2015

ANNUAL REPORT

BAHAMAS

CIBC FirstCaribbean International Bank

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Inside this report

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Corporate Profile

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

The Bahamas Operating Company comprises operations in The Bahamas and the Turks and Caicos Islands where there are 19 branches and agencies, 44 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 leading financial services provider in the region, building enduring client relationships through trusted advice and superior service.

Mission

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

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

- Clients - To help our clients achieve what matters to them
- Employees - To create an environment where all employees can excel
- Communities - To make a real difference in our communities
- Shareholders - To generate strong total returns for our shareholders

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

Values - Trust, Teamwork, Accountability

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

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

Strategic Priorities

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

2015 Highlights

First for Clients

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

Improving client service and employee experience through our branch and ATM network:

- Continued the enhancement of several branches to improve the aesthetic appeal
- Continued the upgrade and expansion of our ABM network

Delivering cutting-edge products and services:

- Partnered with accounting firms to host financial road shows in an effort to prepare entrepreneurs for the recently implemented VAT requirements, financial management and reporting
- Implemented Business Banking Application (BizApp) which improved the loan adjudication process for small businesses
- Continued technological improvements to our loans process to improve turnaround time
- Continued with our Bank @ Work program which is a tailored special package for employees of large corporate clients and key professional groups and focused our efforts on creating convenience to our clients by taking banking to them

Reaching new markets and clients:

- Launched a Private Wealth Management unit providing customised solutions to high and ultra-high net worth individuals
- Continued our market penetration of our International Visa Debit Card
- Continued consumer loan campaigns with attractive offerings to secure greater market share

First for Employees

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

Employee initiatives:

- We continue to promote the Bank's recognition program. This year, three of our top performers will be joining their counterparts from FirstCaribbean and CIBC in Maui, Hawaii for the annual Achievers Conference
- Joined other CIBC FirstCaribbean territories and CIBC Canada to host Employee Appreciation Day on May 14, 2015 to show our appreciation of employees
- Increased employee engagement through a variety of activities

The 2014 Employee Voice (E-voice) survey:

- Our Employee Commitment Index was at 68% with 86% of employees pledging their continued commitment to go above the normal job requirements
- We made progress with our E-voice 2014 opportunities. The Senior Executive Team has committed to a Bank-wide action plan targeting three main areas: Satisfaction with Organization, Work Life Balance and Engagement with Senior Leadership

First for Communities

The CIBC FirstCaribbean International Comtrust Foundation remains active in the social programmes for which we have become known. Again in 2015, we have maintained our corporate giving, through our main themes of Health/Wellness, Communities/Environment and Youth/Education.

Corporate Social Responsibility:

- This year, we continued our annual Walk for the Cure to raise funds to assist in the fight against cancer. In total, over $95,000 was raised and donated to cancer organisations throughout The Bahamas and Turks and Caicos Islands

Supporting youth in the community:

- Provided support to the Bahamas CARIFTA Swim Team, who won their second straight CARIFTA swimming championships
- Continued our sponsorship of youth baseball teams in both the Freedom Farm Baseball and the Junior Baseball Leagues
- Provided a scholarship for The Bahamas Primary School Student of the Year Awards
- Supported the Bahamas National Youth Choir
- Donated to the Ranfurly Home for Children
- Contributions were also made to The Royal Bahamas Police Force and The Royal Bahamas Defence Force Summer Youth Programmes

Charting the way forward for youth entrepreneurs:

- Provided Junior Achievement scholarships in New Providence, and sponsored a Junior Achievement company in Grand Bahama

Actively supporting our communities:

- Sizeable donation made to assist the victims of Hurricane Joaquin
- Contributed to The Salvation Army, and R.E.A.C.H, an organisation for autism
- Continued our support of Bahamian cultural activities – This year, we continued our annual donations to The Class A and

B Junkanoo Groups to assist with the annual Boxing Day and New Year's Eve Junkanoo Parades in New Providence
- Our employees spearheaded and were involved in various community projects through the bank's Adopt-a-Cause programme

First for Shareholders

- Maintained our capital strength, with Tier 1 Capital Ratio at 34%, well above regulatory minimum requirements
- Increased our final dividend payment to $0.15 cents per share, an increase of $0.02 cents per share over the interim dividend

2015 HIGHLIGHTS

Financial Highlights

B$(000), except per share amounts, as at or for the year ended October 31	2015	2014 Restated	2013 Restated	2012 Restated	2011
Common share information					
Net earnings/(loss) per share-basic (B$ cents)	**55.1**	(122.4)	(11.9)	46.9	48.2
Share price - closing	**8.05**	8.05	7.25	7.20	8.14
Shares outstanding (thousands) - end of period	**120,216**	120,216	120,216	120,216	120,216
Market capitalisation	**967,739**	967,739	871,566	865,555	978,558
Value measures					
Dividend yield (dividends per share/share price)	**3.2%**	3.2%	3.6%	3.6%	3.2%
Dividend payout ratio (dividends/net income)	**47.2%**	n/m	n/m	55.4%	58.1%
Financial results					
Total revenue	**172,100**	177,130	168,243	171,975	173,318
Loans loss impairment expense	**14,934**	113,831	77,502	33,217	32,223
Impairment of goodwill	**-**	115,000	-	-	-
Operating expenses	**90,953**	95,501	104,987	82,430	83,208
Net income/(loss)	**66,213**	(147,202)	(14,246)	56,328	57,887
Financial measures					
Efficiency ratio (operating expenses/total revenue)	**52.8%**	53.9%	62.4%	47.9%	48.0%
Return on equity (net income/average equity) **	**13.2%**	(30.4%)	(2.4%)	9.6%	10.4%
Net interest margin (net interest income/average total assets) **	**4.0%**	4.0%	4.0%	4.2%	3.9%
Statement of Financial Position					
Loans and advances to customers	**1,871,361**	1,982,885	2,122,045	2,259,537	2,342,151
Total assets	**3,277,449**	3,407,568	3,297,493	3,351,597	3,536,725
Customer deposits	**2,585,806**	2,766,647	2,499,328	2,503,239	2,712,978
Total equity	**607,829**	554,265	728,692	771,449	758,225
Balance sheet quality measures					
Common equity to risk weighted assets	**38%**	32%	37%	36%	31%
Risk weighted assets	**1,614,700**	1,739,686	1,970,197	2,163,919	2,409,543
Tier I Capital ratio	**34%**	29%	28%	27%	24%
Total Capital ratio	**35%**	29%	29%	28%	24%
Other information					
Full time equivalent employees (#)	**579**	639	650	747	743

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

** Based on four quarters rolling averages

n/m - Not Meaningful

In 2015, FirstCaribbean International Bank was named the Best Private Bank in the Caribbean by Global Finance.

Marie Rodland-Allen
Managing Director

On a clear path to growth

Financial Performance

The fiscal year ended October 31, 2015, was a year of recovery for the Bank, having achieved net income of $66 million, a significant improvement over our performance in fiscal 2014, which showed a net loss of $147 million. The performance in fiscal 2014 was negatively affected by two items of note including $75 million of incremental loan loss provisioning expense and a non-cash goodwill impairment charge of $115 million, both of which reflected revised expectations on the extent and timing of the anticipated recovery in the Caribbean region. For fiscal 2015, loan loss impairment expense was significantly lower, by $24 million, compared with the prior period's normalized expense of $39 million (excluding $75 million incremental expense) due to an improvement in the loss experience and recovery activity.

The Bank's Tier 1 and Total Capital ratios at year end are 34% and 35%, well in excess of applicable regulatory requirements.

Retail, Platinum and Business Banking

2015 was an encouraging and rewarding year within the Retail, Platinum and Business Banking Segment. We increased our focus on client engagement via the continued enhancement of our Platinum and Business Banking arena. The Bank increased partnership with varying Corporate entities and Real Estate Developers which resulted in mutually beneficial gains. Understanding the need to support the small business sector within The Bahamas, we partnered with Accounting firms to host financial road shows in an effort to prepare these entrepreneurs for the recently implemented VAT requirements, financial management and reporting.

Additionally, improving the efficiency of our sales process remained paramount as we continued technological improvements to our loans processes to enable faster end-to-end reviews and responses to the needs of our clients. Newly implemented Business Banking Application (BizApp) further enhanced our client experience by delivering faster loan adjudication. We continued to complete many upgrades within the branch network with advanced improvements in both premises and technology. Our brand image remained paramount as we continued to position ourselves as the "Choice for 21st Century Banking". We refreshed the banking halls of several of our branches to create a more comfortable and inviting environment conducive for banking.

The Bank's Channel strategy continues to be based on the fundamental objective of "Convenience Banking for our Clients", therefore the goal remained of ensuring our accessibility at all times to clients anywhere throughout The Bahamas. We continue to upgrade our existing Automated Banking Machines (ABMs) with a view of increasing efficiency and providing expanded options for increased services.

Our Bank at Work programme continued to promote the successful tailored offerings for employees of large corporate clients and key professional groups. Our continued efforts to create convenience for clients were supported by enhancing a series of products and services which financially prepared our clients for 2016. We continue to successfully present ourselves as a Bank who has a commitment to ensuring both our employees and customers are top priority. Investments in continuous training for staff both via our innovative CIBC FirstCaribbean Online learning portal and face-to-face experiences, equipped and positioned them to provide exceptional service.

Our community efforts continued as we continued focus on our Adopt-a-Cause initiatives via the branch units. The generosity and selfless giving of labour for worthy causes impacted many lives.

Wholesale Banking

In 2015, Wholesale Banking saw significant improvements in its profitability, compared to 2014. This was driven mainly by increased loan activities while carefully managing costs, coupled with strides made in the areas of debt recovery and a reduction in loan loss expenses.

Continued emphasis on delinquency management resulted in a significant reduction of non-productive loans for Wholesale Banking and continued improvements in our credit quality.

This fiscal, we continued our focus on pursuing loan growth opportunities while balancing our risk appetite and deepening our client relationships.

Private Wealth Management

Private Wealth Management was officially launched in The Bahamas on January 28th, 2015 and provides clients with customised solutions in five key areas of wealth management – investment planning and asset management; credit planning and management; wealth protection and structuring; cash management; and business planning.

In 2015, FirstCaribbean International Bank was named the **Best Private Bank in the Caribbean** by Global Finance.

Community Partnership

The Bank's Walk for the Cure initiative surpassed our expectations this year as we raised over $77,000 which was 79% more than the amount raised in 2014 in The Bahamas. In the Turks and Caicos Islands, over $18,000 was raised. The proceeds from the Walk were donated to eight cancer organisations throughout The Bahamas and two in the Turks and Caicos Islands. For the second year, we invited Corporate clients to participate as sponsors of the Walk and their staff members also joined us on October 4th, 2015. I would like to convey my thanks to our staff members for all their fundraising activities as well our Corporate sponsors and customers for helping us raise the largest amount so far.

Unfortunately, Hurricane Joaquin devastated some of the islands in the southern Bahamas in early October. Our staff rose to the occasion by donating water and supplies to the victims from their own resources. The Bank also made a sizeable donation to the recovery efforts.

This year, we also contributed to the Bahamas Swimming Federation to help defray the costs to participate in the CARIFTA swimming competition held in Barbados. The Bahamas Swimming team won their second straight CARIFTA swimming championships.

Donations were made to the youth summer programmes including both The Royal Bahamas Police Force and Defence Force youth programmes, the Kevin Johnson Basketball Camp and the Youth Against Violence summer program. We also sponsored youth baseball teams in both the Freedom Farm and Junior Baseball Leagues and contributed to the Bahamas National Youth Choir.

We continued our support of the Junior Achievement program by providing scholarships in New Providence as well as sponsoring a Junior Achievement company in Grand Bahama. The Bank also provided a scholarship for the annual Bahamas Primary School Student of the Year Awards.

Other deserving organizations in the community continued to receive support from the Bank including The Salvation Army, Ranfurly Home for Children and R.E.A.C.H, an organization supporting autistic individuals in the community.

We continued our annual donations to the Class A and B Junkanoo groups participating in the Boxing Day and New Year's Day Junkanoo parades.

People

In 2015 there were increased efforts by the Bank to enhance the overall efficiency of its operations and improve the services rendered to its customers. This was achieved through the streamlining and reorganization of some units.

These initiatives not only improved the overall performance in these areas but also created opportunities within the organization for existing as well as former employees who would have been impacted by the Bank's recent redundancy exercise; this resulted in a win-win for both employees and the Bank.

This year, as with others, the Bank continued with its holistic approach to enhancing and developing its employees. In that regard, several seminars were held that were designed to inform and educate team members on a variety of subject matters inclusive of financial planning & budgeting, health, wellness and preventative health care as well as stress management. A pre-retirement seminar was also held and a cross section of presenters were invited to participate in these sessions.

In addition to the personal development initiatives, there remained a consistent focus on professional development and risk awareness. Over the course of the year, the learning and development team increased the variety of course offerings available to enhance employees' knowledge of products/services, risk environment and customer service. The overall objective remains to create a well-equipped and trained workforce that is better able to respond to our customers' needs and the demands of a changing economy.

The Bank, recognizing the importance of its greatest resource, increased its focus on employee engagement this fiscal. There were a number of engagement activities. Employee Appreciation Day was again celebrated this year in conjunction with CIBC Canada and the CIBC FirstCaribbean territories. Under the theme "Celebrating Royalty" employees participated in a number of activities throughout the day. Overall, the event was a huge success!

Appreciation

Fiscal 2015 was a year of recovery for the Bank and we are optimistic that this will continue in 2016. I would like to thank the Board of Directors, management, staff, shareholders and our customers for their continued support and loyalty.

Marie Rodland-Allen

Marie Rodland-Allen
Managing Director

THE BOARD OF DIRECTORS

Rik Parkhill
Chairman

Marie Rodland-Allen
Managing Director

Trevor Torzsas
Managing Director
Customer Relationship
Management and Strategy

Felix Stubbs
District Governor of
Rotary International

Willie Moss
Attorney-at-Law

G. Diane Stewart
Attorney-at-Law

SENIOR MANAGEMENT AND ADVISORS

Pictured seated, left to right, are:

Gezel Farrington
Director, Retail Banking Channels

Marie Rodland-Allen
Managing Director

Raymond Donaldson
Director
Corporate Investment Banking

Standing, left to right, are:

Robert Cox
Associate Director,
Receivables Management

Antionette Turnquest
Head of Human Resources,
Bahamas and Turks & Caicos Islands

Glenda Whylly
Senior Manager,
Managing Director's Office

Stacia Williamson
Controller & Chief
Financial Officer

Sherrylyn Bastian
Legal Counsel and
Corporate Secretary

Andrew Hanna
Senior Manager,
Data Center Operations

Missing from photo:

Beulah Arthur
Country Treasurer

Gaye Dean,
Manager Technology,
Operations & Corporate Services

Registered Office
FirstCaribbean International Financial Centre
2nd Floor, Shirley Street
Nassau, The Bahamas

Regional Audit & Governance Committee
Paula Rajkumarsingh – Chair
David Arnold
Lincoln Eatmon
Sir Allan Fields
Sir Fred Gollop
David Ritch
G. Diane Stewart

Auditors
Ernst & Young

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

Registrar and Transfer Agents
CIBC Trust Company (Bahamas) Limited

Management's discussion and analysis (MD&A) is provided to enable readers to assess CIBC FirstCaribbean's financial condition and results of operations as at and for the year ended October 31, 2015, compared with prior years. The MD&A should be read in conjunction with the audited consolidated financial statements included in this Annual Report. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and are expressed in thousands of Bahamian dollars. Certain comparative amounts have been reclassified to conform with the presentation adopted in the current year.

Overview

FirstCaribbean International Bank Limited is a leading Caribbean financial institution providing individual and business clients with a full range of products and services through our three (3) business segments – Retail Banking, Wholesale Banking and Wealth Management.

The business segments are supported by the Administration segment which includes Finance, Human Resources, Risk, Technology & Operations, Treasury, and other support units. Highlights and commentary on business segments can be found in 2015 Highlights Section of this annual report.

The following discussion and analysis is based on the 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 for what matters to its clients in the markets in which it operates. It maintains capital well in excess of the regulatory minimum requirements and deploys this capital together with other deposits in interest earning assets within its managed risk appetite. The Bank operates and is regarded as 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 other price risk.

Objectives and strategies

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

Resources, risks and relationships

The most important resources and relationships available to the Bank are driven by its clients, employees, communities (including its regulators) and its shareholders. Over the years, the Bank has developed these resources and relationships to synergistically deliver what matters.

Using the capital provided and reinvested by shareholders and other funding from clients, the Bank, through the work of its employees, is able to provide a stable affordable source of funding to its clients, contributing to building the communities in which the Bank resides.

The risks faced by the Bank (including credit, market, compliance, operational, and liquidity) and our approach to managing these risks are discussed further under the heading "Risk Management Approach" in this discussion and analysis section.

Review of results, performance measures and indicators

Review of the Consolidated Statement of Income

Highlights

B$ thousands except per share amounts, as at or for the year ended October 31	2015	2014 Restated
Total revenue	**172,100**	177,130
Net income/(loss) for the year	**66,213**	(147,202)
Total assets	**3,277,449**	3,407,568
Basic earnings/(loss) per share (cents)	**55.1**	(122.4)
Dividend per share	**26.0**	26.0
Closing share price per share (cents)	**8.05**	8.05
Return on equity	**13.2%**	(30.4%)
Efficiency ratio	**52.8%**	53.9%
Tier I Capital ratio	**34%**	29%
Total Capital ratio	**35%**	29%

Net income for the year was $66 million, compared to a net loss of $147 million in 2014.

This year's results were affected by lower loan loss impairment, no impairment charge on goodwill and decreased deposit interest and operating expenses, offset by declining interest income and operating income. The Bank continues to deliver solid results against its strategic objectives. The results for both years were affected by certain significant items as follows:

2015

- $99 million decrease in loan loss impairment expense due to improvement in loss experience and recovery activity.
- $115 million decrease in impairment of goodwill charge noted from prior year.
- $5 million decrease in operating expenses due to expense control initiatives and savings from restructuring program.
- $3 million decrease in net interest income primarily due to lower interest earnings from loans offset by lower funding costs.
- $2 million decrease in operating income due to lower securities gains.

2014

- $115 million in impairment charge on goodwill in light of persistently challenging economic conditions and financial projections for conditions going forward.
- $10 million decrease in operating expenses which includes $11 million reduction in salaries and benefits related to the restructuring program in fiscal 2014.
- $36 million increase in loan loss impairment expense reflecting further deterioration and updates to collateral values of underlying secured loans.
- $2 million increase in net interest income largely due to reduced cost of funding, offset by sustained downward pressure on loan volumes in key markets.
- $6 million increase in operating income driven by higher gains on sales of securities, and higher fees and commission income.

Total expenses decreased significantly year over year by $218 million primarily due to decreased loan loss impairment and impairment charge on goodwill of $99 million and $115 million, respectively, as well as decreased operating expenses of $5 million.

Net interest income and margin

B$ thousands for the year ended October 31	2015	2014
Average total assets	**3,332,278**	3,413,809
Net interest income	**134,409**	137,740
Net interest margin	**4.03%**	4.03%

Net interest income decreased year on year by $3 million (2%) largely caused by lower loan volumes and lower securities interest income, offset by lower deposit funding costs.

Operating income

B$ thousands for the year ended October 31	2015	2014 Restated
Net fee & commission income	**26,170**	24,053
Foreign exchange earnings	**9,264**	9,667
Net securities gains	**1,311**	3,341
Other	**946**	2,329
	37,691	39,390

Operating income decreased year on year by $2 million (4%) primarily due to lower net securities gains and foreign exchange earnings.

Operating expenses

B$ thousands for the year ended October 31	2015	2014
Remuneration and benefits:		
Wages and salaries	**23,080**	26,096
Benefits	**9,619**	9,380
	32,699	35,476
Business licences and taxes	**8,825**	7,916
Occupancy and maintenance	**11,610**	12,664
Depreciation	**2,996**	3,124
Communications	**2,463**	2,240
Professional and management fees	**22,228**	26,541
Other	**10,132**	7,540
	90,953	95,501

Operating expenses decreased year on year by $5 million (5%) primarily due to lower remuneration and benefits and professional and management fees. The decrease in remuneration and benefits was driven by expense control initiatives and savings from the restructuring program. Conversely, there was an increase in other expenses which was primarily related to the implementation of Value Added Tax on January 1, 2015, and increased stamp tax paid on remittances.

Loan loss impairment

B$ thousands for the year ended October 31	2015	2014
Individual impairment		
Mortgages	**4,315**	72,154
Personal loans	**(613)**	17,852
Business & Government loans	**12,042**	16,751
	15,744	106,757
Collective impairment charge	**(810)**	7,074
	14,934	113,831

Loan loss impairment decreased by $99 million (87%) year on year. The specific allowances decreased by $91 million as a result of lower incremental provisions and higher recoveries.

The ratio of loan loss impairment to gross loans was 0.7% compared with 5.2% at the end of 2014. Non-performing loans to gross loans declined to 12.9% at the end of 2015 compared to 15.6% at the end of 2014. The coverage ratio increased from 56.1% in 2014 to 63.5% in 2015.

Review of the Consolidated Statement of Comprehensive Income

B$ thousand for the year ended October 31	2015	2014 Restated
Net income/(loss) for the year	**66,213**	(147,202)
Other comprehensive income/(loss)		
Net loss on available-for-sale investment securities	**(736)**	(330)
Re-measurement gains on retirement benefit plans	**19,343**	4,361
Other comprehensive income	**18,607**	4,031
Total comprehensive income/(loss)	**84,820**	(143,171)

Other comprehensive income increased year on year as a result of significant re-measurement gains on the retirement benefit plans.

Review of the Consolidated Statement of Financial Position

$ millions for the year ended October 31	2015	2014 Restated
Assets		
Cash & balances with The Central Bank and due from banks	**495,589**	553,110
Investment securities	**781,848**	738,987
Loans and advances:		
Mortgages	**1,041,230**	1,068,806
Personal	**208,738**	212,657
Business & Government	**778,730**	887,061
Provision for impairment (net of recoveries and write-offs)	**(166,046)**	(190,098)
Interest receivable	**19,809**	16,226
Unearned fee income	**(11,100)**	(11,767)
	1,871,361	1,982,885
Other assets	**128,651**	132,586
	3,277,449	3,407,568
Liabilities & Equity		
Customer deposits		
Individuals	**814,536**	846,558
Business & Governments	**1,526,448**	1,567,641
Banks	**242,211**	349,130
Interest Payable	**2,611**	3,318
	2,585,806	2,766,647
Other liabilities	**83,814**	86,656
Equity	**607,829**	554,265
	3,277,449	3,407,568

Total assets decreased by $130 million (4%) primarily due to decreased loans and advances and lower cash & balances with banks

Total liabilities decreased by $184 million (6%) due to lower customer deposits primarily as a result of reduced interbank borrowing.

Equity has increased year on year by $54 million (10%) due mainly to net income for the year of $66 million, other comprehensive income of $19 million and dividends of $31 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 Total capital of 34% and 35%, respectively, at the end of 2015, well in excess of regulatory requirements.

Business Segment Overview

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on economic profits, which for the total of all segments is equal to net income before taxes reflected on the consolidated financial statements. Economic profits include funds transfer pricing, management allocations, and charges for the segments' use of capital.

Transactions between the business segments are on normal commercial terms and conditions.

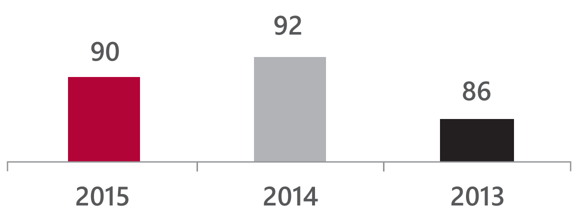
Retail Banking

Retail Banking includes Retail, Business Banking and Cards businesses. This segment provides a full range of financial products and services to individuals which can be accessed through our network of branches and ABMs, as well as through internet and telephone banking channels. Business Banking clients are provided with products and services to satisfy their day to day operational and working capital business needs. Cards offering include both the issuing and acquiring business.

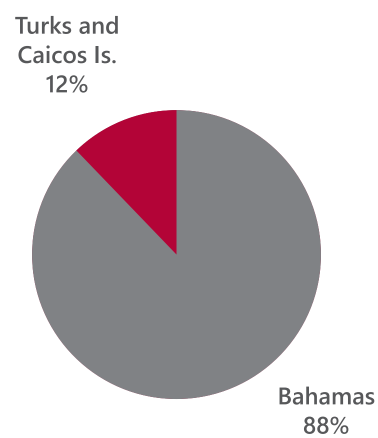
External revenues decreased year on year by $2 million or 2% with loan earnings negatively impacted by lower originations. This was helped by lower interest expense.

Segment results improved year on year by $68 million as a result of lower loan loss impairment which was significantly impacted in the prior year by declining collateral values and new non-performing loans.

External Revenues ($ Millions)



External Revenues (% Geography)



Wholesale Banking

This segment comprises: Corporate and Investment Banking.

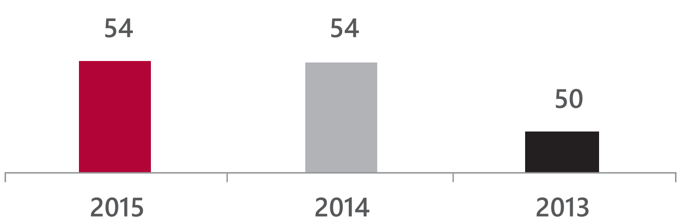
Corporate Banking provides a full range of corporate and commercial banking services to large and mid-size corporate businesses, governments, financial institutions, international trading companies and private wealth vehicles.

Investment Banking provides debt, equity, capital markets and corporate finance products and services to large corporations, financial institutions and governments.

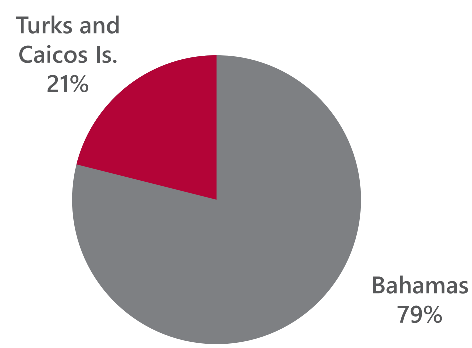
External revenue remained flat year on year as lower loan earnings as a result of lower originations and early payoffs of existing portfolio was offset by lower interest expense. .

Segment results increased year on year by $26 million as a result of lower loan loss impairment.

External Revenues ($ Millions)



External Revenues (% Geography)



Wealth Management

This segment comprises International Banking (including International Corporate and International Personal Banking), and Private Wealth Management.

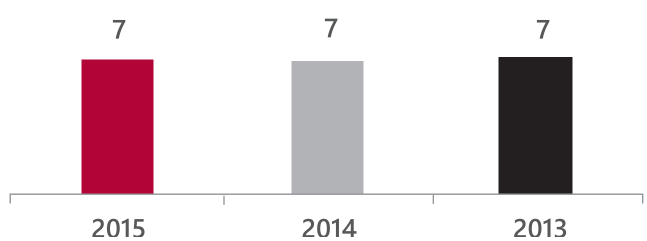
Wealth Management clients are provided investment advice and traditional banking services through a relationship management offer.

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

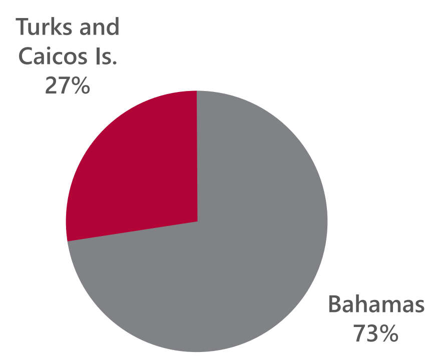
External revenue was flat year on year as lower interest expense, higher deposit services fees and foreign exchange commission were offset by lower productive loan earnings and fiduciary and investment management fees.

Segment results decreased year on year by $4 million as a result of lower allocated costs and capital charges, partially offset by lower loan loss impairment.

External Revenues ($ Millions)



External Revenues (% Geography)



Administration

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

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

Risk Management Approach

The 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. The Risk Management department, which reports to the Chief Risk and Administrative Officer, develops risk policies and procedures and provides independent oversight, analysis and adjudication through centrally based teams which manage credit risk, market risk, and operational risk.

The 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 comprehensive enterprise-wide reporting.

Credit Risk

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

Credit risk is managed and controlled on the basis of established credit processes and policies operating within a framework of delegated authorities. In addition to approving the Bank's key credit policies and setting credit risk appetite and tolerances, the Finance, Risk and Conduct Review Committee of the Board also delegates credit approval limits to the Credit Committee of the Bank. The Credit Committee is chaired by the Chief Risk and Administrative Officer who also delegates lending authority to individual members of the Credit Risk Management department and to some front line lenders. There is appropriate segregation of duties between customer facing functions responsible for originating and managing exposures, the Credit Risk Management function responsible for credit adjudication and oversight, and the Operations function responsible for disbursing loans and safekeeping security.

Credit grading, scoring and monitoring systems facilitate the early identification and management of deterioration in loan quality. Delinquent facilities are subject to separate and additional oversight by specialised loan restructuring teams. Classification is automated and operates strictly in line with regulatory and accounting standards. Credit provisions are independently calculated in accordance with International Financial Reporting Standards (IFRS) for statutory reporting and in accordance with the Financial Institutions Act to meet regulatory requirements by the central risk and financial controls teams.

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

There is no single risk measure that captures all aspects of market risk. The Bank uses several risk measures including Value at Risk ('VaR'), sensitivity measures and stress testing. Market risks are managed by setting limits based upon the specific markets and products where the 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 risks are associated with failures to comply with laws, regulations, rules, and the codes of ethics and conduct applicable to our business activities. Such failures can give rise to legal or regulatory sanctions, material financial loss, or a loss of reputation to the 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 Audit & Governance 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 & Governance Committee and Finance, Risk and Conduct Review 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 Bank and individual operating company ALCOs are responsible for monitoring liquidity risk and adherence to the Liquidity Management Policy. Day-to-day management of liquidity is handled by the Treasury team.

The Bank performs stress tests and scenario analyses to evaluate the impact of stresses on its liquidity position. These tests are at both a Bank specific and systemic risk level. The results are independently reviewed by the market risk function and reported to the Board quarterly.

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INDEPENDENT AUDITORS' REPORT

The Shareholders and Directors
FirstCaribbean International Bank (Bahamas) Limited

We have audited the accompanying consolidated financial statements of FirstCaribbean International Bank (Bahamas) Limited (the "Bank") which comprise the consolidated statement of financial position as of October 31, 2015, and the consolidated statement of loss, consolidated statement of comprehensive loss, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and the related notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for 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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Bank as of October 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

As described in Note 2.3 to the consolidated financial statements, the Bank's net loss was overstated by $621 for the year ended October 31, 2014 as the operating income was understated by this amount, while the Bank's beginning retained earnings was understated by $13,539 with the same amount of overstatement in reserves balance for the Bank's certain treasury adjustments for the effect of change in accounting policy and correction of prior years' errors, as described in Note 2.3. These adjustments have been accounted for retrospectively and the corresponding figures have been restated to conform to this change.

Ernst + Young

January 19, 2016

Consolidated Statement of Financial Position

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

	Notes	2015	2014 Restated *	As at November 1, 2013 Restated *
Assets				
Cash and balances with The Central Bank	3	$ **98,101**	$ 120,711	$ 167,082
Due from banks	4	**397,488**	432,399	98,167
Derivative financial instruments	5	**454**	814	984
Other assets	6	**16,403**	33,377	6,720
Investment securities	7	**781,848**	738,987	690,454
Loans and advances to customers	8	**1,871,361**	1,982,885	2,122,045
Property and equipment	9	**25,328**	25,648	24,294
Retirement benefit assets	10	**13,719**	-	-
Goodwill	11	**72,747**	72,747	187,747
Total assets		$ **3,277,449**	$ 3,407,568	$ 3,297,493
Liabilities				
Derivative financial instruments	5	**19,782**	19,212	16,826
Customer deposits	12	**2,585,806**	2,766,647	2,499,328
Other liabilities	13	**43,943**	44,847	27,791
Retirement benefit obligations	10	**20,089**	22,597	24,856
Total liabilities		$ **2,669,620**	$ 2,853,303	$ 2,568,801
Equity				
Issued capital	14	**477,230**	477,230	477,230
Reserves	14	**(30,602)**	(51,409)	(47,690)
Retained earnings		**161,201**	128,444	299,152
Total equity		**607,829**	554,265	728,692
Total liabilities and equity		$ **3,277,449**	$ 3,407,568	$ 3,297,493

Approved by the Board of Directors on December 17, 2015, and signed on its behalf by:

Marie Rodland-Allen
Managing Director

G. Diane Stewart
Director

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

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

Consolidated Statement of Income

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

	Notes	2015	2014 Restated *
Interest and similar income		$ **148,445**	$ 154,042
Interest and similar expense		**14,036**	16,302
Net interest income	15	**134,409**	137,740
Operating income	16	**37,691**	39,390
		172,100	177,130
Operating expenses	17	**90,953**	95,501
Loan loss impairment	8	**14,934**	113,831
Impairment of goodwill	11	**-**	115,000
		105,887	324,332
Net income/(loss) for the year		$ **66,213**	$ (147,202)
Basic income/(loss) per share			
(expressed in cents per share)	18	**55.1**	(122.4)

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

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

Consolidated Statement of Comprehensive Income

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

	Notes	2015	2014 Restated*
Net income/(loss) for the year		$ **66,213**	$ (147,202)
Other comprehensive income:			
Other comprehensive loss for the year, to be reclassified to net income or loss in subsequent periods:			
Net loss on available-for-sale investment securities	20	**(736)**	(330)
Other comprehensive income not to be reclassified to net income or loss in subsequent periods:			
Re-measurement gains on retirement benefit plans	10	**19,343**	4,361
Other comprehensive income for the year		**18,607**	4,031
Comprehensive income/(loss) for the year		$ **84,820**	$ (143,171)

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

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

Consolidated Statement of Changes in Equity

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

	Notes	Issued capital	Reserves	Retained earnings	Total equity
Balance at November 1, 2013 as previously reported		$ 477,230	$ (34,151)	$ 285,613	$ 728,692
Effect of change in accounting policy and correction to prior periods	2	-	(13,539)	13,539	-
As at November 1, 2013 (restated*)		477,230	(47,690)	299,152	728,692
Comprehensive loss for the year		-	4,031	(147,202)	(143,171)
Dividends	19	-	-	(31,256)	(31,256)
Transfer to statutory reserve fund – Turks & Caicos Islands	14	-	1,133	(1,133)	-
Transfer from statutory loan loss reserve – Bahamas	14	-	(8,883)	8,883	-
Balance at October 31, 2014 (restated*)		477,230	(51,409)	128,444	554,265
Comprehensive income for the year		-	18,607	66,213	84,820
Dividends	19	-	-	(31,256)	(31,256)
Transfer to statutory reserve fund – Turks & Caicos Islands	14	-	2,200	(2,200)	-
Balance at October 31, 2015		**$ 477,230**	**$ (30,602)**	**$ 161,201**	**$ 607,829**

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

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

Consolidated Statement of Cash Flows

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

	Notes	2015	2014 Restated *
Cash flows from operating activities			
Net income/(loss) for the year		$ 66,213	$ (147,202)
Adjustments to reconcile net income/(loss) to net cash (used in)/from operating activities			
Loan loss impairment	8	14,934	113,831
Depreciation of property and equipment	9	2,996	3,124
Impairment of goodwill	11	-	115,000
Net loss on disposal of property and equipment		14	-
Net gains on sale and redemption of investment securities	16	(1,711)	(6,019)
Interest income on investment securities	15	(23,031)	(24,305)
Net hedging gains	5	(1,029)	(609)
Interest expense on derivative financial instruments	15	4,075	3,878
Net cash flows from net income before changes in operating assets and liabilities		62,461	57,698
- net increase in due from banks greater than 90 days	4	(43,114)	(35,566)
- net increase in mandatory reserves with The Central Bank	3	(334)	(1,642)
- net decrease in loans and advances to customers		96,590	25,329
- net decrease/(increase) in other assets		17,334	(26,487)
- net (decrease)/increase in customer deposits		(180,841)	267,319
- net increase in other liabilities		1,996	22,526
Net cash (used in)/from operating activities		(45,908)	309,177
Cash flows from investing activities			
Purchases of property and equipment	9	(3,890)	(4,478)
Proceeds from disposal of property and equipment		1,200	-
Purchases of investment securities		(648,007)	(796,490)
Interest paid on derivative financial instruments		(4,037)	(4,859)
Interest income received on investment securities		24,504	25,451
Proceeds from sale and redemption of investment securities		606,425	753,108
Net cash used in investing activities		(23,805)	(27,268)
Cash flows from financing activities			
Dividends paid	19	(31,256)	(31,256)
Net cash used in financing activities		(31,256)	(31,256)
Net (decrease)/increase in cash and cash equivalents		(100,969)	250,653
Cash and cash equivalents, beginning of year		455,745	205,092
Cash and cash equivalents, end of year	3	$ 354,776	$ 455,745

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

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

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.

The Bank is a subsidiary of FirstCaribbean International Bank Limited (the "Parent" or "FCIB"), 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 FirstCaribbean International 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 FirstCaribbean International Bank Limited.

The registered office of the Bank is located at the FirstCaribbean 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 December 17, 2015. The Board of Directors have the power to amend these consolidated financial statements after issue, if required.

Note 2 | Basis of Preparation and Summary of Significant Accounting Policies

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

2.1 Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for available-for-sale investment securities and derivative financial instruments, which have all been measured at fair value. The carrying values of recognised assets that are hedged items in fair value hedges, and otherwise carried at amortised cost, are adjusted to record changes in fair value attributable to the risks that are being hedged. The consolidated financial statements are presented in 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 statement of financial position at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in the financial statements. An additional statement of financial position as at November 1, 2013 is presented in these consolidated financial statements due to retrospective application of certain accounting policies. Refer to Note 2.3.

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, 2015 (the "reporting date"). The financial statements of the subsidiaries are prepared for the same reporting year as the Bank, using consistent accounting policies.

Subsidiaries

All subsidiaries, which are those companies controlled by the Bank, have been fully consolidated. The principal subsidiaries of the Bank are disclosed in Note 28.

Control is achieved when the Bank is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Bank controls an investee if and only if the Bank has: 1) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee); 2) Exposure, or rights, to variable returns from its involvement with the investee; and 3) The ability to use its power over the investee to affect its returns.

When the Bank has less than a majority of the voting or similar rights of an investee, the Bank considers all relevant facts and circumstances in assessing whether it has power over an investee, including: 1) The contractual arrangement with the other vote holders of the investee; 2) Rights arising from other contractual arrangements; 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 statement of comprehensive income from the date the Bank gains control until the date the Bank ceases to control the subsidiary.

All inter-company transactions, balances and unrealised surpluses and deficits on transactions and balances have been eliminated. Non-controlling interests represent the portion of profit or loss and net assets not owned, directly or indirectly, by the Bank and are presented separately in the consolidated statement of income and within equity in the consolidated statement of financial position, separately from equity attributable to equity holders of the parent.

2.2 Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make certain significant 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 14
- Financial risk management and policies – Note 26
- Sensitivity analysis disclosures – Notes 10, 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 loans and advances

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

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

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

Retirement benefit obligations

Accounting for some retirement benefit obligations requires the use of actuarial techniques to make a reliable estimate of the amount of 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 with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases and pension increases are based on expected future inflation rates. Further details about pension obligations are given in Note 10.

Taxes

Income taxes

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

Value Added Tax (VAT)

Effective January 1, 2015, the Government of the Commonwealth of The Bahamas implemented a value added tax (VAT). 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, goods exported supplied to customers abroad are exempted or zero-rated. Currently, VAT is assessed at 7.5%. The Company is a VAT registrant.

Impairment of available-for-sale investments

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

Goodwill

In accordance with International Accounting Standards ("IAS") 36, goodwill is reviewed for impairment annually using the "value in use" method. This requires the use of estimates for determination of future cash flows expected to arise from each cash-generating unit and an appropriate discount rate to calculate present value. For the year ended October 31, 2015, the Bank recognised impairment loss of $nil (2014: $115,000) (Note 11).

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.

New and amended standards and interpretations

Several new standards and amendments apply for the first time in 2015; however, they do not impact the consolidated financial statements of the Bank.

The nature and impact of each new standard and amendment are described below:

Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27

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

Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32

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

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

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments have no impact to the Bank as the Bank has not novated its derivatives during the current or prior periods.

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

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

Defined Benefit Plans: Employee Contributions – Amendments to IAS 19

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after July 1, 2014. These amendments have no impact on the Bank as the Bank does not have defined benefit plans with contributions from employees or third parties.

Annual Improvements 2010-2012 Cycle

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

Annual Improvements 2011-2013 Cycle

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

Levies – IFRIC 21

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

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation.

For a levy that is triggered upon reaching a minimum threshold, no liability is recognized before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in interim financial statements.

The implementation of IFRIC 21 has no impact on the Bank.

Effect of Change in Accounting Policy and Correction to Prior Periods

Hedge Accounting – Basis Adjustment

In accordance with its documented hedging strategy, the Bank hedges its interest rate risk exposure on fixed income securities (bonds) which are classified as available-for-sale securities and fixed rate loans (hedged item) with interest rate swaps (hedged instrument). The Bank's hedging strategy is geared towards managing its interest rate risk. While the Ultimate Parent acts as swap counterparty to most of the interest rate swap transactions, the Parent Group retains control and oversight from a system, process, documentation and monitoring standpoint.

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

While IFRS does not prescribe any specific approach for an entity to calculate its basis adjustment, the Bank decided to harmonise its accounting policy for basis adjustment calculation on hedged items with that of its Ultimate Parent. Accordingly, the Bank adjusted the affected Other Comprehensive Income (OCI) – Available-for-Sale (AFS) reserve accounts and retained earnings retrospectively to reflect this change.

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

During the year, the Bank made a prior period adjustment arising from an in-depth reconciliation of its OCI-AFS reserve account related to prior periods. This was accounted for retrospectively in the consolidated financial statements.

(Expressed in thousands of Bahamian dollars)

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

	Reported as at October 31, 2013	Hedge Accounting – Basis Adjustment	OCI – Available-for-sale securities (AFS Reserves)	Restated as at October 31, 2013
Assets				
Asset line items not affected by accounting changes	$ 3,297,493	-	-	$ 3,297,493
	$ 3,297,493	-	-	$ 3,297,493
Liabilities				
Liability line items not affected by accounting changes	$ 2,568,801	-	-	$ 2,568,801
	$ 2,568,801	-	-	$ 2,568,801
Equity				
Issued capital	$ 477,230	-	-	$ 477,230
Reserves	(34,151)	4,154	(17,693)	(47,690)
Retained earnings	285,613	(4,154)	17,693	299,152
	$ 728,692	-	-	$ 728,692
	$ 3,297,493	-	-	$ 3,297,493

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

	Reported as at October 31, 2014	Hedge Accounting – Basis Adjustment	OCI – Available-for-sale securities (AFS Reserves)	Restated as at October 31, 2014
Assets				
Asset line items not affected by accounting changes	$ 3,407,568	-	-	$ 3,407,568
	$ 3,407,568	-	-	$ 3,407,568
Liabilities				
Liability line items not affected by accounting changes	$ 2,853,303	-	-	$ 2,853,303
	$ 2,853,303	-	-	$ 2,853,303
Equity				
Issued capital	477,230	-	-	477,230
Reserves	(37,249)	3,781	(17,941)	(51,409)
Retained earnings	114,284	(3,781)	17,941	128,444
	$ 554,265	-	-	$ 554,265
	$ 3,407,568	-	-	$ 3,407,568

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

	2014
Impact on net loss for the year	
Increase in Operating income	$ 621
Decrease in net loss for the year	621
Impact on other comprehensive income for the year	
Decrease in net gains on available-for-sale investment securities	$ (621)
Decrease in other comprehensive income for the year	$ (621)
Impact on total comprehensive loss for the year	$ -
Impact on basic loss per share (expressed in cents per share)	
Basic loss per share, as previously reported	(123.0)
Decrease on basic loss per share	0.6
Basic loss per share, as restated	(122.4)

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 available-for-sale securities, are included in the available-for-sale revaluation reserve in equity.

Derivative financial instruments and hedge accounting

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

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

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

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

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

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

- Fair value hedges

  For hedging relationships which are designated and qualify as fair value hedges and that prove to be highly effective in relation to the hedged risk, changes in the fair value of the derivatives are recorded in the consolidated statement of income, along with the corresponding change in fair value of the hedged asset or liability that is attributable to that specific hedged risk. If the hedge no longer meets the criteria for hedge accounting, an adjustment to the carrying amount of a hedged interest-bearing financial instrument is amortised to net profit or loss over the remaining period to maturity.

- Cash flow hedges

  The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of income. Amounts accumulated in other comprehensive income are recycled to the consolidated statement of income in the periods in which the hedged item will affect profit or loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income and is recognised when the forecast transaction is ultimately recognised in the consolidated statement of income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the consolidated statement of income.

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

Interest income and expense

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

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

Fee and commission income

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

Customer loyalty programs

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

Financial instruments

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

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

Management determines the classification of its investments at initial recognition.

Financial liabilities, other than derivatives and financial liabilities at fair value through profit or loss, are measured at amortised cost.

Derivatives and financial liabilities at fair value through profit or loss are measured at fair value. Interest expense is recognised on an accrual basis using the effective interest method.

Financial assets and liabilities at fair value through profit or loss

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

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

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

Loans and receivables

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

Available-for-sale financial assets

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

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

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

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

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

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

Offsetting financial instruments

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

Derecognition of financial assets and financial liabilities

(i) 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; or
- The Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through arrangement'; and
- Either (a) the Bank has transferred substantially all the risks and rewards of the asset, or (b) the Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Bank has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Bank's continuing involvement in the asset. In that 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 that the Bank could be required to pay.

(ii) 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, and the difference in the respective carrying amounts is recognised in the consolidated statement of income.

Sale and repurchase agreements

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

Impairment of financial assets

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

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the Bank granting to a borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or

- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
  - adverse changes in the payment status of borrowers in the group; or
  - national or local economic conditions that correlate with default on the assets in the group.

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

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

Loans are written off, in whole or in part, against the related provision for impairment upon settlement (realisation) of collateral or in advance of settlement (no realisation) where the determination of the recoverable value is completed and there is no realistic prospect of recovery above the recoverable value. Any subsequent recoveries are credited to the consolidated statement of income. If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to the consolidated statement of income. 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.

Impairment of non-financial assets

The Bank assesses at each reporting date, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired, whether there is an indication that a non-financial asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Bank makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount.

For assets, excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. Impairment losses relating to Goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired subsidiary undertaking at the date of acquisition and is reported in the consolidated statement of financial position. Goodwill is tested annually for impairment during the third quarter, or when circumstances indicate that the carrying value may be impaired, and carried at cost less accumulated impairment losses. Goodwill is allocated to the lowest levels for which there are separately identifiable cash flows (cash-generating units) for the purpose of impairment testing. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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 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.

Depreciation on property and equipment is computed using the straight-line method at rates considered adequate to write-off the cost of depreciable assets, less salvage, over their useful lives. Changes in the expected useful life are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

The annual rates used are:

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

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

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

Leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term and included in the consolidated statement of income.

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

Financial guarantees

Financial guarantees are financial contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee contracts issued by the Bank are treated as contingent liabilities and not recognised in the consolidated statement of financial position until a payment under the guarantee has been made, at which time the payment is treated as a loan and advance to customers.

Cash and cash equivalents

For the purposes of the 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.

Restructuring provisions

Restructuring provisions are recognised only when the recognition criteria for provisions are fulfilled. The Bank has a constructive obligation when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline. Furthermore, the employees affected have been notified of the plan's main features. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Retirement benefit obligations

Pension obligations

The 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.

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Borrowings

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

Share capital and dividends

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 ordinary shares

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

Equity reserves

The reserves recorded in equity on the Bank's statement of financial position include:

- Available-for-sale reserve, which comprises changes in fair value of available-for-sale investments;
- Cash flow hedge reserve, which comprises the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge; and
- Other capital reserve, which includes the statutory reserves (Note 14)

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.

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 Senior Executive Team as its chief operating decision-maker.

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

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

Fair value measurement

The Bank measures financial instruments, such as derivatives and available-for-sale investment securities, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 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 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 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 have been adjusted to comply with changes in presentation in the current year.

2.5 Future changes in accounting policies

Certain new standards and amendments to existing standards have been published that are mandatory for the Bank's accounting periods beginning on or after November 1, 2015. Of these, the following are relevant to the Bank but have not been early adopted. Management is considering the implications of these new standards, the impact on the Bank and the timing of their adoption.

- **IFRS 9 Financial Instruments** - In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Bank's financial assets, but no impact on the classification and measurement of the Bank's financial liabilities.

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

- **IFRS 15 Revenue from Contracts with Customers** - IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted. The Bank is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

- **Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests** - The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Bank.

- **Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation** - The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Bank as the Bank does not have any bearer plants.

- **Amendments to IAS 27: Equity Method in Separate Financial Statements** - The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Bank's consolidated financial statements.

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

Note 3 Cash and Balances with The Central Bank

	2015	2014
Cash	**$ 31,074**	$ 27,585
Deposits with The Central Bank - non-interest bearing	**67,027**	93,126
Cash and balances with The Central Bank	**98,101**	120,711
Less: Mandatory reserve deposits with The Central Bank	**(46,356)**	(46,022)
Included in cash and cash equivalents, as per below	**$ 51,745**	$ 74,689

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

	2015	2014
Cash and balances with The Central Bank, as per above	**$ 51,745**	$ 74,689
Due from banks, included in cash and cash equivalents (Note 4)	**303,031**	381,056
	$ 354,776	$ 455,745

Note 4 Due from Banks

	2015	2014
Included in cash and cash equivalents (Note 3)	**$ 303,031**	$ 381,056
Greater than 90 days maturity from date of acquisition	**94,457**	51,343
Due from banks	**$ 397,488**	$ 432,399

Due from banks comprises deposit placements and include amounts placed with other FirstCaribbean International Bank entities of $214,709 (2014: $263,661) and deposit placements with CIBC entities of $53,134 (2014: $41,190) (Note 22). Due from banks include placements with FCIB Jamaica totalling $40,835 (2014: $13,235), 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 0.46% (2014: 0.34%).

(Expressed in thousands of Bahamian dollars)

Note 5 Derivative Financial Instruments

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate, or index that is the basis upon which changes in the value of derivatives are measured.

2015	Notional Amount		Fair Values	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps	**$ 66,075**	**$ 220,283**	**$ 454**	**$ 19,782**
			$ 454	**$ 19,782**

2014				
Interest rate swaps	$ 84,891	$ 228,178	$ 527	$ 19,212
Foreign exchange forwards	67,838	-	287	-
			$ 814	$ 19,212

The Bank has positions in the following types of derivatives:

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

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

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

During the year, the Bank recognised net gains on effective hedges of $1,029 (2014 as restated: $609) due to gains on hedged items attributable to the hedged risk of $1,777 (2014 as restated: $2,443) and losses on hedging instruments of $748 (2014: $1,834). These results are included within operating income as part of net hedging gains/losses (Note 16).

CIBC entities are counterparties to the Bank's foreign exchange forward and certain of its interest rate swap contracts (Note 22).

In 2015 and 2014, the Bank recognised no gains or losses as a result of failed hedges which are included within operating income as part of net trading gains as these derivatives are classified as trading derivatives upon failure.

(Expressed in thousands of Bahamian dollars)

Note 6 Other Assets

		2015		2014
Clearings and suspense	$	**8,512**	$	26,590
Other accounts receivables (Note 22)		**5,886**		4,766
Prepayments and deferred items		**2,005**		2,021
	$	**16,403**	$	33,377

Note 7 Investment Securities

		2015		2014
Available-for-sale				
Government debt securities	$	**520,969**	$	439,527
Other debt securities		**253,689**		290,797
		774,658		730,324
Add: Interest receivable		**7,190**		8,663
	$	**781,848**	$	738,987

Debt securities issued or guaranteed by the Government of The Bahamas amounted to $458,279 (2014: $374,196). 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, 2015, the reserve requirement amounted to $185,095 (2014: $190,273) of which $46,356 (2014: $46,022) is included within cash and balances with The Central Bank (Note 3).

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

		2015		2014
Balance, beginning of year	$	**730,324**	$	680,645
Additions (purchases, changes in fair value and foreign exchange)		**650,759**		796,768
Disposals (sales and redemptions)		**(606,425)**		(747,089)
Balance, end of year	$	**774,658**	$	730,324

The effective yield during the year on investment securities was 3.07% (2014: 3.37%).

(Expressed in thousands of Bahamian dollars)

Note 8 | Loans and Advances to Customers

	Mortgages	Personal Loans	Business & Government Loans	2015
Performing loans (Note 26)	$ 860,380	$ 176,332	$ 730,467	$ 1,767,179
Impaired loans (Note 26)	180,850	32,406	48,263	261,519
Gross loans (Note 26)	1,041,230	208,738	778,730	2,028,698
Less: Provisions for impairment	(97,415)	(29,223)	(39,408)	(166,046)
	$ 943,815	$ 179,515	$ 739,322	$ 1,862,652
Add: Interest receivable				19,809
Less: Unearned fee income				(11,100)
				$ 1,871,361

	Mortgages	Personal Loans	Business & Government Loans	2014
Performing loans (Note 26)	$ 877,188	$ 174,352	$ 777,954	$ 1,829,494
Impaired loans (Note 26)	191,618	38,305	109,107	339,030
Gross loans (Note 26)	1,068,806	212,657	887,061	2,168,524
Less: Provisions for impairment	(101,462)	(34,926)	(53,710)	(190,098)
	$ 967,344	$ 177,731	$ 833,351	$ 1,978,426
Add: Interest receivable				16,226
Less: Unearned fee income				(11,767)
				$ 1,982,885

Movement in provisions for impairment for 2015 is as follows:

	Mortgages	Personal Loans	Business & Government Loans	2015
Balance, beginning of year	$ 101,462	$ 34,926	$ 53,710	$ 190,098
Identified impairment	4,315	(613)	12,042	15,744
Unidentified impairment	(587)	(440)	217	(810)
Interest accrued on impaired loans	-	-	(2,677)	(2,677)
Recoveries of bad and doubtful debts	-	1,137	736	1,873
Bad debts written off	(7,775)	(5,787)	(24,620)	(38,182)
Balance, end of year	$ 97,415	$ 29,223	$ 39,408	$ 166,046

Movement in provisions for impairment for 2014 is as follows:

	Mortgages	Personal Loans	Business & Government Loans	2014
Balance, beginning of year	$ 55,774	$ 22,175	$ 35,877	$ 113,826
Identified impairment	72,154	17,852	16,751	106,757
Unidentified impairment	4,568	910	1,596	7,074
Interest accrued on impaired loans	(19,071)	-	2,969	(16,102)
Recoveries of bad and doubtful debts	-	913	612	1,525
Bad debts written off	(11,963)	(6,924)	(4,095)	(22,982)
Balance, end of year	$ 101,462	$ 34,926	$ 53,710	$ 190,098

(Expressed in thousands of Bahamian dollars)

Ageing analysis of past due but not impaired loans for 2015:

	Mortgages	Personal Loans	Business & Government Loans	2015
Less than 30 days	$ **40,317**	$ **3,976**	$ **4,829**	$ **49,122**
31 - 60 days	**29,267**	**2,232**	**6,184**	**37,683**
61 - 89 days	**14,451**	**778**	**1**	**15,230**
	$ **84,035**	$ **6,986**	$ **11,014**	$ **102,035**

Ageing analysis of past due but not impaired loans for 2014:

	Mortgages	Personal Loans	Business & Government Loans	2014
Less than 30 days	$ 44,227	$ 4,152	$ 3,894	$ 52,273
31 - 60 days	35,353	8,608	817	44,778
61- 89 days	18,295	1,196	1,632	21,123
	$ 97,875	$ 13,956	$ 6,343	$ 118,174

The average interest yield during the year on loans and advances was 6.82% (2014: 6.73%). Impaired loans as at October 31, 2015 amounted to $261,519 (2014: $339,030) and interest taken to income on impaired loans during the year amounted to $2,468 (2014: $3,078).

Loan loss impairment is calculated as follows:

	2015	2014
Identified impairment	$ **15,744**	$ 106,757
Unidentified impairment	**(810)**	7,074
Loan loss impairment for the year	$ **14,934**	$ 113,831

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

Note 9 Property and Equipment

	Land and Buildings	Equipment, Furniture and Vehicles	Leasehold Improvements	2015
Cost				
Balance, November 1, 2014	$ 21,754	$ 36,530	$ 16,005	$ 74,289
Purchases	222	2,516	1,152	3,890
Disposals	(1,214)	-	-	(1,214)
Net transfers	-	720	(720)	-
Balance, October 31, 2015	$ 20,762	$ 39,766	$ 16,437	$ 76,965
Accumulated depreciation				
Balance, November 1, 2014	$ 6,467	$ 29,278	$ 12,896	$ 48,641
Depreciation (Note 17)	443	2,081	472	2,996
Balance, October 31, 2015	6,910	31,359	13,368	51,637
Net book value, October 31, 2015	$ 13,852	$ 8,407	$ 3,069	$ 25,328

	Land and Buildings	Equipment, Furniture and Vehicles	Leasehold Improvements	2014
Cost				
Balance, November 1, 2013	$ 21,664	$ 33,164	$ 14,983	$ 69,811
Purchases	-	2,318	2,160	4,478
Net transfers	90	1,048	(1,138)	-
Balance, October 31, 2014	$ 21,754	$ 36,530	$ 16,005	$ 74,289
Accumulated depreciation				
Balance, November 1, 2013	$ 5,881	$ 27,418	$ 12,218	$ 45,517
Depreciation (Note 17)	586	1,860	678	3,124
Balance, October 31, 2014	6,467	29,278	12,896	48,641
Net book value, October 31, 2014	$ 15,287	$ 7,252	$ 3,109	$ 25,648

Included as part of equipment, furniture and vehicles is an amount for $2,210 (2014: $2,909) 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 10 | 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 depends on their account balances at retirement and the cost of purchasing an annuity. 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 our defined benefit pension or post-retirement medical benefit plans in 2015 or 2014.

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 Group'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 our defined benefit pension and post-retirement medical benefit plans in which the Bank operates.

The total expense relating to the contributory plan charged for the year was $398 (2014: $429), which represents contributions to the defined contribution plan by the Bank at rates specified in the rules of the plan. Refer to Note 17.

For the year ended October 31, 2015
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	Defined Benefit Pension Plans		Post Retirement Medical Benefits	
	2015	2014	**2015**	2014
Fair value of the plan assets	**$ 99,960**	$ 109,139	**$ -**	$ -
Present value of the obligations	**(88,915)**	(110,793)	**(17,415)**	(20,943)
Net Retirement benefit asset/(obligations)	**$ 11,045**	$ (1,654)	**$ (17,415)**	$ (20,943)

The pension plan assets include 100,000 (2014: 100,000) ordinary shares in the Bank, with a fair value of $805 (2014: $805).

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

	2015	2014
Opening fair value of plan assets	**$ 109,139**	$ 101,895
Contributions by employer	**21**	1,524
Benefits paid	**(6,737)**	(4,021)
Actuarial (losses)/gains	**(2,315)**	9,943
Plan administration costs	**(148)**	(202)
Closing fair value of plan assets	**$ 99,960**	$ 109,139

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

	2015	2014
Opening obligations	**$ (110,793)**	$ (106,547)
Interest costs	**(5,371)**	(5,356)
Current service costs	**(2,860)**	(2,595)
Benefits paid	**6,737**	4,021
Actuarial gains/(losses) on obligations	**23,000**	(316)
Curtailment gains	**372**	-
Closing obligations	**$ (88,915)**	$ (110,793)

For the year ended October 31, 2015
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Changes in the present value of the obligations for post retirement medical benefits are:

	2015	2014
Opening obligations	$ (20,943)	$ (20,204)
Interest costs	(1,032)	(998)
Current service costs	(18)	(30)
Benefits paid	631	523
Actuarial gains/(losses) on obligations	3,947	(234)
Closing obligations	$ (17,415)	$ (20,943)

The Bank does not expect to contribute to its defined benefit pension plan in the following year (2014: $nil).

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

	Defined Benefit Pension Plans		Post Retirement Medical Benefits	
	2015	2014	2015	2014
Current service costs	$ 2,860	$ 2,595	$ 18	$ 30
Interest costs	5,371	5,356	1,032	998
Interest income on plan assets	(5,289)	(5,032)	-	-
Plan administration costs	148	202	-	-
Curtailment gains	(372)	-	-	-
Total amount included in staff costs (Note 17)	$ 2,718	$ 3,121	$ 1,050	$ 1,028
Actual return on plan assets	$ 2,315	$ (9,943)	$ -	$ -

The net re-measurement (gains)/losses recognised in other comprehensive income are as follows:

	Defined Benefit Pension Plans		Post Retirement Medical Benefits	
	2015	2014	2015	2014
Actuarial (gains)/losses on defined benefit obligation arising from:				
- Financial assumptions	$ (16,569)	$ (82)	$ (3,724)	$ 1,786
- Experience adjustments	(6,431)	398	(222)	(1,552)
Return on plan assets excluding interest income	7,603	(4,911)	-	-
Net re-measurement (gains)/losses recognised in OCI	$ (15,397)	$ (4,595)	$ (3,946)	$ 234

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

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	
	2015	2014	**2015**	2014
Balance, beginning of year	**$ (1,654)**	$ (4,652)	**$ (20,943)**	$ (20,204)
Charge for the year (Note 17)	**(2,718)**	(3,121)	**(1,050)**	(1,028)
Contributions by employer	**21**	1,524	**632**	523
Effect on statement of other comprehensive income	**15,396**	4,595	**3,947**	(234)
Balance, end of year	**$ 11,045**	$ (1,654)	**$ (17,414)**	$ (20,943)

The breakdown of the net asset/(obligations) between active members and inactive and retired members is as follows:

	Defined Benefit Pension Plans		Post Retirement Medical Benefits	
	2015	2014	**2015**	2014
Active members	**$ 45,863**	$ 67,061	**$ 8**	$ 5,340
Inactive and retired members	**43,052**	43,723	**17,406**	15,603
	$ 88,915	$ 110,793	**$ 17,414**	$ 20,943

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	
	2015	2014	**2015**	2014
Average duration, in years	**21**	22	**17**	17

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(Expressed in thousands of Bahamian dollars)

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

	2015		2014	
	$	%	$	%
Quoted equity instruments				
- International	**1,049**	**1**	1,090	1
Quoted debt				
- Government	**1,616**	**2**	1,771	2
- Corporate bonds	**1,177**	**1**	1,215	1
- Inflation Adjust. bonds	**623**	**1**	643	1
Investment Funds				
- U.S. Equity	**38,579**	**39**	40,634	37
- International Equity	**25,989**	**26**	29,174	27
- Fixed Income	**30,496**	**30**	31,260	28
Other assets	**431**	**-**	3,352	3
	99,960	**100%**	109,139	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	
	2015	**2014**
Discount rate	4.6 - 6.3%	5.0%
Expected return on plan assets	4.6 – 6.3%	5.0%
Future salary increases	4.0%	4.0%
Future pension increases	2.5%	2.5%

	Post Retirement Medical Benefit	
	2015	**2014**
Discount rate	4.6 - 6.3%	5.0%
Premium escalation rate	6.0 – 9.0%	10.0%
Existing retiree age	60	60

(Expressed in thousands of Bahamian dollars)

A quantitative sensitivity analysis for significant assumptions as at October 31, 2015 is as shown below:

Assumption	Sensitivity level	Impact on net defined benefit pension plans		Impact on Post-retirement medical benefits	
		Increase	Decrease	Increase	Decrease
Discount rate	1.0%	74,518	107,627	15,211	20,163
Future salary increases	0.5%	91,639	86,376	n/a	n/a
Future pension increases	0.5%	93,431	84,844	n/a	n/a
Premium escalation rate	1.0%	n/a	n/a	19,655	15,157
Existing retiree age	1 year	91,177	n/a	18,052	n/a

The sensitivity analyses above have been determined based on a method that extrapolates the impact on 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:

	2015	2014
Within the next 12 months	$ **2,131**	$ 3,720
Between 1 and 5 years	**10,016**	9,420
Between 5 and 10 years	**19,134**	17,762
Total expected payments	$ **31,281**	$ 30,902

The last actuarial valuation was conducted as at November 1, 2013 and revealed a fund surplus of $11,223.

Note 11 Goodwill

	2015	2014
Cost		
Balance, beginning and end of year	$ **187,747**	$ 187,747
Accumulated impairment		
Balance, beginning of year	$ **115,000**	$ -
Impairment during the year	-	115,000
Balance, end of year	**115,000**	115,000
Carrying amount, end of year	$ **72,747**	$ 72,747

Impairment tests for goodwill

Goodwill is allocated to the Bank's cash-generating units ("CGUs") identified according to country of operation.

The carrying amount of goodwill is reviewed annually for impairment and whenever there are events or changes in circumstances which indicate that the carrying amount may not be recoverable. The goodwill impairment test is performed by comparing the recoverable amount of the CGU to which goodwill has been allocated, with the carrying amount of the CGU including goodwill, with any deficiency recognised as impairment to goodwill. The recoverable amount for each CGU has been determined using value-in-use calculations that are estimated using five year cash flow projections along with an estimate of capital required to support ongoing operations. The five year cash flow projections have been approved by management.

(Expressed in thousands of Bahamian dollars)

As at October 31, 2014, the recoverable amount of the goodwill allocated to The Bahamas was less than the carrying value. As a result management recognised an impairment of $115,000 against goodwill, which was recorded in the consolidated statement of income. Based on the impairment testing performed during the fourth quarter of fiscal 2015, we have determined that the estimated recoverable amount of the CGU was in excess of the carrying amount. As a result, no impairment charge was recognised during 2015.

Key assumptions used for value-in-use calculations

A description of each assumption on which management has based its cash flow projections for the period covered by the most recent forecasts is noted below. Key assumptions are those to which the CGU's recoverable amount is most sensitive, which include the discount and growth rates. The discount rates were determined based on the following primary factors: (i) the risk-free rate, (ii) an equity risk premium, (iii) beta adjustment to the equity risk premium based on a review of betas of comparable financial institutions in the region, and (iv) a country risk premium. The growth rates are based on management's expectations of real growth but do not exceed the long-term average growth rate for The Bahamas.

	Discount rate		Growth rate	
	2015	2014	2015	2014
Bahamas	12%	11%	2%	2%

Estimation of the recoverable amount is an area of significant judgment. Reductions in the estimated recoverable amount could arise from various factors, such as reductions in forecasted cash flows, an increase in the assumed level of required capital and any adverse changes to the discount rate or the growth rate, either in isolation or in any combination thereof. We estimated that a 10% reduction in forecasted cash flows, or a 1% rise in the discount rate, would not significantly impact the CGUs' recoverable amount to result in any further goodwill impairment at October 31, 2015 and 2014.

Note 12 Customer Deposits

	Payable on Demand	Payable after Notice	Payable at a Fixed Date	2015 Total	2014 Total
Individuals	$ 194,846	$ 216,619	$ 403,071	$ 814,536	$ 846,558
Business and governments	895,542	29,388	601,518	1,526,448	1,567,641
Banks	1,899	-	240,312	242,211	349,130
	1,092,287	246,007	1,244,901	2,583,195	2,763,329
Add: Interest payable	131	56	2,424	2,611	3,318
	$ 1,092,418	$ 246,063	$ 1,247,325	$ 2,585,806	$ 2,766,647

Included in deposits from banks are deposits from other Parent Group entities of $102,953 (2014: $127,594) and deposits from CIBC entities of $137,288 (2014: $216,608) (Note 22).

The effective rate of interest on deposits during the year was 0.37% (2014: 0.46%).

(Expressed in thousands of Bahamian dollars)

Note 13 Other Liabilities

	2015	2014
Accounts payable and accruals, including clearings	$ 28,049	$ 14,608
Restructuring costs	882	2,805
Amounts due to related parties (Note 22)	14,703	27,255
Payroll liabilities	-	43
Due to brokers and others	309	136
	$ 43,943	$ 44,847

The amount due to related parties refers to balances due to other Parent Group entities as well as CIBC and is interest-free and unsecured, with no fixed terms of repayment.

During 2013, the Bank embarked on a restructuring plan which aimed to enhance its long term competitiveness through reductions in costs, duplication and complexity in the years ahead. Included in other liabilities is a related provision for severance of $596 (2014: $2,270) and other costs of $286 (2014: $535). Movement in the provision during the year related primarily to payments and accruals made by the Bank.

Note 14 Issued Capital and Reserves

	2015	2014
Issued capital, beginning and end of year	$ 477,230	$ 477,230
Reserves		
Statutory reserve fund – Turks and Caicos Islands	39,128	36,928
Revaluation reserve – Available-for-sale investments, as restated	(10,605)	(9,869)
Reverse acquisition reserve	(63,566)	(63,566)
Retirement benefit reserve	4,441	(14,902)
Total reserves	(30,602)	(51,409)
Total issued capital and reserves	$ 446,628	$ 425,821

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 2015 and 2014. At October 31, 2015 and 2014, the issued share capital was as follows:

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

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 of International Settlement (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 Bahamian deposit-taking financial institutions maintain Tier 1 and Total Capital ratios of 9.6% and 17%, respectively. During the year, the Bank has complied in full with all of our regulatory capital requirements.

Regulatory capital

Regulatory capital consists of Tier 1 and Tier 2 Capital, less certain deductions. Tier 1 Capital is comprised of common stock, retained earnings and non-controlling interest in consolidated subsidiaries, less goodwill and other deductions. Tier 2 Capital principally comprises hybrid capital instruments such as subordinated debt and general provisions and 45% of revaluation reserves on available-for-sale investments.

In 2015, Tier 1 and Total Capital ratios were 34% and 35%, respectively (2014: 29% (as restated) and 29%, respectively).

(Expressed in thousands of Bahamian dollars)

The movements in reserves were as follows:

		2015		2014
Statutory reserve fund – Turks and Caicos Islands				
Balance, beginning of year	**$**	**36,928**	$	35,795
Transfers from retained earnings		**2,200**		1,133
Balance, end of year	**$**	**39,128**	$	36,928

In accordance with the Banking (Amendment) Ordinance 2002 of the TCI 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 it is less than the assigned capital, the Bank is required to annually transfer 25% of the net profit earned from its TCI operations to this fund. The Bank's practice is to make this transfer based on net profits of the preceding fiscal year.

		2015		2014
Statutory loan loss reserve – Bahamas				
Balance, beginning of year	**$**	**-**	$	8,883
Transfers to retained earnings		**-**		(8,883)
Balance, end of year	**$**	**-**	$	-

Banking Regulations of The Central Bank of The Bahamas require a general provision in respect of the performing loans of at least one percent of these loans. To the extent the inherent risk provision for loans and advances to customers is less than this amount, a statutory loan loss reserve has been established and the required additional amount has been appropriated from retained earnings, in accordance with IFRS.

		2015		2014
Revaluation reserve – available-for-sale investments				
Balance, beginning of year as previously reported	**$**	**-**	$	4,000
Impact of change in accounting policy and correction to prior periods (Note 2.3)		**-**		(14,160)
Balance, beginning of year as restated	**$**	**(9,869)**	$	(9,539)
Net loss from changes in fair value of available-for-sale investments as restated (Note 20)		**(736)**		(330)
Balance, end of year	**$**	**(10,605)**	$	(9,869)

Reverse acquisition reserve

		2015		2014
Reverse acquisition reserve, beginning and end of year	**$**	**(63,566)**	$	(63,566)

(Expressed in thousands of Bahamian dollars)

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).

Retirement benefit reserve

		2015		2014
Balance, beginning of year	$	(14,902)	$	(19,263)
Re-measurement gains on retirement benefit plans		19,343		4,361
Balance, end of year	$	**4,441**	$	(14,902)

Note 15 | Net Interest Income

		2015		2014
Interest and similar income				
Cash and short-term funds	$	1,622	$	841
Investment securities		23,031		24,305
Loans and advances to customers		123,792		128,896
	$	148,445	$	154,042
Interest and similar expense				
Banks and customers	$	9,961	$	12,424
Derivative financial instruments		4,075		3,878
	$	14,036	$	16,302
Net interest income	$	**134,409**	$	137,740

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

Note 16 Operating Income

		2015		2014
Fee and commission income	$	26,170	$	24,053
Foreign exchange commissions		9,343		9,181
Foreign exchange revaluation net (losses)/gains		(79)		486
Net investment securities gains (Note 20)		1,711		6,019
Net hedging gains, as restated (Note 5)		1,029		609
Net trading losses		(1,429)		(3,287)
Other operating income		946		2,329
	$	37,691	$	39,390

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

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

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

Analysis of fee and commission income:

		2015		2014
Underwriting	$	136	$	289
Deposit services		8,737		7,450
Credit services		2,112		1,985
Card services		9,131		8,675
Funds transfer		4,241		4,280
Other		1,813		1,374
	$	26,170	$	24,053

Note 17 Operating Expenses

		2015		2014
Staff costs	$	32,699	$	35,476
Business licence		8,825		7,916
Occupancy and maintenance		11,610		12,664
Depreciation (Note 9)		2,996		3,124
Other operating expenses		34,823		36,321
	$	90,953	$	95,501

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

Analysis of staff costs:

		2015		2014
Wages and salaries	$	**23,080**	$	26,096
Pension costs:				
- defined benefit sections of the plan (Note 10)		**2,718**		3,121
- defined contribution section of the plan		**398**		429
Post-retirement medical benefits charge (Note 10)		**1,050**		1,028
Employee share purchase plan (Note 21)		**97**		247
Severance, including restructuring costs (Note 13)		**821**		(387)
Insurance and risk benefits		**3,030**		3,350
Other staff-related costs		**1,505**		1,592
	$	**32,699**	$	35,476

Analysis of other operating expenses:

		2015		2014
Professional and management fees	$	**22,228**	$	26,541
Communications		**2,463**		2,240
Business development		**305**		265
Advertising and marketing		**208**		259
Consumer-related expenses		**845**		1,515
Non-credit losses		**1,801**		1,773
Postage, courier and stationery		**1,508**		1,560
General insurances		**546**		531
Outside services		**1,029**		567
Other		**3,890**		1,070
	$	**34,823**	$	36,321

Included in professional and management fees are allocation of costs from the Parent for support and direction provided to the Bank (Note 22).

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

Note 18 | Earnings/(Loss) per Share

Basic earnings/(loss) per share

	2015	2014 Restated
Net income/(loss) attributable to shareholders	**$ 66,213**	$ (147,202)
Weighted average number of ordinary shares in issue (Note 14)	**$ 120,216**	$ 120,216
Basic income/(loss) per share (expressed in cents per share)	**$ 55.1**	$ (122.4)

There are no potentially dilutive instruments.

Note 19 | Dividends Paid

	2015	2014
Declared and paid during the year		
First dividend $0.13 (2014: $0.13)	**$ 15,628**	$ 15,628
Final dividend $0.13 (2014: $0.13)	**15,628**	15,628
Total dividends declared and paid	**$ 31,256**	$ 31,256

At the Board of Directors meeting held on December 17, 2015, a final dividend for 2015 of $0.15 per share amounting to $18,032 was proposed and declared. The consolidated financial statements for the year ended October 31, 2015 do not reflect this resolution, which will be accounted for in equity as a distribution of retained earnings in the year ending October 31, 2016.

Note 20 | Components of Other Comprehensive Income

	2015	2014
Available-for-sale investment securities:		
Net gains arising during the year	**$ 975**	$ 5,689
Less: reclassification adjustments for gains included in the statement of income (Note 16)	**(1,711)**	(6,019)
Other comprehensive loss for the year (Note 14)	**$ (736)**	$ (330)

Note 21 | Other Employee Benefits

Employee share purchase plan

Under our Employee Share Purchase Plan, qualifying employees can choose each year to have up to 10% of their eligible earnings withheld to purchase common shares in the 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 $97 in 2015 (2014: $247) (Note 17).

(Expressed in thousands of Bahamian dollars)

Note 22 Related Party Transactions and Balances

The Bank's Parent and major shareholder is FirstCaribbean International 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 financial statements are disclosed below.

	Directors and key management personnel		Parent Group		Ultimate Parent	
	2015	2014	**2015**	2014	**2015**	2014
Asset balances:						
Due from banks	**$ -**	$ -	**$ 214,709**	$ 263,661	**$ 53,134**	$ 41,190
Derivative financial instruments	**-**	-	**-**	-	**52**	1,205
Other assets	**-**	-	**24**	3,563	**-**	-
Loans and advances to customers	**4,345**	3,043	**-**	-	**-**	-
Liability balances:						
Derivative financial instruments	**-**	-	**-**	-	**9,887**	10,592
Customer deposits	**2,475**	1,679	**102,953**	127,594	**137,288**	216,608
Other liabilities	**-**	-	**14,672**	27,217	**31**	38
Revenue transactions:						
Interest income	**135**	169	**1,011**	384	**162**	147
Operating income	**-**	-	**-**	-	**-**	(4)
Expense transactions:						
Interest expense	**87**	43	**101**	237	**673**	3,779
Other expenses*	**-**	-	**25,188**	30,748	**40**	40

* Expenses incurred in relation to banking and support services.

	2015	2014
Key management compensation		
Salaries and short-term benefits	**$ 2,231**	$ 2,589

Directors' remuneration

In 2015, total remuneration to the directors was $30 (2014: $25).

(Expressed in thousands of Bahamian dollars)

Note 23 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:

		2015		2014
Letters of credit	**$**	**53,907**	$	17,140
Undrawn loan commitments		**173,229**		179,512
Guarantees and indemnities		**6,934**		21,344
Total (Note 26)	**$**	**234,070**	$	217,996

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 financial statements.

The Bank currently has a $1 million line of credit with CIBC at LIBOR + 200bps per annum if 50% or less utilisation, or LIBOR + 250bps per annum if greater than 50% utilisation. The facility is renewable annually and expires on March 31, 2016. As of October 31, 2015, no advances were made from the facility and all balances are undrawn.

Note 24 Future Rental Commitments under Operating Leases

As at October 31, 2015, the Bank held leases on buildings for extended periods. The minimum future rental commitments under these leases are as follows:

		2015		2014
Not later than 1 year	**$**	**3,591**	$	2,788
Later than 1 year and less than 5 years		**5,268**		6,903
Later than 5 years		**-**		489
	$	**8,859**	$	10,180

During the year $3,599 (2014: $3,308) of lease payments was included in occupancy and maintenance expenses (Note 17).

Note 25 Business Segments

The Bank's operations are organised into three business segments: Retail Banking, Wholesale Banking and Wealth Management, which are supported by the functional operating units within the Administration segment.

Retail Banking ("RB")

Retail Banking includes Retail, Business Banking and Cards businesses. This segment provides a full range of financial products and services to individuals, which can be accessed through our network of branches and ABMs, as well as through internet and telephone banking channels. Business Banking clients are provided with products and services to satisfy their day to day operational and working capital business needs. Cards offering include both the issuing and acquiring business.

Wholesale Banking ("WB")

This business segment comprises two sub-segments: Corporate Lending and Investment Banking.

(i) **Corporate Lending** 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.

(ii) **Investment Banking** provides debt, equity, capital markets and corporate finance products, and services to large corporations, financial institutions and governments.

Wealth Management ("WM")

This segment comprises International Corporate and International Personal Banking.

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

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

Administration ("Admin")

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.

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

The Administration segment results include the earnings on economic capital and capital charges for Treasury, and the offset of the same for RB, WB and WM. Concurrently, the assumptions underpinning the segment allocation methodologies were updated, resulting in changes to segment performance. Prior period disclosures were amended to conform to this current presentation basis.

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

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

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

2015 Segment Reporting

	RB	WB	WM	Admin	2015
External revenues	$ 89,907	$ 53,730	$ 7,457	$ 21,006	$ 172,100
Revenues from other segments	(17,268)	12,696	10,766	(6,194)	-
Total revenues	$ 72,639	$ 66,426	$ 18,223	$ 14,812	$ 172,100
Net income for the year	$ 6,859	$ 29,285	$ 6,385	$ 23,684	$ 66,213

Segment results include the following items of income or expense:

	RB	WB	WM	Admin	2015
Interest income	$ 53,811	$ 58,775	$ 14,134	$ 21,725	$ 148,445
Interest expense	4,150	3,755	1,646	4,485	14,036
Loan loss impairment	8,066	3,843	3,025	-	14,934
Net hedging gains	-	-	-	1,029	1,029
Depreciation	1,069	3	58	1,866	2,996
Net restructuring costs	-	-	-	455	455

Total assets and liabilities by segment are as follows:

	RB	WB	WM	Admin	2015
Segment assets	$ 1,005,761	$ 811,400	$ 82,904	$ 1,304,637	$ 3,204,702
Unallocated assets					72,747
Total assets					$ 3,277,449
Segment liabilities	$ 798,110	$ 895,263	$ 822,167	$ 154,080	$ 2,669,620
Total liabilities					$ 2,669,620

2014 Segment Reporting

	RB	WB	WM	Admin Restated	2014 Restated
External revenues	$ 92,208	$ 53,793	$ 6,922	$ 24,207	$ 177,130
Revenues from other segments	(16,089)	19,284	18,961	(22,156)	-
Total revenues	$ 76,119	$ 73,077	$ 25,883	$ 2,051	$ 177,130
Segment results	(61,411)	3,332	10,582	15,295	(32,202)
Impairment of goodwill	-	-	-	(115,000)	(115,000)
Net loss for the year	$ (61,411)	$ 3,332	$ 10,582	$ (99,705)	$ (147,202)

Segment results include the following items of income or expense:

	RB	WB	WM	Admin	2014
Interest income	$ 53,920	$ 61,845	$ 19,802	$ 18,475	$ 154,042
Interest expense	5,018	4,546	2,170	4,568	16,302
Loan loss impairment	73,887	33,098	6,846	-	113,831
Net hedging gains, as restated	-	-	-	609	609
Depreciation	1,327	3	5	1,789	3,124
Restructuring costs written back	-	-	-	(465)	(465)

(Expressed in thousands of Bahamian dollars)

Total assets and liabilities by segment are as follows:

	RB	WB	WM	Admin	2014
Segment assets	$ 1,018,256	$ 909,663	$ 89,009	$ 1,317,893	$ 3,334,821
Unallocated assets					72,747
Total assets					$ 3,407,568
Segment liabilities	$ 746,180	$ 834,510	$1,000,289	$ 272,324	$ 2,853,303
Total liabilities					$ 2,853,303

Geographical segments are set out in Note 26 (C).

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

(Expressed in thousands of Bahamian dollars)

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.

Credit Valuation Adjustment (CVA)
A CVA is determined using the fair value based exposure we have on derivative contracts. We believe that we have made appropriate fair value adjustments to date. The establishment of fair value adjustments involves estimates that are based on accounting processes and judgments by management. We evaluate the adequacy of the fair value adjustments on an ongoing basis. Market and economic conditions relating to derivative counterparties may change in the future, which could result in significant future losses. The CVA is driven off market-observed credit spreads or proxy credit spreads and our assessment of the net counterparty credit risk exposure. In assessing this exposure, we also take into account credit mitigants such as collateral, master netting arrangements, and settlements through clearing houses.

Collateral
The 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;
- 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.

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.

	Drawn	Undrawn	Gross Maximum Exposure 2015	Drawn	Undrawn	Gross Maximum Exposure 2014
Bahamas	**$ 1,725,432**	**$ 146,700**	**$ 1,872,132**	$ 1,863,097	$ 157,413	$ 2,020,510
Turks & Caicos Islands	**303,266**	**26,529**	**329,795**	305,427	22,099	327,526
	$ 2,028,698	**$ 173,229**	**$ 2,201,927**	$ 2,168,524	$ 179,512	$ 2,348,036

(Expressed in thousands of Bahamian dollars)

Exposures by industry groups

The following table provides an industry-wide break down of gross drawn and undrawn loans and advances to customers, which therefore excludes provisions for impairment, interest receivables and unearned fee income. Amounts are before allowance for credit losses, and after credit risk mitigation, valuation adjustments related to financial guarantors and collateral on agreements.

	Drawn	Undrawn	Gross Maximum Exposure 2015	Drawn	Undrawn	Gross Maximum Exposure 2014
Agriculture	**$ 3,249**	**$ 42**	**$ 3,291**	$ 4,070	$ 40	$ 4,110
Governments	**312,668**	**3,949**	**316,617**	335,640	22,290	357,930
Construction	**75,616**	**7,859**	**83,475**	117,249	7,353	124,602
Distribution	**89,024**	**21,266**	**110,290**	96,283	27,122	123,405
Education	**427**	**-**	**427**	482	24	506
Fishing	**2,490**	**1,710**	**4,200**	2,889	1,214	4,103
Health & social work	**21,385**	**-**	**21,385**	22,113	-	22,113
Hotels & restaurants	**95,743**	**12,275**	**108,018**	150,262	23,756	174,018
Individuals & individual trusts	**1,043,506**	**78,066**	**1,121,572**	1,041,236	65,272	1,106,508
Manufacturing	**34,618**	**293**	**34,911**	30,108	664	30,772
Mining & quarrying	**128**	**-**	**128**	128	-	128
Miscellaneous	**181,112**	**40,555**	**221,667**	176,034	24,170	200,204
Other financial corporations	**3,722**	**1,176**	**4,898**	4,324	1,027	5,351
Real estate, renting & other business activities	**154,266**	**5,381**	**159,647**	175,100	5,522	180,622
Transport, storage & communication	**10,744**	**657**	**11,401**	12,606	1,058	13,664
	$ 2,028,698	**$ 173,229**	**$ 2,201,927**	$ 2,168,524	$ 179,512	$ 2,348,036

Derivatives

The Bank maintains strict control limits on net open derivative positions, that is, the difference between purchase and sale contracts, by both amount and term. At any one time the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Bank (i.e. assets), which in relation to derivatives is only a small fraction of the contract or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is usually obtained for credit risk exposures on these instruments.

Master netting arrangements

The Bank restricts its exposure to credit losses by entering into master netting arrangements with counterparties with whom it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of consolidated statement of financial position assets and liabilities as transactions are usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Bank's overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period since it is affected by each transaction subject to the arrangement.

(Expressed in thousands of Bahamian dollars)

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 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	
	2015	**2014**
Balances with The Central Bank	**$ 67,027**	$ 93,126
Due from banks	**397,488**	432,399
Derivative financial instruments	**454**	814
Investment securities		
– Government debt securities	**520,969**	439,527
– Other debt securities	**253,689**	290,797
– Interest receivable	**7,190**	8,663
Loans and advances to customers		
– Mortgages	**1,041,230**	1,068,806
– Personal loans	**208,738**	212,657
– Business & Government loans	**778,730**	887,061
– Interest receivable	**19,809**	16,226
Other assets	**14,398**	31,355
Total	**$ 3,309,722**	$ 3,481,431
Commitments, guarantees and contingent liabilities (Note 23)	**$ 234,070**	$ 217,996
Total credit risk exposure	**$ 3,543,792**	$ 3,699,427

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

C. Geographical concentration

The following tables reflect additional geographical concentration information:

	Total assets	Total liabilities	Commitments, guarantees and contingent liabilities	Capital expenditure(*)	External revenues	Non-current assets(**)
2015						
Bahamas	**$ 2,884,451**	**$ 2,350,778**	**$ 205,663**	**$ 2,915**	**$ 147,556**	**$ 93,205**
Turks & Caicos Islands	**726,197**	**652,041**	**28,407**	**975**	**24,544**	**4,870**
	3,610,648	**3,002,819**	**234,070**	**3,890**	**172,100**	**98,075**
Eliminations	**(333,199)**	**(333,199)**	**-**	**-**	**-**	**-**
	$ 3,277,449	**$ 2,669,620**	**$ 234,070**	**$ 3,890**	**$ 172,100**	**$ 98,075**

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

	Total assets	Total liabilities	Commitments, guarantees and contingent liabilities	Capital expenditure(*)	External revenues (Restated)	Non-current assets(**)
2014						
Bahamas	$ 2,937,469	$ 2,451,015	$ 193,872	$ 3,851	$ 153,555	$ 93,882
Turks & Caicos Islands	645,773	577,962	24,124	627	23,575	4,513
	3,583,242	3,028,977	217,996	4,478	177,130	98,395
Eliminations	(175,674)	(175,674)	-	-	-	-
	$ 3,407,568	$ 2,853,303	$ 217,996	$ 4,478	$ 177,130	$ 98,395

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

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:

	2015	2015	2014	2014
Bahamas	**$ 1,579,636**	% 84	$ 1,692,062	% 85
Turks & Caicos Islands	**291,725**	16	290,823	15
	$ 1,871,361	% 100	$ 1,982,885	% 100

(Expressed in thousands of Bahamian dollars)

D. Credit quality

A mapping between the 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.

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

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

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

At the reporting date, investment securities were all rated standard or high grade. Cash balances and amounts due from banks are held with counterparties that are high grade, including CIBC group entities.

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

	Performing				
Grade description	High Grade	Standard Grade	Sub-Standard Grade	Impaired	2015 Total
Loans and advances to customers					
- Mortgages	$ 789,974	$ 55,957	$ 14,449	$ 180,850	$ 1,041,230
- Personal loans	170,150	5,394	788	32,406	208,738
- Business & Government loans	720,206	10,242	19	48,263	778,730
Total (Note 8)	$ 1,680,330	$ 71,593	$ 15,256	$ 261,519	$ 2,028,698

(Expressed in thousands of Bahamian dollars)

	Performing				
Grade description	**High Grade**	**Standard Grade**	**Sub-Standard Grade**	**Impaired**	**2014 Total**
Loans and advances to customers					
- Mortgages	$ 789,823	$ 69,070	$ 18,295	$ 191,618	$ 1,068,806
- Personal loans	161,305	11,851	1,196	38,305	212,657
- Business & Government loans	773,805	2,517	1,632	109,107	887,061
Total (Note 8)	$ 1,724,933	$ 83,438	$ 21,123	$ 339,030	$ 2,168,524

For our Business & Government loans, we employ risk ratings in managing the credit portfolio. Business and Government borrowers with elevated default risk are monitored on our Early Warning List. Early Warning List characteristics include borrowers exhibiting a significant decline in revenue, income, or cash flow or where we have doubts as to the continuing viability of the business. Early Warning List customers are often, but not always, also delinquent. As of October 31, 2015, Early Warning List customers in the medium to high risk category amounted to $38,875 (2014: $58,679).

E. Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to the change in market variables. Market risk arises from positions in securities and derivatives as well as from our core Retail Banking, Wealth Management and Wholesale Banking businesses. The key risks to the Bank are foreign exchange ("FX"), interest rate and credit spread. Market Risk within the Bank is a centralised group that is independent from the front line. The measurement, monitoring and reporting of both local and hard currency exposures are performed at the Parent Group level.

The following sections give a comprehensive review of the Bank's exposures.

Policies and standards:

The Parent Group has a comprehensive policy for market risk management related to the identification, measurement, monitoring and control of these risks. This policy is reviewed and approved annually by the FR&CRC of the Parent Group's Board. The policy includes the annual approval of the Board's limits, which is used by the Parent Group to establish explicit risk tolerances expressed in term of the four main risk measures mentioned below. There is a three tiered approach to limits at the Parent Group. The highest level is set at the Board. The second tier is delegated by the Chief Risk and Administrative Officer, and the third tier to Treasury, which limits traders to specific product and size of deals. These limits are documented through a formal delegation letter and monitored using the Parent 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, Value at Risk (VaR) and certain profit and loss measures are all measured daily, whereas others such as stress tests and credit spread sensitivity are performed on at least either a weekly or monthly basis. Detailed market risk compliance reports are produced and circulated to senior management on a monthly basis and a summary version supplied to the Board quarterly.

Risk measurement:

The Bank has four main measures of market risk, which as noted above are calculated and managed at the Parent Group level and not by individual subsidiary or subsidiary grouping. These are:

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

Position:
This risk measure is used predominantly for the Bank's foreign exchange business. Monitored daily, the measure focuses on the outright long or short position in each currency from either a spot or trading position and on a structural basis. Any forward contracts or FX swaps are incorporated and there are also notional position limits on the size of the bond portfolios.

Sensitivity:
The two main measures utilised by the Parent Group are the DV01 (Delta Value of a one basis point move, also known as the PV01 or Present Value of a one basis point move) and the CSDV01 (Credit Spread Delta of a one basis point move).

The DV01 measure is calculated for a one basis point move down in the yield curve. This generates the change in economic value by individual currency of a parallel shift down in the related yield curve. As curves rarely move in a parallel fashion, it is measured across different tenors to ensure that there is no further curve risk of having, for example, a long position in the short end of the curve, offset by a short position in the longer tenors. This is then utilised within the scenario analysis. The sensitivities are calculated on both:

- a pre-structural basis that includes contractual maturity positions; and on
- a post-structural basis that includes structural assumptions for core balances of non-contractual maturity positions

The CSDV01 sensitivity is a way to measure the risk of the interest rate spread between Treasury securities and the non-Treasury securities in the bond portfolio widening or narrowing.

Value at Risk:
The Parent Group's VaR methodology utilises the vetted CIBC parent models. It is a statistical probability based approach that uses volatilities and correlations to quantify risk into dollar terms. VaR measures the potential one day loss from adverse market movements that can occur with a less than one percent probability of occurring under normal market conditions, based on equally weighted historical data.

VaR uses numerous risk factors as inputs and is computed through the use of historical volatility of each risk factor and the associated correlations among them, evaluated over a one year period and updated on a regular basis. The use of these historical measures causes a degree of limitation to its accuracy as it assumes that future price movements will follow a statistical distribution and thus may not accurately predict the future impact. A further weakness of the VaR measure is that it does not estimate the effects of market variable moves outside of the ninety-nine percent parameter and hence may underestimate losses. To counter this, the Parent Group has various stress measures to calculate potential tail event losses.

Stress testing & scenario analysis:
Stress testing and scenario analyses 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 has two distinct approaches to this, which are as follows:

- For the hard currency testing, the Parent Group sends its position sensitivity to CIBC and utilises the suite of measures that CIBC 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 quarter. Scenarios are developed using actual historical data during periods of market disruption, or are based upon hypothetical occurrence of economic or political events or natural disasters and are designed by CIBC's economists, business leaders, and risk managers. These tests are run on our behalf on a daily basis.

(Expressed in thousands of Bahamian dollars)

- The local 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 ten years and identifies the greatest curve or data point moves over both sixty day and single day periods. These are then applied to the existing positions/sensitivities of the Parent Group. This is performed and reported on a monthly basis as the stress results 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 following risks are considered by management the most significant for the Bank:

- The risk of credit spreads widening in a similar fashion to the Credit Crisis of 2008 on bonds held within the investment portfolios, and the magnitude of the risk, but low probability of a peg breaking between the USD and BSD, impacting the structural long position of the Bank

- The largest interest rate risk run through multiple scenarios is that of the USD yield curve moving in a similar fashion to a sixty day period during the Fed Reserve tightening of 1994

The following section highlights these key risks as well as some of the lesser ones that arise from the Bank's ongoing banking operations.

Interest rate risk:
As of October 31, 2015 and 2014, the Bank had no trading interest rate risk. Non-trading interest rate risk consists primarily of a combination of the risks inherent in asset and liability management activities and the activities of the core Retail, Wealth and Wholesale Banking businesses. Interest rate risk results from differences in the maturities or re-pricing dates of assets, inclusive of those assets not recognised in the consolidated statement of financial position.

The following table shows the key measures for the BSD.

	2015			2014		
	DV01	**VaR**	**60 day Stressed Loss**	**DV01**	**VaR**	**60 day Stressed Loss**
Currency						
Bahamian Dollars	$ 93,717	$ 44.0	$ 4,196	$ 106,992	$ 9.3	$ 4,585

(Expressed in thousands of Bahamian dollars)

The USD interest rate risk exposure is calculated for the Bank and reported monthly at both a product and tenor level at the Assets and Liabilities Committee ("ALCO") meetings. As at October 31, the risk sensitivity and related stress results to a one basis point drop in the underlying USD yield curve are as follows:

	2015		2014	
	Post Structural DV01	60 day Stressed Gain	Post Structural DV01	60 day Stressed Loss
Currency				
United States Dollars	$ (61,318)	$ (8,766)	$ (35,386)	$ 5,408

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 monthly to senior management.

	2015			2014		
	Notional	Credit Spread DV01	Stress Loss	Notional	Credit Spread DV01	Stress Loss
Caribbean Bond Portfolio (hard currency denominated)	$ 56,561	$ 51.0	$ 16,985	$ 86,765	$ 50.0	$ 12,996
Non-regional hard currency denominated bond portfolio	232,880	54.0	11,261	239,917	80.0	16,726
Total	$ 289,441	$ 105.0	$ 28,246	$ 326,682	$ 130.0	$ 29,722

Derivatives held for asset and liability management (ALM) purposes:
Where derivatives are held as hedges against either sizeable bond holdings or loans from core businesses, and if the transactions meet the accounting criteria, the Bank applies hedge accounting. Derivative hedges that do not qualify for hedge accounting treatment are considered to be economic hedges and are recorded at market value on the consolidated statement of financial position with changes in the fair value recognised through the consolidated statement of income. 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.

(Expressed in thousands of Bahamian dollars)

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. As the BSD is pegged to the USD, the VaR measure is not appropriate and therefore more emphasis is placed on the overall position limit and related stress tests. The Board has set limits on positions by currency. Positions are monitored on a daily basis and Treasury Sales & Trading is solely responsible for the hedging of the Bank's exposure.

The following table highlights the currencies that the Bank had significant exposures to at the end of the period in USD equivalent. It also highlights the measures used to measure, monitor, and control that risk.

	2015			2014		
Currency	**Position Long/ (Short) vs USD**	**Stressed Loss**	**Average Position (*)**	**Position Long/ (Short) vs USD**	**Stressed Loss**	**Average Position (*)**
Bahamian dollars	$ 2,059	$ 618	$ 617	$ 2,272	$ 682	$ 1,163
Barbados dollars	205	62	381	266	80	363
Canadian dollars	(113)	(11)	1,500	2,034	203	1,899
Euro dollars	120	12	(3,075)	(5,494)	(549)	(5,811)
Great Britain pounds	172	17	(1,944)	(3,647)	(365)	(3,792)

(*) Averages are taken over a twelve-month period.

In addition to the above, the Bank also has a small number of immaterial residual positions in other currencies, mostly related to previous years' retained earnings.

The Bank also uses a measure to quantify non-trading foreign exchange risk, also referred to as structural foreign exchange risk. This considers the effect of currency changes on the Bank's investment in foreign operations, retained earnings and profit derived throughout the year in currencies other than the Parent Group's presentation currency of USD.

(Expressed in thousands of Bahamian dollars)

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

	BAH	US	Other	2015
Assets				
Cash and balances with The Central Bank	$ 86,320	$ 11,316	$ 465	**$ 98,101**
Due from banks	776	310,643	86,069	**397,488**
Derivative financial instruments	-	454	-	**454**
Other assets	12,621	3,982	(200)	**16,403**
Investment securities	461,209	248,221	72,418	**781,848**
Loans and advances to customers	1,025,478	844,736	1,147	**1,871,361**
Property and equipment	20,259	4,989	80	**25,328**
Retirement benefit assets	13,719	-	-	**13,719**
Goodwill	71,582	1,165	-	**72,747**
Total assets	$ 1,691,964	$ 1,425,506	$ 159,979	**$ 3,277,449**
Liabilities				
Derivative financial instruments	$ -	$ 17,155	$ 2,627	**$ 19,782**
Customer deposits	1,169,438	1,260,781	155,587	**2,585,806**
Other liabilities	(16,286)	63,233	(3,004)	**43,943**
Retirement benefit obligations	15,829	4,260	-	**20,089**
Total liabilities	1,168,981	1,345,429	155,210	**2,669,620**
Net assets	$ 522,983	$ 80,077	$ 4,769	**$ 607,829**
Commitments, guarantees and contingent liabilities (Note 23)	$ 135,114	$ 71,400	$ 27,556	**$ 234,070**

	BAH	US	Other	2014
Total assets	$ 1,659,943	$ 1,615,947	$ 131,678	**$ 3,407,568**
Total liabilities	1,185,824	1,543,507	123,972	**2,853,303**
Net assets	$ 474,119	$ 72,440	$ 7,706	**$ 554,265**
Commitments, guarantees and contingent liabilities (Note 23)	$ 139,108	$ 78,888	$ -	**$ 217,996**

F. 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.

G. 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 ALCO 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.

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 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.

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

	0-3 months	3-12 months	1-5 years	Over 5 years	2015
Assets					
Cash and balances with The Central Bank	$ 98,101	$ -	$ -	$ -	**$ 98,101**
Due from banks	302,463	45,023	50,002	-	**397,488**
Derivative financial instruments	-	-	454	-	**454**
Other assets	16,403	-	-	-	**16,403**
Investment securities	142,407	131,821	280,994	226,626	**781,848**
Loans and advances to customers	44,117	14,890	490,040	1,322,314	**1,871,361**
Property and equipment	930	107	6,560	17,731	**25,328**
Retirement benefit assets	-	-	-	13,719	**13,719**
Goodwill	-	-	-	72,747	**72,747**
Total assets	$ 604,421	$ 191,841	$ 828,050	$ 1,653,137	**$ 3,277,449**
Liabilities					
Derivative financial instruments	2,843	-	8,442	8,497	**19,782**
Customer deposits	2,130,463	444,960	10,255	128	**2,585,806**
Other liabilities	43,943	-	-	-	**43,943**
Retirement benefit obligations	-	-	-	20,089	**20,089**
Total liabilities	2,177,249	444,960	18,697	28,714	**2,669,620**
Net assets/(liabilities)	$ (1,572,828)	$ (253,119)	$ 809,353	$ 1,624,423	**$ 607,829**
Commitments, guarantees and contingent liabilities (Note 23)	$ 140,257	$ 60,788	$ 993	$ 32,032	**$ 234,070**

	0-3 months	3-12 months	1-5 years	Over 5 years	2014
Total assets	$ 866,321	$ 84,705	$ 718,013	$ 1,738,529	$ 3,407,568
Total liabilities	2,335,267	462,652	13,565	41,819	2,853,303
Net assets/(liabilities)	$ (1,468,946)	$ (377,947)	$ 704,448	$ 1,696,710	$ 554,265
Commitments, guarantees and contingent liabilities (Note 23)	$ 150,734	$ 29,956	$ 1,383	$ 35,923	$ 217,996

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Bank. It is unusual for banks ever to be completely matched since business transacted is often of uncertain term and different types. An unmatched position potentially enhances profitability, but also increases the risk of losses.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Bank and its exposure to changes in interest rates and exchange rates.

Liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amount of the commitment because the Bank does not generally expect the third party to draw funds under the agreement. The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being funded.

(Expressed in thousands of Bahamian dollars)

H. Fair values of financial assets and liabilities

Fair value is defined as the price that would be received to sell an asset, or paid to transfer a liability, between market participants in an orderly transaction in the principal market at the measurement date under current market conditions (i.e., the exit price). The determination of fair value requires judgment and is based on market information, where available and appropriate. Fair value measurements are 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 characterized by a significant decline in the volume and level of observed trading activity or through large or erratic bid/offer spreads. In instances where traded markets do not exist or are not considered sufficiently active, we measure fair value using valuation models.
- Level 3 - Non-observable or indicative prices or use of valuation technique where one or more significant inputs are non-observable.

The table below presents the level in the fair value hierarchy into which the fair values of financial instruments, that are carried at and disclosed at fair value on the consolidated balance sheet, are categorised.

	Level 1	Level 2	Level 3	Total	Total
	Quoted market price	Valuation technique-observable market inputs	Valuation technique non-observable market input	2015	2014
Financial Assets					
Cash and balances with The Central Bank*	$ 98,101	$ -	$ -	$ 98,101	$ 120,711
Due from banks*	397,488	-	-	397,488	432,399
Derivative financial instruments	-	454	-	454	814
Investment securities	-	781,848	-	781,848	738,987
Loans and advances	-	-	1,951,586	1,951,586	1,986,874
Total Financial Assets	$ 495,589	$ 782,302	$ 1,951,586	$ 3,229,477	$ 3,279,785
Financial Liabilities					
Derivative financial instruments	$ -	$ 19,782	$ -	$ 19,782	$ 19,212
Customer deposits	-	1,545,393	1,042,050	2,587,443	2,769,105
Total Financial Liabilities	$ -	$ 1,565,175	$ 1,042,050	$ 2,607,225	$ 2,788,317

*Financial assets with carrying values that approximate fair value.

There were no transfers between levels in the fair value hierarchy during the year.

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:

Derivative financial instruments

Derivative products valued using a valuation technique with market observable inputs are interest rate swaps and foreign exchange forward contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

Available-for-sale investment securities

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

Fair value of financial instruments not carried at fair value

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

Loans and advances to customers

Loans and advances to customers are stated net of specific and other provisions for impairment. The estimated fair 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 to their fair value. This assumption is also applied to demand deposits, savings accounts without a specific maturity, and variable rate financial instruments.

Note 27 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 on behalf of third parties amounting to $158,844 (2014: $124,953).

Note 28 Principal Subsidiary Undertakings

Name	Country of incorporation
Sentry Insurance Brokers Ltd. (formerly FirstCaribbean Insurance Agency (Bahamas) Limited)	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 Meeting

Annual General Meeting

Notice is hereby given that the Twenty-first Annual General Meeting of FirstCaribbean International Bank (Bahamas) Limited will be held at 6:00 p.m. on Monday, March 21, 2016 at the British Colonial Hilton Nassau Hotel, Governor's Room, One Bay Street, Nassau, Bahamas for the following purposes:

1. To receive and consider the Minutes of the last Annual General Meeting held on March 17, 2015.

2. To receive the Managing Director's Review.

3. To receive audited accounts for the year ended October 31, 2015 and the report of the Directors and Auditors thereon.

4. To elect the following to serve as a Director until the next Annual General Meeting of the Company:

   i. Mr. Gary Brown

5. To re-elect the following Directors who retire by rotation and being eligible, offer themselves for re-election to serve until the next Annual General Meeting of the Company:

   i. Douglas Parkhill
   ii. Marie Rodland-Allen
   iii. Trevor Torzsas
   iv. Willie Moss
   v. G. Diane Stewart
   vi. Felix Stubbs

6. To appoint the Auditors of the Company and to authorize the Directors to fix their remuneration.

7. Ratification of dividends for fiscal 2015.

8. To discuss any other business which may be properly considered the Annual General Meeting.

By Order of the Board of Directors

Sherrylyn Bastian
Corporate Secretary
FirstCaribbean International Bank (Bahamas) Limited
February 26, 2016

Record Date

Holders of FirstCaribbean International Bank (Bahamas) Limited's ordinary shares of record at the close of business on February 26, 2016 are entitled to vote at the Meeting.

Financial Statements

The Company's audited financial statements for the year ended October 31, 2015 are included in the Company's 2015 Annual Report, which is enclosed as a part of the proxy soliciting material.

Proxies

Shareholders of the Company entitled to attend and vote at the Meeting are entitled to appoint one or more proxies to attend and in a poll, vote instead of them. A proxy need not be a shareholder of the Company. Any instrument appointing a proxy must be received at the offices of CIBC Trust Company (Bahamas) Limited, Registrar and Transfer Agents, Goodman's Bay Corporate Centre, West Bay Street, P.O. Box N-3933, Nassau, Bahamas not less than 48 hours before the Meeting. Shareholders who return completed proxy forms are not precluded, if subsequently they so wish, from attending the Meeting instead of their proxies and voting in person. In the event of a poll, their proxy votes lodged with the Registrar and Transfer Agents will be excluded.

Dividend

An interim dividend of thirteen cents ($0.13) per common share was paid on July 20, 2015. A final dividend of fifteen cents ($0.15) per common share for the fiscal year 2015 was approved by the Directors on December 17, 2015 and paid to shareholders on January 25, 2016. Total dividends paid for fiscal 2015 were twenty-eight cents ($0.28).

Registered Office: FirstCaribbean International Bank (Bahamas) Limited, FirstCaribbean International Bank Financial Centre, 2nd Floor, Shirley Street, Nassau, Bahamas.

Directors’ Report

Directors

In accordance with the Memorandum and Article of Association, the shareholders are requested to elect Mr. Gary Brown to serve as a Director until the next Annual General Meeting of the Company.

Shareholders are also requested to re-elect the following Directors who retire by rotation, and being eligible, offer themselves for re-election to serve as Directors until the next Annual General Meeting of the company:

1. Douglas Parkhill
2. Marie Rodland-Allen
3. Trevor Torzsas
4. Willie Moss
5. G. Diane Stewart
6. Felix Stubbs

Financial Results and Dividends

The Directors’ report that the Company had a Net Income of $66.2 million for the year ended October 31, 2015. All statutory requirements for the year ended October 31, 2015 have been fulfilled.

An interim dividend of thirteen cents ($0.13) per common share was paid on July 20, 2015. A final dividend of fifteen cents ($0.15) per common share for the fiscal year 2015 was approved by the Directors on December 17, 2015 and paid to shareholders on January 25, 2016. Total dividends paid for fiscal 2015 were twenty-eight cents ($0.28) per common share.

Share Capital

Substantial Interest as at October 31, 2015*
Common Shares of B$0.10 par value

FirstCaribbean International Bank Limited – 114,463,600 (95.21%)

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

By Order of the Board of Directors

Sherrylyn Bastian
Corporate Secretary
FirstCaribbean International Bank (Bahamas) Limited
February 26, 2016

We are providing these proxy materials in connection with the solicitation by the Board of Directors of FirstCaribbean International Bank (Bahamas) Limited, of proxies to be voted at the Company's 2016 Annual General Meeting of shareholders and at any Meeting following adjournment thereof.

Shareholders are advised that no shareholder proposal has been filed and no action is proposed by the Board of Directors which would create the possibility of a "dissenting shareholder" under Section 168 of The Companies Act, 1992. The Board of Directors is also not aware of any solicitation of proxies by a person or group adverse to present management of this Company.

You are cordially invited to attend the Annual General Meeting on Monday, March 21, 2016, beginning at 6:00 p.m. E.S.T. Shareholders will be admitted beginning at 5:30 p.m. E.S.T. The Meeting will be held at the British Colonial Hilton Nassau Hotel, Governor's Room, One Bay Street, Nassau, Bahamas.

This financial year of FirstCaribbean International Bank (Bahamas) Limited began on November 1, 2014 and ended October 31, 2015. References in this proxy statement to the year 2015 or financial 2015 refer to the period as mentioned above.

Proxies and Voting Procedures

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, or by completing and signing another proper form of proxy. A proxy must be in writing and must be executed by the shareholder or by an attorney authorized in writing and deposited at the offices of CIBC Trust Company (Bahamas) Limited, Goodman's Bay Corporate Centre, West Bay Street, P.O. Box N-3933, Nassau, Bahamas. 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 authorized in writing and deposited at the offices of CIBC Trust Company (Bahamas) Limited, Registrar and Transfer Agents at 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 with the Chairman of the Meeting on the day of the Meeting prior to the commencement thereof, or in any other manner permitted by law.

All shares entitled to be voted and represented by properly completed proxies received prior to the Meeting and not revoked will be voted at the Meeting in accordance with your instructions. If you do not indicate how your shares should be voted on a matter, the shares represented by your properly completed proxy will be voted as the Board of Directors recommends.

If any other matters are properly presented at the Annual General Meeting for consideration, including, among other things, consideration of a motion to adjourn the Meeting to another time or place, the persons named as proxies and acting thereunder will have discretion to vote on those matters according to their best judgment to the same extent as the person delivering the proxy would be entitled to vote. At the date this proxy statement went to press, we did not anticipate that any other matters would be raised at the Meeting.

Shareholders Entitled to Vote

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

On February 26, 2016 there were 120,216,204 ordinary shares of par value $0.10 each outstanding. Each shareholder is entitled to one vote on each matter properly brought before the Meeting.

At close of business on February 26, 2016 FirstCaribbean International Bank Limited beneficially owned or controlled directly or indirectly 114,463,600 shares which represents 95.21% of the Company's issued ordinary shares.

Quorum and Required Vote

The presence, in person or by proxy, of the holders of a majority of the shares entitled to vote generally for the election of Directors is necessary to constitute a quorum at the Meeting. For purposes of determining a quorum, abstentions are counted as present and are entitled to vote. Pursuant to the Articles of Association, three persons, each being a member entitled to attend and vote at the Meeting, or a proxy for such a member, or the duly authorized representative of a corporate member so entitled, shall be a quorum.

Election of Directors

The Articles of the Company currently provide that the Board of Directors of the Company shall consist of a minimum of five (5) 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 of shareholders or, subject to the Articles 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 shareholders 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. By resolution of the Board of Directors, the number of Directors has been fixed at eight (8) effective upon the election of Directors at the Meeting. The Board of Directors held eight (8) Meetings in 2015.

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, unless specifically directed to withhold a vote. All the nominees with the exception of Mr. Gary Brown were previously elected by the shareholders of the Company as Directors of the Company. Mr. Gary Brown was appointed as a Director by the Board of Directors.

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 and re-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
Douglas Parkhill	Business Executive	2014	Nil
Gary Brown	CEO, FirstCaribbean International Bank Limited	2016	Nil
Marie Rodland-Allen	Managing Director	2010	Nil
Trevor Torzsas	Managing Director, Customer Relationship Management and Strategy	2013	Nil
Willie Moss	Attorney-at-law	1998	Nil
G. Diane Stewart	Attorney-at-law	2002	Nil
Felix Stubbs	District Governor of Rotary International	2014	Nil

COMPENSATION OF DIRECTORS

Each Director, who is not an employee of FirstCaribbean International Bank (Bahamas) Limited is paid a fee of $2,500.00 per Meeting for his or her services as a Director. 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 2015.

Senior Management Compensation
The Senior Management of the Company received aggregate compensation amounting to B$2,140,597.84 in the financial year 2015.

Indebtedness of Management
There is a total indebtedness of approximately B$4,067,663.25 due to the Company from members of the Senior Management and Directors. This represents loans and mortgages.

Management's Interest in Transactions
No Director, Executive Officer, or Senior Officer of the Company, or proposed nominee for election as a Director of the Company, has held or currently holds a material interest in any transaction entered into by the Company or its subsidiaries.

Share Option Plan
There is no share option plan.

Shareholder Feedback and Communication
The Company's communications policy is reviewed by the Board of Directors of the Company periodically and provides that communications with all constituents will be made in a timely, accurate and effective manner. The Company communicates regularly with its shareholders through press releases, and annual reports. At the Company's shareholders' Meetings, a full opportunity is afforded to permit shareholders to ask questions concerning the Company's activities. Investor and shareholder concerns are addressed on an on-going basis through the office of the Corporate Secretary.

Appointment of Auditors
At the Meeting, the shareholders will be called upon to appoint 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 Meeting of the Company. To be effective, the resolution appointing Auditors of the Company must be approved by the majority of the votes cast by the holders of Ordinary Shares present in person, or represented by proxy, at the Meeting.
Arrangements will be made for one or more representatives of the proposed Auditors to attend the Meeting.

Other Business
The management of the Company knows of no matters to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any other matters which are not known to the management of the Company should properly come before the Meeting, forms of proxy given pursuant to this solicitation by the management of the Company will be voted on such matters in accordance with the best judgment of the person voting the proxy.

Directors' Approval and Certificate
The contents and the sending of this Information Circular and Proxy Form have been approved by the Board of Directors of the Company. The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

Dated at Nassau, Bahamas this February 26, 2016.

Marie Rodland-Allen
Managing Director

Sherrylyn Bastian
Corporate Secretary

Proxy Form

The undersigned _________________________(please print) of______________________ (please print) being a shareholder of FirstCaribbean International Bank (Bahamas) Limited ("the Company") hereby appoint Mr. Douglas Parkhill, or failing him, Mrs. Marie Rodland-Allen, or instead or either of them, __________________ or __________________as proxy of the undersigned to attend and vote at the Annual General Meeting of Shareholders ("the Meeting") of the Company to be held on March 21, 2016 and at any adjournment thereof, Notice of the Meeting, together with the accompanying Financial Statements and the Information Circular having been received by the undersigned, and on behalf of the undersigned to vote as specifically directed below.

1. Specified in the accompanying Information Circular:

Douglas Parkhill	VOTE FOR ___	WITHHOLD FROM VOTING ___
Gary Brown	VOTE FOR ___	WITHHOLD FROM VOTING ___
Marie Rodland-Allen	VOTE FOR ___	WITHHOLD FROM VOTING ___
Trevor Torzsas	VOTE FOR ___	WITHHOLD FROM VOTING ___
Willie Moss	VOTE FOR ___	WITHHOLD FROM VOTING ___
G. Diane Stewart	VOTE FOR ___	WITHHOLD FROM VOTING ___
Felix Stubbs	VOTE FOR ___	WITHHOLD FROM VOTING ___

2. To vote for or withhold from voting on the adoption of the Audited Consolidated Financial Statements of the Company for the year ended October 31, 2015:

VOTE FOR ___ WITHHOLD FROM VOTING ___

3. To vote for or withhold from voting on the appointment of Auditors of the Company and to authorize the Directors to fix their remuneration:

VOTE FOR ___ WITHHOLD FROM VOTING ___

4. To vote in their discretion upon any other business which may properly come before the Meeting or any adjournment thereof.

The undersigned revokes any prior proxies to vote the shares covered by this proxy.

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.

Dated this .... day of ...., 2016

Corporate Seal ....

Notes:

The persons named in this proxy are Officers of the Company. Each shareholder submitting the proxy shall have the right to appoint a person or company to represent him or her at the Meeting other than the persons designated above. To exercise this right, the shareholder may insert the name of the desired representative in the blank space provided and strike out the other names or may submit another appropriate proxy.

In order for this form of proxy or other appropriate forms of proxy 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 by mail or hand delivered to the offices of CIBC Trust Company (Bahamas) Limited, Registrar and Transfer Agents, Goodman's Bay Corporate Centre, West Bay Street, P.O. Box N-3933, Nassau, Bahamas no later than 48 hours before the time for holding the Meeting. If this form of proxy is received undated but otherwise properly executed, it will for all purposes be deemed to be dated February 26, 2016.

Ownership Structure

- FirstCaribbean International Bank Limited, Public Company, Owned by Parent 91.67%
  - CIBC Bank and Trust Company (Cayman) Limited
    - Commerce Advisory Services Limited
    - Commerce Corporate Services Limited
    - Commerce Management Services Limited
  - CIBC Trust Company (Bahamas) Limited
    - Commerce Services Limited
    - Corporate Associates Limited
    - March Limited
  - FirstCaribbean International Bank (Bahamas) Limited, Owned by Parent 95.21%
    - Sentry Insurance Brokers Ltd.
    - FirstCaribbean International Land Holdings (TCI) Limited
    - FirstCaribbean International (Bahamas) Nominees Company Limited
  - FirstCaribbean International Bank (Barbados) Limited
    - FirstCaribbean International Trust and Merchant Bank (Barbados) Limited
    - FirstCaribbean International Finance Corporation (Leeward & Windward) Limited
    - FirstCaribbean International Land Holdings (Barbados) Limited
    - FirstCaribbean International Operations Centre Limited
    - FirstCaribbean International Securities Limited
  - FirstCaribbean International Bank (Cayman) Limited
    - FirstCaribbean International (Cayman) Nominees Company Limited
    - FirstCaribbean International Finance Corporation (Cayman) Limited *(in liquidation)*
    - FirstCaribbean International Finance Corporation (Netherlands Antilles) N.V.
    - FirstCaribbean International Bank (Curacao) N.V.
  - FirstCaribbean International Wealth Management Bank (Barbados) Limited
  - FirstCaribbean International Bank (Jamaica) Limited, Owned by Parent 99.71%
  - FirstCaribbean International Bank (Trinidad and Tobago) Limited

Main Branches and Centres

Abaco Island

Hope Town
P O Box AB-20402
Hope Town
Tel: (242) 366-0296
Fax: (242) 367-2156

Man-O-War Cay
P O Box AB-20402
Tel: (242) 365-6098
Fax: (242) 367-2156

Marsh Harbour
P O Box AB-20402
Marsh Harbour
Tel: (242) 300-0002
Fax: (242) 367-2156

New Plymouth
P O Box AB-20402
New Plymouth
Green Turtle Cay
Tel: (242) 365-4144
Fax: (242) 367-2156

Eleuthera Island

Governor's Harbour
P O Box EL-25022
Governor's Harbour
Tel: (242) 300-0002
Fax: (242) 332-2318

Grand Bahama Island

Pioneer's Way, Freeport
P O Box F-42404
Pioneer's Way
Tel: (242) 300-0002
Fax: (242) 352-9712

New Providence Island

Bay Street
P O Box N-8350
Bay Street
Nassau
Tel: (242) 502-6834
Fax: (242) 328-7979

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) 393-7171

Marathon Mall
P O Box N-8329
Robinson & Marathon Road
Nassau
Tel: (242) 502-6834
Fax: (242) 393-0218

Palmdale
P O Box N-8350
Madeira Street
Nassau
Tel: (242) 502-6834
Fax: (242) 322-1121

RND Plaza West
P O Box N-8329
John F. Kennedy Drive
Nassau
Tel: (242) 502-6834
Fax: (242) 322-7851

Sandy Port
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

Thompson Boulevard
P O Box N-8350
Thompson Boulevard
Nassau
Tel: (242) 502-6834
Fax: (242) 328-1717

Corporate Banking Centre
P O Box N-7125
Shirley Street
Nassau
Tel: (242) 356-1764
Fax: (242) 328-1690

Wealth Management/ International Banking Centre
P O Box N-8350
Shirley Street
Nassau
Tel: (242) 302-6000
Fax: (242) 302-6091
Tel: (242) 502-6834

Private Wealth Management
P O Box N-8350
Goodman's Bay
Corporate Centre
West Bay Street
Nassau, Bahamas
Tel: (242) 397-8206

Card Services Centre
P O Box N-8350
Solomon's Building
East West Highway
Nassau
Tel: (242) 328-0405
Fax: (242) 394-3655

Customer Service Centre
Solomon's Building
East West Highway
Nassau
Tel: (242) 502-6834
Fax: (242) 394-8238

Sentry Insurance Brokers Ltd.
P O Box N-8350
Solomon's Building
East West Highway
Nassau
Tel: (242) 502-6834
Fax: (242) 323-4450

Investment Banking
P O Box N-7125
Shirley Street
Nassau
Tel: (242) 356-1719
Fax: (242) 328-1690

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

Grace Bay
P O Box 236
Salt Mills Plaza
Grace Bay
Providenciales
Tel: (649) 941-4558
Fax: (649) 941-3017

South Caicos
P O Box 236
Lee Street
Cockburn Harbour
South Caicos
Tel: (649) 231-5103


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

FirstCaribbean International Bank

FIRSTCARIBBEAN INTERNATIONAL BANK (BAHAMAS) LIMITED

2015 ANNUAL REPORT