

FirstCaribbean International Bank (Bahamas) Limited Managing Director's Review Of the Results For the nine months ended July 31, 2015

The Bank continued to deliver solid results against its strategic objectives of accelerating profitable revenue growth and improving operational efficiency by recording net income of \$17.2 million in the third quarter, up \$6.2 million or 57% over the prior year's third quarter net income of \$11.0 million.

For the nine month period ended July 31, 2015, net income was \$49.9 million, up \$23.0 million or 86% over prior year's adjusted¹ net income of \$26.9 million for the same period.

Total revenue during the third quarter of fiscal 2015 remained relatively unchanged from the second quarter of fiscal 2015. Total revenue over the nine month period was down \$3.9 million year over year primarily due to lower interest earnings from loans and securities. The Bank continues to experience low credit demand, additionally interest margins on loans and securities yields were lower. While productive loans balances are down 5% over the prior year, an improved performance over the second quarter of 2015 was recorded with 1% or \$15.3 million in loan growth. Operating expenses over the nine month period were down by \$4.1 million compared with the same period last year as we continue to benefit from expense control initiatives and savings from our restructuring program.

Loan loss impairment expense was significantly lower by \$22.8 million compared with the prior period's adjusted¹ expense of \$34.5 million due to an improvement in the loss experience and recovery activity. Additionally, non-productive loan balances were down 22% to \$282 million compared with the same period last year as efforts continue to further strengthen the quality of our loan portfolio.

The Bank's Tier 1 and Total Capital ratios remain strong at 30.4% and 30.8%, well in excess of applicable regulatory requirements.

We wish to thank the Board, management, staff and most importantly our clients for their loyalty and continuing support.

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Managing Director

¹Prior period net income has been adjusted for two (2) items of note: \$75.0 million of incremental loan losses and a non-cash goodwill impairment charge of \$115.0 million.

FirstCaribbean International Bank (Bahamas) Limited Condensed Consolidated Statement of Financial Position B\$'000

Assets	Unaudited July 31, 2015	Unaudited July 31, 2014	Audited October 31, 2014
Cash, balances with The Central Bank and due from banks Other assets Investment securities Loans and advances to customers Property and equipment Goodwill	661,962 15,802 794,211 1,874,588 25,936 72,747	513,499 15,812 885,393 2,005,132 24,913 72,747	553,110 34,191 738,987 1,982,885 25,648 72,747
Total assets	3,445,246	3,517,496	3,407,568
Liabilities Customer deposits Other liabilities	2,791,423 79,397	2,874,480 109,077	2,766,647 86,656
Total liabilities	2,870,820	2,983,557	2,853,303
Equity Issued capital Reserves Retained earnings	477,230 (33,491) 130,687	477,230 (42,461) 99,170	477,230 (37,249) 114,284
Total equity	574,426	538,939	554,265
Total liabilities and equity	3,445,246	3,517,496	3,407,568

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Condensed Consolidated Statement of Comprehensive Income B\$'000

	Unau Three Mor July 31, 2015	dited nths Ended July 31, 2014	Unaudited Nine Months Ended July 31, 2015 July 31, 2014		Audited Year Ended Oct 31, 2014
Net income/(loss) for the period	17,183	10,963	49,858	(163,051)	(147,823)
Other comprehensive income Net gain/(loss) on available-for- sale investment securities Re-measurement gain of	1,183	300	1,559	(624)	291
retirement benefit obligations	-	60	-	180	4,361
Total comprehensive income/ (loss) for the period	18,366	11,323	51,417	(163,495)	(143,171)

Condensed Consolidated Statement of Cash Flows B\$'000

•		Audited Year Ended
July 31, 2015	July 31, 2014	October 31, 2014
162,583	457,493	309,135
(75,113)	(180,284)	(27,268)
(31,256)	(31,256)	(31,256)
56,214	245,953	250,611
455,703	205,092	205,092
511,917	451,045	455,703
	Nine Month July 31, 2015 162,583 (75,113) (31,256) 56,214 455,703	162,583 457,493 (75,113) (180,284) (31,256) (31,256) 56,214 245,953 455,703 205,092

Notes to the Condensed Consolidated Financial Statements July 31, 2015

1. Summary of significant accounting policies

The accompanying unaudited condensed consolidated financial statements of FirstCaribbean International Bank (Bahamas) Limited (the Bank) should be read in conjunction with the International Financial Reporting Standards (IFRS) consolidated financial statements and notes thereto for the year ended October 31, 2014, included in the Bank's Annual Report 2014. For a description of the Bank's significant accounting policies, see Note 2 of the aforementioned consolidated financial statements.

Basis of presentation

Certain financial information, which is normally included in annual financial statements prepared in accordance with IFRS, but not required for interim reporting purposes, has been condensed or omitted. Reclassifications may be made to the prior period's financial statements to conform to the current period's presentation. These unaudited condensed consolidated financial statements reflect, in the opinion of management, all adjustments that are necessary for a fair presentation of the unaudited condensed consolidated financial statements for the interim periods presented.

The results of operations for interim periods are not necessarily indicative of results for the entire year.

In preparing these unaudited condensed consolidated financial statements, management is required to make estimates and assumptions which affect amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

The consolidated interim financial statements include the accounts of the following wholly owned subsidiaries:

- Sentry Insurance Brokers Ltd. (formerly FirstCaribbean Insurance Agency (Bahamas) Limited)
- FirstCaribbean International (Bahamas) Nominees Company Limited

- FirstCaribbean International Land Holdings (TCI) Limited

Dividends

An interim dividend of thirteen cents per share was approved by the Board of Directors and paid during the third quarter.

Condensed Consolidated Statement of Changes in Equity B\$'000

			Retained	
	Issued Capital	Reserves	Earnings	Total
Balance at October 31, 2013 (Restated)	477,230	(34,152)	285,612	728,690
Total comprehensive loss for the period	-	(444)	(163,051)	(163,495)
Dividends	-	-	(31,256)	(31,256)
Transfer to Statutory Reserve Fund - Turks & Caicos Island	ls -	1,133	(1,133)	-
Transfer from Statutory Loan Reserve	-	(8,998)	8,998	-
Balance at July 31, 2014	477,230	(42,461)	99,170	533,939
Balance at October 31, 2014	477,230	(37,249)	114,284	554,265
Total comprehensive income for the period	-	1,559	49,858	51,417
Dividends	-	-	(31,256)	(31,256)
Transfer to Statutory Reserve Fund - Turks & Caicos Island	ls -	2,199	(2,199)	-
Balance at July 31, 2015	477,230	(33,491)	130,687	574,426

Condensed Consolidated Statement of Income/(Loss) B\$'000

	Unaudited Three Months Ended		Unaudi Nine Mon	Audited Year Ended	
	July 31, 2015	July 31, 2014	July 31, 2015	July 31, 2014	Oct 31, 2014
Total interest income	36,878	37,473	111,190	115,060	154,042
Total interest expense	3,570	4,139	11,152	12,342	16,302
Net interest income	33,308	33,334	100,038	102,718	137,740
Other operating income	9,839	9,897	28,305	29,522	38,769
J					
Total revenue	43,147	43,231	128,343	132,240	176,509
Operating expenses	22,326	23,743	66,709	70,763	95,501
Loan loss impairment	3,638	8,525	11,776	109,528	113,831
Impairment of goodwill	-	-	-	115,000	115,000
	25,964	32,268	78,485	295,291	324,332
Net income/(loss) for the period	17,183	10,963	49,858	(163,051)	(147,823)
Weighted average number of common shares outstanding for the period	120,216,204	120,216,204	120,216,204	120,216,204	120,216,204
tor the period	120,210,204	120,210,204	120,210,204	120,210,204	120,210,204
Net earnings/(loss) per share (in cents)	14.3	9.1	41.5	(135.6)	(123.0)

Condensed Consolidated Segment Information B\$'000

	Unaudited Nine Months Ended July 31, 2015					Unaudited Nine Months Ended July 31, 2014				
	RB	WB	WM	Admin	Total	RB	WB	WM	Admin	Total
External revenues Revenues from other	68,306	39,928	5,537	14,572	128,343	69,488	39,258	5,163	18,331	132,240
segments	(12,500)	10,034	8,313	(5,847)	-	(11,712)	14,856	14,253	(17,397)	-
Total revenues	55,806	49,962	13,850	8,725	128,343	57,776	54,114	19,416	934	132,240
Segment Results Impairment of goodwil	4,011 I	24,214	5,187	16,446 	49,858 -	(57,657)	(8,488)	6,966	11,128 (115,000)_	(48,051) (115,000)
Net income/(loss) for the period				_	49,858				_	(163,051)
Segment assets Unallocated assets	998,067	824,006	84,214	1,466,212 _	3,372,499 72,747	1,027,798	915,129	92,487	1,409,335 _	3,444,749 72,747
Total assets				3	3,445,246				3	3,517,496
Segment liabilities	811,665	948,206	862,073	248,876	2,870,820	758,367	811,967	1,028,056	385,167	2,983,557
Total liabilities				<u>.</u>	2,870,820				2	2,983,557

		Audited Year Ended October 31, 2014								
	RB	RB WB WM Admin To								
External revenues Revenues from	92,208	53,793	6,922	23,586	176,509					
other segments	(16,089)	19,284	18,961	(22,156)	-					
Total revenues	76,119	73,077	25,883	1,430	176,509					
Segment Results	(61,411) vill	3,332	10,582	14,674 (115,000)	(32,823) (115,000)					
Net loss for the yea				(147,823)						
Segment assets Unallocated assets	1,018,256	909,663	89,009	1,317,893	3,334,821 72,747					
Total assets					3,407,568					
Segment liabilities	746,540	834,510	1,000,289	271,964	2,853,303					
Total liabilities					2,853,303					

Notes:

The Bank's operations are now organised into three business segments, Retail Banking ("RB"), Wholesale Banking ("WB") and Wealth Management ("WM"), which are supported by the functional units within the Administration ("Admin") segment (which includes Treasury, Finance, Human Resources, Technology, Operations, Risk and Governance & Control). The Admin segment results include the earnings on economic capital and capital charges for Treasury and the offset of the same for RB, WB and WM. Please refer to Note 26 of the Bank's Annual Report 2014 for further details.