



**FirstCaribbean International Bank and Trust Company  
(Cayman) Limited**

**Market Discipline Disclosures (Pillar 3)**

**For the period ended April 30, 2023**

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## 1. Overview and Purpose<sup>1</sup>

This document contains the Market Discipline Disclosures (Pillar 3) for the period ended April 30, 2023, in respect of capital and risk management for FirstCaribbean International Bank and Trust Company (Cayman) Limited (“the Company”).

The information contained in this Pillar 3 disclosure has been prepared in accordance with the Market Discipline Disclosure Requirements (Pillar 3) Rules and Guidelines (September 1, 2021) issued by the Cayman Islands Monetary Authority.

The aim of Pillar 3 is to encourage market discipline by allowing market participants to access key pieces of information regarding capital adequacy and risk management of institutions through a prescribed set of disclosure requirements.

These disclosures were reviewed and approved internally in line with our Board approved disclosure policy. The level of internal control processes for these disclosures are similar to those applied to the Company’s Annual Financial Statements.

All amounts in this document are in thousands of United States dollars, unless otherwise stated.

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<sup>1</sup> The information contained in this disclosure has not and is not required to be audited by the Group’s external auditors and does not constitute any form of financial statements. The information should not be relied on in the making any judgement on the Group.

## 2. Overview of Risk Management and Risk Weighted Assets (RWA)

### 2.1 OV1 - Overview of Risk Weighted Assets

The Risk Weighted Assets (RWA) are categorized under various risk frameworks and are calculated based on regulatory requirements.

#### Template OV1

US\$'000

		a	b	c
		RWA		Minimum capital requirements
		Apr 2023	Jan 2023	Apr 2023
1	Credit risk (excluding counterparty credit risk) (CCR)	44,117	50,417	5,294
2	Securitisation exposures	-	-	-
3	Counterparty credit risk	-	-	-
4	Of which: current exposure method	-	-	-
5	Of which: standardized method	-	-	-
6	Market risk	1,337	1,113	160
7	Of which: Equity risk	-	-	-
8	Operational risk	37,198	37,198	4,464
9	Of which: Basic Indicator Approach	-	-	-
10	Of which: Standardised Approach	37,198	37,198	4,464
11	Of which: Alternative Standardised	-	-	-
12	Total (1+2+3+6+8)	82,652	88,728	9,918

Decrease in the RWA for credit risk was mainly due to lower balances held with other financial institutions.

## 3. Capital

### 3.1 CAP - Details on the Company's Capital, including specific Capital Instruments

The top corporate entity to which these rules and guidelines apply is FirstCaribbean International Bank and Trust Company (Cayman) Limited

Entities within the Company include the following, which are all fully consolidated:

- ***FirstCaribbean International Bank and Trust Company (Cayman) Limited:*** a wholly owned subsidiary of FirstCaribbean International Bank Limited ("Parent"), a company incorporated in Barbados. The major shareholder and ultimate parent of the Parent is CIBC, a company incorporated in Canada.

The Company holds a Category A Banking and Trust License issued under the Banks and Trust Companies Act of the Cayman Islands and is principally engaged in the business of fund administration, management of companies and trustee services. The Company holds a separate mutual fund administrator's license issued under the Mutual Funds Act of the Cayman Islands and engages in all aspects of mutual fund administration.

- ***CIBC Fund Administration Services (Asia) Limited:*** a limited liability company domiciled and incorporated in Hong Kong and is wholly owned by FirstCaribbean International Bank and Trust Company (Cayman) Limited.

The Company's principal activities consist of providing sales promotion support in the Asian market to FirstCaribbean International Bank and Trust Company (Cayman) Limited and subsequently depending on the growth potential for these services may further engage in the provision of fund administration services.

- ***Commerce Advisory Services Limited; Commerce Corporate Services limited; and Commerce Management Services Limited:*** are wholly owned subsidiaries of FirstCaribbean International Bank and Trust Company (Cayman) Limited and are used for nominee purposes only.

There are no differences in the basis of consolidation applied for accounting and regulatory purposes.

There are no restriction or other major impediments, on transfer of funds or regulatory capital, subject to applicable regulatory requirements.

The profile consists of standard equity components (Paid up Capital, Reserves and Retained Earnings) adjusted by components of the balance sheet as called for by prevailing regulatory guidelines. There are no complex or hybrid capital instruments in the Company's capital profile.

Overall, the company seeks to employ a strong and efficient capital structure while optimizing return on equity profile and capital utilisation. The Company's capital profile and related exposures are managed to ensure that prescribed regulatory requirements are met at all times including during periods of mild and severe economic stress based on internal models.

The Company utilises a formal Internal Capital Adequacy Assessment Process (ICAAP) in assessing its capital needs annually. This process incorporates projected earnings and financial results over a three year planning horizon, assessment of all relevant key risks and stress testing to ensure the adequacy of

the capital profile to satisfy business growth objectives, unplanned losses if any and minimum regulatory requirements.

Capital utilisation is continually monitored and evaluated to ensure that strategic business objectives and regulatory requirements are satisfied. Capital profiles and risk exposures are routinely analyzed, measured and reported internally within the organisation with focused discussions held monthly at formal management meetings. Capital metrics are reported to the Board of Directors quarterly.

The Company is subject to Minimum Capital Requirement set out in the Cayman Islands Monetary Authority's Rules, Conditions and Guidelines on Minimum Capital Requirements. The Minimum Capital Requirement principally comprises of Credit Risk, Market Risk and Operational Risk requirements.

The table below highlights the composition of capital, minimum capital required and capital adequacy ratios.

#### **Capital Composition**

US\$'000

	<b>FirstCaribbean International Bank and Trust Company (Cayman) Limited</b>	
	<b>Apr 2023</b>	<b>Oct 2022</b>
<b>Tier 1 Capital</b>		
Paid up capital	25,921	25,921
Disclosed Reserves		
Share Premium	825	825
Retained Earnings	7,668	8,454
General Reserves	(640)	(642)
<b>Total Tier 1 Capital</b>	<b>33,774</b>	<b>34,558</b>
<b>Tier 2 Capital</b>		
Current year's earnings	2,710	2,715
<b>Total Tier 2 Capital</b>	<b>2,710</b>	<b>2,715</b>
<b>Available Capital Base</b>	<b>36,484</b>	<b>37,273</b>

#### **Minimum Capital Required**

Credit Risk	5,294	6,684
Market Risk	160	125
Operational Risk	4,464	4,284
<b>Total</b>	<b>9,918</b>	<b>11,093</b>

#### **Capital Adequacy Ratios**

Tier I	<b>40.9%</b>	<b>37.4%</b>
Total Tier I & II	<b>44.1%</b>	<b>40.3%</b>

The decrease in the available capital base was driven by the dividend payments.

## 4. Credit Risk

### 4.1 CR1 - Credit Quality of Assets

Provides information on the credit quality of the Company's (On and Off Balance Sheet) Assets.

#### Template CR1 US\$'000

Item	Gross carrying values of:		Allowances/ impairments (c)	Net values (a+b-c) (d)
	Defaulted exposures (a)	Non-defaulted exposures (b)		
1 Loans	-	-	-	-
2 Debt Securities	-	69,570	9	69,561
3 Off-balance sheet exposures	-	-	-	-
4 Total	-	69,570	9	69,561

### 4.2 CR2 - Changes in Stock of Defaulted Loans and Debt Securities

The Company has no defaulted loans and debt securities.

### 4.3 CR3 - Credit Risk Mitigation Techniques

Disclose the extent of use of Credit Risk Mitigation (CRM) techniques.

#### Template CR3 US\$'000

Item	Exposures unsecured	Exposures secured by collateral		Exposures secured by financial guarantees		Exposures secured by credit derivatives	
	Carrying amount (a)	Carrying amount (b)	Of which: secured amount (c)	Carrying amount (d)	Of which: secured amount (e)	Carrying amount (f)	Of which: secured amount (g)
1 Loans	-	-	-	-	-	-	-
2 Debt securities	69,561	-	-	-	-	-	-
3 Total	69,561	-	-	-	-	-	-
4 Of which defaulted	-	-	-	-	-	-	-

#### 4.4 CR4 - Standardised Approach - Credit Risk Exposure and CRM effects

This disclosure illustrates the effect of CRM (comprehensive and simple approach) on standardised approach capital requirements' calculations. The risk weighted assets (RWA) density provides a synthetic metric on riskiness of each portfolio.

##### Template CR4 US\$'000

	Asset classes	a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA Density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	
1	Sovereigns and their central banks	69,561	-	69,561	-	-	0%
2	Non-central government public sector entities	-	-	-	-	-	0%
3	Multilateral development banks	-	-	-	-	-	0%
4	Banks	161,116	-	161,116	-	32,224	20%
5	Securities firms	-	-	-	-	-	0%
6	Corporates	-	-	-	-	-	0%
7	Regulatory retail portfolios	-	-	-	-	-	0%
8	Secured by residential property	-	-	-	-	-	0%
9	Secured by commercial real estate	-	-	-	-	-	0%
10	Past-due exposures	-	-	-	-	-	0%
11	Higher-risk categories	-	-	-	-	-	0%
12	Other assets	11,893	-	11,893	-	11,893	100%
13	<b>Total</b>	<b>242,570</b>	<b>-</b>	<b>242,570</b>	<b>-</b>	<b>44,117</b>	<b>18%</b>



## 4.5 CR5 - Standardised Approach - Exposures by Asset Class and Risk

Provides Information on the breakdown of credit risk exposures under the standardised approach by asset class and risk weight (corresponding to the riskiness attributed to the exposure according to the standardised approach).

### Template CR5

US\$'000

		a	b	c	d	e	f	g
Risk Weight		0%	20%	50%	75%	100%	150%	Total credit exposure amount (post CCF and post-CRM)
Regulatory Portfolio								
1	Sovereigns and their Central Banks	69,560	1	-	-	-	-	69,561
2	Non-Central Government Public Sector Entities	-	-	-	-	-	-	-
3	Multilateral Development Banks	-	-	-	-	-	-	-
4	Banks	-	161,116	-	-	-	-	161,116
5	Securities Firms	-	-	-	-	-	-	-
6	Corporates	-	-	-	-	-	-	-
7	Regulatory Retail Portfolios	-	-	-	-	-	-	-
8	Secured by Residential Property	-	-	-	-	-	-	-
9	Secured by Commercial Real Estate	-	-	-	-	-	-	-
10	Past-due Loans	-	-	-	-	-	-	-
11	Higher-risk categories	-	-	-	-	-	-	-
12	Other Assets	-	-	-	-	11,893	-	11,893
13	<b>Total</b>	<b>69,560</b>	<b>161,117</b>	<b>-</b>	<b>-</b>	<b>11,893</b>	<b>-</b>	<b>242,570</b>

## 5. Counterparty Credit Risk

### 5.1 CCR1 - Analysis of counterparty credit risk exposure by approach

The Company currently has no counterparty credit risk exposures for Derivative contracts.

### 5.2 CCR3 - CCR Exposures by Regulatory Portfolio and Risk Weights

The Company currently has no counterparty credit risk exposures for Derivative contracts.

### 5.3 CCR5 - Composition of collateral for CCR exposure

The Company currently has no collateral for counterparty credit risk exposures for Derivative contracts.

## 5.4 CCR6 - Credit derivatives exposures

The Company currently has no credit derivatives exposures.

## 6. Leverage Ratio

### 6.1 LR1 - Summary Comparison of Accounting Assets vs Leverage Ratio Exposure

Reconciliation of the total assets in the financial statements with the leverage ratio exposure measure.

The exposure measure is calculated based on the regulatory requirements and comprises of on and off-balance assets.

#### Template LR1

US\$'000

		Apr 2023
1	Total consolidated assets as per financial statements	242,570
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-
4	Adjustments for temporary exemption of central bank reserves	-
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
6	Adjustments for regular way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustments for eligible cash pooling transactions	-
8	Adjustments for derivative financial instruments	-
9	Adjustment for securities financing transactions (i.e. repurchase agreements and similar secured lending)	-
10	Adjustment for off balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	-
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-
12	Other adjustments	-
13	Leverage ratio exposure measure	242,570

There are no differences between the total assets in the financial statements and the leverage ratio exposure measure.

## 6.2 LR2 - Leverage Ratio

The leverage ratio is a non-risk-based ratio established to supplement the risk-based capital requirements. The ratio is calculated using the regulatory capital and on/off balance sheet figures at a point in time. The Company continues to manage its exposures to remain above the regulatory requirement as seen below.

### Template LR2

US\$'000

		Apr 2023	Jan 2023
<b>On-balance sheet exposures</b>			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	242,570	263,177
2	Gross up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	-	-
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	-	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(Specific and general provisions associated with on balance sheet exposures that are deducted from Basel III Tier 1 capital)	-	-
6	(Asset amounts deducted in determining Basel III Tier 1 capital and regulatory adjustments)	-	-
7	Total on balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)	242,570	263,177
<b>Derivative exposures</b>			
8	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	-	-
9	Add on amounts for potential future exposure associated with all derivatives transactions	-	-
10	(Exempted central counterparty (CCP) leg of client cleared trade exposures)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add on deductions for written credit derivatives)	-	-
13	Total derivative exposures (sum of rows 8 to 12)	-	-
<b>Securities financing transaction exposures</b>			
14	Gross SFT assets (with no recognition of netting), after adjustment for sale accounting transactions	-	-
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Counterparty credit risk exposure for SFT assets	-	-
17	Agent transaction exposures	-	-
18	Total securities financing transaction exposures (sum of rows 14 to 17)	-	-
<b>Other off-balance sheet exposures</b>			
19	Off-balance balance sheet exposure at gross notional amount	-	-
20	(Adjustments for conversion to credit equivalent amounts)	-	-
21	(Specific and general provisions associated with off balance sheet exposures deducted in determining Tier 1 capital)	-	-
22	Off-balance sheet items (sum of rows 19 to 21)	-	-
<b>Capital and total exposures</b>			
23	Tier 1 capital	33,774	34,294
24	Total exposures (sum of rows 7, 13, 18 and 22)	242,570	263,177
<b>Leverage Ratio</b>			
25	Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	13.9%	13%
25a	Basel III leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	13.9%	13%
26	National minimum leverage ratio requirement	3%	3%
27	Applicable leverage buffers		

Reduction in the on-balance sheet exposures was mainly due to lower balances held with other financial institutions.

## 7. Market Risk

### 7.1 MR1 - Market Risk under the Standardised Approach

Displays the components of the capital requirement under the standardised approach for market risk.

<b>Template MR1</b>		<b>Apr 2023</b>
US\$'000		<b>RWA</b>
	<b>Outright products</b>	
1	Interest rate risk (general and specific)	-
2	Equity risk (general and specific)	-
3	Foreign exchange risk	1,337
4	Commodity risk	-
	<b>Options</b>	
5	Simplified approach	-
6	Delta-plus method	-
7	Scenario approach	-
8	Securitisation	-
9	<b>Total</b>	<b>1,337</b>

## 8. Asset Encumbrance

### 8.1 ENC - Asset Encumbrance

An asset shall be treated as encumbered if it has been pledged or if it is subject to any form of arrangement to secure, collateralize or credit enhance any transaction from which it cannot be freely withdrawn. The Company currently has no encumbered assets.

## 9. Glossary

Term	Definition
CCR	Counterparty Credit Risk
RWA	Risk Weighted Assets
SFT	Security Financing Transaction
The Company	FirstCaribbean International Bank and Trust Company (Cayman) Limited
The Group	FirstCaribbean International Bank Limited (Parent Company)