

**TURKS AND CAICOS  
BANKING COMPANY LIMITED**

**Financial Statements  
For the Year Ended 31st December 2016**



## INDEPENDENT AUDITOR'S REPORT

### To the Shareholder of Turks and Caicos Banking Company Limited

#### Our opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of Turks and Caicos Banking Company Limited (the Company) as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### What we have audited

The Company's financial statements comprise:

- the statement of financial position as at December 31, 2016;
- the statement of comprehensive income for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of shareholder's equity for the year then ended; and
- the notes to the changes in 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 Company 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 Standard 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 Company'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 Company 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 Company'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 Company'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 Company 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.

**Other Matter**

This report, including the opinion, has been prepared for and only for the Company's shareholder in accordance with the terms of our engagement letter and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

*PricewaterhouseCoopers Ltd*

Chartered Accountants  
Providenciales, Turks & Caicos Islands

Date: *March 22, 2017*

# Turks and Caicos Banking Company Limited

## Statement of Financial Position

As at 31st December 2016

(Expressed in United States Dollars)

	2016 \$	2015 \$
<b>ASSETS</b>		
Cash and deposits with banks (Note 5)	25,885,687	32,300,376
Investments (Note 6)	26,359,972	26,544,684
Loans and advances, net of impairment (Note 7)	14,508,721	12,798,252
Other current assets	116,086	150,732
Other assets held for sale (Note 9)	-	720,000
Property, plant & equipment (Note 8)	3,391,727	3,398,178
	<u>70,262,193</u>	<u>75,912,222</u>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
<b>Current Liabilities</b>		
Due to customers (Note 10)	57,993,979	64,027,092
Other liabilities	127,533	118,197
	<u>58,121,512</u>	<u>64,145,289</u>
<b>Shareholder's Equity</b>		
Share capital (Note 11)	5,000,000	5,000,000
Reserve fund	5,000,000	5,000,000
Property revaluation reserve	473,599	790,689
Retained earnings	1,667,082	976,244
	<u>12,140,681</u>	<u>11,766,933</u>
	<u>70,262,193</u>	<u>75,912,222</u>

Approved for issuance on behalf of the Board of Directors of Turks and Caicos Banking Company Limited

on March 21<sup>st</sup>, 2017.

Director

The accompanying notes form an integral part of these financial statements



# Turks and Caicos Banking Company Limited

## Statement of Comprehensive Income For the Year Ended 31st December 2016 (Expressed in United States Dollars)

	2016 \$	2015 \$
<b>Interest Income/(Expense)</b>		
Time deposits	105,159	124,565
Loans	823,040	574,963
Bonds	593,082	582,340
	<u>1,521,281</u>	<u>1,281,868</u>
Interest expense on customer deposits	(84,703)	(104,760)
<b>Net Interest Income</b>	<u>1,436,578</u>	<u>1,177,108</u>
<b>Fee and Commission Income/(Expense)</b>		
Fee and commission income	688,635	727,273
Fee and commission expense	(190,780)	(186,368)
<b>Net Fee and Commission Income</b>	<u>497,855</u>	<u>540,905</u>
<b>Income from operations</b>	1,934,433	1,718,013
Net gain from foreign exchange operations	122,817	120,782
Miscellaneous income	47,895	32,933
Operating expenses (Note 15)	(1,451,398)	(1,214,594)
Depreciation (Note 8)	(52,599)	(79,899)
<b>NET INCOME AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>601,148</u>	<u>577,235</u>

The accompanying notes form an integral part of these financial statements