the information included in the Bank's 2024 Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Bank's 2024 Annual Report is expected to be made available to us after the date of the auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

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

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

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

This report is made solely to the Board of Directors, as a body. Our audit work has been undertaken so that we might state to the Board of Directors those matters we are required to state to them in an auditor's report and no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank and the Board of Directors as a body, for our audit work, for this report, or for the opinions we have formed.

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

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

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

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

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

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

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

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

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

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

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

Ernst & Young Ltd.

February 13, 2025

Consolidated Statement of Financial Position

As at October 31, 2024
(Expressed in thousands of Bahamian dollars)

	Notes	2024	2023
ASSETS			
Cash and balances with The Central Bank	3	**$ 563,599**	$ 582,692
Due from banks	4	**534,340**	602,123
Other assets	5	**49,707**	16,725
Securities	6	**1,391,694**	1,045,862
Loans and advances to customers	7	**2,143,953**	2,026,387
Property and equipment	8	**42,992**	41,794
Retirement benefit assets	9	**61,598**	44,117
Total assets		**$ 4,787,883**	$ 4,359,700
LIABILITIES			
Customer deposits	10	**$ 3,923,503**	$ 3,618,973
Derivative financial instruments	11	**25**	-
Other liabilities	12	**49,828**	37,949
Retirement benefit obligations	9	**8,026**	8,468
Total liabilities		**$ 3,981,382**	$ 3,665,390
EQUITY			
Issued capital	13	**$ 477,230**	$ 477,230
Reserves	13	**101,439**	64,845
Retained earnings		**227,832**	152,235
Total equity		**806,501**	694,310
Total liabilities and equity		**$ 4,787,883**	$ 4,359,700

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

Approved by the Board of Directors on January 31, 2025, and signed on its behalf by::

Director

Director

Consolidated Statement of Income

For the year ended October 31, 2024
(Expressed in thousands of Bahamian dollars, except as noted)

	Notes	**2024**	2023
Interest and similar income		**$ 229,629**	$ 213,642
Interest and similar expense		**19,380**	14,177
Net interest income	14	**210,249**	199,465
Operating income	15	**65,800**	61,067
		276,049	260,532
Operating expenses	16	**150,470**	132,809
Credit loss (release)/expense on financial assets	6,7	**(10,754)**	5,394
		139,716	138,203
Net income for the year		**$ 136,333**	$ 122,329
Basic and diluted earnings per share			
(expressed in cents per share)	17	**113.4**	101.8

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

Consolidated Statement of Comprehensive Income

For the year ended October 31, 2024
(Expressed in thousands of Bahamian dollars)

	Notes	2024	2023
Net income for the year		**$ 136,333**	$ 122,329
Other comprehensive income to be reclassified to net income or loss in subsequent periods:			
Net gains on debt securities at fair value through OCI	**19**	**1,182**	933
Net other comprehensive income to be reclassified to net income or loss in subsequent periods		**1,182**	933
Other comprehensive income/(loss) not to be reclassified to net income or loss in subsequent periods:			
Re-measurement gains on retirement benefit plans	**9**	**17,952**	3,492
Net other comprehensive income not to be reclassified to net income or loss in subsequent periods		**17,952**	3,492
Other comprehensive income for the year		**19,134**	4,425
Comprehensive income for the year		**$ 155,467**	$ 126,754

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

Consolidated Statement of Changes in Equity

For the year ended October 31, 2024
(Expressed in thousands of Bahamian dollars)

	Notes	Issued capital	Reserves	Retained earnings	Total equity
Balance at October 31, 2022		**$ 477,230**	**$ 50,477**	**$ 83,125**	**$ 610,832**
Net income for the year		-	-	122,329	122,329
Other comprehensive income for the year		-	4,425	-	4,425
Total comprehensive income		-	4,425	122,329	126,754
Dividends	18	-	-	(43,276)	(43,276)
Transfer to statutory reserve fund – Turks & Caicos Islands	13	-	4,812	(4,812)	-
Transfer to statutory loan loss reserve – The Bahamas	13	-	5,131	(5,131)	-
Balance at October 31, 2023		**$ 477,230**	**$ 64,845**	**$ 152,235**	**$ 694,310**
Net income for the year		-	-	136,333	136,333
Other comprehensive income for the year		-	19,134	-	19,134
Total comprehensive income		-	19,134	136,333	155,467
Dividends	18	-	-	(43,276)	(43,276)
Transfer to statutory reserve fund – Turks & Caicos Islands	13	-	16,392	(16,392)	-
Transfer to statutory loan loss reserve – The Bahamas	13	-	1,068	(1,068)	-
Balance at October 31, 2024		**$ 477,230**	**$ 101,439**	**$ 227,832**	**$ 806,501**

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

Consolidated Statement of Cash Flows

For the year ended October 31, 2024
(Expressed in thousands of Bahamian dollars)

	Notes	**2024**	2023
Cash flows from operating activities			
Net income for the year		**$ 136,333**	$ 122,329
Adjustments to reconcile net income to net cash from operating activities			
Credit loss (release)/expense on financial assets	6,7	**(10,754)**	5,394
Depreciation of property and equipment	8	**8,565**	7,793
Interest income earned on securities	14	**(55,005)**	(45,151)
Net gain on disposal of investment securities	15	**(38)**	-
Net losses on write-off/disposal of property & equipment	8,16	**153**	-
Net mark to market loss on derivative financial instruments	11	**25**	-
Interest expense incurred on lease liabilities	12,14	**112**	171
Net cash flows from operating income before changes in operating assets and liabilities		**79,391**	90,536
Changes in operating assets and liabilities:			
- net (increase)/decrease in due from banks greater than 90 days	4	**(43,000)**	15,000
- net increase in mandatory reserves with The Central Bank	3	**(889)**	(1,563)
- net (increase)/decrease in loans and advances to customers		**(108,729)**	2,922
- net increase in other assets		**(32,981)**	(1,278)
- net increase/(decrease) in customer deposits		**304,530**	(129,196)
- net increase in other liabilities		**14,006**	4,846
Net cash from/(used in) operating activities		**212,328**	(18,733)
Cash flows from investing activities			
Purchases of property and equipment	8	**(9,586)**	(7,075)
Purchases of investment securities	6	**(8,805,621)**	(6,912,464)
Proceeds from disposals and redemption of securities	6	**8,466,107**	7,185,931
Interest income received on investment securities		**51,849**	45,442
Net cash (used in)/from investing activities		**(297,251)**	311,834
Cash flows from financing activities			
Dividends paid		**(43,276)**	(54,095)
Payment of principal portion of lease liabilities	12	**(2,566)**	(2,768)
Net cash used in financing activities		**(45,842)**	(56,863)
Net (decrease)/increase in cash and cash equivalents		**(130,765)**	236,238
Cash and cash equivalents, beginning of year		**1,090,056**	853,818
Cash and cash equivalents, end of year	3	**$ 959,291**	$ 1,090,056

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

For the year ended October 31, 2024
(Expressed in thousands of Bahamian dollars)

Note 1 Corporate Information

FirstCaribbean International Bank (Bahamas) Limited (the "Bank") was formerly named CIBC Bahamas Limited ("CIBC Bahamas") and was controlled by Canadian Imperial Bank of Commerce (CIBC), a company incorporated in Canada. The Bank changed its name to FirstCaribbean International Bank (Bahamas) Limited on October 11, 2002, following the combination of the retail, corporate and offshore banking operations of Barclays Bank PLC in The Bahamas and the Turks & Caicos Islands ("Barclays Bahamas") and CIBC Bahamas. The Bank is incorporated in The Commonwealth of The Bahamas and is licensed to carry on banking and other related activities. On August 14, 2024, the Bank officially changed its name from FirstCaribbean International Bank (Bahamas) Limited to CIBC Caribbean Bank (Bahamas) Limited.

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

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

These consolidated financial statements have been authorised for issue by the Board of Directors on January 31, 2025. The Board of Directors has the power to amend these consolidated financial statements after issue, if required.

Note 2 Basis of Preparation and Summary of Material Accounting Policies

2.1 Basis of preparation

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

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

Statement of compliance

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

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at October 31, 2024 (the "reporting date"). The financial statements of the subsidiaries are prepared for the same reporting year as the Bank, using consistent accounting policies, except for FirstCaribbean International Land Holdings (TCI) Limited, which is not audited.

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 27.

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.

For the year ended October 31, 2024
(Expressed in thousands of Bahamian dollars)

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

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

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

2.2 Material accounting judgements and estimates

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

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

Other disclosures relating to the Bank's exposure to risks and uncertainties include:
- Capital management – Note 13
- Financial risk management and policies – Note 26
- Sensitivity analysis disclosures – Notes 9 & 26

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

Fair value of financial instruments

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

Impairment losses on financial assets

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

The Bank's expected credit loss ("ECL") calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgments and estimates include:
- The Bank's internal credit grading model, which assigns a Probability of Default ("PD") to the individual grades
- The Bank's criteria for assessing if there has been a significant increase in credit risk, and therefore allowances for financial assets should be measured on a Lifetime ECL ("LTECL") basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and economic inputs, such as unemployment levels and collateral values, and the effect on PDs, Exposure at Default ("EAD") and Loss Given Default ("LGD")
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

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

Retirement benefit obligations

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

In determining the appropriate discount rate, management considers the interest rates of government bonds, in the absence of corporate bonds, in currencies consistent with the currencies of the post-employment benefit obligation of the Turks and Caicos and The Bahamas with at least an 'AA' rating or above and a 'B+' rating or above respectively, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases and pension increases are based on expected future inflation rates. Further details about pension obligations are given in Note 9.

Taxes

Income taxes

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

Value Added Tax (VAT)

The Bank is required to pay value added tax (VAT) at a rate of 10% on goods and services as prescribed by the Value Added Tax Act of the Commonwealth of The Bahamas. VAT is an indirect tax which is considered a broadly based consumption tax charged on the value added to goods and services. It applies to almost all goods and services that are imported, bought and sold for use or consumption. Conversely, exported goods and services supplied to customers abroad are exempted or zero-rated. The Company is a VAT registrant.

Domestic Minimum Top-up Tax

In November 2024, the Bahamas enacted a Qualified Domestic Minimum Top-up Tax ("QDMTT") in accordance with the OECD's Pillar Two initiative. This QDMTT is applicable to income years beginning on or after January 1, 2024, and will result in an effective tax rate of 15% of net income (based on the OECD's GLoBE rules). Under this regime the income of constituent entities of in-scope MNEs (Multinational Enterprises) may not be subject to the QDMTT until an Income Inclusion Rule applies in the jurisdiction of the Ultimate Parent Entity, which for the Bank is Canada. Accordingly, the QDMTT does not apply to the Bank until FY2025.

Going Concern

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

2.3 Adoption of new accounting policies

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

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

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

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

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2.4 Summary of material accounting policies

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

Foreign currency translation

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

Transactions and balances

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

Interest income and expense

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

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

The Bank calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit impaired (as set out in Note 26) and is, therefore, regarded as 'Stage 3', the Bank calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial asset cures (as outlined in Note 26) and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

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

Fee and commission income

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

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

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

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

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

Investment management fees (reported as part of underwriting fees in Note 15) are primarily based on the respective value of the assets under management (AUM) or assets under administration (AUA) and are recognised over the period that the related services are provided. Investment management fees are generally calculated based on point-in-time AUM and AUA balances. Custodial fees are recognised as revenue over the applicable service period, which is generally the contract term.

Customer loyalty programmes

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

Financial instruments: initial recognition

Date of recognition

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

Initial measurement of financial instruments

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

Day 1 profit or loss

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

Measurement categories of financial assets and liabilities

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

- Amortised cost
- FVOCI
- FVPL

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

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

Financial assets and liabilities

Due from banks, Loans and advances to customers, Debt securities at amortised cost

The Bank only measures Due from banks, Loans and advances to customers and other Debt securities at amortised cost if both of the following conditions are met:

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

The details of these conditions are outlined below:

Business model assessment

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

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

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

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

The SPPI (solely payments of principal and interest) test

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

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

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

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

Debt instruments at FVOCI

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

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

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in other comprehensive income (OCI). Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. The ECL calculation for debt instruments at FVOCI is shown in Note 6. Where the Bank holds more than one investment in the same security, they are deemed to be disposed of on a first–in first–out basis. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

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

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

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

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

Financial assets and financial liabilities at FVPL are recorded in the consolidated statement of financial position at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVPL due to changes in the Bank's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVPL is accrued in interest income or interest expense, respectively, using the EIR, taking into account any discount/premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVPL is recorded using contractual interest rate. Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other operating income when the right to the payment has been established. There were no financial assets and financial liabilities measured at FVPL as of October 31, 2024 and 2023.

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

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

The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the consolidated statement of financial position. The nominal values of these instruments together with the corresponding ECLs are disclosed in Note 7.

Reclassification of financial assets and liabilities
The Bank does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Bank acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Bank did not reclassify any of its financial assets or liabilities in 2024 and 2023.

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Derecognition of financial assets and liabilities

Derecognition due to substantial modification of terms and conditions

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

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

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

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

Derecognition other than for substantial modification Financial assets

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

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

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

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

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

A transfer only qualifies for derecognition if either:

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

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

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

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

Financial liabilities

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

Impairment of financial assets

Overview of the ECL principles

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

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined in Note 7. The Bank's policies for determining if there has been a significant increase in credit risk are set out in Note 26.

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

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

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

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. This is further explained in Note 26. Based on the above process, the Bank groups its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- **Stage 1:** When loans are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- **Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 3.
- **Stage 3:** Loans considered credit-impaired (as outlined in Note 7). The Bank records an allowance for the LTECLs.
- **POCI:** Purchased or originated credit impaired assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses. ECL allowances for POCI assets are reported in Stage 3.

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

The calculation of ECLs

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

- **PD** - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PDs is further explained in Note 26.
- **EAD** - The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in

the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- **LGD** - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

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

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

- **Stage 1:** The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.
- **Stage 2:** When a financial asset has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- **Stage 3:** For financial assets considered credit-impaired, the Bank recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.
- **POCI assets:** These are financial assets that are credit impaired on initial recognition. The Bank only recognises the cumulative changes in lifetime ECLs since initial recognition, based on probability-weighting scenarios, discounted by the credit adjusted EIR.
- **Loan commitments and letters of credit:** When estimating 12mECL for undrawn loan commitments, the Bank applies the PD and LGD to the undrawn amount, and this amount is discounted at an approximation to the expected EIR on the loan. For credit cards and revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognised within Provisions.
- **Financial guarantee contracts:** The Bank estimates ECLs by applying the PD and LGD to the exposure, and this amount is discounted at an approximation to the interest rate relevant to the exposure. The ECLs related to financial guarantee contracts are recognised within credit loss on financial assets.

In circumstances where The Central Bank of the Bahamas' ("The Central Bank") guidelines and regulatory rules require provisions in excess of those calculated under IFRS, the difference is disclosed as an appropriation of retained earnings and is included in a non-distributable general banking reserve.

Debt instruments measured at fair value through OCI

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

Purchased or originated credit impaired financial assets (POCI)

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

Credit cards and other revolving facilities

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

The ongoing assessment of whether a significant increase in credit risk has occurred for revolving facilities is similar to other lending products. This is based on shifts in the customer's internal credit grade or history of delinquency, as explained in Note 26, but greater emphasis is also given to qualitative factors such as changes in usage. The calculation of ECLs, including the estimation of the expected period of exposure and discount rate is made, as explained in Note 26, on a collective basis for corporate and retail products. The collective assessments are made separately for portfolios of facilities with similar credit risk characteristics.

Forward looking information

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

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

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

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

Collateral valuation

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Bank's consolidated statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a quarterly basis. Details of the impact of the Bank's various credit enhancements are disclosed in Note 7.

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

Collateral repossessed

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

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

Write-offs

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

Credit exposures extended within the Turks and Caicos branch for the acquisition of residential or commercial properties; and which are adequately secured by collateral, the portion of credit exposure which has been deemed uncollectible shall be written off within 12 months of being classified as "loss". All other exposures that are not adequately secured by collateral shall be written off within 6 months of being classified as "loss".

Forborne and modified loans

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

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

When the loan has been renegotiated or modified but not derecognised, the Bank also reassesses whether there has been a significant increase in credit risk, as set out in Note 26. The Bank also considers whether the assets should be classified as Stage 3. Once an asset has been classified as forborne, it will remain forborne for a minimum probation period according to the regulatory rules in The Bahamas and the TCI.

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

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

Details of forborne assets are disclosed in Note 26. If modifications are substantial, the loan is derecognised.

For the regulatory provisioning requirements, refer to Note 13.

Offsetting financial instruments

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

Property and equipment

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

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

The annual rates used are:

-	Buildings	2½%
-	Leasehold improvements	10% or over the life of the lease
-	Equipment, furniture and vehicles	20 - 67%

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

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

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

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

Leases

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

As a lessee

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

Right-of-use assets

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

The right-of-use assets are presented within Note 8 Property and equipment and are subject to similar impairment in line with the Bank's impairment policy for non-financial assets.

Lease liabilities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Past service costs are recognised in profit or loss on the earlier of:
- The date of the plan amendment or curtailment; and
- The date that the Bank recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Bank recognises the following changes in the net defined benefit obligation as part of staff costs in the consolidated statement of income:
- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

For the defined contribution section of the plan, the Bank makes contributions to a private trustee-administered fund. Once the contributions have been paid, the Bank has no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due and as such are included in staff costs. The Bank's contributions to the defined contribution section of the plan are charged to the consolidated statement of income in the year to which they relate.

Other post-retirement obligations

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

Share capital

Share issue costs

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

Dividends on common shares

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

Earnings per share

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

Share-based payments

Compensation is provided to certain employees and directors in the form of share-based awards. Awards granted are converted into Performance Share Units based on the ultimate parent's CIBC share price at the award date. The Performance Share units also attract notional dividends which are reinvested in additional share units. The compensation expense for share-based awards is recognised from the service commencement date to the earlier of the contractual vesting date or the employee's retirement eligible date. For grants regularly awarded in the annual incentive compensation cycle (annual incentive grant), the service commencement date is the start of the fiscal year that precedes the fiscal year in which the grant is made.

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The service commencement date in respect of special award granted outside of the annual cycle is the grant date. The amount of compensation expense recognised is based on management's best estimate of the number of share-based awards expected to vest, including estimates of expected forfeitures, which are revised periodically as appropriate. For the annual incentive grant, compensation expense is recognised from the service commencement date based on the estimated fair value of the forthcoming grant with the estimated fair value adjusted to the actual fair value at the grant date.

Fiduciary activities

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

Segment reporting

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

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

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

Fair value measurement

The Bank measures financial instruments, such as derivatives and FVOCI debt securities, at fair value at each consolidated statement of financial position date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 26. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

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

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

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

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

Comparatives

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

2.5 Standards issued but not yet effective

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

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

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

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The amendments are not expected to have an impact on the Bank's consolidated financial statements.

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

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The amendments are not expected to have a material impact on the Bank's consolidated financial statements.

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

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The amendments are not expected to have a material impact on the Bank's consolidated financial statements. The Bank is currently assessing the impact of these amendments and plans to adopt the new amendment on the required effective date.

Lack of exchangeability – Amendments to IAS 21

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

Classification and Measurement of Financial Instruments– Amendments to IFRS 9 and IFRS 7

In May 2024, the Board issued amendments to IFRS 9 and IFRS 7 relating to classification and measurement of financial instruments. The amendment clarifies that a financial liability should be derecognized on the settlement date (the date when the liability is cancelled, repaid, expired). It also provides a policy option to derecognize financial liabilities settled through electronic payment systems before the settlement date. The amendments also clarified how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG) linked features and other similar contingent features and indicated how non-recourse assets and contractually

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linked instruments should be treated. Finally, the amendments provides the requirements for additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at FVOCI. The amendments are effective for annual reporting periods beginning on or after January 1, 2026. The Bank is currently assessing the impact of these amendments and plans to adopt the new amendment on the required effective date.

Presentation and Disclosure in Financial Statements– IFRS 18

In April 2024, the Board issued IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1 Presentation in Financial Statements. IFRS 18 aims to provide new categories and subtotals in the statement of profit or loss, provide requirements for disclosure of management-defined performance measure as well as include requirements for the location, aggregation and disaggregation of financial information within an entity's financial statements. The standard is effective for annual reporting periods beginning on or after January 1, 2027. The Bank is currently assessing the impact of this standard and plans to adopt the new standard on the required effective date.

IFRS S1 "General Requirements for Disclosure of Sustainability-related Financial Information"and IFRS S2 "Climate-related Disclosures"

In June 2023 the IFRS Foundation's International Sustainability Standards Board (ISSB) issued its inaugural standards IFRS S1 and IFRS S2 which are designed to enable companies to communicate sustainability-related risks. IFRS S1 addresses the content and presentation requirements for sustainability disclosures more broadly, whereas IFRS S2 focuses specifically on climate-related disclosure. IFRS S1 indicates that disclosures on sustainability-related financial information is required for any company which prepares general purpose financial statements along with comparative information that reflects updated estimates when providing sustainability-related financial disclosures. Transition relief was introduced in IFRS S1 that would allow an entity to report on only climate-related risks and opportunities (as set out in IFRS S2 Climate-related Disclosures) excluding comparative information in the first year it applies IFRS S1 and IFRS S2. The entity would be required to provide information about its other sustainability-related risks and opportunities in the second year it applies the two Standards. The standards are effective for annual reporting periods beginning on or after January 1, 2024. The Bank is currently assessing the impact of these standards and plans to adopt the new standards on the required effective date.

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Note 3 Cash and Balances with The Central Bank

	2024	2023
Cash	**$ 56,122**	$ 50,921
Deposits with The Central Bank - non-interest bearing	**507,477**	531,771
Cash and balances with The Central Bank	**563,599**	582,692
Less: Mandatory reserve deposits with The Central Bank	**(70,548)**	(69,659)
Included in cash and cash equivalents, as per below	**$ 493,051**	$ 513,033

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

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

Cash and cash equivalents

	2024	2023
Cash and balances with The Central Bank, as per above	**$ 493,051**	$ 513,033
Due from banks, included in cash and cash equivalents (Note 4)	**466,240**	577,023
	$ 959,291	$ 1,090,056

Note 4 Due from Banks

	2024	2023
Included in cash and cash equivalents (Note 3)	**$ 466,240**	$ 577,023
Greater than 90 days maturity from date of acquisition	**68,100**	25,100
Due from banks	**$ 534,340**	$ 602,123

Due from banks comprises deposit placements and include amounts placed with other CIBC Caribbean Bank entities of $296,226 (2023: $431,303) and deposit placements with CIBC entities of $63,576 (2023: $28,907) (Note 21). Placements with other CIBC Caribbean Bank entities include amounts with CIBC Caribbean Bank (Jamaica) Limited totalling $25,100 (2023: $25,100),which are pledged in favour of that bank in support of loans granted to certain of its customers.

The average effective yield on deposit placements during the year was 2.88% (2023: 4.93%).

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Note 5 Other Assets

	2024	2023
Clearings and suspense	**$ 5,729**	$ 3,099
Other accounts receivables (Note 22)	**40,530**	11,287
Prepayments and deferred items	**3,448**	2,339
	$ 49,707	$ 16,725

Included in other accounts receivables are balances due from the Bank's retirement benefit pension plan amounting to $9,601 (2023: $7,763), which represents amounts paid to pensioners on the plan's behalf.

Note 6 Securities

2024	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Securities measured at FVOCI:				
Government securities				
- Regional	$ -	$ 349,832	$ -	$ 349,832
- Non Regional	774,625	-	-	774,625
Total Government securities	$ 774,625	$ 349,832	$ -	$ 1,124,457
Corporate debt securities	197,468	-	-	197,468
Total debt securities	$ 972,093	$ 349,832	$ -	$ 1,321,925
Equity securities – unquoted	219	-	-	219
Total securities measured at FVOCI	$ 972,312	$ 349,832	$ -	$ 1,322,144
Debt securities at amortised cost:				
Government securities at amortised cost	$ 51,501	$ -	$ 12,461	$ 63,962
Expected credit loss allowances	(59)		(451)	(510)
Total securities at amortised cost	$ 51,442	$ -	$ 12,010	$ 63,452
Total securities at FVOCI & amortised cost	$ 1,023,754	$ 349,832	$ 12,010	$ 1,385,596
Add: Interest receivable				6,098
Total				$ 1,391,694

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2023	Stage 1	Stage 2	Stage 3	Total
Securities measured at FVOCI:				
Government securities				
- Regional	$ -	$ 248,670	$ -	$ 248,670
- Non Regional	586,202	-	-	586,202
Total Government securities	$ 586,202	$ 248,670	$ -	$ 834,872
Corporate debt securities	141,914	-	-	141,914
Total debt securities	$ 728,116	$ 248,670	$ -	$ 976,786
Equity securities - unquoted	219	-	-	219
Total securities measured at FVOCI	$ 728,335	$ 248,670	$ -	$ 977,005
Debt securities at amortised cost:				
Government securities at amortised cost	$ 51,500	$ -	$ 15,063	$ 66,563
Expected credit loss allowances	(57)	-	(591)	(648)
Total securities at amortised cost	$ 51,443	$ -	$ 14,472	$ 65,915
Total securities at FVOCI & amortised cost	$ 779,778	$ 248,670	$ 14,472	$ 1,042,920
Add: Interest receivable				2,942
Total				$ 1,045,862

Allowance for credit losses on securities

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

2024

	Stage 1 Collective provision 12 month ECL performing	**Stage 2** Collective provision lifetime ECL performing	**Stage 3** Collective and individual provision lifetime ECL credit impaired	**Total**
Debt securities at FVOCI				
Balance, beginning of year	$ 244	$ 13,023	$ -	$ 13,267
Originations net of repayments and other derecognitions	17	(67)	-	(50)
Net remeasurement	89	(1,816)	-	(1,727)
Credit loss expense/(release)	106	(1,883)	-	(1,777)
Balance, end of year	$ 350	$ 11,140	$ -	$ 11,490
Debt securities at amortised cost				
Balance, beginning of year	$ 57	$ -	$ 591	$ 648
Net remeasurement	2	-	(140)	(138)
Credit loss expense/(release)	2	-	(140)	(138)
Balance, end of year	$ 59	$ -	$ 451	$ 510

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2023

	Stage 1 Collective provision 12 month ECL performing	Stage 2 Collective provision lifetime ECL performing	Stage 3 Collective and individual provision lifetime ECL credit impaired	Total
Debt securities at FVOCI				
Balance, beginning of year	$ 602	$ 13,105	$ -	$ 13,707
Originations net of repayments and other derecognitions	244	51	-	295
Net remeasurement	(602)	(133)	-	(735)
Credit loss release	(358)	(82)	-	(440)
Balance, end of year	$ 244	$ 13,023	$ -	$ 13,267
Debt securities at amortised cost				
Balance, beginning of year	$ 102	$ -	$ 967	$ 1,069
Net remeasurement	(45)	-	(376)	(421)
Credit loss release	(45)	-	(376)	(421)
Balance, end of year	$ 57	$ -	$ 591	$ 648

The average effective yield during the year on debt securities was 4.54% (2023: 4.13%). The Bank has a regulatory reserve requirement to maintain a percentage of deposit liabilities in cash or in the form of certain government securities. At October 31, 2024, the reserve requirement amounted to $309,181 (2023: $295,233) of which $238,633 (2023: $225,575) is in the form of government securities and $70,548 (2023: $69,659) is included within cash and balances with The Central Bank (Note 3).

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

	2024	2023
Balance, beginning of year	**$ 1,042,920**	$ 1,312,583
Additions (purchases and changes in fair value)	**8,808,783**	6,916,268
Disposals (sales and redemptions)	**(8,466,107)**	(7,185,931)
Balance, end of year	**$ 1,385,596**	$ 1,042,920

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Note 7 Loans and Advances to Customers

2024	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Residential Mortgages				
Gross loans	$ 786,393	$ 90,427	$ 97,075	$ 973,895
Expected credit loss allowances	(18,537)	(6,479)	(57,641)	(82,657)
Net residential mortgages	767,856	83,948	39,434	891,238
Personal loans				
Gross loans	233,560	10,289	9,674	253,523
Expected credit loss allowances	(4,984)	(775)	(6,137)	(11,896)
Net personal loans	228,576	9,514	3,537	241,627
Business & Government loans				
Gross loans	840,540	181,822	5,153	1,027,515
Expected credit loss allowances	(7,719)	(3,690)	(2,679)	(14,088)
Net business & government loans	832,821	178,132	2,474	1,013,427
Total net loans	$ 1,829,253	$ 271,594	$ 45,445	$ 2,146,292
Add: Interest receivable				11,954
Less: Unearned fee income				(14,293)
Total				$ 2,143,953

2023	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Residential Mortgages				
Gross loans	$ 769,361	$ 94,116	$ 98,512	$ 961,989
Expected credit loss allowances	(17,635)	(7,189)	(60,496)	(85,320)
Net residential mortgages	751,726	86,927	38,016	876,669
Personal loans				
Gross loans	209,425	8,530	8,856	226,811
Expected credit loss allowances	(5,113)	(654)	(5,819)	(11,586)
Net personal loans	204,312	7,876	3,037	215,225
Business & Government loans				
Gross loans	774,558	172,208	5,581	952,347
Expected credit loss allowances	(9,302)	(5,085)	(3,358)	(17,745)
Net business & government loans	765,256	167,123	2,223	934,602
Total net loans	$ 1,721,294	$ 261,926	$ 43,276	$ 2,026,496
Add: Interest receivable				11,779
Less: Unearned fee income				(11,888)
Total				$ 2,026,387

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2024

	Stage 1 Collective provision 12 month ECL performing	Stage 2 Collective provision lifetime ECL performing	Stage 3 Collective and individual provision lifetime ECL credit impaired	Total
Residential Mortgages				
Balance, beginning of year	$ 17,635	$ 7,189	$ 60,496	$ 85,320
Originations net of repayments and other derecognitions	1,829	(248)	(452)	1,129
Changes in model	-	-	-	-
Net remeasurement	(2,596)	(767)	1,613	(1,750)
Transfers	1,669	305	(1,974)	-
- to 12-month ECL	2,823	(2,356)	(467)	-
- to lifetime ECL non-credit-impaired	(1,121)	3,716	(2,595)	-
- to lifetime ECL credit-impaired	(33)	(1,055)	1,088	-
Credit loss expense/(release)	902	(710)	(813)	(621)
Net write-offs	-	-	580	580
Interest income on impaired loans	-	-	(2,622)	(2,622)
Balance, end of year	$ 18,537	$ 6,479	$ 57,641	$ 82,657
Personal loans				
Balance, beginning of year	$ 5,113	$ 654	$ 5,819	$ 11,586
Originations net of repayments and other derecognitions	755	(63)	(339)	353
Changes in model	-	-	-	-
Net remeasurement	(762)	107	2,601	1,946
Transfers	(122)	77	45	-
- to 12-month ECL	116	(116)	-	-
- to lifetime ECL non-credit-impaired	(219)	272	(53)	-
- to lifetime ECL credit-impaired	(19)	(79)	98	-
Credit loss (release)/expense	(129)	121	2,307	2,299
Net write-offs	-	-	(1,733)	(1,733)
Interest income on impaired loans	-	-	(256)	(256)
Balance, end of year	$ 4,984	$ 775	$ 6,137	$ 11,896

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2024

	Stage 1 Collective provision 12 month ECL performing	Stage 2 Collective provision lifetime ECL performing	Stage 3 Collective and individual provision lifetime ECL credit impaired	Total
Business & government loans				
Balance, beginning of year	$ 9,302	$ 5,085	$ 3,358	$ 17,745
Originations net of repayments and other derecognitions	1,044	1,168	(773)	1,439
Changes in model	-	-	-	-
Net remeasurement	(2,595)	(2,585)	(6,776)	(11,956)
Transfers	(32)	22	10	-
- to 12-month ECL	493	(462)	(31)	-
- to lifetime ECL non-credit-impaired	(513)	531	(18)	-
- to lifetime ECL credit-impaired	(12)	(47)	59	-
Credit loss (release)/expense	(1,583)	(1,395)	(7,539)	(10,517)
Net write-offs	-	-	6,982	6,982
Interest income on impaired loans	-	-	(122)	(122)
Balance, end of year	$ 7,719	$ 3,690	$ 2,679	$ 14,088
Total Bank				
Balance, beginning of year	$ 32,050	$ 12,928	$ 69,673	$ 114,651
Originations net of repayments and other derecognitions	3,628	857	(1,564)	2,921
Changes in model	-	-	-	-
Net remeasurement	(5,953)	(3,245)	(2,562)	(11,760)
Transfers	1,515	404	(1,919)	-
- to 12-month ECL	3,432	(2,934)	(498)	-
- to lifetime ECL non-credit-impaired	(1,853)	4,519	(2,666)	-
- to lifetime ECL credit-impaired	(64)	(1,181)	1,245	-
Credit loss (release)/expense	(810)	(1,984)	(6,045)	(8,839)
Net write-offs	-	-	5,829	5,829
Interest income on impaired loans	-	-	(3,000)	(3,000)
Balance, end of year	$ 31,240	$ 10,944	$ 66,457	$ 108,641
Total ECL allowance comprises:				
- Loans	$ 29,950	$ 10,677	$ 66,457	$ 107,084
- Undrawn credit facilities	1,290	267	-	1,557

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2023

	Stage 1 Collective provision 12 month ECL performing	Stage 2 Collective provision lifetime ECL performing	Stage 3 Collective and individual provision lifetime ECL credit impaired	Total
Residential Mortgages				
Balance, beginning of year	$ 13,626	$ 5,657	$ 65,485	$ 84,768
Originations net of repayments and other derecognitions	1,381	12	(563)	830
Changes in model	1	(36)	(165)	(200)
Net remeasurement	1,407	1,901	8,373	11,681
Transfers	1,220	(345)	(875)	-
- to 12-month ECL	2,203	(1,734)	(469)	-
- to lifetime ECL non-credit-impaired	(966)	2,648	(1,682)	-
- to lifetime ECL credit-impaired	(17)	(1,259)	1,276	-
Credit loss (release)/expense	4,009	1,532	6,770	12,311
Net write-offs	-	-	(8,953)	(8,953)
Interest income on impaired loans	-	-	(2,806)	(2,806)
Balance, end of year	$ 17,635	$ 7,189	$ 60,496	$ 85,320
Personal loans				
Balance, beginning of year	$ 5,531	$ 1,237	$ 11,103	$ 17,871
Originations net of repayments and other derecognitions	1,316	2	(765)	553
Changes in model	(136)	(10)	(117)	(263)
Net remeasurement	(1,851)	(260)	2,553	442
Transfers	253	(315)	62	-
- to 12-month ECL	429	(382)	(47)	-
- to lifetime ECL non-credit-impaired	(167)	194	(27)	-
- to lifetime ECL credit-impaired	(9)	(127)	136	-
Credit loss (release)/expense	(418)	(583)	1,733	732
Net write-offs	-	-	(6,729)	(6,729)
Interest income on impaired loans	-	-	(288)	(288)
Balance, end of year	$ 5,113	$ 654	$ 5,819	$ 11,586

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2023

	Stage 1 Collective provision 12 month ECL performing	Stage 2 Collective provision lifetime ECL performing	Stage 3 Collective and individual provision lifetime ECL credit impaired	Total
Business & government loans				
Balance, beginning of year	$ 15,365	$ 8,499	$ 4,143	$ 28,007
Originations net of repayments and other derecognitions	1,309	197	(15)	1,491
Changes in model	(444)	(57)	(22)	(523)
Net remeasurement	(7,217)	(3,233)	2,694	(7,756)
Transfers	289	(321)	32	-
- to 12-month ECL	795	(788)	(7)	-
- to lifetime ECL non-credit-impaired	(503)	504	(1)	-
- to lifetime ECL credit-impaired	(3)	(37)	40	-
Credit loss (release)/expense	(6,063)	(3,414)	2,689	(6,788)
Net write-offs	-	-	(3,205)	(3,205)
Interest income on impaired loans	-	-	(269)	(269)
Balance, end of year	$ 9,302	$ 5,085	$ 3,358	$ 17,745
Total Bank				
Balance, beginning of year	$ 34,522	$ 15,393	$ 80,731	$ 130,646
Originations net of repayments and other derecognitions	4,006	211	(1,343)	2,874
Changes in model	(579)	(103)	(304)	(986)
Net remeasurement	(7,661)	(1,592)	13,620	4,367
Transfers				
- to 12-month ECL	3,427	(2,904)	(523)	-
- to lifetime ECL non-credit-impaired	(1,636)	3,346	(1,710)	-
- to lifetime ECL credit-impaired	(29)	(1,423)	1,452	-
Credit loss (release)/expense	(2,472)	(2,465)	11,192	6,255
Net write-offs	-	-	(18,887)	(18,887)
Interest income on impaired loans	-	-	(3,363)	(3,363)
Other	-	-	-	-
Balance, end of year	$ 32,050	$ 12,928	$ 69,673	$ 114,651
Total ECL allowance comprises:				
- Loans	$ 30,903	$ 12,812	$ 69,673	$ 113,388
- Undrawn credit facilities	1,147	116	-	1,263

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Impaired Loans

	2024			2023		
	Gross impaired	**Stage 3 allowance**	**Net impaired**	Gross impaired	Stage 3 allowance	Net impaired
Residential mortgages	**$ 97,075**	**$ 57,641**	**$ 39,434**	$ 98,512	$ 60,496	$ 38,016
Personal loans	**9,674**	**6,137**	**3,537**	8,856	5,819	3,037
Business & government loans	**5,153**	**2,679**	**2,474**	5,581	3,358	2,223
Total impaired loans	**$ 111,902**	**$ 66,457**	**$ 45,445**	$ 112,949	$ 69,673	$ 43,276

The average interest yield during the year on loans and advances was 7.31% (2023: 6.88%). Gross impaired loans as at October 31, 2024, amounted to $111,902 (2023: $112,949) and interest taken to income on those loans during the year amounted to $3,000 (2023: $3,363).

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

2024	**Residential Mortgages**	**Personal Loans**	**Business & Government Loans**	**Total**
Less than 30 days	$ 31,212	$ 7,024	$ 35,621	$ 73,857
31 - 60 days	31,344	3,622	125	35,091
61 - 89 days	17,823	1,324	711	19,858
	$ 80,379	$ 11,970	$ 36,457	$ 128,806

2023	**Residential Mortgages**	**Personal Loans**	**Business & Government Loans**	**Total**
Less than 30 days	$ 26,937	$ 4,284	$ 3,674	$ 34,895
31 - 60 days	37,880	1,702	436	40,018
61 - 89 days	26,554	1,689	190	28,433
	$ 91,371	$ 7,675	$ 4,300	$ 103,346

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Note 8 Property and Equipment

2024	Land and Buildings	Equipment, Furniture and Vehicles	Leasehold Improvements	Right-of-use Assets (Buildings)	Total
Cost					
Balance, beginning of year	$ 27,522	$ 77,009	$ 20,661	$ 14,880	$ 140,072
Purchases	-	7,145	2,441	-	9,586
Disposals	-	(383)	(589)	(170)	(1,142)
Modifications, net of transfers/write-offs	-	1,689	(1,689)	350	350
Balance, end of year	$ 27,522	$ 85,460	$ 20,824	$ 15,060	$ 148,866
Accumulated depreciation					
Balance, beginning of year	$ 12,163	$ 59,511	$ 16,470	$ 10,134	$ 98,278
Depreciation (Note 16)	574	5,114	522	2,355	8,565
Disposals	-	(231)	(588)	(150)	(969)
Modifications, net transfers/write-offs	-	-	-	-	-
Balance, end of year	$ 12,737	$ 64,394	$ 16,404	$ 12,339	$ 105,874
Net book value, end of year	$ 14,785	$ 21,066	$ 4,420	$ 2,721	$ 42,992

2023	Land and Buildings	Equipment, Furniture and Vehicles	Leasehold Improvements	Right-of-use Assets (Buildings)	Total
Cost					
Balance, beginning of year	$ 27,521	$ 71,570	$ 19,554	$ 14,555	$ 133,200
Purchases	-	3,969	2,812	294	7,075
Disposals	-	-	-	(800)	(800)
Modifications, net transfers/write-offs	1	1,470	(1,705)	831	597
Balance, end of year	$ 27,522	$ 77,009	$ 20,661	$ 14,880	$ 140,072
Accumulated depreciation					
Balance, beginning of year	$ 11,579	$ 55,432	$ 16,103	$ 8,405	$ 91,519
Depreciation (Note 16)	584	4,285	395	2,529	7,793
Disposals	-	-	-	(800)	(800)
Modifications, net transfers/write-offs	-	(206)	(28)	-	(234)
Balance, end of year	$ 12,163	$ 59,511	$ 16,470	$ 10,134	$ 98,278
Net book value, end of year	$ 15,359	$ 17,498	$ 4,191	$ 4,746	$ 41,794

Modifications may represent changes to the lease where a new lease is provided with an updated payment amount, an updated payment schedule, lease extensions or lease renewals.

This note also provides information for operating leases where the Bank is a lessee. There are no operating leases where the Bank is a lessor. Included as part of leasehold improvements is an amount for $2,309 (2023: $2,138) relating to systems development costs and work in progress which is incomplete, not yet in operation and on which no depreciation has been charged.

Note 9 Retirement Benefit Assets and Obligations

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

Plan characteristics, funding and risks

The benefits that members receive at retirement under the defined contribution plan depend on their account balances at retirement and the cost of purchasing an annuity. The total expense relating to the contributory plan charged for the year was $1,016 (2023: $20), which represents contributions to the defined contribution plan by the Bank at rates specified in the rules of the plan. Refer to Note 16.

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

Benefit changes

There were no material changes to the terms of the Bank's defined benefit pension or post-retirement medical benefit plans in 2024 or 2023.

Risks

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

Plan governance

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

Amounts recognised on the consolidated statement of financial position

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

	Defined benefit pension plans		Post-retirement medical benefits	
	2024	2023	**2024**	2023
Fair value of the plan assets	**$ 179,689**	$ 143,257	**$ -**	$ -
Present value of the obligations	**(101,454)**	(99,600)	**(8,026)**	(8,008)
Effect of asset ceiling	**(16,637)**	-	**-**	-
Net retirement benefit asset/(obligations)	**$ 61,598**	$ 43,657	**$ (8,026)**	$ (8,008)

The Retirement Benefit Assets reported on the consolidated statement of financial position comprises of the Bahamas Defined Benefit Pension Plan's net asset of $60,514 (2023: $44,117) and the Turks and Caicos Islands (TCI) Defined Benefit Pension Plan's net assets of $1,084 (2023: $nil).

The Retirement Benefit Obligations reported on the consolidated statement of financial position comprises of the Turks and Caicos Islands (TCI) Defined Benefit Pension Plan's net obligation of $nil (2023: $460) and the Post-Retirement Medical Benefits obligation of $8,026 (2023: $8,008).

The pension plan assets include 100,000 (2023:100,000) ordinary shares in the Bank, with a fair value of $1,443 (2023: $1,450).

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

		2024	2023
Opening fair value of plan assets	$	**143,257**	138,463
Contributions by employer		**-**	2
Plan transfers (i)		**(1,045)**	-
Benefits paid		**(5,435)**	(6,148)
Actuarial gains		**43,178**	11,101
Plan administration costs		**(266)**	(161)
Closing fair value of plan assets	$	**179,689**	143,257

(i) Comprise of transfers made out of the defined benefit plan representing contributions by employer on behalf of the defined contribution plan.

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

		2024	2023
Opening obligations	$	**(99,600)**	(99,133)
Interest costs		**(6,293)**	(6,105)
Current service costs		**(1,637)**	(1,677)
Benefits paid		**5,435**	6,148
Actuarial gains on obligations		**641**	1,167
Closing obligations	$	**(101,454)**	(99,600)

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

		2024	2023
Opening obligations	$	**(8,008)**	(7,931)
Interest costs		**(430)**	(483)
Benefits paid		**506**	503
Actuarial losses on obligations		**(94)**	(97)
Closing obligations	$	**(8,026)**	(8,008)

The last actuarial valuation was conducted as at November 1, 2022, and revealed a fund surplus of $28,900. The Bank expects to contribute $nil (2023: $nil) to its defined benefit pension plans in the following year as the plans are on a contribution holiday. During the last triennial valuation the Plan Actuary of the Bank recommended that the defined benefit contribution holiday continues for the next year. The contribution holiday is expected to last for two years if the existing surplus is to be fully amortised, and this will be re-evaluated in the plans' next triennial valuation.

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

	Defined benefit pension plans				Post-retirement medical benefits			
		2024		2023		2024		2023
Current service costs	$	**1,637**	$	1,677	$	**-**	$	-
Interest costs		**6,293**		6,105		**430**		483
Interest income on plan assets		**(9,136)**		(8,679)		**-**		-
Plan administration costs		**266**		161		**-**		-
Total amount included in staff costs (Note 16)	$	**(940)**	$	(736)	$	**430**	$	483
Actual return on plan assets	$	**(43,178)**	$	(11,101)	$	**-**	$	-

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The net re-measurement gains recognised in the consolidated statement of comprehensive income are as follows:

	Defined benefit pension plans		Post-retirement medical benefits	
	2024	2023	**2024**	2023
Actuarial (gains)/losses on defined benefit obligation arising from:				
- Financial assumptions	**$ 574**	$ (2,596)	**$ 103**	$ (132)
- Experience adjustments	**(1,215)**	1,429	**(9)**	229
Effect of asset ceiling	**16,637**	-	-	-
Return on plan assets excluding interest income	**(34,042)**	(2,422)	**-**	-
Net re-measurement (gains)/losses recognised in OCI	**$ (18,046)**	$ (3,589)	**$ 94**	$ 97

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

	Defined benefit pension plans		Post-retirement medical benefits	
	2024	2023	**2024**	2023
Balance, beginning of year	**$ 43,657**	$ 39,330	**$ (8,008)**	$ (7,931)
Charge for the year (Note 15)	**940**	736	**(430)**	(483)
Contributions by employer	**-**	2	**506**	503
Plan transfers	**(1,045)**	-	**-**	-
Effect on statement of other comprehensive income	**18,046**	3,589	**(94)**	(97)
Balance, end of year	**$ 61,598**	$ 43,657	**$ (8,026)**	$ (8,008)

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

	Defined benefit pension plans		Post-retirement medical benefits	
	2024	2023	**2024**	2023
Active members	**$ 42,162**	$ 44,002	**$ -**	$ -
Inactive and retired members	**59,292**	55,598	**8,026**	8,008
	$ 101,454	$ 99,600	**$ 8,026**	$ 8,008

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

	Defined benefit pension plans		Post-retirement medical benefits	
	2024	2023	**2024**	2023
Average duration, in years	**15**	15	**12**	12

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

	2024		2023	
	$	**%**	$	%
Quoted equity instruments				
- International	**1,540**	1	**1,283**	1
Quoted debt				
- Government bonds	**436**	-	**749**	1
Investment funds				
- U.S. Equity	**93,702**	52	**69,074**	48
- International Equity	**36,725**	21	**29,165**	20
- Fixed Income	**46,849**	26	**41,881**	29
Other assets	**437**	-	**1,105**	1
	179,689	100%	**143,257**	100%

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

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

	Defined benefit pension plans	
	2024	2023
Discount rate (TCI, Bahamas)	**5.2%, 6.7%**	6.0%, 6.6%
Expected return on plan assets (TCI, Bahamas)	**5.2%, 6.7%**	6.0%, 6.6%
Future salary increases	**4.0%**	4.0%
Future pension increases	**2.5%**	2.5%

	Post-retirement medical benefit	
	2024	2023
Discount rate (TCI, Bahamas)	**5.2%, 6.7%**	6.0%, 6.6%
Premium escalation rate	**6.0%**	6.0%
Existing retiree age	**55 - 65**	55 - 65

A quantitative sensitivity analysis for significant assumptions as at October 31, 2024, is as shown below:

Assumption	Sensitivity level	Impact on net defined benefit pension plans		Impact on Post-retirement medical benefits	
		Increase $	Decrease $	Increase $	Decrease $
Discount rate	1.0%	88,806	117,096	7,281	8,910
Future salary increases	0.5%	103,059	99,978	n/a	n/a
Future pension increases	0.5%	105,602	97,659	n/a	n/a
Premium escalation rate	1.0%	n/a	n/a	8,880	7,291
Existing retiree age	1 year	104,195	n/a	8,399	n/a

- n/a – not applicable

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

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

	2024	2023
Within the next 12 months	**$ 3,882**	$ 3,594
Between 1 and 5 years	**18,299**	17,209
Between 5 and 10 years	**33,135**	31,496
Total expected payments	**$ 55,316**	$ 52,299

Note 10 Customer Deposits

	Payable on demand	Payable after notice	Payable at a fixed date	**2024 Total**	2023 Total
Individuals	353,001	566,111	272,453	**$ 1,191,565**	1,207,642
Business and governments	2,029,287	16,215	491,614	**2,537,116**	2,268,863
Banks	9,937	-	178,256	**188,193**	138,001
	2,392,225	582,326	942,323	**3,916,874**	3,614,506
Add: Interest payable	229	50	6,350	**6,629**	4,467
	2,392,454	582,376	948,673	**$ 3,923,503**	3,618,973

These customer deposits are measured at amortised cost. Included in deposits from banks and interest payable are deposits from other Parent Group entities of $187,874 (2023: $138,080) (Note 21).

The average effective rate of interest on deposits during the year was 0.51% (2023: 0.38%).

Note 11 Derivative financial instruments

The table below shows the fair value of the derivative financial instrument recorded as a liability, together with its notional amount. The notional amount recorded gross, is the amount of a derivative's underlying asset, reference rate or index that is the basis.

2024	**Notional amount**	**Assets**	**Liabilities**
Foreign exchange forwards	$ 65,000	$ -	$ 25
	$ 65,000	$ -	$ -

2023	Notional amount	Assets	Liabilities
Foreign exchange forwards	$ -	$ -	$ -
	$ -	$ -	$ -

The Bank has a position in a foreign exchange contract, which is measured at fair value through profit or loss. 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

As at October 31, 2024 and 2023, there was no cash collateral pledged with counterparties that have one-way collateral posting arrangements.

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The net loss recognised in income related to the foreign exchange forward that existed at October 31, 2024 was $25 (2023: $nil).

Note 12 Other Liabilities

		2024		2023
Accounts payable and accruals, including clearings	**$**	**27,948**	$	26,616
Lease liabilities		**2,885**		5,012
Amounts due to related parties (Note 21)		**18,995**		6,321
	$	**49,828**	$	37,949

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

Lease Liabilities

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

		2024		2023
Balance, beginning of year	**$**	**5,012**	$	6,487
Additions		**-**		294
Terminations		**(23)**		-
Modifications		**350**		828
Accretion of interest		**112**		171
Payments		**(2,566)**		(2,768)
Balance, end of year	**$**	**2,885**	$	5,012

The maturity analysis of lease liabilities is disclosed in Note 26 and the future rental commitments (undiscounted) under these leases in Note 23.

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

		2024	2023
Expenses relating to short-term leases included in administrative expenses	**$**	**-**	94
Expenses relating to leases of low-value assets not shown above as short-term		**591**	448
Expenses relating to variable lease payments not included in lease liability payments		**17**	15
	$	**608**	557

The Bank had total cash outflows for leases of $2.6 million as at October 31, 2024 (2023: $2.8 million). The Bank also had non-cash additions to right-of-use assets and lease liabilities of $nil (2023: $0.3 million).

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Note 13 | Issued Capital and Reserves

		2024		2023
Issued capital, beginning and end of year	**$**	**477,230**	$	477,230
Reserves				
Statutory reserve fund – Turks and Caicos Islands		**89,029**		72,637
Statutory loan loss reserve – The Bahamas		**6,199**		5,131
Revaluation reserve – debt securities measured at FVOCI		**11,229**		10,047
Retirement benefit reserve		**58,548**		40,596
Reverse acquisition reserve		**(63,566)**		(63,566)
Total reserves		**101,439**		64,845
Total issued capital and reserves	**$**	**578,669**	$	542,075

The Bank's authorised capital is $20 million, comprising 150 million ordinary shares with a par value of $0.10 each and 50 million preference shares also having a par value of $0.10 each. All issued ordinary shares are fully paid. No preference shares were issued in 2024 and 2023. At October 31, 2024 and 2023, the issued share capital was as follows:

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

Capital

Objectives, policies and procedures

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

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

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

Regulatory requirements

The Bank's regulatory capital requirements are determined in accordance with guidelines issued by The Central Bank. These guidelines evolve from the framework of risk-based capital standards developed by the Basel Committee, Bank for International Settlements (BIS).

BIS standards require that banks maintain minimum Tier 1 and Total Capital ratios of 6% and 8%, respectively. The Central Bank has established that Domestic Systemically Important Banks (DSIBs) maintain the following:

- Minimum Common Equity Tier 1 (CET1) ratio of 8%;
- Additional CET1 Capital Buffer of 5%;
- Systemic Risk Buffer (CET1 Capital) of 4%; and
- Total Capital Requirement ratio of 17%

During the year, the Bank has complied in full with all of its regulatory capital requirements.

Regulatory capital

Regulatory capital consists of total CET1 Capital net of regulatory adjustments. CET1 Capital is comprised of common stock, share premium, accumulated other comprehensive income, general or statutory reserves, and retained earnings, less goodwill and other intangibles, defined benefit pension fund assets (and liabilities), and significant investments in the equity of financial subsidiaries, among other deductions.

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In 2024, Tier 1 and Total Capital ratios were 29% and 29%, respectively (2023: 29% and 29%, respectively).

The movements in reserves were as follows:

Statutory reserve fund – Turks and Caicos Islands

	2024	2023
Balance, beginning of year	**$ 72,637**	$ 67,825
Transfers from retained earnings	**16,392**	4,812
Balance, end of year	**$ 89,029**	$ 72,637

In accordance with the TCI Banking (Amendment) Ordinance 2002 and the regulations of the Turks and Caicos Islands Financial Services Commission, the Bank is required to maintain a statutory reserve fund of not less than the amount of its assigned capital of $24 million. Where the required reserve is less than the assigned capital, the Bank is required to annually transfer 25% of the net profits earned from its TCI operations to this fund. Although the statutory reserve exceeds the assigned capital, it has been the Bank's practice to make this transfer based on net profits of the preceding fiscal year with the remaining net profits being retained by the Bank. During the year, the Bank transferred $16,392 (2023: $4,812) from retained earnings to the statutory reserve fund.

Statutory loan loss reserve - The Bahamas

	2024	2023
Balance, beginning of year	**$ 5,131**	$ -
Transfers from retained earnings	**1,068**	5,131
Balance, end of year	**$ 6,199**	$ 5,131

Banking Regulations of The Central Bank of The Bahamas require Supervised Financial Institutions (SFIs) with non-performing loans in excess of five years to have a provision for these loans at 100%. To the extent that the provision under the Bank's accounting policy is less than 100%, a statutory loan loss reserve is established and the required additional amount is to be appropriated from retained earnings, in accordance with IFRS. For the year ended October 31, 2024, a reserve of $6,199 was required (2023: $5,131).

Statutory loan loss reserve – Turks and Caicos Islands

The Financial Services Commission issued a revised Guideline on Credit Risk Assessment, Classification and Provisioning, effective January 1, 2023. Banks are required to calculate specific provisions, for exposures designated as stage 2 and 3, under both the regulatory and accounting standards, and book the higher of the two calculations as specific provisions.

For the year ended October 31, 2024, no statutory loan loss reserve was required (2023: nil).

Revaluation reserve – debt securities measured at FVOCI

	2024	2023
Balance, beginning of year	**$ 10,047**	$ 9,114
Net gains on debt securities measured at FVOCI (Note 19)	**1,182**	933
Balance, end of year	**$ 11,229**	$ 10,047

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

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Retirement benefit reserve

	2024	2023
Balance, beginning of year	**$ 40,596**	$ 37,104
Re-measurement gains on retirement benefit plans (Note 9)	**17,952**	3,492
Balance, end of year	**$ 58,548**	$ 40,596

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

Reverse acquisition reserve

	2024	2023
Balance, beginning and end of year	**$ (63,566)**	$ (63,566)

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

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

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

Note 14 Net Interest Income

	2024	2023
Interest and similar income		
Cash and due from banks	**$ 25,119**	$ 24,442
Securities	**55,005**	45,151
Loans and advances to customers	**149,505**	144,049
	$ 229,629	$ 213,642
Interest and similar expense		
Banks and customers	**$ 19,268**	$ 14,006
Lease liabilities	**112**	171
	19,380	14,177
Net interest income	**$ 210,249**	$ 199,465

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Note 15 Operating Income

		2024		2023
Fee and commission income	**$**	**48,031**	$	43,016
Foreign exchange commissions		**16,961**		17,250
Net foreign exchange revaluation losses		**(143)**		(15)
Net gains on disposal and redemption of securities (Note 19)		**38**		-
Net trading gains		**18**		38
Other operating income		**895**		778
	$	**65,800**	$	61,067

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

Net trading gains have arisen from failed hedges.

Analysis of fee and commission income:

		2024		2023
Underwriting	**$**	**580**	$	361
Deposit services		**12,290**		12,398
Credit services		**1,536**		630
Card services		**23,298**		20,973
Funds transfer		**9,365**		7,718
Other		**962**		936
	$	**48,031**	$	43,016

Note 16 Operating Expenses

		2024		2023
Staff costs	**$**	**22,208**	$	22,236
Business licence		**18,565**		13,004
Occupancy and maintenance		**5,281**		6,430
Depreciation (Note 8)		**8,565**		7,793
Other operating expenses		**95,851**		83,346
	$	**150,470**	$	132,809

Analysis of staff costs:

		2024		2023
Wages and salaries	**$**	**17,920**	$	18,463
Net pension (income)/cost:				
- defined benefit sections of the plan (Note 9)		**(940)**		(736)
- defined contribution section of the plan (Note 9)		**1,016**		20
Post-retirement medical benefits charge (Note 9)		**430**		483
Employee share purchase plan (Note 20)		**106**		119
Severance		**(55)**		318
Insurance and risk benefits		**2,014**		1,968
Other staff related costs		**1,717**		1,601
	$	**22,208**	$	22,236

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Analysis of other operating expenses:

		2024		2023
Group service charges (Note 21)	$	75,702	$	61,293
Professional fees		1,449		1,281
Communications		2,880		2,255
Business development		288		321
Advertising and marketing		138		72
Consumer related expenses		1,413		1,343
Non-credit losses		1,655		1,023
Postage, courier and stationery		1,777		2,068
General insurances		1,515		779
Outside services		4,545		4,098
Net losses on write offs/disposals of property and equipment		153		-
Other		4,336		8,813
	$	95,851	$	83,346

Note 17 Earnings per Share

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

Basic earnings per share

		2024		2023
Net income attributable to shareholders	$	136,333	$	122,329
Weighted average number of common shares in issue (Note 13)		120,216,204		120,216,204
Basic earnings per share (expressed in cents per share)		113.4		101.8

There are no potentially dilutive instruments.

Note 18 Dividends

During the year the Bank received approval to recognise and pay regular dividends of $0.36 per share (2023: $0.36 per share).

Note 19 Components of Other Comprehensive Income

		2024		2023
Debt securities at fair value through other comprehensive income:				
Net gains arising during the year	$	1,182	$	933
Other comprehensive income for the year (Note 13)	$	1,182	$	933

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Note 20 Other Employee Benefits

Employee share purchase plan

Under the Bank's Employee Share Purchase Plan, qualifying employees can choose each year to have up to 10% of their eligible earnings withheld to purchase common shares in the Parent. The Bank matches 50% of the employee's contribution amount, up to a maximum contribution of 6% of eligible earnings, depending upon length of service and job level. The Bank's contributions vest after employees have two years of continuous participation in the plan, and all subsequent contributions vest immediately. All contributions are paid into a trust and used by the plan trustees to purchase common shares in the open market. The Bank's contributions are expensed as incurred and totalled $106 in 2024 (2023: $119) (Note 16).

Note 21 Related Party Transactions and Balances

The Bank's Parent and major shareholder is CIBC Caribbean Bank Limited.

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 Bank's consolidated financial statements are disclosed below.

	Directors and key management personnel		Parent Group		Ultimate Parent	
	2024	2023	**2024**	2023	**2024**	2023
Asset balances:						
Due from banks	**$ -**	$ -	**$ 296,226**	$ 431,303	**$ 63,576**	$ 28,907
Other assets	**-**	-	**8,312**	27	**-**	-
Loans and advances to customers	**5,753**	6,286	**-**	-	**-**	-
Liability balances:						
Customer deposits	**1,481**	2,292	**187,874**	138,080	**-**	-
Other liabilities	**-**	-	**18,995**	6,321	**-**	-
Revenue transactions:						
Interest income	**226**	234	**20,283**	17,598	**602**	757
Expense transactions:						
Interest expense	**9**	11	**5,433**	6,139	**-**	-
Other expenses*	**-**	-	**75,751**	61,380	**-**	-

* Expenses incurred in relation to banking and support services.

	2024	2023
Key management compensation		
Salaries and short-term benefits	**$ 2,660**	$ 2,190

Directors' remuneration

A listing of the members of the Board of Directors is included within the Bank's Annual Report. In 2024, total remuneration for the non-executive directors was $105 (2023: $105). The executive director's remuneration is included under key management compensation.

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Note 22 Commitments, Guarantees and Contingent Liabilities

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

	2024	2023
Letters of credit	**$ 8,987**	$ 15,230
Undrawn loan commitments	**324,776**	210,840
Guarantees and indemnities	**83,096**	20,163
Total (Note 26)	**$ 416,859**	$ 246,233

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

The Bank currently has a US$1 million line of credit with CIBC at Base Rate (Canada) Advance + 200bps per annum if 50% or less utilisation, or Base Rate (Canada) Advance + 250bps per annum if greater than 50% utilisation. The facility is renewable annually and expires on March 31, 2025. As of October 31, 2024, no advances were made from the facility and all balances are undrawn.

Note 23 Future Rental Commitments under Operating Leases

As at October 31, the Bank held leases on buildings for extended periods. The leases have an average life of between 1 and 10 years. There are no restrictions placed upon the lessee by entering into these contracts. The Bank has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Bank's business needs. Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised (refer to Note 2.2). As at October 31, 2024 and 2023, there are no material extension options expected not to be exercised or termination options expected to be exercised. The future rental commitments (undiscounted) under these leases were as follows:

	2024	2023
Not later than 1 year	**$ 1,905**	$ 2,483
Later than 1 year and less than 5 years	**1,043**	2,709
	$ 2,948	$ 5,192

As at October 31, 2024 and 2023, there are no leases to which the Bank is committed that have not yet commenced.

Note 24 Fiduciary Activities

The Bank provides custody and trustee discretionary investment management services to third parties. Those assets that are held in a fiduciary capacity are not included in these consolidated financial statements. At the reporting date, the Bank had investment assets under administration and management on behalf of third parties amounting to $293,079 (2023: $254,364).

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Note 25 Business Segments

The Bank's operations are organised into four segments: Personal and Business Banking (PBB), Corporate Banking (CIB)and Wealth Management (WM), which are supported by the functional units within the Administration segment.

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

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

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

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

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

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

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

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

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2024 Segment Reporting

2024	PBB	CIB	WM	Admin	**Total**
External revenue	$ 72,592	$ 62,553	$ 2,161	$ 72,943	$ 210,249
Internal revenue	11,522	43,716	550	(55,788)	-
Net interest income	84,114	106,269	2,711	17,155	210,249
Operating income	37,119	28,757	2,001	(2,077)	65,800
	121,233	135,026	4,712	15,078	276,049
Depreciation	1,784	6	57	6,718	8,565
Operating expenses	23,602	8,201	1,365	108,737	141,905
Indirect expenses	53,177	48,639	5,568	(107,384)	-
Credit loss expense/(release) on financial assets	3,274	(12,071)	(42)	(1,915)	(10,754)
Net income for the year	$ 39,396	$ 90,251	$ (2,236)	$ 8,922	$ 136,333

Total assets and liabilities by segment are as follows:

2024	PBB	CIB	WM	Admin	**Total**
Segment assets	$ 1,334,317	$ 1,069,474	$ 37,460	$ 2,346,632	$ 4,787,883
Segment liabilities	$ 1,461,943	$ 2,265,547	$ 90,655	$ 163,237	$ 3,981,382

2023 Segment Reporting

2023	PBB	CIB	WM	Admin	**Total**
External revenue	$ 68,887	$ 66,945	$ 2,069	$ 61,564	$ 199,465
Internal revenue	8,570	35,290	489	(44,349)	-
Net interest income	77,457	102,235	2,558	17,215	199,465
Operating income	33,378	27,562	1,606	(1,479)	61,067
	110,835	129,797	4,164	15,736	260,532
Depreciation	1,619	7	57	6,110	7,793
Operating expenses	23,564	7,221	1,052	93,179	125,016
Indirect expenses	44,900	45,901	5,445	(96,246)	-
Credit loss expense/(release) on financial assets	15,237	(8,913)	(70)	(860)	5,394
Net income/(loss) for the year	$ 25,515	$ 85,581	$ (2,320)	$ 13,553	$ 122,329

Total assets and liabilities by segment are as follows:

2023	PBB	CIB	WM	Admin	**Total**
Segment assets	$ 1,085,521	$ 991,497	$ 36,355	$ 2,246,327	$ 4,359,700
Segment liabilities	$ 1,442,982	$ 2,083,588	$ 73,400	$ 65,420	$ 3,665,390

Note 26 | Financial Risk Management

A. Introduction

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

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

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

B. Credit risk

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

Process and control

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

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

Credit risk limits

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

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

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

Collateral

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

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

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

As at October 31, 2024, 88% (2023: 91%) of stage 3 impaired loans were either fully or partially collateralized.

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Geographic distribution

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

			2024			2023
	Drawn	**Undrawn**	**Gross maximum exposure**	Drawn	Undrawn	Gross maximum exposure
Bahamas	**$ 1,961,582**	**$ 266,986**	**$ 2,228,568**	$ 1,866,374	$ 162,579	$ 2,028,953
Turks & Caicos Islands	**293,351**	**57,790**	**351,141**	274,773	48,261	323,034
	$ 2,254,933	**$ 324,776**	**$ 2,579,709**	$ 2,141,147	$ 210,840	$ 2,351,987

Exposure by industry groups

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

			2024			2023
	Drawn	**Undrawn**	**Gross maximum exposure**	Drawn	Undrawn	Gross maximum exposure
Agriculture	**$ 9**	**$ 29**	**$ 38**	$ 23	$ 18	$ 41
Construction	**35,415**	**23,728**	**59,143**	38,733	11,207	49,940
Distribution	**136,094**	**23,764**	**159,858**	108,488	31,356	139,844
Education	**-**	**60**	**60**	-	60	60
Electricity, Gas & Water Supply	**-**	**3,723**	**3,723**	-	3,959	3,959
Energy & Mining	**3,008**	**-**	**3,008**	1,780	-	1,780
Fishing	**155**	**60**	**215**	217	60	277
Governments	**218,429**	**522**	**218,951**	212,982	10,572	223,554
Health & social work	**13,193**	**-**	**13,193**	15,519	-	15,519
Hotels & restaurants	**213,814**	**12,508**	**226,322**	176,781	9,469	186,250
Individuals & individual trusts	**1,191,778**	**148,297**	**1,340,075**	1,153,707	105,715	1,259,422
Manufacturing	**29,469**	**1,064**	**30,533**	28,082	2,401	30,483
Miscellaneous	**11,414**	**8,142**	**19,556**	17,650	16,046	33,696
Other financial corporations	**110,411**	**966**	**111,377**	111,212	3,131	114,343
Other services	**150,806**	**4,292**	**155,098**	153,704	4,898	158,602
Real estate, renting & other business activities	**70,696**	**3,150**	**73,846**	54,240	138	54,378
Transport, storage & communication	**70,242**	**94,471**	**164,713**	68,029	11,810	79,839
	$ 2,254,933	**$ 324,776**	**$ 2,579,709**	$ 2,141,147	$ 210,840	$ 2,351,987

Credit-related instruments

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

Commitments to extend credit represent the unused portions of authorisations to extend credit in the form of loans, guarantees, or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments since most commitments to

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extend credit are contingent upon customers maintaining specific credit standards. The Bank monitors the term of maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Maximum exposure to credit risk

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

Gross maximum exposure

	2024	2023
Balances with The Central Bank	**$ 507,477**	$ 531,771
Due from banks	**534,430**	602,123
Securities		
– Equity securities - unquoted	**219**	219
– Government debt securities	**1,187,909**	900,787
– Other debt securities	**197,468**	141,914
– Interest receivable	**6,098**	2,942
Loans and advances to customers		
– Mortgages	**973,895**	961,989
– Personal loans	**253,523**	226,811
– Business & Government loans	**1,027,515**	952,347
– Interest receivable	**11,954**	11,779
Other assets	**46,259**	14,386
Total	**4,746,747**	4,347,068
Commitments, guarantees and contingent liabilities (Note 22)	**416,859**	246,233
Total credit risk exposure	**$ 5,163,606**	$ 4,593,301

Geographical concentration

The following tables reflect additional geographical concentration information:

2024	Total assets	Total liabilities	Commitments, guarantees and contingent liabilities	Total revenues	Capital expenditure*	Non-current assets**
Bahamas	$ 4,086,573	$ 3,460,458	$ 354,726	$ 178,042	$ 5,822	$ 30,611
Turks & Caicos Islands	1,487,674	1,307,288	62,133	98,007	3,764	12,381
	5,574,247	4,767,746	416,859	276,049	9,586	42,992
Eliminations	(786,364)	(786,364)	-	-	-	-
	$ 4,787,883	$ 3,981,382	$ 416,859	$ 276,049	$ 9,586	$ 42,992

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2023	Total assets	Total liabilities	Commitments, guarantees and contingent liabilities	Total revenues	Capital expenditure*	Non-current assets**
Bahamas	$ 3,668,026	$ 3,135,283	$ 193,554	$ 171,631	$ 4,280	$ 31,090
Turks & Caicos Islands	1,381,764	1,220,197	52,679	88,901	2,795	10,704
	5,049,790	4,355,480	246,233	260,532	7,075	41,794
Eliminations	(690,090)	(690,090)	-	-	-	-
	$ 4,359,700	$ 3,665,390	$ 246,233	$ 260,532	$ 7,075	$ 41,794

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

The Bank operates in two main geographical areas between which its exposure to credit risk is concentrated. Geographic sector risk concentrations within the customer loan portfolio were as follows:

	2024	**2024**	2023	2023
	$	**%**	$	%
Bahamas	**1,859,720**	**87**	1,759,677	87
Turks & Caicos Islands	**284,233**	**13**	266,710	13
	2,143,953	**100**	2,026,387	100

Impairment assessment

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

Definition of default and cure

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

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

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

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

The Bank's internal rating and PD estimation process

The Parent Group's Credit Risk Department operates the Bank's internal rating models. The Bank monitors all corporate facilities with a

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

Treasury, trading and interbank relationships

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

Corporate and small business lending

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

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

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

Consumer lending and retail mortgages

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

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

Credit quality

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

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

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

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

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

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

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

2024	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Residential mortgages				
- Very low	$ 677,129	$ -	$ -	$ 677,129
- Low	109,264	-	-	109,264
- Medium	-	70,955	-	70,955
- High	-	19,472	-	19,472
- Default	-	-	97,075	97,075
Gross residential mortgages	$ 786,393	$ 90,427	$ 97,075	$ 973,895
Personal loans				
- Very low	$ 216,310	$ -	$ -	$ 216,310
- Low	17,250	-	-	17,250
- Medium	-	6,610	-	6,610
- High	-	3,679	-	3,679
- Default	-	-	9,674	9,674
Gross personal loans	$ 233,560	$ 10,289	$ 9,674	$ 253,523
Business & Government loans				
- Investment grade	$ 81,170	$ 2,443	$ -	$ 83,613
- Non-Investment grade	728,593	178,305	-	906,898
- Default	-	-	5,153	5,153
- Not rated	30,777	1,074	-	31,851
Gross business & government loans	840,540	181,822	5,153	1,027,515
Total gross amount of loans	$ 1,860,493	$ 282,538	$ 111,902	$ 2,254,933

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2023	Stage 1	Stage 2	Stage 3	Total
Residential mortgages				
- Very low	$ 675,392	$ -	$ -	$ 675,392
- Low	93,969	-	-	93,969
- Medium	-	69,532	-	69,532
- High	-	24,584	-	24,584
- Default	-	-	98,512	98,512
Gross residential mortgages	$ 769,361	$ 94,116	$ 98,512	$ 961,989
Personal loans				
- Very low	$ 196,323	$ -	$ -	$ 196,323
- Low	13,102	-	-	13,102
- Medium	-	5,737	-	5,737
- High	-	2,793	-	2,793
- Default	-	-	8,856	8,856
Gross personal loans	$ 209,425	$ 8,530	$ 8,856	$ 226,811
Business & Government loans				
- Investment grade	$ 90,270	$ -	$ -	$ 90,270
- Non-Investment grade	656,846	170,525	-	827,371
- Default	-	-	5,581	5,581
- Not rated	27,442	1,683	-	29,125
Gross business & government loans	774,558	172,208	5,581	952,347
Total gross amount of loans	$ 1,753,344	$ 274,854	$ 112,949	$ 2,141,147

For Business & Government loans, the Bank employs risk ratings in managing the credit portfolio. Business borrowers with elevated default risk are monitored on our Early Warning List. Early Warning List characteristics include borrowers exhibiting a significant decline in revenue, income, or cash flow or where we have doubts as to the continuing viability of the business. Early Warning List customers are often, but not always, also delinquent. As of October 31, 2024, Early Warning List customers in the medium to high risk category amounted to $18,657 (2023: $15,074).

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

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

2024	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Securities				
Investment grade	$ 1,023,535	$ -	$ -	$ 1,023,535
Non-Investment grade	-	349,832	-	349,832
Default	-	-	12,010	12,010
Not rated	219	-	-	219
Gross securities, excluding interest receivable	$ 1,023,754	$ 349,832	$ 12,010	$ 1,385,596

2023	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Securities				
Investment grade	$ 779,559	$ -	$ -	$ 779,559
Non-Investment grade	-	248,670	-	248,670
Default	-	-	14,472	14,472
Not rated	219	-	-	219
Gross securities, excluding interest receivable	$ 779,778	$ 248,670	$ 14,472	$ 1,042,920

Model adjustments

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

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

During the year ended October 31, 2024, loans classified as stage 2 or stage 3 with an amortised cost of $5 million (2023: $4 million) were either modified through the granting of a financial concession in response to the borrower having experienced financial difficulties or were subject to the client relief programs in response to COVID-19, in each case before the time modification, or deferred. In addition, the gross carrying amount of previously modified or deferred stage 2 or stage 3 loans that have returned to stage 1 during the year ended October 31, 2024 was $6 million (2023: $19 million).

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Impact on regulatory capital

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

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

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

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

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

C. Market risk

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

Policies and standards

The Parent Group has a comprehensive policy for market risk management related to the identification, measurement, monitoring and control of market risks. This policy is reviewed and approved every two years by the Risk Committee of the Parent Group's Board. The Board limits, which are approved annually, are used by the Bank to establish explicit risk tolerances expressed in term of the three main risk measures mentioned below. There is a three-tiered approach to limits at the Parent Group. The highest level is set at the Board. The second tier is delegated by the Chief Risk Officer and the third tier to the business unit, which limits traders to specific products and size of deals. Trading limits are documented through a formal electronic delegation letter and monitored using the Group's treasury system.

Process and control

Market risk measures are monitored with differing degrees of frequency, dependent upon the nature of the risk. FX positions are measured daily, whereas others such as stress tests are performed on a monthly basis. Detailed market risk compliance reports are produced and circulated to senior management on a monthly basis and a summary version supplied to the Board quarterly.

Risk measurement

The Bank has four main measures of market risk:

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

VaR

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

Position

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

Sensitivity

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

Stress testing & scenario analysis

Stress testing and scenario analysis are designed to add insight to possible outcomes of abnormal (or tail event) market conditions and to highlight where risk concentrations could be a concern.

The Parent Group uses the following approaches:

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

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

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

Summary of key market risks

Of the market risks arising from the various currencies, yield curves and spreads throughout the regional and broader international markets, the risk considered by management to be the most significant for the Bank is the low probability, high impact of a peg breaking between the USD and BSD, impacting the structural long position of the Bank. The following section highlights this key risk as well as some of the lesser ones that arise from the Bank's ongoing banking operations.

Foreign exchange risk

Foreign exchange (or currency) risk is defined as the risk that the value of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The local currency is pegged to the USD and hence the Value at Risk (VaR) measure is not appropriate, and that is why more emphasis is put on the overall position limit and related stress tests. The Board has set limits on positions by currency. These positions are monitored on a daily basis and the Forex & Derivatives Sales team is solely responsible for the hedging of the Bank's exposure.

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

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

	2024			2023		
Currency	**Position Long/(Short) vs BSD**	**Stressed Loss**	**Average Position***	Position Long/(Short) vs BSD	Stressed Loss	Average Position*
US dollars	**$ (1,947)**	**$ 169**	**$ (1,610)**	$ 3,070	$ 921	$ (2,334)

* Averages are taken over a twelve-month period

Interest rate risk

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

	2024		2023	
	Currency	**60 day Stressed Loss**	Currency	60 day Stressed Loss
Bahamian dollar	**$ (12,700)**	**$ 952**	$ (16,161)	$ 1,212

Derivatives held for ALM purposes

Where derivatives are held as hedges against either sizeable loans from core businesses or to reduce interest risk exposure to USD denominated local bond issues and if the transactions meet the regulatory criteria, then the Bank applies hedge accounting. Two types of derivative hedges, fair-value and cash flow are utilized.

We designate fair value hedges primarily as part of interest rate risk management strategies that use derivatives to hedge changes in the fair value of financial instruments with fixed interest rates. Changes in fair value attributed to the hedged interest rate risk are accounted for as basis adjustments to the hedged financial instruments and are included in Net interest income.

We designate cash flow hedges as part of interest rate risk management strategies that use derivatives to mitigate our risk from variable cash flows by effectively converting certain variable-rate financial instruments to fixed-rate financial instruments.

The effective portion of the change in fair value of the derivative instrument is recognized in OCI until the variability in cash flows being hedged is recognized in the consolidated statement of income in future accounting periods, at which time an appropriate portion of the amount that was in AOCI is reclassified into the consolidated statement of income. The ineffective portion of the change in fair value of the hedging derivative is included in Net interest income.

Derivative hedges that do not qualify for hedge accounting treatment are economic hedges and are recorded at market value on the Statement of Financial Position with changes in the fair value reflected through the profit or loss. It should be noted that these are only interest rate risk hedges and other risks such as credit spread on the underlying still exist and are measured separately.

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Credit spread risk

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

	2024			2023		
	Notional	**Credit Spread DV01**	**Stress Loss**	Notional	Credit Spread DV01	Stress Loss
Regional hard currency bond portfolio	**$ 103,245**	**$ 51**	**$ 10,373**	$ 91,026	$ 50	$ 10,327
Non-regional hard currency bond portfolio	**159,000**	**33**	**6,510**	122,000	11	2,194
Total	**$ 262,245**	**$ 84**	**$ 16,883**	$ 213,026	$ 61	$ 12,521

At the fiscal year end the weighted average rating of the positions in the Regional Hard Currency Portfolio is AA- (2023: AA-). The average weighted maturity is 2 years (2023: 2 years). The weighted average rating of the positions in the Non-Regional Hard Currency Portfolio remained AA+ (2023: AA+). The average weighted maturity is 1 year (2023: 1 year).

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

2024	BAH	US	Other	Total
Assets				
Cash and balances with The Central Bank	$ 538,731	$ 24,567	$ 301	$ 563,599
Due from banks	-	443,022	91,318	534,340
Other assets	10,593	37,745	1,369	49,707
Securities	353,259	1,038,435	-	1,391,694
Loans and advances to customers	1,379,008	764,945	-	2,143,953
Property and equipment	31,688	11,221	83	42,992
Retirement benefit assets	27,240	34,358	-	61,598
Total assets	$ 2,340,519	$ 2,354,293	$ 93,071	$ 4,787,883
Liabilities				
Customer deposits	$ 1,835,079	$ 1,948,003	$ 140,421	$ 3,923,503
Derivative instruments	-	25	-	25
Other liabilities	28,626	20,389	813	49,828
Retirement benefit obligations	6,749	1,277	-	8,026
Total liabilities	$ 1,870,454	$ 1,969,694	$ 141,234	$ 3,981,382
Net assets/(liabilities)	$ 470,065	$ 384,599	$ (48,163)	$ 806,501
Commitments, guarantees and contingent liabilities (Note 22)	$ 332,577	$ 84,152	$ 130	$ 416,859

For the year ended October 31, 2024
(Expressed in thousands of Bahamian dollars)

2023	BAH	US	Other	Total
Assets				
Cash and balances with The Central Bank	$ 559,533	$ 22,927	$ 232	$ 582,692
Due from banks	-	470,241	131,882	602,123
Other assets	15,190	1,535	-	16,725
Securities	251,911	793,951	-	1,045,862
Loans and advances to customers	1,319,857	706,530	-	2,026,387
Property and equipment	30,885	10,828	81	41,794
Retirement benefit assets	44,117	-	-	44,117
Total assets	$ 2,221,493	$ 2,006,012	$ 132,195	$ 4,359,700
Liabilities				
Customer deposits	$ 1,761,074	$ 1,724,907	$ 132,992	$ 3,618,973
Other liabilities	32,825	5,124	-	37,949
Retirement benefit obligations	6,950	1,518	-	8,468
Total liabilities	$ 1,800,849	$ 1,731,549	$ 132,992	$ 3,665,390
Net assets/(liabilities)	$ 420,644	$ 274,463	$ (797)	$ 694,310
Commitments, guarantees and contingent liabilities (Note 22)	$ 168,839	$ 77,266	$ 128	$ 246,233

D. Cash flow and fair value interest rate risk

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

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

E. Liquidity risk

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

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

Process and control

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

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

Risk measurement

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

For the year ended October 31, 2024
(Expressed in thousands of Bahamian dollars)

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

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

2024	0-3 months	3-12 months	1-5 years	Over 5 years	Total
Assets					
Cash and balances with The Central Bank	$ 563,599	$ -	$ -	$ -	$ 563,599
Due from banks	509,240	25,100	-	-	534,340
Other assets	49,707	-	-	-	49,707
Securities	795,747	30,688	444,382	120,877	1,391,694
Loans and advances to customers	245,312	56,513	747,397	1,094,731	2,143,953
Property and equipment	3,223	1,736	15,145	22,888	42,992
Retirement benefit assets	-	-	-	61,598	61,598
Total assets	$ 2,166,828	$ 114,037	$ 1,206,924	$ 1,300,094	$ 4,787,883
Liabilities					
Customer deposits	$ 3,574,268	$ 317,363	$ 31,753	$ 119	$ 3,923,503
Derivative financial instruments	25	-	-	-	25
Other liabilities	49,828	-	-	-	49,828
Retirement benefit obligations	-	-	-	8,026	8,026
Total liabilities	$ 3,624,121	$ 317,363	$ 31,753	$ 8,145	$ 3,981,382
Net assets/(liabilities)	$ (1,457,801)	$ (204,580)	$ 1,176,934	$ 1,291,948	$ 806,501
Commitments, guarantees and contingent liabilities (Note 22)	$ 139,112	$ 97,358	$ 8,377	$ 172,012	$ 416,859

The Bank on an ongoing basis performs stress tests and scenario analysis to evaluate the impact of stresses on its liquidity position. This testing is conducted under a liquidity horizon scenario which factors an immediate downgrade in the Ultimate Parent's credit rating and/or a material deterioration to market perception of CIBC Caribbean's credit profile and market-wide stress over a period of one year.

This aims to model potential liquidity requirements and liquid assets marketability during a confidence crisis that might be triggered in the markets specifically with respect to the Bank's ability to meet its obligations as they arise. Based on these stress test scenarios performed, the Bank is sufficiently liquid to meet its obligation as of October 31, 2024.

For the year ended October 31, 2024
(Expressed in thousands of Bahamian dollars)

2023	0-3 months	3-12 months	1-5 years	Over 5 years	Total
Assets					
Cash and balances with The Central Bank	$ 582,692	$ -	$ -	$ -	$ 582,692
Due from banks	577,023	25,100	-	-	602,123
Other assets	15,475	-	-	1,250	16,725
Securities	578,993	162,192	145,216	159,461	1,045,862
Loans and advances to customers	129,438	49,168	646,927	1,200,854	2,026,387
Property and equipment	3,741	2,129	12,493	23,431	41,794
Retirement benefit assets	-	-	-	44,117	44,117
Total assets	$ 1,887,362	$ 238,589	$ 804,636	$ 1,429,113	$ 4,359,700
Liabilities					
Customer deposits	$ 3,283,856	$ 291,567	$ 43,209	$ 341	$ 3,618,973
Other liabilities	33,560	1,742	2,647	-	37,949
Retirement benefit obligations	-	-	-	8,468	8,468
Total liabilities	$ 3,317,416	$ 293,309	$ 45,856	$ 8,809	$ 3,665,390
Net assets/(liabilities)	$ (1,430,054)	$ (54,720)	$ 758,780	$ 1,420,304	$ 694,310
Commitments, guarantees and contingent liabilities (Note 22)	$ 131,377	$ 42,109	$ 2,550	$ 70,197	$ 246,233

F. Fair value of financial assets and liabilities

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

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

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

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

For the year ended October 31, 2024
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The table below presents the level in the fair value hierarchy into which the fair values of financial instruments, that are carried and disclosed at fair value and amortised cost on the consolidated statement of financial position, are categorised.

	Level 1 Quoted market price	Level 2 Valuation technique-observable market input	Level 3 Valuation technique-non-observable market input	**Total 2024**	Total 2023
Financial Assets					
Cash and balances with The Central Bank*	$ 563,599	$ -	$ -	**$ 563,599**	$ 582,692
Due from banks*	534,340	-	-	**534,340**	602,123
Debt securities at FVOCI	-	1,327,344	219	**1,327,563**	979,256
Debt securities at amortised cost	-	56,886	-	**56,886**	58,461
Loans and advances to customers	-	-	2,138,036	**2,138,036**	2,012,988
Total financial assets	$ 1,097,939	$ 1,384,230	$ 2,138,255	**$ 4,620,424**	$ 4,235,520
Financial Liabilities					
Customer deposits	-	-	3,919,744	**3,919,744**	3,611,023
Total financial liabilities	$ -	-	$ 3,919,744	**$ 3,919,744**	$ 3,611,023

*Financial assets with carrying values that approximate fair value.

Transfers between levels in the fair value hierarchy are deemed to have occurred at the beginning of the year in which the transfer occurred. Transfers between levels can occur as a result of additional or new information regarding valuation inputs and changes in their observability. There were no transfers in 2024 or 2023.

2024	Carrying value	Fair value	Fair value over/(under) carrying value
Financial assets			
Cash and balances with The Central Bank	$ 563,599	$ 563,599	$ -
Due from banks	534,340	534,340	-
Debt securities at FVOCI	1,327,563	1,327,563	-
Debt securities at amortised cost	64,131	56,886	(7,245)
Loans and advances to customers	2,143,953	2,138,036	(5,917)
Total financial assets	$ 4,633,586	$ 4,620,424	$ (13,162)
Financial liabilities			
Customer deposits	3,923,503	3,919,744	(3,759)
Total financial liabilities	$ 3,923,503	$ 3,919,744	$ (3,759)

For the year ended October 31, 2024
(Expressed in thousands of Bahamian dollars)

2023	Carrying value	Fair value	Fair value over/(under) carrying value
Financial assets			
Cash and balances with The Central Bank	$ 582,692	$ 582,692	$ -
Due from banks	602,123	602,123	-
Debt securities at FVOCI	979,256	979,256	-
Debt securities at amortised cost	66,606	58,461	(8,145)
Loans and advances to customers	2,026,387	2,012,988	(13,399)
Total financial assets	$ 4,257,064	$ 4,235,520	$ (21,544)
Financial liabilities			
Customer deposits	3,618,973	3,611,023	(7,950)
Total financial liabilities	$ 3,618,973	$ 3,611,023	$ (7,950)

Quantitative information about significant non-observable inputs

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

	2024				Range of inputs	
As at October 31,	Amortised cost	Fair value	Valuation technique	Key non-observable inputs	Low	High
Loans and advances to customers	$ 2,143,953	$ 2,138,036	Market proxy	Market proxy	3.50%	18.50%
Customer deposits	3,923,503	3,919,744	Market proxy	Market proxy	0.05%	0.97%
Equity securities	219	219	n/a	n/a	n/a	n/a

	2023				Range of inputs	
As at October 31,	Amortised cost	Fair value	Valuation technique	Key non-observable inputs	Low	High
Loans and advances to customers	$ 2,026,387	$ 2,012,988	Market proxy	Market proxy	3.50%	19.00%
Customer deposits	3,618,973	3,611,023	Market proxy	Market proxy	0.05%	0.97%
Equity securities	219	219	n/a	n/a	n/a	n/a

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

Financial instruments recorded at fair value

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

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

For the year ended October 31, 2024
(Expressed in thousands of Bahamian dollars)

Fair value of financial instruments not carried at fair value

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

- Securities at amortised cost
  The fair value of securities recorded at amortised cost is based on quoted bid or ask market prices where available in an active market. Securities for which quotes in an active market are not available are valued using all reasonably available market information.

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

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

Financial assets and liabilities with carrying values that approximate fair value

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

Note 27 | Principal Subsidiary Undertakings

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

All subsidiaries are wholly owned.

Notice of Annual General Meeting

When: Thursday, March 20, 2025 at 4:00pm Bahamas time

Where: Bahamas: https://web.lumiconnect.com/222035452

Meeting ID and Password: Shareholders who wish to attend the annual general meeting must contact us by March 18, 2025 at bahamasagm@cibcfcib.com to register and obtain credentials to join the meeting.

Notice is hereby given that the thirtieth annual general meeting of the shareholders of CIBC Caribbean Bank (Bahamas) Limited (the "Company") will be held in The Bahamas on Thursday, March 20, 2025 at 4:00pm Bahamas time for the following purposes:

1. To receive audited accounts for the year ended October 31, 2024 and the report of the directors and auditors thereon.

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

   (i) Mr. Mark St. Hill
   (ii) Dr. Jacqueline Bend
   (iii) Mr. Brian Clarke
   (iv) Mrs. Willie Moss
   (v) Mr. Felix Stubbs
   (vi) Mr. Craig Gomez

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

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

BY ORDER OF THE BOARD

Sherrylyn Bastian

Sherrylyn Bastian
Legal Counsel & Corporate Secretary
February 26, 2025

Shareholders should visit cibcfcib.com to view the notice of meeting, 2024 annual report and proxy form.

Notes

Attendance at the meeting

The 2025 annual general meeting will be held in The Bahamas. Shareholders on record as at Friday, February 21, 2025 and duly appointed proxy holders may attend and vote using a computer or other device connected to the internet.

Shareholders who wish to attend, vote or submit questions must register as soon as possible in order to obtain their login credentials by contacting us by email at bahamasagm@cibcfcib.com. Shareholders must register by March 18, 2025.

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

Voting

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

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

Questions

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

Particulars of Meeting

You are cordially invited to attend the Annual General Meeting (the "meeting") of CIBC Caribbean Bank (Bahamas) Limited (the "Company") to be held in The Bahamas on Thursday, March 20, 2025 at 4:00 p.m. Bahamas time.

This proxy statement and accompanying form of proxy and voting instructions will be available on the Company's website www.cibcfcib.com to holders of the Company's ordinary shares. The record date for the meeting is the close of business on Friday, February 21, 2025.

The financial year of the Company began on November 1, 2023 and ended October 31, 2024. References in this proxy statement to the year 2024 or financial 2024 refer to the period mentioned above.

Revocability of Proxy

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

Solicitation

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

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

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

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

Voting Securities and Principal Holders of Voting Securities

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

On February 21, 2025 there were 120,216,204 ordinary shares issued and outstanding. Each shareholder is entitled to one vote on each matter properly brought before the meeting. At close of business on February 21, 2025, CIBC Caribbean Bank Limited beneficially owned or controlled directly or indirectly 114,463,600 shares which represents 95.21% of the Company's issued ordinary share capital. There are no other shareholders who own 10% or more of the Company's issued ordinary shares. The presence, in person or by proxy, of three members is necessary to constitute a quorum at the meeting.

Election of Directors

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

Directors can be either elected annually by the shareholders at the annual general meeting or, subject to the articles of association of the Company and applicable law, appointed by the board of directors between annual general meetings. Each director shall hold office until the close of the next annual general meeting of the Company or until he or she ceases to be a director by operation of law or articles of association of the Company or until his or her resignation becomes effective. The board of directors held four (4) meetings in 2024.

The persons designated as proxy holders in the accompanying form of proxy will vote ordinary shares represented by such form of proxy, properly executed, for the election of the nominees whose names are set forth herein.

All the nominees, were previously elected by the shareholders of the Company as directors of the Company. If any nominee is for any reason unavailable to serve (which management has no reason to believe to be the case), the persons designated as proxy holders in the accompanying form of proxy shall have the right to exercise their discretion by voting for another qualified nominee.

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

Name	Principal Occupation	Director Since	Number of Shares Beneficially Owned or Controlled Directly or Indirectly
Mr. Mark St. Hill	Chief Executive Officer	2022	Nil
Dr. Jacqueline Bend	Managing Director	2021	Nil
Mr. Brian Clarke	General Counsel & Group Corporate Secretary	2024	Nil
Mrs. Willie Moss	Attorney-at-law	1998	Nil
Mr. Felix Stubbs	Retired Business Executive	2014	Nil
Mr. Craig Gomez	Accountant	2019	Nil

Directors' Remuneration

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

No special remuneration was paid to any director during financial year 2024.

Senior Management Remuneration

The senior management of the Company received aggregate compensation amounting to $2,660,476.26 in the financial year 2024.

Indebtedness of Management

There is a total indebtedness of approximately $5,753,116.57 due to the Company from members of the senior management and directors. This represents loans and mortgages.

Interests of Insiders in Material Transactions

No director, executive officer, or senior officer of the Company, or proposed nominee for the election as a director of the Company, has held or currently holds a material interest in any transaction entered with the Company or its subsidiaries in the year 2024.

Appointment of Auditors

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

Particulars of Matters to be Acted Upon

1. Receive audited accounts for the year ended October 31, 2024 and the report of the directors and auditors thereon.
2. Election of directors for the ensuing year.
3. Appointment of Ernst & Young Ltd. as the auditors and authorisation of the directors to fix their remuneration.
4. Discuss any other business which may be properly considered at the annual general meeting.

Dissent & Appraisal Rights

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

Financial Information

The certified financial statements with accompanying auditors report for the 2024 fiscal year are presented in the Company's Annual Report, available online at www.cibcfcib.com. A printed copy of this document may be obtained without charge from the Managing Director's Office, CIBC Caribbean Bank Financial Centre, 2nd floor, Shirley Street, Nassau, Bahamas.

Directors' Approval

The contents and the sending of this management proxy statement and proxy form have been approved by the board of directors of the Company.

Dated at Nassau, Bahamas this February 26, 2025.

Sherrylyn Bastian

Sherrylyn Bastian
Legal Counsel & Corporate Secretary

Proxies
Shareholders on record as at Friday, February 21, 2025 are entitled to appoint one or more proxies to attend and vote instead of them. A proxy need not be a shareholder. Any instrument appointing a proxy may be sent by mail or hand delivered to the office of CIBC Caribbean Trust Company (Bahamas) Limited, Registrar and Transfer Agent, Goodman's Bay Corporate Centre, West Bay Street, P.O. Box N-3933, Nassau, Bahamas. It may also be sent by email to bahamasagm@cibcfcib.com by March 18, 2025.

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

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

Registered office
CIBC Caribbean Bank Financial Centre, 2nd Floor, Shirley Street, Nassau, Bahamas.

Financial Results and Dividends
The Company reported a net income of $136.3 million for the period ending October 31, 2024. All statutory requirements for the period have been fulfilled.

Interim dividends of nine cents ($0.09) per ordinary share was declared by the directors on December 14, 2023, April 11, 2024, June 18, 2024 and September 19, 2024 respectively. The total interim dividend for the year was thirty-six cents ($0.36) per ordinary share.

Share Capital
The Company has 120,216,204 ordinary shares issued and outstanding as at October 31, 2024.

CIBC Caribbean Bank Limited held 95.21% of the Company's issued and outstanding ordinary shares as at October 31, 2024.

Substantial Interest as at October 31, 2024*
CIBC Caribbean Bank Limited
114,463,600 (95.21%)

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

Auditors
Ernst & Young Ltd., Chartered Accountants, served as external auditors of the Company for the 2024 financial year. A resolution relating to the appointment of Ernst & Young Ltd. as auditors for the 2025 financial year will be proposed.

February 26, 2025

Sherrylyn Bastian

Sherrylyn Bastian
Legal Counsel & Corporate Secretary

Introduction to the Corporate Governance Statement

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

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

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

The above-mentioned Committees provide oversight for CIBC Bahamas.

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

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

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

This statement of corporate governance practices describes the governance framework that guides the Board and management in fulfilling their obligation to CIBC Caribbean Bank (Bahamas) Limited ("CIBC Bahamas") and its stakeholders. It was reviewed and approved by the Board on January 31, 2025.

1. Governance Structure

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

2. Board composition

The composition of the Board and CIBC Caribbean's committees ("the committees") is driven by legal and regulatory requirements and the strategic direction of CIBC Caribbean.

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

Board size - CIBC Bahamas' articles of association requires a minimum of five directors and a maximum of twelve directors. The Board is comprised of six directors, three are independent and three are non-independent.

Board responsibilities

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

Strategic planning - The Board oversees the development of CIBC Bahamas' strategic direction and priorities. Throughout the year, the Board reviews management's assessment of emerging trends, the CIBC Caribbean Group's environmental, social and governance strategy, the competitive environment, risk issues and significant business practices and products.

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

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

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

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

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

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

3. Director Independence

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

The Board and the committees also foster independence by:

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

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

Conflicts of interest

To foster ethical and independent decision-making, CIBC Caribbean 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 Bahamas that is being considered by the Board or a committee, he or she discloses that interest and excuses himself or herself from the meeting while the Board or committee considers the transaction or agreement and does not vote on any resolution to approve that transaction or agreement.

4. Director Nomination Process

Nominating a new director for election

The Nominating and Corporate Governance Committee is responsible for recommending director candidates for election. In practice, before making a recommendation on a new director candidate, the Chair of CIBC Caribbean's Board, the Chair of the Nominating and Corporate Governance Committee, and any other designated CIBC Caribbean Board member(s) will agree on the skills and characteristics of a prospective director candidate. Once a candidate or candidates are identified, at the direction of the Chair of CIBC Caribbean's Board, the Lead Independent Director of the CIBC Caribbean Board or the Nominating and Corporate Governance Committee, the Group Corporate Secretary's office coordinates the due diligence process on the candidate. The due diligence process entails a review of certain information to:

- verify that the candidate has the qualifications to be a director of a bank under applicable law;
- assess existing or potential conflicts between the interests of the candidate and those of CIBC Caribbean;
- review the application of the Board's independence standards to the candidate;
- determine whether there are any public disclosure matters;
- conduct a background check on the candidate;
- verify the candidate's educational credentials; and
- consider any potential matters that might have an adverse impact on the reputation of CIBC Caribbean.

During the process the Chair of CIBC Caribbean's Board, the Chair of the Nominating and Corporate Governance Committee and other CIBC Caribbean's 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 the Board. After completion of the due diligence process, the Group Corporate Secretary provides a written report to the Chair of CIBC Caribbean's Board and to the Nominating and Corporate Governance Committee and the Committee assesses the candidate's suitability. The committee recommends the appointment of suitable candidates to the Board. Thereafter, the Board approves the director.

Meeting attendance record

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

During fiscal 2024 the Board met four times. The Audit Committee met four times. The Risk Committee met eight times. The Compensation Committee met five times and the Nominating and Corporate Governance Committee met four times.

Scheduled quarterly meetings

Board Member	Board of Directors' Meetings (CIBC Bahamas)	Audit Committee Meetings	Compensation Committee Meetings	Nominating and Corporate Governance Committee Meetings	Risk Committee Meetings
Mark St. Hill	4/4	Not a member	2/4	2/4	2/4
Dr. Jacqueline Bend	4/4	Not a member	Not a member	Not a member	Not a member
Willie Moss	4/4	Not a member	Not a member	Not a member	Not a member
Felix Stubbs	4/4	Not a member	Not a member	Not a member	Not a member
Craig Gomez	4/4	4/4	4/4	4/4	4/4
Brian Clarke	2/4	Not a member	Not a member	Not a member	Not a member
Brian McDonough	Not a member	4/4	4/4	4/4	4/4
Christopher de Caires	Not a member	4/4	4/4	4/4	4/4
Wayne Lee	Not a member	4/4	Not a member	Not a member	4/4
Achilles Perry ^	Not a member	Not a member	3/4	3/4	Not a member
Paula Rajkumarsingh	Not a member	4/4	4/4	4/4	4/4
Alasdair Robertson^^	Not a member	1/4	1/4	1/4	1/4
John Silverthorn	Not a member	Not a member	4/4	Not a member	Not a member
Lincoln Eatmon ^^^	Not a member	4/4	Not a member	Not a member	Not a member

Interim meetings called at short notice

Board Member	Board of Directors' Meetings (CIBC Bahamas)	Audit Committee Meetings	Compensation Committee Meetings	Nominating and Corporate Governance Committee Meetings	Risk Committee Meetings
Mark St. Hill	No meetings held at short notice	Not a member	Not a member	Not a member	3/4
Dr. Jacqueline Bend	No meetings held at short notice	Not a member	Not a member	Not a member	Not a member
Willie Moss	No meetings held at short notice	Not a member	Not a member	Not a member	Not a member
Felix Stubbs	No meetings held at short notice	Not a member	Not a member	Not a member	Not a member
Craig Gomez	No meetings held at short notice	No meetings held at short notice	1/1	No meetings held at short notice	3/4
Brian Clarke	No meetings held at short notice	Not a member	Not a member	Not a member	Not a member
Brian McDonough	Not a member	No meetings held at short notice	Not a member	Not a member	0/4
Christopher de Caires	Not a member	No meetings held at short notice	1/1	No meetings held at short notice	3/4
Wayne Lee	Not a member	No meetings held at short notice	Not a member	Not a member	2/4
Achilles Perry	Not a member	Not a member	0/1	No meetings held at short notice	Not a member
Paula Rajkumarsingh	Not a member	No meetings held at short notice	1/1	No meetings held at short notice	4/4
Alasdair Robertson	Not a member	No meetings held at short notice	0/1	No meetings held at short notice	2/4
John Silverthorn	Not a member	Not a member	1/1	Not a member	Not a member
Lincoln Eatmon	Not a member	No meetings held at short notice	Not a member	Not a member	Not a member

^ Resigned from CIBC Caribbean Board effective November 1, 2024
^^ Resigned from CIBC Caribbean Board effective October 31, 2024
^^^ Member of the Audit Committee only

Annual Meeting
CIBC Bahamas' annual general meeting was held virtually on April 11, 2024 and was attended by the Board. CIBC Bahamas' Financial Controller and external auditor, Ernst & Young Ltd. ("EY"), were also present as well as other members of CIBC Bahamas' senior management team.

5. Annual Performance Evaluation of the Board

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

The evaluation addresses the performance and effectiveness of the Board and the Chair of the Board. The evaluation is based on confidential feedback obtained from a survey completed by each director and submitted to the Corporate Secretary. The Chair of the Board also completes an assessment of the independence and performance of the Independent Non-Executive Directors.

The Nominating and Corporate Governance Committee also conducts this evaluation with the assistance of the Group Corporate Secretary for CIBC Caribbean Board. That evaluation addresses the performance and effectiveness of CIBC Caribbean Board, each Board committee and the Chair of CIBC Caribbean Board. The evaluation is based on confidential feedback obtained from a survey completed by each director and submitted to the Group Corporate Secretary. The survey solicits feedback on what was done well, what could be done better and covers Board and committee structure and composition, Board leadership, the Board's relationship with the Chair, management, succession planning, strategic planning, risk management, operational performance and Board processes and effectiveness. The evaluation process helps identify opportunities of continuing Board and director development and forms the basis of any action plans for improving the Board's operations.

6. The Managing Director

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

7. The Chair of the Board

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

8. Board Committees

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

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

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

Audit Committee

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

The members of the Audit Committee are:

Chair:	Paula Rajkumarsingh (independent)
Membership:	Christopher de Caires (independent)
	Lincoln Eatmon (independent)
	Craig Gomez (independent)
	Wayne Lee
	Brian McDonough
	Alasdair Robertson (independent)

Compensation Committee

The Compensation Committee is responsible for assisting CIBC Caribbean's Board in fulfilling its governance and supervisory responsibilities relating to compensation of the Chief Executive Officer, the Chief Financial Officer and other executive officers and senior management. The committee is also responsible for assisting the CIBC Caribbean's Board in fulfilling its strategic oversight of the Bank's human capital, including overall employee compensation, the levels and degrees of participation in incentive compensation programs, including bonuses and stock plans, and oversight of management's progress in employee development and relations, and their alignment with the Bank's strategy of consistent, sustainable performance, its risk appetite and risk and control governance framework.

The members of the Compensation Committee are:

Chair:	John Silverthorn
Membership:	Christopher de Caires (independent)
	Craig Gomez (independent)
	Achilles Perry
	Paula Rajkumarsingh (independent)
	Alasdair Robertson (independent)

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for assisting CIBC Caribbean's Board in fulfilling its responsibilities relating to identifying individuals qualified to become directors and selecting, or recommending that CIBC Caribbean's Board selects, the candidates for all directorships to be filled by CIBC Caribbean's Board or by the shareholders. The committee is also responsible for taking a leadership role in shaping the corporate governance of the CIBC Caribbean Group. In addition, the committee is the nominating committee for membership in all boards of directors in the CIBC Caribbean Group.

The members of the Nominating and Corporate Governance Committee are:

Chair:	Christopher de Caires (independent)
Membership:	Craig Gomez (independent)
	Achilles Perry
	Paula Rajkumarsingh (independent)
	Alasdair Robertson (independent)

Risk Committee

The Risk Committee is responsible for overseeing and approving the enterprise-wide risk management practices to assist CIBC Caribbean's Board in fulfilling its governance and supervisory responsibilities including strategic oversight of business risks and for reviewing and approving significant disposals, investments, changes in nature of business, expansion and major contracts. The committee is also responsible for the review of the performance of operations and technology functions, the management of information security and for the review and monitoring of risks such as strategic, financial, credit, investment, market, security, treasury and liquidity, property, information technology, legal, regulatory, reputation, operational and other risks of the CIBC Caribbean Group.

The members of the Risk Committee are:

Chair:	Brian McDonough
Membership:	Christopher de Caires (independent)
	Craig Gomez (independent)
	Wayne Lee
	Paula Rajkumaringh (independent)
	Alasdair Roberston (independent)
	Mark St. Hill

9. Board Access to Independent Advisors and Management

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

10. Director Orientation and Continuing Development

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

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

New director orientation

New directors are presented with an orientation package which includes the Board and committee mandates, the most recent Chief Executive Officer ("CEO") business update, current financial and capital plans, the most recent annual report, the Code of Ethics for Directors, the Code of Conduct, the Anti-Bribery and Anti-Corruption Policy, the Insider Trading Policy, the Related Party Policy, Conflict of Interest Policy, a description of the committee and Group structure, information on director and officer liability insurance, Board meeting dates, and any other material the Chair of the Board considers appropriate.

Ongoing director development

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

11. Director Compensation

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

The independent directors are paid a flat annual fee for attending all board and committee meetings, whether scheduled or not. CIBC Caribbean executives, who are directors, are not paid fees. Independent committee chairs and committee members who are not directors are paid fees. The independent directors of the Board were paid an aggregate total of $105,000 in fiscal 2024.

12. Approval of the Managing Directors' Service Contract

The Compensation Committee reviews the performance and compensation of the Managing Director annually.

13. Organisation of Management

An Executive Committee ("EXCO") selected by the CIBC Caribbean Board on the recommendation of the CEO, leads the execution of the Bank's business strategy. The EXCO is constituted as follows:

Chief Executive Officer	Mark St. Hill
Chief Human Resources Officer, People, Culture & Brand	Janine Billy
General Counsel & Group Corporate Secretary	Brian Clarke
Chief Financial Officer	Carl Lewis
Chief Risk Officer	Patrick McKenna
Chief Information Officer and Managing Director, Technology & Operations	Esan Peters
Chief Commercial Officer	Willem van der Burg
Managing Director, Bahamas & TCI	Jacqueline Bend
Chief Auditor	Khadija Bourne
Managing Director, Jamaica	Nigel Holness
Managing Director, Cayman, BVI & Dutch Islands	Mark McIntyre
Managing Director, Trinidad	Anthony Seeraj
Managing Director, Barbados & Eastern Caribbean	Donna Wellington
Managing Director, Transformation, Governance & Control	Doug Williamson*

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

- Asset Liability Committee
- Credit Committee
- Strategic Project Office
- Operational Risk & Control Committee
- Reputational and Legal Risk Committee

CIBC Bahamas' Committee structure utilise membership from the above-mentioned committees to ensure that best practices are uniformly adopted. CIBC Bahamas management committees are:

- Bahamas Country Management Committee
- Bahamas Asset Liability Management Committee

Executive compensation

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

It is the mandate of the Compensation Committee to make executive pay decisions and recommendations to CIBC Caribbean's Board.

* Mr. Doug Williamson was appointed Managing Director Governance & Control effective November 1, 2024

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

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

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

ELEMENT	PERFORMANCE MEASURES	DESCRIPTION

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

Deferred Cash Award (approximately 50% of total incentive)	• Grant measures:
	  • Financial
	  • Risk
	  • Client
	  • Employee
	  • Strategy execution
	• Vesting measures:
	  • Cumulative company performance over vesting period using a range of financial performance measures
		• Long term
		• Deferred cash incentive award with three year cliff vesting
		
		For awards vesting on or before 31 December 2025:
		• Each year over the vesting period business performance factor is applied to initial grant to reflect the performance of the business over that year.
		• Business performance factor is determined based on a number of financial performance measures.
		• At vesting the initial grant multiplied by the business performance factor for each of the three years of the vesting period is paid, subject to a maximum of 125% and minimum of 75% of the original award
		• CIBC Caribbean's Board retains discretion to adjust further to reflect extraordinary circumstances.
		
		For awards vesting after 1 January 2026:
		• Awards granted from December 2023 onwards will be converted to Performance Share Units (PSUs) based on the CIBC share price at the award date.
		• Awards will attract notional dividends quarterly based on CIBCs share dividends which will be reinvested as additional PSUs.
		• Awards will be cash settled on vesting using the total number of PSUs at vesting x BPF 3-year calculation x CIBC share price at vesting
		• Business performance factor is determined based on a number of financial performance measures.
		• Business performance factor 3-year calculation is: (BPF Yr1 + BPF Yr2 + BPF Yr3)/3

14. CIBC Caribbean's Code of Conduct and Code of Ethics for Directors
CIBC Caribbean is committed to the highest standards of ethical and professional conduct. The Code of Conduct applies to all full and part time employees. The Code of Conduct also applies to consultants, independent contractors and temporary agency staff providing services to CIBC Caribbean.

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

All directors are required to review and attest to compliance with the applicable code annually.

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

15. External Auditors: Oversight & Fees
The external auditors report to the Audit Committee.

Fees billed for professional services rendered by EY across its regional footprint for the consolidated financial statements years ended October 31, 2024 and October 31, 2023 are set out as follows:

Unaudited, $000's	**2024**	**2023**
Audit Fees (1)	3,083	3,072
Audit related fees (2)	260	262
Tax fees (3)	199	194
Total	3,542	3,528

(1) For the audit of CIBC Caribbean's annual financial statements and services normally provided by the auditors in connection with statutory and regulatory filings.
(2) For the assurance and related services that are reasonably related to the performance of the audit or review of CIBC Caribbean's financial statements.
(3) For tax compliance services.

16. Engagement of Non-Audit Services by External Auditors
CIBC Caribbean's Scope of Services of the Shareholders' Auditors' Policy requires Audit Committee pre-approval of non-audit services provided by our external auditors.

17. Oversight of the Internal Audit function by the Audit Committee
Internal Audit function
The Audit Committee has ultimate responsibility for the Internal Audit function and oversees its performance.

Organisational Framework
At least annually, the Audit Committee will review Internal Audit's charter (developed in accordance with professional standards promulgated by the Institute of Internal Auditors), having regard to its role and an independent control function.

The Committee will also review the activities, staffing, organisational structure and credentials of Internal Audit.

At least annually, the Audit Committee will:
i. Review the Internal Audit function's financial plan and staff resources.
ii. Receive and review reports on the status of significant findings, recommendations and Management's responses.

The Audit Committee will also review the extent to which Internal Audit has reviewed computer systems and applications, the security of such systems and applications, and contingency plans in the event of a systems breakdown.

Chief Auditor
At least annually, the Committee will review the goals, approve the Internal Audit Charter and review an assessment of the effectiveness and performance of the Chief Auditor and the Internal Audit function, as required. The Audit Committee will also have input into the performance evaluation of the Chief Auditor.

Organisation Placement
Internal Audit is led by the Chief Auditor, who in turn reports directly to the Chief Auditor of CIBC, and to the Audit Committee Chair. The Chief Auditor also reports administratively to the Chief Executive Officer.

The Chief Auditor has unencumbered access to the Audit Committee, and may freely discuss policies, audit findings recommendations, audit follow-up, guidance issues and any other matters deemed applicable.

Professional Standards and Independence
Internal Audit follows the professional standards of relevant professional organisations including:

i. Institute of Internal Auditors (IIA) International Professional Practices Framework
ii. Code of Professional Ethics of the Information Systems Audit and Control Association (ISACA) and the Information Systems Audit and Assurance Standards as set forth by the ISACA.

Resources and skillset
The Audit Committee recognises that professional standards require internal auditors to have knowledge of operations and appropriate expertise in the subject matter that is being audited. The Chief Auditor provides the Audit Committee with an annual report on personnel, including the sufficiency of resources, qualifications, certifications and development.

Independence
The Chief Auditor will periodically discuss standards of professional audit independence with the Audit Committee Chair and the Audit Committee. The Audit Committee also periodically reviews management's assessment of the independence and effectiveness of the Internal Audit function and evaluates the Chief Auditor's administrative reporting line.

Internal Audit will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair its independence.

Periodic Review
The Audit Committee is responsible for reviewing the effectiveness of the Internal Audit function and will ensure a quality assurance and improvement program has been established and review the results annually. Additionally, once every five years, the Committee will engage an independent third party to assess the Internal Audit function in accordance with professional standards promulgated by the Institute of Internal Auditors and in the context of regulatory expectations and practices of leading institutions. The Audit Committee will review the results of that assessment.

Audit Plan
The Audit Committee will review and approve the annual audit plan including the audit scope and all major changes to the plan presented by the Chief Auditor to ensure that it is appropriately risk based and addresses all relevant activities over a measurable cycle. The Audit Committee will review and discuss with the Chief Auditor the scope, progress and results of executing the Internal Audit plan.

The Chief Auditor, on a quarterly basis, will review the status of the audit plan and any changes needed, including a review of:

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

18. Risk and Control Governance Framework

CIBC Caribbean'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 Caribbean's Risk and Control Governance systems.

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

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

There are five components to this Framework, these are define as follows:-

1. **Management Objectives** - The Bank's risk and control systems are designed to ensure the achievement of three categories of objectives:

   a) Effective Operations - The operations of CIBC Caribbean are effective in meeting its strategic objectives;
   b) Reliable Reporting - The financial reports provided to shareholders and other external stakeholders are accurate and reliable in all material aspects;
   c) Regulatory Compliance - The conduct and actions of CIBC Caribbean's Board of Directors, the Board, executives, employees and contingent workers comply with all applicable laws and regulations; and
   d) Strategic Priorities - Allows the Bank to focus on our clients, build on our technology base to create a regionally leading digital experience for our clients, simplify the way we do business and invest in our people.

2. **Internal Environment** - The internal environment sets the foundation for how risk is viewed and encompasses the Bank's General Entity Controls (GEC), this is represented by three main components:

   a) Vision, Mission, Values and Strategic Priorities - Tone from the Top- the board of directors and executive management of the Bank has overall responsibility for the Bank including determining, approving and overseeing the Bank's strategic objectives, risk strategy, governance structure, corporate values and strategic priorities. This shapes the Risk and Control Governance Framework of the Bank.
   b) Risk Appetite - defines the level of risk the Bank is prepared to accept in pursuit of the Bank's mission, vision, strategic objectives and corporate values.
   c) Risk and Control related Policies and Limits - sets the boundaries for positive actions and behaviors of CIBC Caribbean employees and contingent workers in alignment with the Bank's Risk Appetite.

3. **Risk Identification and Control Management Activities** - This is the process to identify and assess risks and controls relevant to the achievement of the Bank's objectives, which has six elements:

   a) Risk Assessment, Documentation and Maintenance - determining what needs to be done (objectives/goals being assessed) determining what can go wrong (risks) and prioritising what can go wrong (ranking). Control Activities must be documented and updated as changes occur;
   b) Monitoring and Testing - a robust monitoring and testing methodology must be designed and implemented to confirm risks are within acceptable thresholds and key controls are designed and operating effectively;
   c) Assessment - management must complete steps to determine whether or not their risks are within acceptable thresholds and the system of internal control is working effectively or if there are deficiencies that need to be identified;
   d) Deficiency Management - once a deficiency has been identified, the severity of the issue must be determined, action plans to remediate should be documented and executed to ensure the issue is addressed;
   e) Assertion - Accountable officers and executive management complete quarterly assertions on the state of controls and deficiencies within theirrespective strategic business units and Strategic Support Units; and
   f) Procedures, Standards and Guidelines - Procedures, standards and guidelines are developed and implemented to support respective risk policies and limits.

4. **Stress Testing** - CIBC Caribbean performs stress tests and scenario analyses in order to gain a better understanding of the significant risks the Bank potentially faces under extreme conditions and to provide important input into the determination of related regulatory and economic capital requirements. Stress testing refers to shifting the values of individual parameters that affect our financial position and determining the effect on the business (for example, a doubling of staff turnover in a key, high dependence business function). Scenario analysis refers to a wider range of parameters being varied at the same time.

5. **Reporting** - The appropriate management information must be communicated to the Board and the executive management in a timely, complete, understandable and accurate manner so that they are equipped to make informed decisions.

19. Insider Trading

CIBC Caribbean's policy on insider trading can be found at www.cibcfcib.com.

Proxy Form

I/We the undersigned shareholder/shareholders of CIBC Caribbean Bank (Bahamas) Limited (the “Company”) hereby appoint Mr. Mark St. Hill, or failing him, Dr. Jacqueline Bend or ______________________ as my/our proxy to vote for me/us on my/our behalf as indicated below on the resolutions to be proposed at the annual general meeting of the shareholders of the Company to be held on Thursday, March 20, 2025 at 4:00pm and at any adjournment thereof.

Dated this ……………………………………… day of…………………………………………… 2025.

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. Unless you direct otherwise, proxy holders will vote in favour of each resolution.

Resolution 1

To receive audited accounts for the year ended October 31, 2024 and the report of the directors and auditors thereon.

Vote For ___ Vote Against ___

Resolution 2

To elect the following persons to serve as directors until the next annual general meeting of the Company:

Mr. Mark St. Hill	Vote For ___	Vote Against ___
Dr. Jacqueline Bend	Vote For ___	Vote Against ___
Mr. Brian Clarke	Vote For ___	Vote Against ___
Mrs. Willie Moss	Vote For ___	Vote Against ___
Mr. Felix Stubbs	Vote For ___	Vote Against ___
Mr. Craig Gomez	Vote For ___	Vote Against ___

Resolution 3

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

Vote For ___ Vote Against ___

This proxy is solicited on behalf of the management of the Company and will be voted as directed in the spaces provided above or, if no direction is given it will be voted in the affirmative for each of the above proposals.

Proxy Form

Notes:

1. If it is desired to appoint a proxy other than the named directors, the necessary deletions must be made and initialed and the name of the proxy holder must be inserted in the space provided and initialed.

2. In the case of joint holders, the signature of any holder is sufficient, but the name of all joint holders should be stated.

3. If the appointer is a corporation, this form must be under the name of an officer of the corporation duly authorized on its behalf.

4. Unless otherwise noted, a simple majority of the votes cast at the meeting, whether by proxy or otherwise, will constitute approval of any matter submitted to a vote.

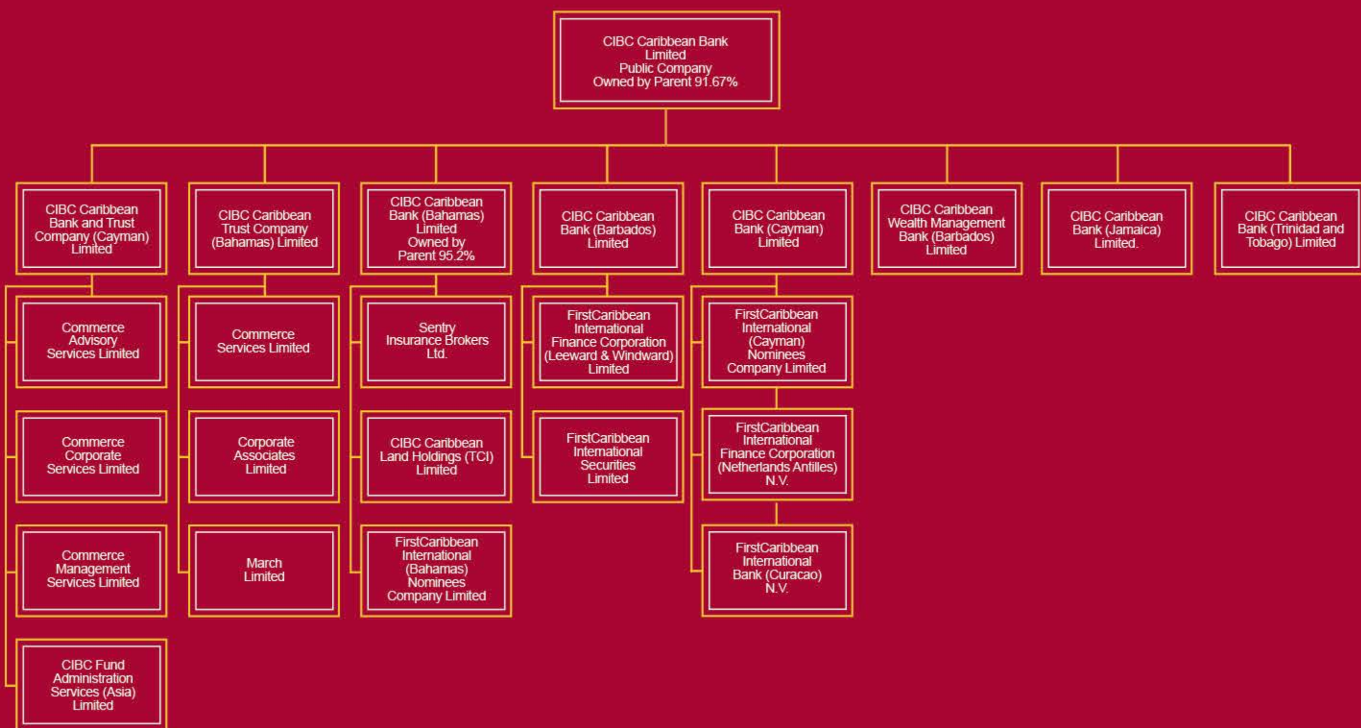
5. In order for this form to be valid, it must be signed and should be dated by the shareholder or the shareholder's attorney. The signature should be exactly the same as the name in which the shares are registered. The proxy must be sent to the office of CIBC Caribbean Trust Company (Bahamas) Limited, Registrar and Transfer Agent:

   - hand delivered or mailed to the office at Goodman's Bay Corporate Centre, West Bay Street, P.O. Box N-3933, Nassau, Bahamas.
   - by email to bahamasagm@cibcfcib.com.

In each case no later than on Tuesday, March 18, 2025.

If this form of proxy is received undated but otherwise properly executed, it will for all purposes be deemed to be dated at the time of receipt.

OWNERSHIP STRUCTURE



Main Branches and Centres

Abaco
Marsh Harbour
P O Box AB-20402
Marsh Harbour
Tel: (242) 300-0002
Fax: (242) 367-2156

Eleuthera
Governor's Harbour
P O Box EL-25022
Governor's Harbour
Tel: (242) 300-0002
Fax: (242) 332-2318

Grand Bahama
Pioneers Way, Freeport
P O Box F-42556
Tel: (242) 300-0002
Fax: (242) 352-6655

New Providence
Carmichael Road
Carmichael & Baillou Hill Road
P O Box N-8350
Nassau
Tel: (242) 502-6834
Fax: (242) 361-1346

Harbour Bay
P O Box N-8350
East Bay Street
Nassau
Tel: (242) 502-6834
Fax: (242) 393-7170

Marathon Mall
P O Box N-8329
Robinson & Marathon Road
Nassau
Tel: (242) 502-6834
Fax: (242) 394-7077

RND Plaza West
P O Box N-8329
John F. Kennedy Drive
Nassau
Tel: (242) 502-6834
Fax: (242) 322-7851

Sandyport
P O Box N-7125
Old Towne Mall
West Bay Street
Nassau
Tel: (242) 502-6834
Fax: (242) 327-4955

Shirley Street
P O Box N-7125
Shirley Street
Nassau
Tel: (242) 502-6834
Fax: (242) 326-6552

Corporate and Investment Banking Centre
P O Box N-7125
Shirley Street
Nassau
Tel: (242) 356-1764
Fax: (242) 328-1690

Private Wealth Management/ Corporate International Banking
P O Box N-8350
Goodman's Bay
Corporate Centre
Nassau
Tel: (242) 397-8200
Fax: (242) 322-3692
Tel: (242) 502-6834

Wealth Management
P O Box N-8350
Shirley Street
Nassau
Tel: (242) 502-6834
Fax: (242) 302-6091

Card Services Centre
P O Box N-8350
Nassau Business Centre,
Airport Industrial Park
Nassau
Tel: (242) 328-0405
Fax: (242) 394-3655

Customer Service Centre
P O Box N-8350
Nassau Business Centre,
Airport Industrial Park
Nassau
Tel: (242) 502-6834
Fax: (242) 394-8238

Sentry Insurance Brokers Ltd.
P O Box N-8350
Shirley Street
Nassau
Tel: (242) 502-6834
Fax: (242) 302-6091

Managing Director's Office
P O Box N-3221
Shirley Street
Nassau
Tel: (242) 325-7384
Fax: (242) 323-1087

Turks & Caicos Islands
Grand Turk
P O Box 258
Cockburn Town
Grand Turk
Tel: (649) 946-2831
Fax: (649) 946-2695

Providenciales
P O Box 236
Leeward Highway
Providenciales
Tel: (649) 946-4007
Fax (649) 946-4573

Notes


CIBC
FirstCaribbean
International Bank
THE BAHAMAS
TURKS AND CAICOS ISLANDS
THE CAYMAN ISLANDS
JAMAICA
BRITISH VIRGIN ISLANDS
ST. MAARTEN
ST. KITTS & NEVIS
ANTIGUA & BARBUDA
CARIBBEAN SEA
ST. LUCIA
BARBADOS
CURAÇAO
TRINIDAD & TOBAGO
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