



Independent auditor's report
To the Members of First Global Bank Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of First Global Bank Limited (the Bank) as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

What we have audited

The Bank's financial statements comprise:

- the statement of financial position as at 31 December 2016;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

Independence

We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying stand-alone financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

PricewaterhouseCoopers
Chartered Accountants
22 March 2017
Kingston, Jamaica

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STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2016
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2016 \$'000	2015 \$'000
ASSETS			
Cash and bank balances	5	7,084,032	4,951,470
Items in the course of collection from other banks		338,260	143,492
Loans and advances, net of provision for credit losses	6	24,776,795	21,833,765
Investment securities	7	7,674,851	7,138,615
Pledged assets	7	15,419,427	11,107,139
Property, plant and equipment	8	678,238	539,477
Intangible assets	9	414,957	490,032
Deferred income tax assets	10	322,654	368,301
Taxation recoverable		72,556	72,616
Other assets	11	316,844	349,752
Guarantees, letters of credit and letters of undertaking		518,141	402,224
Total Assets		57,616,755	47,396,883
LIABILITIES			
Customer deposits	12	34,369,404	27,624,968
Items in the course of payment		108,506	136,168
Due to other banks		192,273	859,782
Securities sold under repurchase agreements		12,343,411	8,641,973
Short term loans	13	306,019	481,209
Other borrowed funds	14	1,301,559	1,343,339
Post-employment benefit obligations	15	249,304	248,922
Other liabilities	16	702,170	454,596
Guarantees, letters of credit and letters of undertaking		518,141	402,224
Total Liabilities		50,090,787	40,193,181
EQUITY			
Share capital	17	3,564,181	3,564,181
Statutory reserve fund	18	1,077,579	1,002,570
Fair value reserve	19	67,105	(150,495)
Loan loss reserve	20	620,016	741,794
Retained earnings reserve	21	1,694,630	1,594,630
Stock option reserve		7,857	6,904
Retained earnings		494,600	444,118
Total Equity		7,525,968	7,203,702
Total Liabilities and Equity		57,616,755	47,396,883

Approved for issue by the Board of Directors on March 21, 2017 and signed on its behalf by:

Douglas Orane
Director

Minna Israel
Director

Mariame McIntosh Robinson
Director

Shaun Lawson-Freeman
Secretary

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2016
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2016 \$'000	2015 \$'000
Interest Income –			
Loans		2,861,959	2,553,889
Securities	22	1,054,045	959,232
Other		51,904	91,764
		<u>3,967,908</u>	<u>3,604,885</u>
Interest Expense –			
Customer deposits		(575,003)	(565,654)
Securities sold under repurchase agreements		(388,574)	(332,923)
Other		(99,835)	(93,203)
		<u>(1,063,412)</u>	<u>(991,780)</u>
Net Interest Income		2,904,496	2,613,105
Provision for Loan Losses, Net	6	(379,653)	(188,866)
		<u>2,524,843</u>	<u>2,424,239</u>
Other Income –			
Fees and commissions	23	1,070,469	956,231
Gains on foreign exchange translation and trading		204,163	231,278
Gains on investment activities, net	24	46,748	115,850
Other		18,221	18,043
		<u>1,339,601</u>	<u>1,321,402</u>
Net Interest and Other Income		3,864,444	3,745,641
Operating Expenses –			
Staff costs	25	(1,576,489)	(1,479,695)
Amortisation and depreciation		(283,114)	(252,476)
Administration and other expenses	26	(1,745,437)	(1,595,499)
		<u>(3,605,040)</u>	<u>(3,327,670)</u>
Profit before Taxation		259,404	417,971
Taxation	27	65,385	22,088
Net Profit		324,789	440,059
Other Comprehensive Income –			
Items that may be subsequently reclassified to profit or loss:			
Realised losses on available-for-sale investments, net of taxes		36,005	26,463
Unrealised gains/(losses) on available-for-sale investments, net of taxes		181,595	(173,831)
Items that will not be reclassified to profit or loss:			
Re-measurement of post-employment benefit obligation, net of taxes		34,535	(14,710)
		<u>252,135</u>	<u>(162,078)</u>
TOTAL COMPREHENSIVE INCOME		576,924	277,981

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2016
(expressed in Jamaican dollars unless otherwise indicated)

	Share Capital \$'000	Statutory Reserve Fund \$'000	Fair Value Reserve \$'000	Loan Loss Reserve \$'000	Retained Earnings Reserve \$'000	Stock Option Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance at 31 December 2014	3,264,181	936,561	(3,127)	481,602	1,594,630	6,904	585,479	6,866,230
Total comprehensive income	-	-	(147,368)	-	-	-	425,349	277,981
Total transactions with equity holders- Ordinary and Preference dividends paid	-	-	-	-	-	-	(240,509)	(240,509)
Transfer from loan loss reserve	-	-	-	260,192	-	-	(260,192)	-
Transfer to statutory reserve fund	-	66,009	-	-	-	-	(66,009)	-
Issue of ordinary shares (Note 17)	300,000	-	-	-	-	-	-	300,000
Balance at 31 December 2015	3,564,181	1,002,570	(150,495)	741,794	1,594,630	6,904	444,118	7,203,702
Total comprehensive income	-	-	217,600	-	-	-	359,324	576,924
Total transactions with equity holders- Ordinary and Preference dividends paid	-	-	-	-	-	-	(255,611)	(255,611)
Transfer from loan loss reserve	-	-	-	(121,778)	-	-	121,778	-
Employee share option scheme value of services received	-	-	-	-	-	953	-	953
Transfer to retained earnings reserve	-	-	-	-	100,000	-	(100,000)	-
Transfer to statutory reserve fund	-	75,009	-	-	-	-	(75,009)	-
Balance at 31 December 2016	3,564,181	1,077,579	67,105	620,016	1,694,630	7,857	494,600	7,525,968

STATEMENT OF CASH FLOW

Year ended 31 December 2016
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2016 \$'000	2015 \$'000
Cash Flows from Operating Activities			
Net profit for the year		324,789	440,059
Adjustments to reconcile profit for the year to net cash used in operating activities –			
Depreciation	8	115,380	83,802
Amortisation	9	168,674	168,674
Foreign exchange gains		(496,913)	(357,845)
Gains on disposal of property, plant and equipment		(1,403)	(643)
Gain on investment activities	24	(46,748)	(115,850)
Employee stock option		953	-
Provision for loan losses, net	6	379,653	188,866
Interest income		(3,967,908)	(3,604,885)
Interest expense		1,063,412	991,780
Taxation	27	(65,385)	(22,088)
		<u>(2,525,496)</u>	<u>(2,228,130)</u>
Changes in other operating assets and liabilities –			
Customer deposits		6,727,992	2,573,182
Loans		(3,365,326)	(4,317,488)
Securities sold under repurchase agreements		3,708,421	1,189,831
Restricted cash and bank accounts		(1,317,880)	(521,599)
Post-employment benefits		382	69,037
Other assets		32,908	170,479
Other liabilities		247,574	19,189
		<u>3,508,575</u>	<u>(3,045,499)</u>
Interest received		3,948,388	3,592,922
Interest paid		(1,053,989)	(1,027,199)
Taxation paid, net		(14,975)	(60)
Net cash provided by/(used in) operating activities (carried forward to next page)		<u>6,387,999</u>	<u>(479,836)</u>