



Independent Auditor's Report

To the Members of
First Global Bank Limited

Report on the Financial Statements

We have audited the accompanying financial statements of First Global Bank Limited, set out on pages 1 to 62, which comprise the statement of financial position as at 31 December 2015, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 financial statements.

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

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Opinion

In our opinion, the financial statements give a true and fair view of the financial position of First Global Bank Limited as at 31 December 2015, and of 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.

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 financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

PricewaterhouseCoopers

Chartered Accountants
16 March 2016
Kingston, Jamaica

STATEMENT OF FINANCIAL POSITION

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 \$'000	2014 \$'000
ASSETS			
Cash and bank balances	5	4,951,470	5,036,517
Items in the course of collection from other banks		143,492	103,443
Securities purchased under resale agreements	6	-	57,221
Loans and advances, net of provision for credit losses	7	21,833,765	17,704,465
Investment securities	8	7,138,615	8,233,080
Pledged assets	8	11,107,139	9,452,340
Property, plant and equipment	9	539,477	333,011
Intangible assets	10	490,032	493,582
Deferred income tax assets	11	368,301	265,174
Taxation recoverable		72,616	72,555
Other assets	12	349,752	520,231
Guarantees, letters of credit and letters of undertaking		402,224	45,315
Total Assets		47,396,883	42,316,934
LIABILITIES			
Customer deposits	13	27,624,968	25,064,436
Items in the course of payment		136,168	621,696
Due to other banks		859,782	112,732
Securities sold under repurchase agreements		8,641,973	7,475,560
Short term loans	14	481,209	343,262
Other borrowed funds	15	1,343,339	1,172,408
Post-employment benefit obligations	16	248,922	179,885
Other liabilities	17	454,596	435,410
Guarantees, letters of credit and letters of undertaking		402,224	45,315
Total Liabilities		40,193,181	35,450,704
EQUITY			
Share capital	18	3,564,181	3,264,181
Statutory reserve fund	19	1,002,570	936,561
Fair value reserve	20	(150,495)	(3,127)
Loan loss reserve	21	741,794	481,602
Retained earnings reserve	22	1,594,630	1,594,630
Stock option reserve	23	6,904	6,904
Retained earnings		444,118	585,479
Total Equity		7,203,702	6,866,230
Total Liabilities and Equity		47,396,883	42,316,934

Approved for issue by the Board of Directors on March 15, 2016 and signed on its behalf by:

Douglas Orane Director

Joseph Taffe Director

Mariame McIntosh Robinson Director

Karen Chin Quee Akin Secretary

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 \$'000	2014 \$'000
Interest Income –			
Loans		2,553,889	2,070,785
Securities	24	959,232	906,507
Other		91,764	62,032
		<u>3,604,885</u>	<u>3,039,324</u>
Interest Expense –			
Customer deposits		(565,654)	(521,266)
Securities sold under repurchase agreements		(332,923)	(258,747)
Other		(93,203)	(113,280)
		<u>(991,780)</u>	<u>(893,293)</u>
Net Interest Income		<u>2,613,105</u>	<u>2,146,031</u>
Provision for Loan Losses, Net	7	<u>(188,866)</u>	<u>(132,540)</u>
		<u>2,424,239</u>	<u>2,013,491</u>
Other Income –			
Fees and commissions	25	956,231	723,467
Gains on foreign exchange translation and trading		231,278	199,665
Gains on investment activities, net	26	115,850	25,110
Other		18,043	26,669
		<u>1,321,402</u>	<u>974,911</u>
Net Interest and Other Income		<u>3,745,641</u>	<u>2,988,402</u>
Operating Expenses –			
Staff costs	27	(1,479,695)	(1,156,715)
Amortisation and depreciation		(252,476)	(202,108)
Administration and other expenses	28	(1,595,499)	(1,310,644)
		<u>(3,327,670)</u>	<u>(2,669,467)</u>
Profit before Taxation		<u>417,971</u>	<u>318,935</u>
Taxation	29	(22,088)	(2,502)
Net Profit		<u>440,059</u>	<u>316,433</u>
Other Comprehensive Income –			
Items that may be subsequently reclassified to profit or loss:			
Realised gains/(losses) on available-for-sale investments, net of taxes		26,463	(72,488)
Unrealised (losses)/gains on available-for-sale investments, net of taxes		(173,831)	278,904
Items that will not be reclassified to profit or loss:			
Re-measurement of post-employment benefit obligation, net of taxes		(14,710)	(68)
		<u>(162,078)</u>	<u>206,348</u>
TOTAL COMPREHENSIVE INCOME		<u>277,981</u>	<u>522,781</u>

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

(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	2,414,181	889,096	(209,543)	516,708	1,194,630	6,904	860,579	5,672,555
Total comprehensive income	-	-	206,416	-	-	-	316,365	522,781
Total transactions with equity holders- Ordinary and Preference dividends paid	-	-	-	-	-	-	(179,106)	(179,106)
Transfer from loan loss reserve	-	-	-	(35,106)	-	-	35,106	-
Transfer to retained earnings reserve	-	-	-	-	400,000	-	(400,000)	-
Transfer to statutory reserve fund	-	47,465	-	-	-	-	(47,465)	-
Issue of ordinary shares (Note 19)	850,000	-	-	-	-	-	-	850,000
Balance at 31 December 2015	<u>3,264,181</u>	<u>936,561</u>	<u>(3,127)</u>	<u>481,602</u>	<u>1,594,630</u>	<u>6,904</u>	<u>585,479</u>	<u>6,866,230</u>
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 retained earnings reserve	-	-	-	-	400,000	-	(400,000)	-
Transfer to statutory reserve fund	-	66,009	-	-	-	-	(66,009)	-
Issue of preference shares	300,000	-	-	-	-	-	-	300,000
Balance at 31 December 2015	<u>3,564,181</u>	<u>1,002,570</u>	<u>(150,495)</u>	<u>741,794</u>	<u>1,594,630</u>	<u>6,904</u>	<u>444,118</u>	<u>7,203,702</u>

STATEMENT OF CASH FLOWS

Year ended 31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 \$'000	2014 \$'000
Cash Flows from Operating Activities			
Net profit for the year		440,059	316,433
Adjustments to reconcile profit for the year to net cash used in operating activities –			
Depreciation	9	83,802	69,729
Amortisation	10	168,674	132,379
Foreign exchange (gains)/losses		(357,845)	236,307
Gains on disposal of property, plant and equipment		(643)	(2,362)
Gain on investment activities	26	(115,850)	(25,110)
Provision for loan losses, net	7	188,866	132,540
Interest income		(3,604,885)	(3,039,324)
Interest expense		991,780	893,293
Taxation	29	(22,088)	2,502
		<u>(2,228,130)</u>	<u>(1,283,613)</u>
Changes in other operating assets and liabilities –			
Customer deposits		2,573,182	3,536,694
Loans		(4,317,488)	(1,896,223)
Securities sold under repurchase agreements		1,189,831	3,489,393
Forward contracts		-	4,944
Restricted cash and bank accounts		(521,599)	(304,905)
Post-employment benefits		69,037	(10,338)
Other assets		170,479	(308,862)
Other liabilities		19,186	156,080
		<u>(3,045,499)</u>	<u>3,383,170</u>
Interest received		3,592,922	2,895,719
Interest paid		(1,027,199)	(831,000)
Taxation paid, net		(60)	(34,701)
Net cash (used in)/provided by operating activities		<u>(479,836)</u>	<u>5,413,188</u>
		(carried forward to page 6)	