Caribbean Investment Holdings Limited

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Consolidated Financial Statements

March 31, 2018

Index to consolidated financial statements

Caribbean Investment Holdings Limited and its subsidiaries (the "Group") produced net income before tax of $27.8 million in fiscal 2018. This represented a significant improvement over our financial performance in 2017 when the Group recorded a net income before tax of $1.5 million.

The Financial Services Division of the Group reported an increase in its operating income from $4.9 million in fiscal 2017 to $31.5 million in fiscal 2018 as loan loss provisions decreased by $15.3 million and impairment expenses related to a receivable from the Government of Belize (GOB) decreased by $11.0 million.

Net income per share for the year amounted to $0.21 in fiscal 2018 in contrast to fiscal 2017's loss per share of $0.02.

The Group's balance sheet remains strong with shareholders' equity of $75.5 million at March 31, 2018 compared with $55.2 million last year.

MILESTONES

During the year ended March 31, 2018 the Group achieved a number of significant milestones. Our signal accomplishment during the fiscal year was the implementation of a new core banking system, Fusion Banking Essence (FBE), at The Belize Bank Limited (BBL) which went live on July 1, 2017. Since its launch, FBE has undergone continuous monitoring and adjustments resulting in the resolution of most of the initial glitches experienced. Management is now poised to exploit the myriad value added features which the new system offers.

Recognizing the importance of digital technology to our future, BBL launched its mobile banking app in fiscal 2018. The app will serve as a new channel for many of the Bank's current and future services. Users will now be able to access their account details, such as transaction history, make bill payments, and conduct transfers from their mobile devices.

In an effort to become fully EMV (state of the art embedded chip technology) compliant and offer other value-added services and enhanced security in relation to our credit and debit card products, BBL changed out its ATM switch whilst upgrading the majority of its ATM's and Point of Sale (POS) terminals.

GOVERNANCE

Both BBL and Belize Bank International Limited (BBIL) maintained their correspondent banking relationships during the year. Management continues to explore other options and entities to augment our correspondent bank offering and is in discussions with a number of mid-sized US banks.

Since the start of the de-risking phenomenon in 2015, the Group took bold steps to strengthen its anti-money-laundering functionalities including an annual AML/CFT compliance audit.

On June 26, 2017, IPSA International Services Limited (IPSA) was retained to conduct an independent evaluation of the Anti-Money Laundering/Combatting the Financing of Terrorism Compliance Programme for both BBL and BBIL. In reviewing the banks' programmes, IPSA concluded that the banks' AML/CFT programmes were largely compliant with both Belizean regulation and international AML standards. IPSA also commended the banks for the level of competence and qualification of their AML/CFT compliance officers.

POSITIONED FOR SUSTAINABLE GROWTH

On March 23, 2018 BBL consummated the sale of the Go Bananas and Banana Farm 9 & 10 banana farms to an international group for USD 21 million. This asset, which posed significant risks to the Bank due to the vicissitudes of the banana industry, represented its single largest exposure. The Go Bananas farms had been in receivership for the past four years which demanded a tremendous amount of management's time and attention thereby distracting focus from other critical areas and growth opportunities.

With the sale of the farms, management will have greater flexibility in exploiting new business opportunities including those which come along with the new owners of the farms. The proceeds from this sale will now be deployed into other productive assets and investment opportunities.

As at March 31, 2018, BBL recorded a non-performing loan (NPL) ratio of 2.1%. From having the highest NPL ratio in the banking industry in Belize a mere 5 years ago, BBL now has one of the lowest NPL ratio in the entire banking industry and the prognosis is for further reductions over the medium term as credit controls and loan underwriting continue to be tightened.

During the course of the year, the Group also made significant progress on the legal front. In November 2017, the Caribbean Court of Justice (CCJ), Belize's final appellate Court, ordered that BBL was at liberty to enforce an Award of the London Court of International Arbitration against the Government of Belize (GOB) concerning the recovery of sums due under a 2007 debt owed to BBL. As at March 31, 2018 this judgment debt amounted to $46.8 million now due for collection from the GOB and the expectation is that this debt will be fully settled during the course of the next fiscal year when the BBL expects to be paid in full.

The Group continues to work toward a more efficient method of operating which is reflected in its improving efficiency ratio. This ratio measures the percentage of operating income which is utilised in expenses and is measured by comparing operating expenses to total operating income.

In the case of BBL the efficiency ratio for fiscal 2018 was 55.0%; the average for all other domestic banks at March 31, 2018 was 63.3%. In the case of BBIL, the efficiency ratio was even better at 21.6%. This compares with an average efficiency ratio for US Banks for the same period of 57.6%.

With the major provisioning for NPL's now behind the bank and with an improved operational efficiency, BBL is poised to regain market share in Belize and to expand its product offering. For the international bank where the environment is different and a bit subdued in light of initiatives being taken at the level of the OECD, management's plan is to re-position the organisation to become more of an investment/merchant bank by participating in regional bond and stock offerings to the extent that these opportunities become available.

During the course of fiscal 2019, management will rekindle interest in identifying investment opportunities in the financial services sector in the wider Caribbean as we seek once more to develop a regional banking franchise.

Lyndon Guiseppi
Chief Executive Officer

August 22, 2018

Statement of management responsibilities

Management has prepared and is responsible for the consolidated financial statements and related notes of Caribbean Investment Holdings Limited and its subsidiary companies (together the "Group"). The financial statements have been prepared in accordance with generally accepted accounting standards in the United States of America ("US GAAP") and necessarily include amounts based on judgments and estimates by Management.

The Group maintains internal accounting control systems and related policies and procedures designed to provide reasonable assurance that assets are safeguarded, that transactions are executed in accordance with Management's authorization and properly recorded, and that accounting records may be relied upon for the preparation of financial statements and other financial information. The system contains self-monitoring mechanisms that allow management to be reasonably confident that controls, as well as the Group's administrative procedures and internal reporting requirements, operate effectively. There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error or the circumvention or overriding of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to the preparation of financial statements.

Lyndon Guiseppi
Chief Executive Officer

Michael Coye
Chief Financial Officer

August 22, 2018

Independent auditor's report

To the Shareholders of

Caribbean Investment Holdings Limited

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Caribbean Investment Holdings Limited, which comprise the consolidated balance sheets as at March 31, 2018 and March 31, 2017 and the consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Caribbean Investment Holdings Limited at March 31, 2018 and March 31, 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Moore Stephens Magaña LLP
Belize City, Belize

August 22, 2018

Consolidated statements of comprehensive income (in US Dollars)

Year ended March 31	Notes	2018 $m	2017 $m
Financial Services			
Interest income	4	**39.7**	42.0
Interest expense	5	**(5.6)**	(6.8)
Net interest income		**34.1**	35.2
Allowance for loan losses	13	**(3.9)**	(19.2)
Net interest income after allowance for loan losses		**30.2**	16.0
Non-interest income	6	**21.3**	11.1
Non-interest expense	7	**(20.0)**	(22.2)
Operating income - Financial Services		**31.5**	4.9
Corporate			
Corporate income		**1.3**	1.0
Corporate expenses		**(5.0)**	(4.4)
Operating loss - Corporate		**(3.7)**	(3.4)
Net income before tax		**27.8**	1.5
Taxation		**(7.2)**	(3.9)
Net income (loss) after tax and before other comprehensive income		**20.6**	**(2.4)**
Other comprehensive income:			
Unrealized losses on securities		**-**	(0.1)
Total comprehensive income (loss)		**20.6**	(2.5)
Earnings (loss) per ordinary share (basic and diluted)	8	**$ 0.21**	$ (0.02)

Consolidated statements of changes in shareholders' equity (in US Dollars)

	Share capital $m	Additional paid in capital $m	Treasury shares $m	Retained earnings $m	Total $m
At April 1, 2016	0.6	52.8	(21.7)	26.0	57.7
Accumulated other comprehensive loss	-	-	-	(0.1)	(0.1)
Net loss	-	-	-	(2.4)	(2.4)
At March 31, 2017	0.6	52.8	(21.7)	23.5	55.2
Accumulated other comprehensive loss	-	-	-	(0.1)	(0.1)
Acquisition of shares in capital reorganization	(0.1)				(0.1)
Dividend				(0.1)	(0.1)
Net income	-	-	-	20.6	20.6
At March 31, 2018	0.5	52.8	(21.7)	43.9	75.5

At March 31, 2018, retained earnings included non-distributable statutory reserves in The Belize Bank Limited of $7.0 million (2017 - $2.7 million). Belize Bank International Limited does not have non-distributable statutory reserves.

See accompanying notes which are an integral part of these consolidated financial statements.

Consolidated balance sheets (in US Dollars)

At March 31	Notes	2018 $m	2017 $m
Assets			
Financial Services			
Cash and cash equivalents	9	**12.8**	12.0
Balances with the Central Bank of Belize	10	**58.8**	121.2
Due from banks (net of allowances)	11	**52.1**	19.0
Investment securities	12	**95.1**	46.4
Loans to customers (net of allowances)	13	**237.8**	268.0
Property, plant and equipment	14	**20.2**	18.6
Due from Government of Belize (net of allowance)	15	**46.7**	29.8
Other assets		**6.2**	10.9
Total Financial Services assets		**529.7**	525.9
Corporate			
Cash, cash equivalents, and due from banks		**0.4**	2.6
Other current assets		**0.4**	0.6
Total assets		**530.5**	529.1
Liabilities and shareholders' equity			
Financial Services			
Customer accounts	16	**435.0**	453.5
Interest payable		**-**	3.4
Other liabilities		**12.2**	8.8
Total Financial Services liabilities		**447.2**	465.7
Corporate			
Current liabilities		**7.8**	8.2
Total liabilities		**455.0**	473.9
Shareholders' equity:			
Share capital (ordinary shares of no par value - 2018 (103,264,000) and 2017 (103,642,984)	18	**0.5**	0.6
Additional paid-in capital		**52.8**	52.8
Treasury shares	18	**(21.7)**	(21.7)
Retained earnings		**43.9**	23.5
Total shareholders' equity		**75.5**	55.2
Total liabilities and shareholders' equity		**530.5**	529.1

See accompanying notes which are an integral part of these consolidated financial statements.

Consolidated statements of cash flows (in US Dollars)

Year ended March 31	2018 $m	2017 $m
Cash flows from operating activities		
Net income (loss) from operations	20.6	(2.4)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	2.0	1.6
Allowance for loan losses	3.9	19.2
Changes in assets and liabilities:		
Decrease in interest payable	(3.4)	(0.4)
Increase in Government of Belize Receivable	(16.9)	(4.6)
Decrease in other and current assets	4.9	6.4
Increase in other and current liabilities	3.0	2.1
Net cash provided by operating activities	14.1	21.9
Cash flows from investing activities		
Purchase of property, plant and equipment (net of disposals)	(3.6)	(3.9)
Increase in investment securities	(48.7)	(34.6)
Decrease in loans (net of charge-offs) to customers	26.3	1.5
Net cash utilized by investing activities	(26.0)	(37.0)
Cash flows from financing activities		
Decrease in deposits	(18.5)	(22.0)
Acquisition of shares	(0.1)	-
Dividends	(0.1)	-
Unrealized losses on securities	(0.1)	(0.1)
Net cash utilized by financing activities	(18.8)	(22.1)
Net change in cash, cash equivalents and due from banks	(30.7)	(37.2)
Cash, cash equivalents and due from banks at beginning of year	154.8	192.0
Cash, cash equivalents and due from banks at end of year	124.1	154.8
Cash and cash equivalents - financial services	12.8	12.0
Balances with Central Bank of Belize - financial services	58.8	121.2
Due from banks (net of allowances) - financial services	52.1	19.0
Cash, cash equivalents and due from banks - corporate	0.4	2.6
	124.1	154.8

See accompanying notes which are an integral part of these consolidated financial statements.

Note 1 - Description of business

Introduction

Caribbean Investment Holdings Limited ("the Company") is a company incorporated in Belize. The Company's shares are traded on the Alternative Investment Market of the London Stock Exchange and the Bermuda Stock Exchange. The Company is a holding company with no independent business operations or assets other than its investment in its wholly-owned subsidiaries, intercompany balances and holdings of cash and cash equivalents. The Company's businesses are conducted through its principal operating subsidiaries: The Belize Bank Limited, which directly owns Belize Bank International Limited, and Belize Corporate Services Limited which together comprise the Finance Services segment.

The business of the subsidiaries consist of the following: The Belize Bank Limited ("BBL") which is incorporated and based in Belize and focuses on the provision of financial services and lending to domestic clients, (ii) Belize Bank International Limited ("BBIL") which is incorporated and based in Belize and focuses on the provision of financial services and lending to international clients, and (iii) Belize Corporate Services Limited which provides corporate services to clients in Belize and internationally. The Company and its subsidiaries are referred herein as the "Group".

Note 2 - Summary of significant accounting policies

Basis of presentation

The Group maintains its accounting records in accordance with the legislative requirements of the country of incorporation of each of the Group's companies. The accompanying consolidated financial statements have been prepared from those accounting records and adjusted as necessary to comply, in all material respects, with the requirements of accounting principles generally accepted in the United States of America ("US GAAP") as described below.

The consolidated financial statements have been prepared in United States Dollars ("US Dollars") in accordance with US GAAP and as described below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group. The Company consolidates its subsidiaries all of which are wholly owned. The results of subsidiary companies acquired or disposed of during the year are included in the consolidated financial statements from the effective date of acquisition or up to the date of disposal. All intercompany balances and transactions have been eliminated in consolidation.

Use of estimates

The preparation of consolidated financial statements in accordance with US GAAP requires management to make extensive use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. These management estimates include, among others, an allowance for doubtful receivables, asset impairments, and useful lives for depreciation and amortization, loss contingencies, and allowance for loan losses. Estimates are based on historical experience, where applicable and other assumptions that management believes are reasonable under the circumstances. Actual results may differ materially from those estimates under different assumptions or conditions.

Investment securities

Management determines the appropriate classification of securities at the time of purchase. Securities that management has the positive intent and ability to hold until maturity are classified as held-to-maturity securities. Such securities are reported at amortized cost. Securities not classified as held-to-maturity are classified as available-for-sale and are used as part of the Company's asset and liability management, and may be sold in response to changes in interest rates, prepayments, and other factors. Available-for-sale securities are stated at fair value, with the unrealized gains and losses, reported as a component of other comprehensive income in shareholders' equity.

The amortized cost of securities classified as held-to-maturity or available-for-sale is adjusted for amortization of premiums and accretion of discounts to maturity. Premiums and discounts are amortized or accreted on a straight-line basis, which approximates the effective interest method. Such amortization is included in interest income on investment securities. Realized gains and losses and, if applicable, declines in the fair value of individual securities judged to be other-than-temporary, are included in securities gains/(loss), net in the consolidated statements of comprehensive income.

Other-than-temporary impairment, which is equal to the difference between the security's amortized cost basis and its fair value at the statement of financial condition date, is required to be separated into (i) the amount representing the decrease in cash flows expected to be collected (hereinafter referred to as "credit loss"), which is recognized in earnings, and (ii) the amount related to all other factors, which is recognized in other comprehensive income in circumstances in which a holder concludes it will not recover the entire cost basis of an impaired security and the holder does not intend to sell the security and has concluded it is not likely that they will be required to sell the security before recovery of its amortized cost basis. If these conditions are not met, the entire unrealized loss is recognized in income.

Gains and losses on the disposition of available-for-sale securities are recognized using the specific-identification method in the period in which they occur.

Loans and interest income recognition

Loans are stated at the principal amount outstanding, net of unearned income and allowance for loan losses. Interest income is recorded on an accrual basis. When either the collectability of principal or interest is considered doubtful, or payment of principal or interest is ninety days or more past due, loans are placed on non-accrual status and previously accrued but unpaid interest is charged against current year interest income, unless the amounts are in the process of collection. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Interest expenses

All interest and other costs incurred in connection with borrowings are expensed as incurred as part of interest expenses.

Allowance for loan losses

The Group's consideration as to the adequacy of the allowance to provide for probable loan losses is based on a continuing review of the loan portfolio and includes, but is not limited to, consideration of the actual loan loss experience, the present and prospective condition of each borrower and its related industry, general economic conditions prevailing from time to time, and the estimated fair value of the related collateral. Loans are charged off against allowance for loan losses when the amounts are deemed to be uncollectible.

Under the Group's accounting policy for allowance for loan losses, the Group evaluates the probability of an impairment loss when a loan is classified as non-accrual. An impairment loss is recognized and fully provided for if the recorded amount of the non-accrual loan exceeds the estimated fair value of the underlying collateral less costs to sell. Impairment on certain loans is also measured by calculating the present value of estimated collections and comparing with the carrying amount. The amount of the difference (carrying value less estimated collections) is recorded as an allowance. The majority of the Group's loan portfolio is fully collateralized. Interest income on impaired loans is recognized only when payments are received and the Group considers that the loan will remain performing.

Loan commitments and related financial instruments

Financial instruments include off-balance sheet credit instruments, such as commitments to make loans and commercial letters of credit, issued to meet customer financing needs. The face amount for these items represents the exposure to loss, before considering customer collateral or ability to repay. Such financial instruments are recorded when they are funded. Instruments, such as standby letters of credit, that are considered financial guarantees are recorded at fair value at inception.

Acceptances

The Group's potential liability under acceptances is reported as a liability in the balance sheet. The Group has equal and offsetting claims against its customers in event of a call on these commitments, which are reported as an asset.

Fair value measurements

The Group uses fair value measurement on certain financial instruments. The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between willing market participants at the measurement date (i.e., the exit price). When determining the fair value for assets and liabilities carried at fair value, the Group considers the principal or most advantageous market in which it would transact and uses assumptions that market participants would use when pricing the asset or liability. The assets and liabilities measured at fair value are available-for-sale securities and foreign exchange forward contracts.

The Group's measurement of fair values is based upon quoted market prices, where available. If listed prices or quotes are not available, fair value is based upon either using broker or dealer quotes or internally developed models that use primarily independently-sourced market parameters, including interest rate yield curves and currency rates. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. These adjustments include amounts to reflect counterparty credit quality and the Group's creditworthiness that are applied consistently over time. Fair value estimates involve uncertainties, and matters of significant judgment regarding interest rates, credit risk, prepayments and other factors, especially in the absence of broad markets for particular items and changes in assumptions in market conditions could significantly affect these estimates.

The Group also utilizes a three-level hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level I: Quoted market prices for identical instruments in active markets.
Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar products in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
Level 3: Model-derived valuations in which one or more significant inputs or significant value drivers are unobservable.

Leases

Leasing transactions are classified according to the lease agreements which specify the rewards and risks associated with the leased property. Leasing transactions for the Group are operating leases. Payments made under operating leases are recorded as an expense.

Loss contingencies

Loss contingencies including claims and legal actions arising in the ordinary course of business are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe there are any such matters that will have a material effect on the consolidated financial statements.

Foreign currency translation

The reporting and functional currency of the Group is US Dollars. The results of subsidiaries and associates, which account in a functional currency other than US Dollars, are translated into US Dollars at the average rate of exchange for the year. The assets and liabilities of subsidiaries and associates which account in a functional currency other than US dollars are translated into US Dollars at the rate of exchange ruling at the balance sheet date. The rate of exchange between the US Dollar and the Belize Dollar has been fixed since 1976 at the rate of Belize $2.00 equals US $1.00.

Transaction gains/losses are included in determining net income for the period in the consolidated financial statements.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and highly liquid instruments, with an original maturity of three months or less. As a result of the short-term maturity of these financial instruments, their carrying value is approximately equal to their fair market value.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is provided to write off the cost of the assets over their estimated useful lives, using the straight-line method, over the following periods:

Buildings	life of building, not exceeding 50 years
Leasehold improvements	term of lease
Motor vehicle	4 years
Furniture and fixtures, and other equipment	5 to 10 years
Computer and office equipment	5 years

The carrying value of property, plant and equipment is evaluated periodically in relation to the operating performance and future cash flows of the underlying businesses. Where, in the opinion of the Group, an impairment in the value of property plant and equipment has occurred, the amount of the impairment is recorded in the consolidated statements of comprehensive income.

Repairs and maintenance costs are expensed as incurred. Gains and losses arising on the disposal of property, plant and equipment are included in the consolidated statements of comprehensive income as incurred.

Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, are capitalized with the carrying amount of the component subject to depreciation. Other subsequent expenditures are capitalized only when they increase future economic benefits embodied in an item of property, plant and equipment. All other expenditures are recognized as expenses in the consolidated statement of income as incurred.

Stock-based compensation

Stock-based employee compensation is accounted for under the fair value based method of accounting (note 18).

Other assets classified as held for sale

Other assets classified as available for sale are stated at the lower of cost or net realizable value in the balance sheet. The Group assesses at the end of each reporting period whether there is objective evidence that an asset held for sale is impaired and the realizable value is less than book value. Realizable value is ascertained by reference to one of the following: market bid prices where these have been available, independent valuation where these have been obtained or Management estimates of realizable value.

Taxation

Taxation has been provided for in the financial statements in accordance with Belize legislation currently in force. The Bank is a member of a PIC Group as defined by Section 124 of the International Business Companies Act, Cap 270, Revised Edition 2011 of Belize ("IBC Act"). In 1998, corporate taxation was replaced by business tax which, in the case of banks, is assessed on revenues less interest expense. Taxes, other than business tax, are recorded within operating expenses.

New accounting standards

The Group has prepared its consolidated financial statements at March 31, 2018 in conformity with US GAAP that have to be applied for fiscal years beginning after April 1, 2017 or US GAAP that can be applied earlier on a voluntary basis.

We consider the applicability and impact of all Accounting Standards Updates ("ASUs"). The ASUs not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on our consolidated financial position and/ or results of operations.

Standard	Description	Required Date of Adoption	Effect on the Financial Statements or Other Significant Matters
ASU 2016-02, Leases	This ASU creates ASC Topic 842, Leases, and and supersedes Topic 840, Leases. Topic 842 specifies the accounting for leases. The objective of Topic 842 is to establish the principles that lessees and lessors shall apply to report useful information to users of financial statements about the amount, timing, and uncertainty of cash flows arising from a lease.	January 1, 2019	Management is currently evaluating the impact of adoption of this ASU but does not anticipate that it will have a material effect on the Group's financial position, results of operation or cash flows.
ASU 2016-13, Measurement of Credit Losses on Financial Instruments	This ASU amends ASC Topic 326, Financial Instruments - Credit Losses, to replace the incurred loss impairment methodology with a current expected loss methodology for financial instruments measured at amortized cost and other commitments to extend credit. For this purpose, expected credit losses reflect losses over the remaining contractual life of an asset, considering the effect of voluntary prepayments and considering available information about the collectability of cash flows, including information about past events, current conditions, and reasonable and supportable forecasts. The resulting allowance for credit losses reflects the portion of the amortized cost basis that the entity does not expect to collect. Additional quantitative and qualitative disclosures are required upon adoption. The Current Expected Credit Loss model does not apply to AFS debt securities; however, the the ASU requires entities to record an allowance when recognizing credit losses for AFS securities, rather than recording a direct write-down of the carrying amount.	January 1, 2020	Management is currently evaluating the impact of adoption of this ASU but does not anticipate that it will have a material effect on the Group's financial position, results of operation or cash flows.
ASU 2017-08, Receivables - Nonrefundable Fees and Other Costs	This ASU amends the amortization period for certain callable debt securities being held at a premium by shortening the amortization period for the premium to the earliest callable date for the security.	December 15, 2018	Management is currently evaluating the impact of adoption of this ASU but does not anticipate that it will have a material effect on the Group's financial position, results of operation or cash flows.
ASU 2017-09, Compensation - Compensation	This ASU provides guidance as to which changes to the terms or conditions of a share-based payment award would require an entity to apply modification accounting in Topic 718, Compensation - Stock Compensation.	January 1, 2018	Management is currently evaluating the impact of adoption of this ASU but does not anticipate that it will have a material effect on the Group's financial position, results of operation or cash flows.

Note 3 - Segmental analysis

The Group reports its business activities through two reportable operating segments: financial services and corporate.

Financial services comprise of all banking activities and related corporate services for the Group's customers. Financial services product offerings include lending, traditional savings accounts, term deposits, non-interest bearing and interest bearing checking accounts as well as credit and debit cards and offering of payment processing services to merchants.

Corporate activities comprise the cost of executive management of the Group's activities, the administrative cost of operating a listed company together with other related general corporate costs. Corporate income comprises principally of consultancy fees received.

Segment information for the reportable segments is set out below:

	Total Group		Financial Services		Corporate	
	2018	2017	2018	2017	2018	2017
At March 31	$m	$m	$m	$m	$m	$m
Assets	530.5	529.1	529.7	525.9	0.8	3.2
Liabilities	455.0	473.9	447.2	465.7	7.8	8.2
Capital Expenditures	3.7	4.3	3.7	4.3	–	–

	Total Group		Financial Services		Corporate	
	2018	2017	2018	2017	2018	2017
At March 31	$m	$m	$m	$m	$m	$m
Net interest income	34.1	35.2	34.1	35.2	–	–
Non interest income	11.6	12.1	10.3	11.1	1.3	1.0
Total revenues, net of interest expense	45.7	47.3	44.4	46.3	1.3	1.0
Provision for loan losses	3.9	19.2	3.9	19.2	–	–
Depreciation and amortization	2.0	1.6	2.0	1.6	–	–
Other non interest expense	12.0	25.0	7.0	20.6	5.0	4.4
Gain (loss) before taxes	27.8	1.5	31.5	4.9	(3.7)	(3.4)
Taxation	7.2	3.9	7.2	3.9	–	–
Gain (loss) net of tax	20.6	(2.4)	24.3	1.0	(3.7)	(3.4)

Note 4 - Interest income

Year ended March 31	2018 $m	2017 $m
Interest on loans to customers	31.5	34.6
Interest on Government of Belize receivable	6.1	6.1
Interest on securities	2.1	1.3
	39.7	42.0

Note 5 - Interest expense

Year ended March 31	2018 $m	2017 $m
Interest on customer deposits	5.6	6.8
	5.6	6.8

Note 6 - Non-interest income

Year ended March 31	2018 $m	2017 $m
Foreign exchange income and commissions	2.9	2.9
Customer service and letter of credit fees	1.7	1.5
Credit card fees	4.1	4.7
Other financial and related services	1.3	1.5
Reduction in impairment allowance on due from Government of Belize	11.0	–
Other income	0.3	0.5
	21.3	11.1

Note 7 - Non-interest expense

Year ended March 31	2018 $m	2017 $m
Salaries and benefits	9.4	9.3
Premises and equipment	4.3	3.6
Other expenses	6.3	9.3
	20.0	22.2

Notes to consolidated financial statements

Note 8 – Earnings per ordinary share

Basic and diluted earnings per ordinary share have been calculated on the net income attributable to ordinary shareholders and the weighted average number of ordinary shares in issue (net of treasury shares) in each year.

Year ended March 31	2018 $m	2017 $m
Net income (loss)	**20.6**	(2.4)
Weighted average number of shares (basic and diluted)	**99,520,017**	99,899,001
Basic and diluted earnings (loss) per ordinary share	**$0.21**	($0.02)

During the year ended March 31, 2018 and 2017 the weighted average effect of share options has been excluded from the calculation of diluted earnings per ordinary share, since they were anti-dilutive under the treasury stock method of earnings per share calculation (note 20).

Note 9 - Cash and cash equivalents

At March 31	2018 $m	2017 $m
Cash in hand	**9.4**	9.6
Amounts in the course of collection	**3.4**	2.4
	12.8	12.0

Currency, liquidity, and interest rates risks analyses of cash and cash equivalents are disclosed in Note 23.

Note 10 - Balances with the Central Bank of Belize

At March 31	2018 $m	2017 $m
Statutory reserve balances	**34.2**	34.6
Operating balance	**24.6**	86.6
	58.8	121.2

BBL is required to maintain an average minimum non-interest bearing deposit balance with the Central Bank of Belize equal to 8.5 percent of the average deposit liabilities of BBL. At March 31, 2018, the actual amount was 13.5 percent. In addition, BBL must maintain an average aggregate of approved liquid assets (which include the average minimum non-interest bearing deposit balance maintained with the Central Bank of Belize) equal to 23 percent of the average deposit liabilities of BBL. At March 31, 2018, the actual amount was 28.9 percent. The statutory reserve balances are not readily available to finance the day to day operations of the banks.

Note 11 - Due from banks (net of allowances)

At March 31	2018 $m	2017 $m
Due from banks	**52.3**	19.3
Less: impairment allowance on due from banks	**(0.2)**	(0.3)
	52.1	19.0

The portfolio of balances held by both BBL and BBIL represents instruments of short-term placements of temporary available cash.

As at March 31, 2018 and 2017, all the interbank loans and deposits placed in other banks were current and not impaired except for balances held with Worldclear Limited, amounting to $0.2 million, which had a related impairment allowance of $0.2 million.

Movements in impairment allowance on due from banks were as follows:

At March 31	2018 $m	2017 $m
At the beginning of the year	**(0.3)**	–
Charge during the year	**–**	(0.3)
Balances recovered during the year	**0.1**	–
	(0.2)	(0.3)

Currency, liquidity, and interest rate risk analyses of cash and cash equivalents are disclosed in Note 23.

BBL has utilized $4.2 million (2017 - $4.2 million) of its balances held with other financial institutions to be held as collateral for certain credit lines. These particular financial assets are pledged as collateral under terms that are usual and customary for such transactions.

Note 12 - Investment securities

At March 31	2018 $m	2017 $m
Securities available for sale	**14.4**	8.9
Securities held to maturity	**80.7**	37.5
	95.1	46.4

The fair value of available for sale securities and the related gross unrealized gains and losses recognized in accumulated other comprehensive income were as follows:

At March 31, 2018	Gross Amortized Cost $m	Gross Unrealized Gains $m	Gross Unrealized Losses $m	Fair Value $m
Government sponsored entities and agencies	0.3	–	–	0.3
Corporate bonds	14.1	–	(0.1)	14.0
	14.4	–	(0.1)	14.3

At March 31, 2017	Gross Amortized Cost $m	Gross Unrealized Gains $m	Gross Unrealized Losses $m	Fair Value $m
Government sponsored entities and agencies	3.4	–	(0.1)	3.3
Corporate bonds	5.6	–	–	5.6
	9.0	–	(0.1)	8.9

A summary of securities as of March 31, 2018, by contractual maturity, is presented below. Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

At March 31	2018 $m	2017 $m
Due in one year or less	56.9	30.2
Due in one to five years	29.6	11.9
Due from five to ten years	7.4	2.8
Due after ten years	1.2	1.5
	95.1	46.4

Management has the positive intent and ability to hold the securities classified as held to maturity to their respective maturities, so they are carried at amortized cost which approximates market value.

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market conditions warrant such an evaluation.

Note 13 - Loans to customers (net of allowances)

At March 31	2018 $m	2017 $m
Loans (net of deferred income):		
Residential mortgage	43.4	41.8
Credit card	9.3	9.0
Other consumer	50.5	45.2
Commercial - real estate	50.5	58.4
Commercial - other	104.2	145.1
	257.9	299.5
Allowance for loan losses:		
Residential mortgage	(3.9)	(3.5)
Credit card	(0.3)	(0.3)
Other consumer	(1.9)	(1.5)
Commercial - real estate	(2.4)	(8.4)
Commercial - other	(11.6)	(17.8)
	(20.1)	(31.5)
Loans (net of deferred income and allowance for loan losses):		
Residential mortgage	39.5	38.3
Credit card	9.0	8.7
Other consumer	48.6	43.7
Commercial - real estate	48.1	50.0
Commercial - other	92.6	127.3
Loans (net of deferred income and allowance for loan losses):	237.8	268.0

The maturity range of loans outstanding is shown in the table below. All loans, other than consumer loans, are legally repayable on demand; however, they are disclosed below as if they run to their full maturity.

At March 31, 2018	Due in one year or less $m	Due after one year through five years $m	Due after five years $m	Total $m
Residential mortgage	0.2	6.2	37.0	43.4
Credit card	9.2	0.1	–	9.3
Other consumer	6.8	35.9	7.8	50.5
Commercial - real estate	3.6	17.1	29.8	50.5
Commercial - other	26.7	17.3	60.2	104.2
	46.5	76.6	134.8	257.9

At March 31, 2017	Due in one year or less $m	Due after one year through five years $m	Due after five years $m	Total $m
Residential mortgage	0.3	6.0	35.5	41.8
Credit card	8.8	0.1	0.1	9.0
Other consumer	6.6	32.6	6.0	45.2
Commercial - real estate	5.1	19.8	33.5	58.4
Commercial - other	34.4	18.6	92.1	145.1
	55.2	77.1	167.2	299.5

The table below reflects outstanding loans by industry classifications.

At March 31	2018 $m	%	2017 $m	%
Real estate	**69.5**	**26.9%**	78.6	26.2%
Other consumer loans	**50.5**	**19.6%**	45.2	15.1%
Building and construction	**32.9**	**12.8%**	36.2	12.1%
Distribution	**20.1**	**7.8%**	23.3	7.8%
Agriculture	**19.5**	**7.6%**	48.6	16.2%
Transportation	**15.2**	**5.9%**	15.7	5.2%
Tourism	**14.8**	**5.7%**	16.7	5.6%
Marine Products	**11.2**	**4.3%**	12.6	4.2%
Credit card	**9.3**	**3.6%**	9.0	3.0%
Professional services	**6.7**	**2.6%**	4.3	1.4%
Utilities	**5.5**	**2.1%**	5.2	1.7%
Manufacturing	**1.9**	**0.7%**	1.5	0.5%
Government	**0.5**	**0.2%**	1.2	0.4%
Entertainment	**0.2**	**0.1%**	0.2	0.1%
Mining and exploration	**0.1**	**0.0%**	0.8	0.3%
Forestry	**-**	**0.0%**	0.3	0.1%
Financial institutions	**-**	**0.0%**	0.1	0.0%
Total loans	**257.9**	**100.0%**	299.5	100.0%

The Group categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Group analyses loans individually by classifying the loans as to credit risk. This analysis is performed on a monthly basis. The Group uses the following definitions for risk ratings:

Special Mention: Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.

Substandard: Loans classified as substandard are those loans that are over three and up to six months in arrears or overdraft accounts where interest charges have not been covered by deposits for three to less than six months.

Doubtful: Loans classified as doubtful are those loans that are over six and up to twelve months in arrears or overdraft accounts where interest charges have not been covered by deposits for six to less than twelve months.

Loss: Loans classified as loss are those loans that are over twelve months in arrears or overdraft accounts where interest charges have not been covered by deposits for twelve months or more.

Loans not meeting the criteria above that are analysed individually as part of the above described process are considered to be Pass loans.

Based on the most recent analysis performed, the risk category of loans by class of loans is as follows:

At March 31, 2018	Pass $m	Sub - standard $m	Doubtful $m	Loss $m	Total $m
Residential mortgage	37.5	–	1.8	4.1	43.4
Credit card	9.1	0.1	0.1	–	9.3
Other consumer	48.7	0.4	0.6	0.8	50.5
Commercial - real estate	45.9	2.6	0.1	1.9	50.5
Commercial - other	92.2	1.4	0.6	10.0	104.2
	233.4	4.5	3.2	16.8	257.9

At March 31, 2017	Pass $m	Sub - standard $m	Doubtful $m	Loss $m	Total $m
Residential mortgage	36.8	0.4	0.1	4.5	41.8
Credit card	8.7	0.1	0.1	0.1	9.0
Other consumer	43.5	0.6	0.2	0.9	45.2
Commercial - real estate	51.8	–	0.8	5.8	58.4
Commercial - other	128.2	9.4	1.6	5.9	145.1
	269.0	10.5	2.8	17.2	299.5

Individually impaired loans with allocated allowances were as follows:

At March 31	2018 $m	2017 $m
Non-accrual loans as at year end	**24.5**	30.3
Other performing loans classified as impaired	–	**29.6**
Less: impairment allowance on loans to customers	**(20.1)**	(31.5)
At the end of the year	**4.4**	28.4

The Group considers all non-accrual loans as individually classified impaired loans.

The following table presents the recorded investment in non-accrual by class of loans:

At March 31	2018 $m	2017 $m
Residential mortgage	5.9	4.9
Credit card	0.2	0.3
Other consumer	1.8	1.7
Commercial - real estate	4.6	6.6
Commercial - other	12.0	16.8
	24.5	30.3

The interest income which would have been recorded during the year ended March 31, 2018 had all non-accrual loans been current in accordance with their terms was approximately $5.9 million (2017 - $16.7 million).

All non-accrual loans are considered as individually impaired loans.

As a result of the nature of these financial instruments, the estimated fair market value of the loan portfolio is considered by the Group to approximate its carrying value. Loan loss provisioning is based on management's estimate of the recoverability of non-performing loans after allowing for the estimated net realizable value of collateral held.

At March 31, 2018, the Group had total loans outstanding to certain officers and employees of $9.7 million (2017 - $8.8 million) at preferential rates of interest varying between 0.0 percent and 12.0 percent per annum, repayable over varying periods not exceeding 25 years. At March 31, 2018, these loans included nil (2017 - nil) classified within commercial - other loans. The transfer value loss on these loans had not been considered material and therefore had not been included in these financial statements.

Changes in the allowance for loan losses were as follows:

Year ended March 31	2018 $m	2017 $m
At beginning of year	31.5	52.9
Impairment allowance charged during the year	3.9	19.2
Charge-offs	(15.3)	(40.6)
Net movement in year	(11.4)	(21.4)
At end of year	20.1	31.5

Note 14 – Property, plant and equipment

At March 31	2018 $m	2017 $m
Cost:		
Land	1.5	1.2
Premises	15.7	15.3
Furniture and fixtures and other equipment	6.8	6.0
Computer and office equipment	9.4	8.4
Motor vehicles	2.1	2.2
Total cost	35.5	33.1
Less: total accumulated depreciation	(15.3)	(14.5)
	20.2	18.6

Total capital expenditures for the year ended March 31, 2018 was $3.6 million (2017 - $4.3 million). Total depreciation expense for the year ended March 31, 2018 was $2.0 million (2017 - $1.6 million).

For the purpose of impairment testing for the year ended March 31, 2018, the Group's management has combined all the subsidiaries into one reporting unit. As a result no impairment was determined as at March 31, 2018.

As at March 31, 2018 the Group's buildings, vehicles, ATMs and other equipment were insured for $22.6 million. (2017 - $23.9 million)

As at March 31, 2018 historical cost of fully depreciated fixed assets amounted to $6.9 million (2017 - $6.2 million). They are recognized in the consolidated balance sheets at zero residual value.

Note 15 – Due from Government of Belize (net of allowance)

At March 31	2018 $m	2017 $m
Amounts receivable from GOB - arbitration awards (i) and (ii)	46.8	40.8
Less: Impairment allowance	(0.1)	(11.0)
	46.7	29.8

Movements in impairment allowance on due from Government of Belize.

At March 31	2018 $m	2017 $m
At beginning of the year	(11.0)	(19.8)
Charge during the year	(0.1)	(1.6)
Reduction during the year	11.0	10.4
At the end of the year	(0.1)	(11.0)

On March 23, 2007, a loan note was issued to BBL by the GOB under the terms of a settlement deed entered into by BBL and the GOB on the same date (the "2007 Loan Note"). The 2007 Loan Note had been entered into by the GOB in order to satisfy the GOB's liability under a 2004 guarantee for debts and liabilities owed to BBL by Universal Health Services.

While BBL had initially recorded the receivable owed by the GOB under the 2007 Loan Note, the Central Bank of Belize directed BBL to remove this receivable from BBL's accounts; this exclusion resulted in the auditor issuing a qualified opinion on BBL's financial statements for the fiscal year ended March 31, 2012.

BBL also commenced arbitration proceedings (the "Arbitration") under the London Court of International Arbitration (the "LCIA") in order to recover the sums due under the 2007 Loan Note. On January 15, 2013 the arbitral tribunal made its Final Award in the Arbitration in favour of BBL. It declared that the 2007 Loan Note was valid and binding and ordered the GOB to pay BBL the sum of BZD 36,895,509 plus interest and costs.

The LCIA Final Award confirmed that the 2007 Loan Note was valid and binding on the basis of a judgement given by the Privy Council, which was at that time Belize's highest court of appeal, in The Belize Bank Limited v The Association of Concerned Belizeans and Others. In this judgement, the Privy Council rejected a challenge to the Loan Note that it did not comply with the Belize Finance and Audit (Reform) Act.

In order to increase its enforcement options, BBL applied to the English High Court for an order that the Final Award be enforceable in the same manner as a judgement or order of an English Court to the same effect. That order was granted on February 20, 2013 and it was served on the GOB on May 15, 2013 (the "English Judgement").

Award Enforcement proceedings were also commenced against GOB in the Belize Supreme Court in 2013. On February 17, 2015, the Belize Supreme Court refused to enforce the Final Award on the grounds that enforcement would be contrary to public policy. BBL appealed this decision to the Belize Court of Appeal and on March 24, 2017, the Court of Appeal upheld the decision of the Belize Supreme Court.

BBL appealed the Court of Appeal's decision to the Caribbean Court of Justice (the "CCJ") and on November 22, 2017, the CCJ reversed the Court of Appeal's decision and found in favour of BBL. The CCJ's Order granted permission to BBL to enforce the LCIA Award in the same manner as a judgement or order of the Supreme Court to the same effect (the "Belize Judgement"). Twenty-one days after the CCJ granted permission, BBL applied to the CCJ under section 25 of the Crown Proceedings Act for a certificate certifying the amounts payable to BBL by the GOB. On January 3, 2018 the CCJ issued the Certificate certifying the amount payable to BBL by the GOB under the LCIA Award and the Certificate was served on the Attorney General, the Minister of Finance and the Financial Secretary on 4 January 2018. The CCJ held that the effect of the Certificate is to convert the CCJ Order into a Judgement Debt.

On January 4, 2018 BBL applied for a further order from the CCJ directing the Minister of Finance to pay the amount due under the Belize Judgement. On June 1, 2018 the CCJ decided that BBL's application was premature but stated in its decision that if the GOB failed to enact the necessary legislation to satisfy the Belize Judgement, then BBL should apply to the Belize Supreme Court for a declaration that the Minister of Finance has failed to comply with his obligations under section 25 of the Crown Proceedings Act and an order that the Minister of Finance pay the amount due under the Belize Judgement.

On June 26, 2018, BBL filed an application pursuant to Part 56 of the Supreme Court (Civil Procedure) Rules, 2005 for an order granting permission to BBL to apply for Judicial Review of: (i) the decision of the Minister of Finance not to comply with his mandatory duty within section 25(3) of the Crown Proceedings Act to pay the sum certified as payable to BBL by the Certificate of Order dated January 3, 2018 issued by the Registrar of the Caribbean Court of Justice, and (ii) the decision of the Minister of Finance not to satisfy the Judgement Debt with interest accruing at the rate of 6% per annum.

On July 9, 2018 the Chief Justice granted permission to BBL to apply for judicial review. BBL filed a fixed date claim form applying for judicial review on July 23, 2018. The first hearing will take place on September 17, 2018.

In order to further increase its enforcement options, BBL filed a petition to enforce the Final Award in federal court in the United States on April 18, 2014. The GOB filed a motion to dismiss and a response to the petition to confirm the Final Award on August 8, 2014. The GOB applied for a stay pending the outcome of similar litigation. However, the stay was denied on January 9, 2016. On June 8, 2016 the US District Court confirmed the Final Award and entered judgement in favour of BBL against the GOB for the monetary portion of the Award; to be converted to US dollars, applying the conversion rate as of the date the Award was issued plus interest at the annual rate of 17.0% compounded annually between September 8, 2012 and June 8, 2016. On July 12, 2016, the United States District Court ordered that judgement be entered in favour of BBL against the GOB in the amount of USD 19,086,210 plus USD 16,099,216 in pre-judgement interest, totalling USD 35,185,427 (the "US Judgement").

The GOB appealed the decision of the US District Court to the US Court of Appeals, D.C. Circuit. A hearing in the US Court of Appeals took place on February 9, 2017. On March 31, 2017, the US Court of Appeals, D.C. Circuit upheld the decision of the US District Court and rejected all of the GOB's arguments on appeal.

On April 28, 2017, the GOB filed a petition for an 'en banc' review of the US Court of Appeal's decision in essence asking the court to reconsider its decision. On 7 June 2017, the petition by the GOB for an 'en banc' rehearing was denied by the US Court of Appeal and its earlier judgement was confirmed.

The GOB then sought review by the United States Supreme Court. On 13 November 2017, the United States Supreme Court denied the GOB's petition for certiorari, rendering the US Judgement final and not subject to further judicial review.

On 16 November 2017 BBL filed a motion in the United States District Court for the District of Columbia pursuant to 28 U.S.C. §1610(c) seeking judicial authorisation to seek enforcement of the US Judgement against the GOB. On March 12, 2018, the United States District Court ordered that the Bank may now seek attachment or execution of Government of Belize property to satisfy the Court's judgement pursuant to 28 U.S.C. § 1610(a)–(b) in the jurisdictions where such attachment or execution is appropriate.

The Award underlying the English Judgement, the US Judgement, and the Belize Judgement has been recognised and declared enforceable against GOB by the highest Belize and US Courts, and by the English Courts.

Note 16 – Customer accounts

At March 31	2018 $m	2017 $m
Term deposits	192.9	214.0
Demand deposits	163.1	166.2
Savings deposits	79.0	73.3
	435.0	453.5

The maturity distribution of certificates of deposit of $0.1 million or more was as follows:

At March 31	2018 $m	2017 $m
3 months or less	32.3	38.7
Over 3 and to 6 months	29.6	38.7
Over 6 and to 12 months	69.8	80.3
Over 12 months	23.0	17.2
Deposits less than $0.1 million	38.2	39.1
	192.9	214.0

Included in certificates of deposit at March 31, 2018 were $8.7 million (2017 - $12.7 million) of certificates of deposit denominated in US dollars and nil (2017 - nil) denominated in UK pounds sterling. Included in demand deposits at March 31, 2018 were $18.8 million (2017 - $20.6 million) of demand deposits denominated in US dollars and $0.2 million (2017 - $0.2 million) denominated in UK pounds sterling.

As a result of the short-term maturity of these financial instruments, their carrying value is considered by the Group to approximately equal their fair market value.

Note 17 - Commitments, contingencies and regulatory matters

(i) The Group's loans due from customers primarily result from its core business and reflect a broad customer base, although there are certain concentrations by economic activity. Credit limit, ongoing credit evaluations and account monitoring procedures are utilized to minimize the risk of loss. Substantially the Group's entire loan portfolio is fully collateralized. As a consequence, concentrations of credit risk are considered to be limited.

The Group has foreign exchange risk which arises from accepting foreign currency deposits, primarily with respect to UK pound sterling. To manage its foreign exchange risk related to UK pounds sterling deposits, the Group closely monitors the performance of UK pounds sterling and relies on its treasury management to eliminate any UK pounds sterling exposure at short notice if necessary.

(ii) The Group is a party to financial instruments with off-balance-sheet risks in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, standby letters of credit and financial guarantees. The Group grants short-term credit facilities to customers for periods of up to twelve months generally to meet customers' working capital requirements. These facilities are repayable on demand and are subject to review at any time. In practice, such reviews are carried out at periodic intervals agreed with the customer. Outstanding commitments to extend credit at March 31, 2018 amounted to $18.2 million (2017 - $21.3 million).

Since many of the commitments are expected to expire without being drawn upon in full, and because of the fluctuating aspect of the facilities, the total commitment amounts do not necessarily represent future cash requirements. The Group evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral required by the Group for the extension of credit is based on the Group's credit evaluation of the counterparty. Collateral held varies, but may include accounts receivable, inventory, property, plant and equipment, and income-producing commercial properties and assets.

Standby letters of credit and financial guarantees written are conditional commitments issued by the Group to guarantee the performance of a customer to a third party. The terms of such guarantees do not normally exceed more than one year. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The terms and conditions reflected in letters of credit and guarantees provided by the Group, in so far as they may impact the fair market value of these instruments, are market sensitive and are not materially different from those that would have been negotiated at March 31, 2018. The Group holds similar collateral to that held for the short-term facilities described above and such commitments are generally fully collateralized. Outstanding standby letters of credit and financial guarantees written at March 31, 2018 amounted to $3.8 million (2017 - $2.1 million).

The nature, terms and maximum potential amount of future payments BBL could be required to make under the stand-by letters of credit and guarantees are detailed as follows:

At March 31	2018 $m	2017 $m
Up to one year	3.8	2.1
Over one year	–	–
	3.8	2.1

(iii) The net operating lease rental charge for the years ended March 31, 2018 and 2017 included in the consolidated statements of comprehensive income was $0.2 million and $0.2 million, respectively.

(iv) In the ordinary course of business, the Group is subject to pending and threatened legal actions and proceedings. As litigation develop that may have a material effect, the Group, in conjunction with outside counsel, evaluates the matter on an ongoing basis in light of potentially relevant factual and legal developments. These may include settlement discussions and rulings by courts, arbitrators or others.

(v) As explained in note 15, the Company is engaged in legal proceedings in which it is pursuing a claim against the GOB. Having received the advice of external advisers, the Company expects BBL to recover the majority of the amounts recorded as part of other assets in note 15. Certain provisions have therefore been made to reflect the possibility of under-recovery of the full amount. Legal costs are expensed as incurred.

(vi) In the ordinary course of business, the Company's subsidiaries are subject to regulatory examinations, information gathering requests and enquiries. As a regulatory matter develops that may have a material effect, the Company and the relevant subsidiaries, in conjunction with outside counsel, evaluate the matter on an ongoing basis in light of potentially relevant factual and legal developments. These may include settlement discussions and rulings by courts, arbitrators or others. Based on current knowledge and discussions with independent legal counsel, Management does not believe that the outcome of any regulatory matter that is unresolved at March 31, 2018 would have a material adverse effect on the financial position or liquidity of the Company or its subsidiaries as of March 31, 2018.

(vii) BBL and BBIL, as fully authorized banking entities, are subject to detailed regulatory requirements in Belize. These requirements are principally set by the Central Bank of Belize. As of March 31, 2018 and for the year then ended, BBL and BBIL substantially met all of its obligations and requirements under such regulations. These regulations may, in the future, change or be amended. At such time, BBL and BBIL will make all endeavours to follow, as soon as reasonably practicable, all such revised regulations.

(viii) The Labour Act states that where an employee has been continuously employed for a period of five to ten years and his employment is terminated by the employer, the employee is entitled to be paid a severance pay for each complete year of service. However, if the employee resigns, is terminated due to gross misconduct, or dies prior to the completion of ten years, then the Group is not liable to pay severance. The Group has estimated the contingent liability related to such severance payment for employees with more than five but less than ten years to be $193 thousand (2017 - $249 thousand).

Note 18 - Share capital

At March 31	2018 $m	2017 $m
Authorized		
Ordinary shares:		
200,000,000 shares of no par value	2.0	2.0
Preference shares:		
14,000,000 shares of $1.00 each	14.0	14.0
Total authorized	16.0	16.0
Issued and outstanding		
Ordinary shares:		
103,264,000 shares of no par value (2017 - 103,642,984)	0.5	0.6

During the year ended March 31, 2018, the Company acquired 378,984 ordinary shares In the Company at a price of 11.50 pence per share. Immediately following the acquisition of the shares, the 378,984 shares were cancelled.

Treasury Shares

During the two years ended March 31, 2018 and 2017, there has been no movement in treasury shares.

	Number	$m
At March 31, 2017	3,743,983	21.7
At March 31, 2018	3,743,983	21.7

Share Options

Caribbean Investment has granted employee share options which are issued under its share option plan which reserves ordinary shares for issuance to the Company's executives, officers and key employees. The options have been granted under the Long-Term Incentive Plans (the "Incentive Plans"). The Incentive Plans are administrated by a committee of the board of directors of Caribbean Investment. Options are generally granted to purchase Caribbean Investment ordinary shares at prices which equate to or are above the market price of the ordinary shares on the date the option is granted. Conditions of vesting are determined at the time of grant but options are generally vested and become exercisable for a period of between three and ten years from the date of grant and all have a maximum term of ten years.

	Number of share options	Weighted average exercise price
Outstanding at March 31, 2017	7,250,000	$1.95
Outstanding at March 31, 2018	7,250,000	$1.95

During the year ended March 31, 2018, no outstanding options were exercised.

In August 2008, Caribbean Investment granted options over 7,000,000 ordinary shares at an exercise price of $6.50 per share which vest and are exercisable in three equal instalments on August 1, 2012, August 1, 2013 and August 1, 2014.

The term of these options extend to August 1, 2019.

In May 2009, Caribbean Investment granted options over a further 250,000 ordinary shares at the exercise price of $6.50 per share which vest and are exercisable in three instalments on June 1, 2013, June 1, 2014 and June 1, 2015. The term of these options extend to June 1, 2020.

The exercise price of these options was adjusted to $1.95 following the demerger of Waterloo Investment Holdings Limited from the Group in 2011.

The Group measures compensation cost in connection with share option plans and schemes using a fair value based method. Using the fair value based method, the Group took a charge of nil in the consolidated statement of comprehensive income during the year ended March 31, 2018 (2017 - nil).

The fair value of each option grant in 2008 was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

Expected stock price volatility	30 percent
Risk free interest rate	3.7 percent
Expected dividend yield	Nil percent
Expected life of option	7.0 years

Note 19 – Regulatory Capital Requirements

The regulatory capital guidelines measure capital in relation to the credit and market risks of both off and on-balance sheet items by applying various risk weighting. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on individual banks' financial position, results of operations, or liquidity. The following table sets forth the capital requirements and the actual ratios of BBL and BBIL.

	Minimum Required	**Actual 2018**	Actual 2017
The Belize Bank Limited	9.0%	**16.7%**	14.9%
Belize Bank International Limited	10.0%	**64.3%**	60.4%

Note 20 - Pensions and other plans

The Group operated a defined contribution pension plan in Belize which covered a number of salaried employees. In general, the plans provided benefits at normal retirement age based on a participant's individual accumulated fund including any additional voluntary contributions. The Group's pension contribution expense for the years ended March 31, 2018 and 2017 amounted to $44,094 and $165,029 respectively. The pension plan was discontinued on June 30, 2017.

Note 21 - Related party transactions

Related parties include associated companies, key management personnel, the Board of Directors ("Directors"), and entities which are, directly or indirectly, controlled by, jointly controlled by or significantly influenced by key management personnel and Directors.

Lord Ashcroft, KCMG, PC is a controlling shareholder in the Company and Waterloo Investment Holdings Limited ("WIHL").

Consultancy services

During the year ended March 31, 2018 and the year ended March 31, 2017 the Group provided administrative services to WIHL. The aggregate fees paid by WIHL to the Group amounted to $1.0 million (2017 - $1.0 million). The amount owed by WIHL to the Company at March 31, 2018 was $0.2 million (2017 - $0.5 million). The balance is non-interest bearing and unsecured.

Key management personnel and directors

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling our activities, directly or indirectly. They include senior members of the organization called the Executive Team. The Executive Team is comprised of the Executive Chairman and individuals that report directly to him, including the Chief Operations Officer, Chief Risk Officer and Chief Financial Officer and heads of certain business units.

For the accounting period the Bank has concluded a number of transactions that were carried out as usual activity with related parties. These transactions included loans, deposits, and trade financing.

Year ended March 31, 2018

Balance sheet In US Dollars	Key management $m	Other related parties $m	**Total $m**
Loans to customers:			
Opening balance	0.4	2.5	**2.9**
Granted during the year	0.3	1.2	**1.5**
Repaid during the year	(0.4)	(1.5)	**(1.9)**
Closing balance	0.3	2.2	**2.5**
Less:			
Allowance for impairment	–	–	–
Net loans	0.3	2.2	**2.5**
Customer deposits:			
Opening balance	0.2	3.1	**3.3**
Ceased to be related	(0.1)	-	**(0.1)**
Deposited during the year	3.0	13.1	**16.1**
Withdrawn during the year	(2.7)	(15.0)	**(17.7)**
Closing balance	0.4	1.2	**1.6**

Year ended March 31, 2017

Balance sheet In US Dollars	Key management $m	Other related parties $m	**Total $m**
Loans to customers:			
Opening balance	0.3	2.3	**2.6**
Granted during the year	0.6	1.2	**1.8**
Repaid during the year	(0.5)	(1.0)	**(1.5)**
Closing balance	0.4	2.5	**2.9**
Less:			
Allowance for impairment	–	–	–
Net loans	0.4	2.5	**2.9**
Customer deposits:			
Opening balance	0.1	3.0	**3.1**
Deposited during the year	1.8	10.6	**12.4**
Withdrawn during the year	(1.7)	(10.5)	**(12.2)**
Closing balance	0.2	3.1	**3.3**

The aggregate remuneration of the directors of the Company for the year ended March 31, 2018 amounted to $1.1 million (2017 - $1.1 million).

Note 22 – Fair value of financial instruments

The amounts reported in the balance sheets for cash and due from banks and interest-bearing deposits approximate fair value due to the short term maturity of these instruments. The Group places its cash and cash equivalent deposits only with financial institutions with an acceptable internationally accepted credit rating.

The carrying amounts of securities are estimated to approximate fair value given the market-sensitive interest rates, maturity terms, and market price of these instruments.

The following table shows the Group's assets and liabilities that are held at fair value disaggregated by valuation technique (fair value hierarchy) and balance sheet classifications.

	Level 1	Level 2	Level 3	Total
Available for sale investments	14.4	-	-	14.4
Total assets	14.4	-	-	14.4

The carrying amounts of loans receivable, net of valuation allowances, is estimated to approximate fair value based on their respective interest rates, risk-related rate spreads and collateral consideration. These facilities are generally payable on demand and are subject to review at the discretion of the Group.

The fair value of the Group's deposit liabilities approximates carrying values based on comparative rates offered by other banks for deposits of similar remaining maturities.

Accrued expenses and other liabilities reflect current market conditions.

With regards to financial instruments with off-balance sheet risk, it is not practicable to estimate the fair value of future financing commitments. However, the terms and conditions reflected in acceptances and commitments for financing assistance are market-sensitive and are not materially different from those that would have been negotiated as of March 31, 2018.

In the opinion of the Group's management, all other financial instruments reflect current market conditions and their fair value is not expected to differ materially from carrying amounts.

Note 23 – Risk and uncertainties

Financial risk management

Overview

The Board has ultimate responsibility for the establishment and oversight of the Group's risk management framework.

In view of the operational structure of the Group, the implementation and execution of the risk management framework rests with the operating entities which comprise the Group.

The Board monitors this through regular meetings with the key operational subsidiary personnel and through the receipt of regular and detailed reports from them.

Group Risk Unit

The Group has established a Group Risk Unit, a completely independent unit, separate from the business development aspect of both BBL's and BBIL's operations, and has delegated the responsibility for the overall management of risk within BBL and BBIL to this unit.

The Group Risk Unit, headed by a Chief Risk Officer, provides central oversight of risk management across the Group to ensure that the full spectrum of risks facing the Group are properly identified, measured, monitored, and controlled to minimize adverse outcomes.

Policies, procedures, and management systems have been implemented by the Group capable of managing, assessing, and developing risk responses to mitigate risks, which are unacceptable or outside of its risk tolerances.

The Group Risk Unit reports to the BBL, BBIL, and Caribbean Investment boards periodically with an independent assurance of the BBL and BBIL's overall risk positions, its view on emerging risks and mitigating alternatives.

Credit risk

Credit Risk is the risk of financial loss if a customer or counterparty fails to meet its contractual obligations. The objective of BBL's and BBIL's credit risk management function is to maximize their respective risk-adjusted rates of return by maintaining credit risk exposure within acceptable parameters.

The BBL and BBIL boards have delegated overall responsibility for the management of their respective credit risk to the Group Risk Unit, which include:

(i) Formulating credit policies in consultation with business units covering collateral requirements, credit assessment, risk rating and reporting, legal and documentary procedures, as well as compliance with regulatory and statutory requirements.

(ii) Establishing the authorization structure for the approval and renewal of credit facilities. The BBL and BBIL boards have delegated limits of authority to the Group Risk Committee (GRC) and the Group Risk Unit (GRU).

(iii) Reviewing and assessing credit risk. The GRU assesses all credit exposures in excess of the established limits, prior to facilities being committed. Renewals and reviews are subject to the same review process.

(iv) Limiting concentrations of exposure to counterparties, industries, credit risk buckets (Borrower's Risk Rating), and market liquidity.

(v) Developing and maintaining BBL's and BBIL's risk rating system (Borrower's Risk Rating), categorizing exposures according to the degree of risk of financial loss faced and to focus the management on the inherent risks.

(vi) Providing advice, guidance, and specialist skills to business units to promote the best practices by BBL and BBIL in the management of credit risk.

Each business unit is responsible to implement BBL's and BBIL's credit policies and procedures, with credit approval authorities delegated from the GRU. Each business unit is also responsible for the quality and performance of its credit portfolio and for monitoring all credit risks in its portfolio. BBL and BBIL use a risk rating system which groups retail, commercial, and corporate accounts into various risk categories (Borrower's Risk Rating) to facilitate the management of risk on both an individual account and portfolio basis. The evaluation of the risk and trend informs the credit decision and determines the intensity of the monitoring process. The current risk rating system consists of seven classifications reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for setting risk ratings lies with the final approving unit or committee. Risk ratings are subject to annual reviews.

BBL's and BBIL's credit control process promotes early detection of deterioration and prompt implementation of remedial action and where necessary, or as required once conditions set by the regulator are met, accounts are transferred from performing to non-performing status.

At March 31, 2018, BBL's maximum exposure to credit risk amounted to $495.3 million and that of BBIL's amounted to $50.9 million.

Credit concentration risk

BBL and BBIL are potentially subject to financial instrument concentration of credit risk through their cash equivalents and credit extensions. BBL and BBIL perform periodic evaluations of the relative credit standing of financial institutions they transact with and places their cash and cash equivalents only with financial institutions with a high credit rating.

BBL and BBIL have a credit risk concentrated in the tourism, real estate, and agriculture industries but do not foresee a material credit risk associated with individual credit extensions in these industries beyond what has already been prudently recognised and provided for in the financial statements.

BBL and BBIL monitor their risk concentration associated with credit extensions on a continuous basis in an effort to mitigate their exposure.

At March 31, 2018, BBL's total loan portfolio amounted to $223.2 million. Of that total, 17 loans totalling $69.3 million were over $1.0 million in value. This concentration of $69.3 million represented approximately 31 percent of the total exposure of BBL.

At March 31, 2018, BBIL's total loan portfolio amounted to $34.7 million. Of that total, 9 loans totalling $23.9 million were over $1.0 million in value. This concentration of $23.9 million represented approximately 69 percent of the total exposure of BBIL.

Market risk

Market risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices which includes interest rate risk and foreign currency risk.

BBL's and BBIL's market risk management seeks to limit the amount of possible losses on owned positions incurred by them within a fixed period due to currency fluctuations, changes of securities and interest rates by establishing a system of limits on transactions and conducting other procedures below.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Belize operates a fixed exchange rate, which is fixed at 2:1 with the US Dollar. BBL and BBIL do not engage in speculative foreign exchange activity, since their primary focus is to profitably supply customers' foreign exchange requirements, with the US dollar dominating trading. BBL, for example, estimates that a 5% appreciation of the US dollar against the Belize dollar would result in a gain to BBL of $3.7 million, while the same appreciation in the other currencies against the Belize dollar would on aggregate result in a gain of $7.0 thousand.

Liquidity risk

Liquidity risk is the risk arising from BBL's and BBIL's potential inability to meet all potential obligations when they come due or only being able to meet those obligations at an excessive cost.

BBL's and BBIL's liquidity management framework is designed to ensure that there are adequate reserves of cash and other liquid securities to satisfy current prospective commitments. BBL and BBIL manage liquidity risk by preserving a large base of core deposits from retail and institutional customers, and by maintaining a liquid pool of marketable securities. Contingent funding sources include but are not limited to domestic interbank credit and foreign correspondent bank short-term facilities.

Liquidity requirements to support calls under guarantees are considerably less than the amount of the commitment because BBL and BBIL do not generally expect the third party to draw funds under the agreement. The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, as many of these commitments will expire or terminate without being funded.

BBL and BBIL believe that despite the fact that a substantial portion of customer deposit accounts are on demand and less than one month, diversification of these deposits by number and type of client and the past experience of BBL and BBIL would indicate that deposits provide a long-term and stable source of funding.

In respect of BBL, Belize Dollar deposits are substantially locked into the Belizean monetary system due to the Fixed Exchange Rate Regime currently in effect and the fact that there is also exchange control thereby reducing the risk of funds leaving the Belize bank deposit market.

The liquidity risk is further mitigated by the fact that the loan portfolio of both BBL and BBIL are primarily "on-demand" loans which the bank is legally entitled to call in the event that liquidity conditions tightened.

The following tables detail BBL's and BBIL's remaining contractual maturity of their non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on earliest date on which the banks can be required to pay. The tables include both interest and principal cash flows. The contractual maturity is based on the earliest date on which the banks may require to pay.

The Belize Bank Limited

At March 31, 2018	On demand $m	Due within 3 months $m	3 months to 1 year $m	Over 1 year / no-maturity $m	Total $m
Customer accounts	227.3	44.3	115.0	23.2	409.8
Other liabilities and payables	–	3.6	–	1.9	5.5
Total liabilities	227.3	47.9	115.0	25.1	415.3
Credit related commitments	22.2	0.7	2.9	0.2	26.0
Loans to customers	64.8	10.4	28.1	168.6	271.9
Cash and cash equivalents	12.9	-	-	-	12.9
Balances with the Central Bank	58.8	-	-	-	58.8
Due from banks	43.8	0.6	0.6	-	45.0
Other assets and receivables	3.8	-	-	-	3.8
Securities	-	30.5	18.7	34.5	83.7
Assets held for managing liquidity risk	184.1	41.5	47.4	203.1	476.1

The Belize Bank Limited

At March 31, 2017	On demand $m	Due within 3 months $m	3 months to 1 year $m	Over 1 year / no-maturity $m	Total $m
Customer accounts	222.8	51.2	136.6	18.5	429.1
Other liabilities and payables	–	4.3	–	1.6	5.9
Total liabilities	222.8	55.5	136.6	20.1	435.0
Credit related commitments	21.3	0.3	1.8	–	23.4
Loans to customers	33.4	15.5	38.3	260.7	347.9
Cash and cash equivalents	12.0	–	–	–	12.0
Balances with the Central Bank	118.3	–	–	–	118.3
Due from banks	10.6	0.6	0.6	–	11.8
Other assets and receivables	5.3	–	–	–	5.3
Securities	–	0.2	23.0	17.2	40.4
Assets held for managing liquidity risk	179.6	16.3	61.9	277.9	535.7

Belize Bank International Limited

At March 31, 2018	On demand $m	Due within 3 months $m	3 months to 1 year $m	Over 1 year / no-maturity $m	Total $m
Customer accounts	16.0	1.3	7.4	–	24.7
Other liabilities and payables	1.0	–		–	1.0
Total liabilities	17.0	1.3	7.4	–	25.7
Credit related commitments	–	–	–	–	–
Loans to customers	12.0	0.8	2.3	16.2	31.3
Due from banks	6.1	1.0	–	–	7.1
Other assets and receivables	0.9	–	–	–	0.9
Securities	–	4.1	5.2	8.1	17.4
Assets held for managing liquidity risk	19.0	5.9	7.5	24.3	56.7

Belize Bank International Limited

At March 31, 2017	On demand $m	Due within 3 months $m	3 months to 1 year $m	Over 1 year / no-maturity $m	Total $m
Customer accounts	18.0	2.4	10.5	–	30.9
Other liabilities and payables	1.4	–	–	–	1.4
Total liabilities	19.4	2.4	10.5	–	32.3
Credit related commitments	–	–	–	–	–
Loans to customers	11.0	3.7	4.6	26.8	46.1
Due from banks	8.8	–	–	–	8.8
Other assets and receivables	1.6	–	–	–	1.6
Securities	–	3.2	5.2	1.0	9.4
Assets held for managing liquidity risk	21.4	6.9	9.8	27.8	65.9

Interest rate risk

Interest rate risk arises from the possibility that changes in market interest rates will affect the future cash flows or fair values of financial instruments. BBL's and BBIL's objective in the management of interest rate risk is to reduce the sensitivity of its earnings and overall portfolio value to variations in interest rates. The strategy employed to achieve this involves active pricing of loan and deposit products, increasing market share of loans and funding and changing the mix of products in accordance with market trends.

BBL's and BBIL's Asset Liability Committee periodically monitors interest rate gaps to estimate potential impact of changes in net interest income.

At March 31, 2018, BBL had assets of $335.6 million which are interest rate sensitive.

At March 31, 2018, BBL had liabilities of $261.4 million which are interest rate sensitive.

At March 31, 2018, BBIL had assets of $37.9 million which are interest rate sensitive.

At March 31, 2018, BBIL had liabilities of $8.6 million which are interest rate sensitive.

Operational risk management

Operational risk is defined as the risk of losses arising as a result of failures in data processing systems or internal control systems and procedures for banking and other transactions, including losses arising as a result of mistakes or intentional violation by BBL's and BBIL's employees or other persons and force-majeure circumstances.

Control failures with respect to operational risks generally result in damage to BBL's and BBIL's reputation, generate litigation against BBL and cause financial losses.

Operational risk is managed in accordance with internal policies developed by BBL that establish the responsibilities of the governing bodies of BBL and BBIL (and subunits) and procedures for identification, evaluation, monitoring and control of operational risks at all level of BBL's and BBIL's business-processes.

To minimise exposure to operational risk BBL and BBIL use the following procedures:

(i) Segregation of responsibilities.

(ii) Appointment of separate departments to manage different aspects of operational risk.

(iii) Security of informational systems.

(iv) Regulation of business processes and the control over them.

(v) Examination of new products and services, including initial implementation of new services on a limited scope.

(vi) Regular training for personnel.

(vii) Gathering and analysing information about losses incurred by BBL due to operational risk.

(viii) Establishing reserves for operational losses – amounts transferred by mistake, accounts receivable, losses from fraudulent operations, etc.

To evaluate operational risk BBL and BBIL use the basic indicator approach. BBL and BBIL maintain their equity at a level sufficient to cover the risk using the gross profit of the last three years as an indicator.

Legal risk management

Legal risk is the risk of losses arising due to potential non-compliance with laws, rules, regulations, prescribed practices, or ethical standards in any jurisdiction in which BBL and BBIL operate.

To decrease legal risk, it is the policy of BBL and BBIL to comply with all requirements of the relevant supervising bodies including non-mandatory recommendations. BBL and BBIL employ a team of lawyers and have a system of coordinated internal and external policies which are set out in appropriate documentation.

Note 24 – Subsequent events

Subsequent events have been evaluated through August 22, 2018, which is the date the financial statements of the Group were available for issue. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

Corporate information

Directors	Lyndon Guiseppi Euric Bobb Cheryl Jones Peter Gaze Philip Osborne Ydahlia Metzgen Geraldine Davis Young each of: 212 North Front Street Belize City Belize Central America
Company Secretary and Registered Office	Philip Osborne 212 North Front Street P.O. Box 1764 Belize City Belize Central America
Nominated Adviser (for AIM in the UK)	Cenkos Securities plc 6. 7. 8. Tokenhouse Yard London EC2R 7AS United Kingdom
Registrars	Link Market Services (Jersey) Limited 12 Castle Street St. Helier Jersey JE2 3RT Channel Islands
Share Trading	Caribbean Investment Holdings Limited ordinary shares are traded on the Alternative Investment Market of the London Stock Exchange (AIM) under the symbol 'CIHL' and on the Bermuda Stock Exchange under the symbol 'CIHL'.

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Northpoint Printing Limited

Caribbean Investment Holdings Limited