

Bordier Bank (TCI) Ltd

**Consolidated Financial Statements
For the Year Ended December 31, 2019**



Independent auditor's report

To the Shareholder of Bordier Bank (TCI) Ltd

Our qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion section of our report, the financial statements present fairly, in all material respects, the consolidated financial position of Bordier Bank (TCI) Ltd ('the Company') and its subsidiaries (together 'the Group') as at December 31, 2019, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group's Consolidated Financial Statements comprise:

- the Consolidated Statement of Financial Position as at December 31, 2019;
- the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Statement of Cash Flows for the year then ended;
- the Consolidated Statement of Changes in Shareholder's Equity for the year then ended; and
- the Notes to the Consolidated Financial Statements, which include a summary of significant accounting policies.

Basis for qualified opinion

Included on the Consolidated Statement of Financial Position is an equity investment (the 'Investment') of \$43,530 which, under International Financial Reporting Standard 9 "Financial Instruments", is required to be carried at fair value, but which management carries at cost to align with the Ultimate Parent's accounting policies. We were unable to obtain sufficient appropriate audit evidence about the fair value of the Investment and accordingly the reasonableness, or otherwise, of the carrying amount of the Investment as at December 31, 2019 or December 31, 2018. Consequently, we were unable to determine whether any adjustment to the carrying value of the Investment was required at December 31, 2019 or December 31, 2018, and if any adjustments for any fair value movement in the Consolidated Statements of Comprehensive Income and of Cash Flows for the years ended December 31, 2019 or December 31, 2018, were necessary. Our opinion on the Group's December 31, 2018 consolidated financial statements was similarly qualified in this regard.

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 Consolidated 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 qualified opinion.

Independence

We are independent of the Group 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the Consolidated Financial Statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated 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 Consolidated 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 Consolidated 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 Group'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 Group'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 Consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



pwc

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 and Caicos Islands**

Date: March 27, 2020


Bordier Bank (TCI) Ltd
Consolidated Statement of Financial Position
As at December 31, 2019

	2019 \$	2018 \$
ASSETS		
Cash and cash equivalents	25,839,298	44,063,232
Investments - debt instruments	6,960,678	4,976,797
Available-for-sale investments	43,530	43,530
Account receivables and other assets (Note 5)	1,564,837	806,570
Customer overdraft accounts	2,653,498	2,518,875
Derivative financial instruments (Note 4)	109	11,817
Loans receivable	-	250,000
Property, plant and equipment (Note 7)	70,172	85,730
Total assets	37,132,122	52,756,551
LIABILITIES AND SHAREHOLDER'S EQUITY		
Demand deposits due to customers	20,234,158	33,280,550
Due to banks at sight (Note 8)	830,612	2,907,320
Other liabilities	1,040,450	891,662
Derivative financial instruments (Note 4)	109	11,817
Total liabilities	22,105,329	37,091,349
Shareholder's Equity		
Share capital (Note 9)	3,000,000	3,000,000
Other reserves	3,200,000	3,200,000
Retained earnings	8,669,881	9,292,158
Equity attributable to the shareholder	14,869,881	15,492,158
Non-controlling interests	156,912	173,044
Total equity	15,026,793	15,665,202
Total liabilities and equity	37,132,122	52,756,551

Approved for issuance on behalf of the Board of Directors of Bordier Bank (TCI) Ltd on *March 27, 2020*.



 Director



 Director

The accompanying notes form an integral part of the consolidated financial statements

Bordier Bank (TCI) Ltd
Consolidated Statement of Comprehensive Income
For the Year Ended December 31, 2019

	2019 \$	2018 \$
Operating income		
Fee and commission income (Note 12)	4,985,809	3,824,503
Foreign exchange, net	91,161	159,478
Dividend income (Note 4)	80,463	1,128,237
Interest and similar income (Note 13)	49,601	113,926
Other income	35,763	119,289
Total operating income	<u>5,242,797</u>	<u>5,345,433</u>
Operating expenses		
General expenses (Note 14)	3,694,165	3,503,041
Management fee	-	151,071
Commission expense	171,483	180,438
Depreciation	15,558	7,061
Total operating expenses	<u>3,881,206</u>	<u>3,841,611</u>
Net income and total comprehensive income for the year	<u>1,361,591</u>	<u>1,503,822</u>
Attributable to:		
Owner of Bordier Bank (TCI) Ltd	1,377,723	1,527,153
Non-controlling interests	(16,132)	(23,331)
	<u>1,361,591</u>	<u>1,503,822</u>

The accompanying notes form an integral part of the consolidated financial statements