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Caribbean Investment Holdings Limited

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Consolidated Financial Statements

March 31, 2021

Index to consolidated financial statements

Caribbean Investment Holdings Limited and its subsidiaries (the "Group") produced net income before tax and non recurring items of $11.2 million in fiscal 2021 which represents a 78% increase from prior year's results due largely to an $8.7 million decrease in credit impairment charges as the credit position of the larger watch listed group facilities either improved or stabilized. The net income for the Group was further bolstered by an $8.5 million gain on the acquisition of Scotiabank (Belize) Limited, now renamed Belize Bank Corporation Limited.

The impact of the COVID19 pandemic is reflected in the 8% downturn in interest income and 37% decrease in non interest income; however, these reductions in income were offset by reductions in both interest costs and non interest expenses.

Net income per share for the year amounted to $0.12 in fiscal 2021 which represented an 33% increase from fiscal 2020's earnings per share of $0.09.

The Group's balance sheet remains strong with shareholders' equity of $125.0 million at 31 March 2021 compared with $92.5 million last year.

Milestones

In June 2020, Caribbean Investment Holdings Limited entered into an agreement with The Bank of Nova Scotia ("BNS") and its regional subsidiary, Scotiabank Caribbean Holdings Limited, to purchase 100% of the issued share capital of its Belizean subsidiary, Scotiabank (Belize) Limited ("SBL"). On 31 March 2021 the Group completed the acquisition and in so doing doubled the size of its banking operations in Belize. The Group currently controls 43 percent of the banking space in Belize.

Over the next 8 months the acquired entity, SBL, will operate as a stand-alone banking operation as the intention is to formally merge SBL and the Belize Bank Limited ("BBL") during the fourth quarter of the current fiscal year. This acquisition, which is in keeping with our overall strategic objectives, will lead to improved earnings and provide the opportunity to leverage the BBL's recently installed core banking system over a wider asset base. Since taking over the management of SBL, which has since been re-branded Belize Banking Corporation Limited ("BBCL"), the Group has conducted a comprehensive review of BBCL's operations with a view to implementing new processes and procedures that are required to address services which will no longer be provided through BNS's shared service portal.

In keeping with our Mobile First and Digitalization strategy, the Group recently sought and received approval from the regulators in Belize to launch and operate a digital wallet payment service branded E-KYASH. The mobile wallet will be an innovation in the banking market but nonetheless in consonance with and supportive of the objectives of Belize's National Financial Inclusion Strategy ("NFIS") 2019-2022. The benefits of this strategy will be increased customer reach, better customer engagement and retention and enhanced customer experience. The product will also specifically target the un-banked and young population which has historically had difficulty in accessing banking products and services.

In December 2020, BBL, the major subsidiary of the Group, was again rated by Caribbean Information and Credit Risk Limited ("CARIcris"). CARIcris assigned a Corporate Credit rating of CariB+ (foreign and local currency) on its regional rating scale and bzAA+ on the national scale to BBL.

CARIcris also assigned a stable outlook on the ratings. Among other things, the rating drivers included the bank's strong presence in the Belizean banking industry; its robust risk management framework; comfortable capitalization and sustained profitability supported by continued revenue growth.

BBL continues to be the only bank in Belize which has an Investment Grade rating from a regional rating agency.

COVID-19

Following on from 2020, COVID-19 continues to have a far-reaching and deep impact on the Belizean economy. With only a few establishments unaffected by the COVID-19 crisis, almost all businesses were forced to respond to the changed environment. From a regulatory standpoint, on 17 March 2020, the Central Bank of Belize issued amendments to the existing Practice Directions as a part of its monetary and macro-prudential policy responses in consideration of the hardships being experienced by businesses and households in specific sectors adversely affected by COVID-19. These amendments have allowed financial institutions to grant their customers in the targeted sectors extended repayment periods for credit facilities.

In June 2020, in an effort aimed at further easing the debt service obligations of all borrowers, the Central Bank allowed banks to provide further forbearance measures to assist customers affected by the pandemic until 31 December 2020. More recently, a further extension was granted in December to expire on 31 March 2021. These measures have significantly ameliorated the potential impact of the fall-out from the pandemic and with the economy now beginning to rebound, there has not been a significant increase in the banking sector's NPL ratio.

Regulatory Changes

With the recent passage of the Deposit Insurance Act 2020, bank deposits will now be insured in Belize for the first time thereby adding another arsenal in the regulatory quiver of Belizean regulators by providing an additional tool which will undoubtedly provide additional comfort to Belizean depositors.

In 2019, the Central Bank of Belize began the modernization of Belize's capital framework – Basel II/III – to align it with international standards as set by the Basel Committee on Banking Supervision. During this period, the first phase (Pillar 1: Minimum Capital Requirements) was implemented. This involved a revision to the measurement of the capital requirements for credit risk, the introduction of capital measurements for both market and operational risks. In October 2020 the Central Bank began the implementation of Pillar 2 which will involve the advancement of risk management principles and the implementation of the Internal Capital Adequacy Assessment Process (AICAAP).

Outlook

The Belizean economy collapsed in 2020, pummelled by the COVID-19 pandemic and related restrictions. It is estimated that Belize's GDP contracted by 20.3% in 2020 with the tertiary sector being most severely impacted. On 11 November 2020 the People's United Party won the general elections defeating the incumbent United Democratic Party by a significant and overwhelming margin. Given its high dependence on tourism, and to a lesser extent agriculture, the outlook for the Belizean economy will be heavily dependent on the pace of recovery in the US market and the economic proposals and new stimulus package of the new government. In this environment, growth within the banking market is expected to be measured.

Lyndon Guiseppi
Chief Executive Officer

22 September 2021

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 subsidiaries (together the "Group"). The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and necessarily include amounts based on judgements 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 authorisation and properly recorded, and that accounting records may be relied upon for the preparation of consolidated 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

22 September 2021

Changes to corporate governance regime – introduction from the Chair

From 28 September 2018, all AIM-quoted companies are required to comply with a recognised corporate governance code. The Board of Directors (the "Board") of Caribbean Investment Holdings Limited (the "Company") have chosen to adopt the Quoted Companies Alliance ("QCA") Corporate Governance Code (the "QCA Code") published in April 2018 for this purpose. The QCA Code was developed by the QCA in consultation with a number of significant institutional small company investors, as an alternative governance code applicable to AIM companies. The underlying principle of the QCA Code is that "the purpose of good corporate governance is to ensure that the company is managed in an efficient, effective, and entrepreneurial manner for the benefit of all shareholders over the longer term". The Board believes that high standards of corporate governance translate to high standards of corporate performance and are therefore a priority. Details of how the Company addresses key governance principles defined in the QCA Code are set out in this Statement and the AIM Rule 26 section of the Company's website (www.cihltd.co).

Principle 1: Establish a strategy and business model which promote long-term value for shareholders

The Company's overarching strategy is to establish a Caribbean Banking and Financial Services Group with appropriate representation in selective jurisdictions within the Caribbean and Central America.

This strategy will be accomplished via a combination of growth in the Company's existing markets and targeted selective acquisitions outside of current operating jurisdictions.

The strategy will allow the Company to achieve economic, product and earnings diversification in Belize while establishing a presence in economies with different economic drivers; albeit in markets with similar legal and regulatory frameworks which the Company is already familiar with. Over the medium term, this strategy will also allow for consistency and stability of earnings with an overall positive impact on shareholder and market value.

In keeping with the Company's growth and acquisition strategy articulated above, on 5 June 2020, Caribbean Investment Holdings Limited entered into an agreement to merge with Normandy Limited – a company listed on the Bermuda Stock Exchange. At the time of the merger, Normandy Limited was an exempted company, limited by shares and incorporated in Bermuda and its sole assets comprised interest-bearing cash deposits with banks amounting to approximately GBP 13.5 million.

Later that month on 22 June 2020, Caribbean Investment Holdings Limited announced its entry into an agreement with The Bank of Nova Scotia and its regional subsidiary, Scotiabank Caribbean Holdings Limited, to purchase 100% of the issued share capital of its Belizean subsidiary Scotiabank (Belize) Limited ("SBL").

This acquisition which was consummated on 31 March 2021 will now allow for a stronger banking franchise in Belize which will ultimately serve as a platform for the establishment of a Pan-Caribbean banking group.

The Group believes that the purchase of SBL is an opportunity to expand its existing banking operations in Belize and to capitalize on the significant synergies between the Group's current banking operations and the operations of SBL.

The acquisition will also allow for improved earnings and provide the opportunity to leverage BBL's recently installed core banking system over a wider deposit and loan product base. This will ultimately lead to improved levels of efficiency and an overall improvement in the combined entity efficiency ratio.

Over the past five years, the Company has been able to restructure its banking businesses, to maintain its position as a market leader in the banking sector in Belize. The Company now plans to leverage the expertise and experience garnered, in jurisdictions with similar characteristics and traits.

Following on from the global financial crisis and to deal with deteriorating credit quality and increasing non-performing loans in Belize, the Company has been able to put together a multi-disciplinary, multi-jurisdictional management team which has addressed certain fundamental weaknesses in credit quality, AML-CFT related issues and operating systems and procedures.

The Company's management team has also been able to put systems in place, which have resulted in a significant improvement in credit quality and operating and informational systems, and an overall improvement in capital adequacy. From having one of the highest non-performing loan ratios and lowest capital adequacy ratios in the sector, the Company's Belizean domestic banking subsidiary, is today one of the strongest banks in the jurisdiction.

In keeping with our strategy of placing the Group on an international footing, in late 2019, The Belize Bank Limited ("BBL"), the major subsidiary of the Group, approached Caribbean Information and Credit Risk Limited ("CARIcris") to undertake a rating of its operations. In December 2019, CARIcris assigned a Corporate Credit rating of CariBBB- (foreign and local currency) on its regional rating scale and bzAA+ on the national scale to BBL.

In December 2020, CARIcris updated its credit rating of BBL assigning a Corporate Credit rating of CariB+ (foreign and local currency) on its regional rating scale and bzAA+ on the national scale to BBL.

CARIcris also assigned a stable outlook on the ratings. Among other things, the rating drivers included the bank's strong presence in the Belizean banking industry; its robust risk management framework; comfortable capitalization and sustained profitability supported by continued revenue growth.

BBL is currently the only bank in Belize which has an Investment Grade rating from a rating agency.

As the Company consolidates its position in Belize and as its capital and liquidity levels further improve, the Company will continue to explore potential acquisition opportunities in alignment with its previously disclosed expansion strategy. As it relates to Belize, the Company believes that domestic acquisitions will provide it with an opportunity to expand the existing banking operations in Belize and to capitalize on the significant synergies which an expanded operation will realize. As it concerns acquisition outside of Belize the Company plans to restrict its focus to markets which are of similar size, situated in the same regional space.

As the Company seeks to expand its operations, a survey of the Eastern Caribbean suggests that the conditions, which led to the deterioration of the Company's Belizean portfolio (and which have now been reversed), are also present in some of these jurisdictions. The Company believes that it possesses the management and technical expertise to capitalize on this emerging opportunity.

Because of increasing non-performing loan ratios, the imposition of increasing capital requirements, and stricter regulatory controls, a number of smaller banks in the Eastern and Northern Caribbean are being forced to seek out strategic alliances or capital infusions from larger and stronger players in the wider industry. Given the experience garnered over recent years, the Company believes that this phenomenon not only creates a unique opportunity but also dovetails in with the Company's need to find alternative investment opportunities for the deployment of capital.

Against the background of recent developments in the international markets and with the increasing focus on Digitalization, the Group decided to adopt a Mobile First Strategy wherein whenever we decide to plan on a new service or product, we will design that product with the mobile phone foremost in our mind. Put differently, the Group has made the fundamental assumption that going forward our customers preferred contact channel would be the mobile phone. The benefits of this strategy are increased customer reach, better customer engagement and retention and enhanced customer experience. As an integral component of our Mobile First Strategy and in keeping with the wider and overarching system goal of financial inclusion and engaging more directly with the unbanked and under banked, the Group recently launched a Mobile Wallet application which is a virtual wallet that stores e-money and other payment capabilities on a mobile device (mobile phone) and is a convenient way for the user to make third party and other types of payments including P2P payments and in-store payments at merchants linked to the mobile wallet provider.

The success of the Company's strategy going forward will depend, in part, on the Company's ability to continue to retain, motivate, develop, and attract employees with the skills and experience to assist the Company in meeting and addressing these challenges, and in making the best of the opportunities which present themselves in the Northern and Eastern Caribbean.

The Company believes that it is well-positioned to leverage its existing management and employee base, which possess an in-depth understanding of the regional economies and the banking sector within the targeted jurisdictions, with the current management team having a combined aggregate of over 75 years of experience working in the territories of the Eastern and Northern Caribbean.

In order to be successful with its strategy in both its existing and targeted jurisdictions, the Company must be trusted. Corporate social responsibility is therefore central to the Company's efforts to win over and maintain the confidence and respect of its stakeholders. In recognition of this responsibility, the Company is actively engaged with, and supports, charities and community-based organizations.

Principle 2: Seek to understand and meet shareholder needs and expectations

The Company recognizes the importance of providing shareholders with clear and transparent information on its activities, strategy and financial position. The Company also seeks, wherever possible, to build a relationship of mutual understanding with both its institutional and private investors and encourages engagement with all shareholders including two-way communications with institutional investors, analysts and private investors. The Company responds to communications from shareholders and ensures that their views are communicated fully to the Board.

Whilst the Company is not required by applicable law to hold shareholder meetings, the Company and in particular the Chairman, Chief Executive Officer and Company Secretary, regularly engage on a one-on-one basis with shareholders, in order to listen to their views, and to try and understand and address any issues.

The Company regards the Annual Report and company announcements as important methods of communicating with shareholders. The Company's contact details are listed on the Company's website and on all announcements released via the London Stock Exchange's RNS and the Bermuda Stock Exchange, should shareholders wish to communicate with the Company. The Company Secretary is the main point of contact for such matters. The Company's Annual Reports and all company announcements can also be found in the Results & Reports section and the Investor Centre section, respectively of the Company's website (www.cihltd.co).

In today's cyber world shareholders in public companies often choose to receive Annual Reports, notices, and other documents electronically. This has several advantages for shareholders and the Company. It increases the speed of communication, saves time, and reduces print and distribution costs and the impact on the environment.

The Company is required to ask shareholders to consent to the receipt of communications electronically and via a website. The Company writes to all shareholders on a periodic basis to obtain their consent to website publication and has encouraged all shareholders to agree to this mode of communication so as to afford the associated benefits to both shareholders and the Company.

All shareholders continue to be notified in writing and through the release of a London Stock Exchange RNS and Bermuda Stock Exchange announcement each time the Company places a statutory communication on the website and all Annual Reports, notices and other documents required to be sent to shareholders are published on the Company's website (www.cihltd.co). Shareholders may also still elect to receive all shareholder information by email or to receive printed hard copies by post.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long- term success.

The Company is aware of its corporate social responsibilities and the need to maintain effective working relationships across a range of stakeholder groups, including its employees, partners, customers, and regulatory authorities. It is fully committed to assisting in the development of the people and communities, which we serve as part of the Company's strategy and business model.

Supporting youth, the arts and culture, sports, community-based organizations, and providing aid in times of disaster; are just a few of the many ways in which the Company fulfils our corporate social responsibility.

Sponsorships and Partnership with Charities and Community Organisations

Over the past 25 years, the Company has pioneered several initiatives, which have yielded significant benefits especially to the under-privileged. The Company is actively engaged with, and supports, charities and community-based organisations. In conjunction with a charitable enterprise, which assists children infected with HIV and AIDS and the building of low-income housing for families, the Company routinely builds homes for families that are homeless or have lost their home through natural disasters. In addition, the Company partners with several other non-profit organisations and NGOs in Belize.

Recognizing the many challenges that many face for educational advancement, the Company has taken on the responsibility of providing 15-20 scholarships annually to academically qualified students, who are unable to finance their high school and junior college educations. The Company has to-date provided in excess of 100 scholarships to deserving students via this medium. The Company has also provided the opportunity for some of these students to intern with the Company during their vacations.

In 2020 and again in 2021, against the devastation caused as a result of the COVID-19 Pandemic to the Belizean economy, the Group, in partnership with its major shareholder, participated in a number of philanthropic and charitable initiatives centered around PPE and other medical device acquisition along with food-distribution to families which were severely affected by the pandemic.

Staff Initiatives

Management engages closely with staff to determine their needs; and initiatives are implemented where these benefit the majority of the Company's employees. On an ongoing basis, staff members are surveyed to provide management with feedback on events which the organization hosts or which are being contemplated. For the more significant initiatives, the Company has established a Joint-Staff Management Committee, which is consulted on major activities that the Company is planning.

To solicit broader and more immediate feedback, the Company also utilizes electronic surveys with particular focus on ways in which the Company can better serve both its internal and external clients.

Staff Training

The Company routinely arranges training programs (including specialist training) for all staff members, covering the full gamut of positions within the organization. Staff are required to participate in these training programs and are also encouraged to identify areas and ways in which to upgrade their skills.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organization

Audit, risk, and internal control

Financial controls

The Company has an established framework of internal financial controls, the effectiveness of which is regularly reviewed by the Group Risk Unit, the Executive Committee, the Audit Committee, and the Board in light of an ongoing assessment of significant risks facing the Company.

Both the Board and senior managers are responsible for reviewing and evaluating risk and the Executive Committee meets at least monthly to review ongoing operational and financial performance, discuss budgets and forecasts and new risks.

The Board is responsible for reviewing and approving overall Company strategy, approving revenue and capital budgets and plans, and for determining the financial structure of the Company including treasury, tax and dividend policy. Monthly results and variances from plans and forecasts are reported to the Board.

The Audit Committee assists the Board in discharging its duties regarding the financial statements, accounting policies and the maintenance of proper internal business, and operational and financial controls, including the review of results of work performed by the Company's controls function. There are comprehensive procedures for budgeting and planning; for monitoring and reporting to the Board business performance against those budgets and plans, and for forecasting expected performance over the remainder of the financial period. The budgeting process begins with the Statement of Financial Position and an identification of the instruments or assets, which are already generating revenues and cash flows. This then serves as the basis for the budget going forward as new volumes are forecasted. Considering the details of each instrument or asset (size, maturity profile and interest rate), reasonable projections can then be made regarding projected or forecasted profits. Monthly results are then reported against budget and compared with the prior year, and forecasts for the current financial year are regularly revised in light of actual performance.

The Company has a consistent system of prior appraisal for investment and development projects, overseen by the Chief Executive Officer and Chief Financial Officer, with defined financial controls and procedures with which each business area is required to comply in order to be granted funds for investment and development. With specific reference to the capital budgeting process, departmental heads are required to submit estimates of proposed capital expenditure along to a management budget committee for evaluation and consideration. These projects are then evaluated from a financial perspective either utilising the internal rate of return methodology or the pay-back period approach, to ensure that they generate certain minimum threshold hurdles and returns. Projects which demonstrate the highest internal rate of return or which are considered mandatory due to regulatory imperatives are given priority in terms of funding in any given fiscal period, whilst other which do not meet these minimum requirements are parked for future consideration. Regular post-investment reviews are also carried out to check the delivered return on investment.

Non-financial controls

The Board recognizes that maintaining sound controls and discipline is critical to managing the downside risks to the Company's business. To continue the improvement in this area, the Board continuously reviews existing controls to ensure the Company remains compliant with all required regulations.

The Board has ultimate responsibility for the Company's system of internal control and for reviewing its effectiveness. The Board considers that the internal controls in place are appropriate for the size, complexity, and risk profile of the Company. The principal elements of the Company's internal control system include:

- Close management of the day-to-day activities of the Company by the Executive Committee;
- An organisational structure with defined levels of responsibility, which promotes sound decision-making and rapid implementation while minimizing risks;
- A comprehensive annual budgeting process producing a detailed integrated profit and loss, balance sheet and cash flow, which is approved by the Board;
- Detailed monthly reporting of performance against budget;
- Central control over key areas such as capital expenditure authorisation and banking facilities, and
- A Group Chief Risk Officer to oversee all internal risks and to control policies and processes.

The Company continues to review its system of internal control to ensure compliance with best practice, while also having regard to its size and the resources available. The Company's Internal Audit Manager carries out periodic reviews of each business unit to ensure they are achieving a Company-wide minimum control standard, the results of which are reported back to the Board. They also investigate any significant breaches of control and recommend how to prevent such breaches in future. As part of the Company's review several non-financial controls covering areas such as regulatory compliance, business integrity, health and safety, risk management, business continuity and corporate social responsibility (including ethical trading and employment diversity) have been assessed. The key elements of those non-financial controls are set out below.

Standards and policies

The Board is committed to maintaining appropriate standards for all the Company's business activities and ensuring that these standards are set out in written policies. Key examples of such standards and policies include the "Code of Conduct", the "Anti-Fraud Policy", the "AML/CFT Policy", the "Credit Risk Policy", and the "Loans to Insiders Policy". Operating procedures for control of departments are clearly documented and set out in operations manuals. Senior managers are responsible for the implementation of these procedures and compliance is monitored.

Approval process

All contracts and loans are subject to an internal review and approval process, and are, depending on the monetary value involved, signed off by the applicable head of department, branch manager, or Executive Committee. The terms of all contracts and loans are reviewed by the Company's Legal Department. All contracts and loans involving a monetary value of more than $10 million are required to be reviewed and approved by the Board and are also reviewed by the Company's Senior Legal Counsel.

Re-assessment

The Company has a business risk policy with business continuity plans to address key risks that have an immediate impact. Risks facing the business are re-assessed, and potential mitigating actions are considered and implemented to help protect against those risks. Each business unit and branch has a weekly and monthly checklist that reviews key performance indicators and other business measures to ensure alignment to the plans.

Code of Conduct

Our Code of Conduct includes guidance for ethical employee conduct (including business integrity, anti-bribery, and gifts). Copies of the Code are available to all employees in the Company and are part of the original documents that employees are required to review and sign when they are on-boarded.

Legal controls

The Company has internal legal resources consisting of two qualified lawyers, which includes the Company Secretary. The internal lawyers together with external counsel advise on all legal matters impacting the Company's business and ensure that legal risk is properly managed and legal rigour is enforced in all its business negotiations.

Risk controls

The Risk and Uncertainties Financial Risk Management Overview in Note 26 of the Company's Report and Accounts for the year ended 31 March 2021 details the risks to the Company's business, how these are mitigated, and the change in the identified risk over the last reporting period. The Note explains the role of the Group Risk Unit and the principal risks to which the business of the Company is exposed, including Credit Risk; Credit Concentration Risk; Market Risk; Currency Risk; Liquidity Risk; Interest Rate Risk; Operational Risk Management, and Legal Risk Management.

The Board considers risk to the business at every Board meeting and the Company's Risk Report is reviewed at each of the quarterly Board meetings. The Company formally reviews and documents the principal risks to the business at least annually.

The Company recognises that effective risk management is fundamental to the delivery of the Company's strategic objectives. Each business segment considers strategic, operational, and financial risks on a regular basis, evaluates existing controls, and identifies further actions required to mitigate risks. Risks that are considered significant at Group level are set out below:

Definition	Threat	Mitigation
FINANCIAL RISK		
Credit Risk		
The risk of financial losses arising from counterparties or debtors failing to meet all or part of their payment obligations.	The Belize economy is highly dependent on tourism and agriculture. As a result, the COVID-19 pandemic may have a significant impact on the macroeconomic factors which may lead to an increase in probability of default of impacted economic segments.	The Group's credit granting is overseen by the Group Risk Unit (GRU), which regularly checks compliance with the credit policy and delegated authorities. Effective credit monitoring and controls are established and managed throughout the Group. The Group Credit Risk Policy is an integrated part of the Group's enterprise risk management framework. Its collateral requirements act as the primary credit loss buffer and have been gauged to avoid losses under volatile market conditions. The Group continues to improve on its portfolio and collateral management, engaging in real time and improved KRI's and reporting in order to mature the mitigating factors towards default risk. In instances where a counterparty has deteriorated or appears likely to deteriorate, the respective exposure is placed in "watch-listed" status and elevated to the Board.

Definition	Threat	Mitigation
Market Risk		
The risk that the fair value or cash flows will fluctuate due to changes in market prices.	Capital losses may arise due to changes in liquidity, interest rates, credit spreads, foreign exchange rates, equity, commodity prices and other relevant parameters. Regulatory scrutiny and sanctions could occur if a breach occurred as a result of negligent practices at the institution.	Overall Market risk is managed through the application of our risk appetite framework and investment policy which sets group-wide KPI and KRI thresholds. In addition to Value-at-Risk limits, the Group sets other limits including, but not limited to, risk ratings, concentration, and industry. Market risk is monitored daily, weekly, and monthly depending on the tool being used.
COMPLIANCE		
Legal & Regulatory Risk		
The risk of exposure to financial loss arising from the probability that regulatory agencies will make changes in the current rules (or will impose new rules) that will negatively affect the already-taken lending positions.	The Group's subsidiaries are heavily regulated by the Central Bank of Belize. Any failure to comply with regulations may adversely affect the operations. Changes to law and regulations may increase the costs of operating the business, reduce the attractiveness of investment and/or change the competitive landscape. Non-compliance may have regulatory sanctions including financial penalties and pose further risk to third party relationships.	The applicable regulatory framework is continuously tracked by various units within the Group including, Group Compliance, Group Risk Unit and Finance Department. Review / Update grouping exercises are performed to ensure all accounts are properly linked in order to manage balances by groups.

Definition	Threat	Mitigation
AML/CFT Risk		
The risk exposure to illicit proceeds derived from criminal activities penetrating the financial system without detection and the adverse reputational impact of the effects of legal and regulatory sanctions.	On-boarding of unapproved high-risk relationships or sanctioned persons;	The Group AML Compliance Department (GACD) periodically reconciles high risk relationships with documented high-risk clients' approvals. Additionally, GACD reviews a weekly report to identify unapproved high-risk relationships in order to rectify the same. Sanctions screening is adequate as confirmed annually by the independent auditor;
	Enterprise Wide Risk Assessment (EWRA) identified AML/CFT risk with absent mitigating internal control procedures;	The EWRA has been reviewed and the required action plan implemented. BBL's EWRA identified the Bank's risk at the lower range of 'Medium'. Absence of internal controls was not identified as an EWRA risk;
	Inadequate monitoring business rules to identify unusual transactions to comply with the Bank's legal obligation of suspicious transaction reporting;	The monitoring business rules have been developed including its regulator's recommendations for rules pertaining to certain transaction monitoring. Periodically these rules are reviewed to evaluate their effectiveness and need for recalibration;
	Non-compliance with the bank's legal requirement to conduct an independent assessment of its AML/CFT Program;	Periodically the Bank's regulator conducts an independent assessment and subsequently ensures action plan is prepared and executed. Additionally, an annual independent international auditor performs an AML/CFT & Sanction Compliance examination. Observations & action plan are reported to the Board;
	Loss of Correspondent Banking due to correspondent's risk appetite & sanctions compliance.	GACD and the executive team review the Correspondent's Bank risk appetite to ensure alignment of risk. Additionally, the independent auditor confirms annually the adequacy of the Bank's sanctions compliance practices.

Definition	Threat	Mitigation
BUSINESS / STRATEGIC RISK		
Political Risk		
The risk of political changes or instability in a country adversely affecting investment returns and profitability.	Our key political risk is Belize country risk.	The Group maintains a robust AML/CFT framework which identifies exposure to Political Exposed Persons.
	Although largely stable and democratic, the government suffers from periodic corruption scandals.	The Group maintains a robust Credit Risk Policy which identifies and carefully assesses government connected contracts in order to reduce any impact in the event of a change in government.
	A border dispute with Guatemala and high national debt coupled with effects of the COVID-19 pandemic make Belize's political landscape volatile.	
Economic Risk		
The risk that macroeconomic circumstances such as changes in exchange rates, government regulations, unemployment, inflation will adversely affect the organization's strategic goals.	Belize's creditworthiness has been downgraded from CC to Selective Default (SD) by S&P in May 2021 after missing an interest payment and considering the social and financial pressures caused by the pandemic.	The Group has embarked in a low-growth, low-risk strategy focusing on strong collateral positions and alternative sources of repayment.
		The Group has implemented a COVID-19 relief program which provides eligible customers in affected industries with financial relief which include, moratorium on principal and interest, and tenor reprofiling once credit profile falls within established parameters.

Definition	Threat	Mitigation
Reputational Risk		
The risk to potential loss to financial capital and/or market share resulting from damage or decline in the organization's reputation.	Events related to the pandemic such as financial instability, political tensions, foreclosures, and litigation may lead to public negative perception of the banking sector.	The Group proactively prepares for and minimizes the impact of potential brand and reputation threats through effective mitigation and crisis response activities. The Group continuously measures and monitors changes in perception of our brand both internally and externally. This is done via focus groups and surveys. More recently however, much focus has been placed on social media monitoring which provides more real-time insights.
Market Development Risk		
The risks connected to shifts in market consolidation in the Belizean banking sector	The inability to achieve strategic M&A objectives may lower growth and financial performance.	The Group is continuously proactively scanning non-organic growth opportunities. We hold the view that market consolidation is required to deliver high-quality, low cost financial services to the communities we serve. On 31 March 2021 the Group acquired another domestic bank in Belize as part of its strategy of non-organic growth.

Definition	Threat	Mitigation
OPERATIONS & IT RISK		
Third Party Risk		
The risk and potential threat to the organization's supply-chain and other outside parties that provide products and/or services and have access to privileged systems.	The dependency on third party providers has had a major impact on the Group's daily operations. Insufficient support and development have negatively affected customer servicing, profits, and reputation.	The Group monitors and manages third party vendors and associated devices through consistent reviews, renewal and the reinforcement of contractual agreements. The Group conducts further risk assessments in order to identify potential risks and threats by third parties. The Group identifies data sharing, isolates devices, and improves penetration testing with vendor systems.
	Reliance on outsourced internal systems also contributes to operational inefficiency thus affecting customer service. Other third parties that may be impacted are: correspondent banking relationships, card processes, core banking system, AML monitoring software, and screening platforms to name a few.	A real-time monitoring of third parties for effective risk mitigation is maintained and limitations on network traffic are treated on third parties with optimistic assumptions.
Business Continuity Risk		
The risk that the organization's critical business functions will continue to operate due to serious incidents or disasters that might otherwise have interrupted them, and/or will be recovered to an operational state within a reasonably short period.	Events may lead to disruption of services and even a complete shutdown of business. The impact also constitutes in hindering normal operational activities that may further pose a threat to regulatory and reputational risks.	The Group manages and maintains a robust Enterprise Risk Management (ERM) framework. Our ERM framework integrates Business Continuity Planning (BCP) and provides critical response plans to high risks and events. A Disaster Recovery (DR) plan has been tested and implemented in order to protect the IT infrastructure in the event of a disaster.

Definition	Threat	Mitigation
Cybersecurity Risk		
The risk of exposure or loss resulting from a cyber-attack or data breach on the organization leading to loss of services to clients, regulatory impacts, reputational damage, and financial losses.	With the increased use of remote working and virtual meetings, there has been a global spike in phishing attacks, mal-spams and ransomware attacks posing further concerns towards cybersecurity threats.	The Group maintains a robust cybersecurity framework that is aligned with the National Institute of Standards and Technology (NIST). It ensures that continuous reviews are performed to reduce cyber security attacks. It implements a cybersecurity awareness training plan to ensure bank employees are able to recognize a possible cyber security threat and regularly performs control vulnerability scans. The Group mitigates and ensures all access points from external connections are protected via firewalls and other security integrated systems. Internal access to systems is restricted by users and given only as required. Proper procedures and policies are in place to allow access from both internal and external parties. Review and monitoring of network and firewall policies are performed weekly and automatic reporting of possible threats are managed and controlled by security administrators.

Principle 5: Maintaining the Board as a well-functioning, balanced team led by the Chair

The Board's principal duty is to create and grow shareholder value by monitoring and reviewing strategy and its development, the financial and operational performance of the Company and risk management. Furthermore, the Board expends significant time and focus on matters that may affect the future of the organisation, environments, regions, jurisdictions and communities in which the Company operates or looks to operate. The Board believes that it is essential to support the Company's executive management teams to find the balance required between short-term requirements and mid to longer-term growth objectives.

The Board comprises an Independent Non-Executive Chairman (Mr. Peter Gaze), along with four Non-Executive Directors (all of which are considered independent namely Dr. Euric Bobb, Dr. Ydahlia Metzgen, Mrs. Geraldine Davis-Young and Stewart Howard, and two Executive Directors. The Board members understand that they have collective responsibility and a legal obligation to promote the interests of the Company, and that they are collectively responsible for defining and maintaining corporate governance arrangements. Stewart Howard only recently joined the Board on 14 September 2021

The Board is responsible for overseeing the management of the Company's strategy, reviewing trading performance, ensuring adequate funding, maintaining a system of internal controls and risk assessment, ensuring good corporate governance, and reporting to shareholders. The Board meets on a quarterly schedule, or more frequently as required for matters reserved for the Board.

The Board is satisfied that our Directors have an appropriate balance between independence, thorough knowledge of the industry and Company, as well as jurisdictional expertise and regional understanding required to enable them to discharge their duties and responsibilities effectively. With representation on the Board of 2 female Directors, the Board is fully cognizant of the need for and value in having gender diversity at the highest decision-making level of the organisation.

The Board has a formal schedule of matters assigned to their oversight responsibilities and specifically reserved for their decisions and is supported by the Audit and Remuneration Committees. The Board is ultimately responsible for evaluating the performance of the Company against management's plan and approving all remuneration or benefits associated with the Executive Director or his direct reports. The Board has a key responsibility in appointing, and when required, removing Executive Directors.

There is a clear division of responsibilities between the Chairman and the Chief Executive Officer. The Chairman's primary role is ensuring that the Board functions properly, meets their obligations, and has the correct organisation and mechanisms in place to work effectively. The Chief Executive Officer's primary role is to provide overall leadership for the business, develop the overall strategic business plans as well as future strategies for expansion, and communicate this vision for these plans to the Company. The Chief Executive Officer is responsible for presenting these plans to the Board for discussion, vetting and approval as well as ensuring these plans have a proper organisational structure and effective implementation, and the results of which are monitored and reported to the Board to ensure financial and operational objectives are attained.

The Chairman assesses the individual contribution of each of the members of the Board to ensure a well-balanced and committed team. Over the next 12 months, the Board will assess its performance as a unit to ensure the members collectively function in an efficient and productive manner. In addition, a review of succession planning will be undertaken.

The number of scheduled Board meetings and Committee meetings attended as a member by each Director during the period ending 31 March 2021 are set out below:

Director	Board	Audit Committee	Remuneration Committee
Euric Bobb	19 (19)	3 (3)	1 (1)
Ydahlia Metzgen	18 (19)		
Lyndon Guiseppi	19 (19)		
Philip Osborne	19 (19)		
Peter Gaze	19 (19)	3 (3)	1 (1)
Geraldine Davis Young	17 (19)	3 (3)	

Figures in brackets indicate the maximum number of meetings the individual could attend in the period.

Board tenure as at 31 March 2021

Philip Osborne	27 years, 11 months
Peter Gaze	14 years, 6 months
Lyndon Guiseppi	13 years, 1 month
Euric Bobb	12 years, 9 months
Ydahlia Metzgen	7 years, 2 months
Geraldine Davis-Young	3 years, 4 months

Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Board

The Board is satisfied that between the Directors, they have an effective and appropriate balance of skills and experience, including industry knowledge, legal and regulatory skills, corporate management and finance experience, regional and jurisdictional knowledge and international business experience. Full biographical details for each Director are provided under the "Our Board" section of the Company's website (www.cihltd.co).

The Chairman, in conjunction with the Company Secretary, ensures that the Directors' knowledge is kept up to date on key issues and developments pertaining to the Group as well as the Directors' responsibilities as members of the Board. The Board participates in ongoing self-training in corporate governance best practices, current AML/CFT requirements, and new legal and emerging regulatory requirements.

The number of Directors on the Board may neither exceed 15 nor be fewer than 2 in number, and each Director is appointed by a resolution of the members of the Company or a resolution of the Board. The Directors are not subject to retirement by rotation unless the Company by resolution determines to implement retirement by rotation on an annual basis. Subject to the passing of a resolution to implement retirement by rotation, each Director holds office until his term of office is ended by his resignation or removal. A Director may hold any office or position in the Company in conjunction with their office of Director. The Memorandum and Articles of Association of the Company provide for neither an age limit for Directors nor any requirement that Directors hold shares in the Company.

The Board recognizes that it is responsible for ensuring that internal control processes are in place. These controls are designed to manage performance and mitigate the risk of failure to achieve business objectives. The principal risks faced by the Company are addressed by the Board supported by a group of appropriately qualified professional advisers. These internal controls include an Audit Committee, Remuneration Committee, an internal audit function, established terms of reference for the Board and their committees, matters reserved for the Board, monthly executive committee meetings and quarterly review of the Company's Risk Report. The Board reserves the right to establish ad hoc sub-committees as business conditions warrant.

Committees of the Board

Audit Committee

The Board has an Audit Committee, whose responsibilities include oversight of the integrity of the Company's financial statements, compliance with legal and regulatory requirements and the independent auditor's qualifications and independence. The primary responsibilities of the Committee include a review and recommendation to the Board of the external audit and financial calendars, the examination and review of internal financial controls and accounting policies, and the review and recommendation of the form and content of financial reports and statements, plus the related accounting practices and judgments.

The Committee also reviews the independence, objectivity, performance, and effectiveness of the external auditor. The Committee meets at least twice each year to review the audit plan and the year-end audit outcome as well as the nature of any non-audit services provided by them. The Audit Committee reports its findings to the Board. This means identifying any matters on which it considers action or improvement is needed. The Committee operates under written Terms of Reference and meets at least twice per year. During the financial year ended 31 March 2021 it met on three occasions. The Board conducted an assessment of the performance of the Audit Committee during the year.

The Audit Committee comprises of three Non-Executive Directors: Dr. Euric Bobb (Chair), Ms. Geraldine Davis-Young and Mr. Peter Gaze.

During the financial year ended 31 March 2021, the Audit Committee has reviewed both the year end and interim financial statements. The Committee's review of the financial statements included the accounting policies, significant financial reporting issues and key judgments and estimates underpinning the financial statements. For the areas discussed, the Committee was satisfied with the assumptions made and the accounting treatments adopted. The Audit Committee also reviewed over this period the Company's group risk framework reports which were presented and discussed by the Board.

The Audit Committee is responsible for the development, implementation, and monitoring of the Company's policy on external audit. During the financial year ended 31 March 2021, the Audit Committee managed the relationship with the external auditor, reviewed and monitored their independence and objectivity and the effectiveness of the audit process.

Remuneration Committee

The Remuneration Committee's responsibility is to review the remuneration of Company executives and their direct reports against financial performance requirements. The Remuneration Committee comprises of two Directors: Mr. Peter Gaze (Chair) and Dr. Euric Bobb.

During the financial year ended 31 March 2021, the Remuneration Committee monitored the level and structure of remuneration for the Company executives and senior management team. The Remuneration Committee also monitored the remuneration trends across the entire group and reviewed the ongoing appropriateness and relevance of the remuneration policy.

On 15 April 2020, the Remuneration Committee considered the impact of the Covid-19 pandemic on the operations of the Company and the possible measures that could be implemented to reduce such impact. The Committee recognised the challenge of trying to ensure the continued employment of the Company's staff throughout the crisis and the steps that would be needed to protect the interests of all stakeholders including shareholders. The Remuneration Committee approved the implementation of several measures by the Company including, a temporary reduction in Directors Fees and in employee salaries across the group, the suspension of discretionary performance related bonuses and salary merit increases, and the suspension of non-essential business travel. Effective 1 August 2021, the Company commenced a normalization of salaries to be completed in early December 2021.

The Board conducted an assessment of the performance of the Remuneration Committee during the year.

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

On an ongoing basis the Company monitors and reviews corporate performance against plans and Board responsibilities against calendars and expectations, and as a Non-Executive group discusses gaps and suggested improvements in performance. The Company is also mindful of their succession planning for the Board and continues to maintain a network and communications with individuals for future consideration.

An internal evaluation of the Board Committees against their assigned responsibilities is undertaken on an annual basis.

The Chairman assesses the individual contributions of each of the members of the team to ensure that:

- their contribution is relevant and effective
- that they are committed
- where relevant, they have maintained their independence

Principle 8: Promote a culture that is based on ethical values and behaviours

Good corporate governance is regarded as critical to the overall success of the Company with a proper separation of duties for achieving the Company's strategic goals, and the Board is unreservedly committed to exercising ethical and effective leadership.

Against this background, the Board of the Company strives to cultivate and exhibit the characteristics of integrity, competence, responsibility, accountability, fairness, and transparency in the Company's dealings.

In keeping with its responsibilities, the Board reviews the Company's mission and vision statement on an annual basis to ensure that the Board's commitment to building and sustaining an ethical organisation is adequately reflected in these statements.

Management is responsible for supporting the Board in ensuring effective oversight of, and reporting on, organizational ethics.

The Company's Chief Executive Officer is specifically charged with the responsibility of supporting the Board and moreover, is mandated to ensure that the Company's Code of Conduct:

- addresses the key ethical risks of the Company,
- provides for arrangements that familiarise employees with the ethical standards set by the Board and which are expected of them, and
- clearly states the consequences of non-compliance with the requirements of the Code.

Conflicts of interest, client privacy and data protection, the requirements and criteria for fitness and propriety, and the mechanism for the reporting of material breaches, are all addressed in the Code of Conduct.

The Board aims to lead by example and do what is in the best interest of the Company. The Company's culture is highly collaborative in what remains a relatively flat organisation, with employees from across the business encouraged to work closely together, value the contribution that each person makes and always act in the best interests of the customer.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

Board program

The Board meets at least eight times each year and sets the direction for the Company through a formal schedule of matters reserved for their decision. Prior to the start of each financial year, a schedule of dates for that year's principal Board meetings is compiled to align as far as reasonably practicable with the Company's financial calendar on the one hand, and its trading calendar on the other, while also ensuring an appropriate spread of meetings across the financial year. This may be supplemented by additional meetings as and when required.

During the financial year to 31 March 2021, the Board met for nineteen meetings. The Board and our Committees receive appropriate and timely information prior to each meeting; a formal agenda is produced for each meeting, and Board and Committee papers are distributed several days before meetings take place. Any Director may challenge Company proposals and decisions are taken democratically after discussion. Any Director who feels that any concern remains unresolved after discussion may ask for that concern to be noted in the minutes of the meeting, which are then circulated to all Directors. Any specific actions arising from such meetings are agreed by the Board or relevant Committee and then followed up by the Company's management.

Roles of the Board, Chairman and Chief Executive Officer

The Board is responsible for the long-term success of the Company. There is a formal schedule of matters reserved to the Board. It is responsible for overall group strategy; approval of major investments (whether capital expenditure or operating expenditure); approval of the annual and interim results; annual budgets; dividend policy; Board structure, and approval of contracts and loans concerning the Company or any subsidiary company involving a monetary value of more than $10 million. The Board monitors the exposure to key business risks and reviews the strategic direction of all operating as well as non-operating subsidiaries, their annual budgets, and their performance in relation to those budgets. There is a clear division of responsibility at the head of the Company. The Chairman is responsible for running the business of the Board and for ensuring appropriate strategic focus and direction.

The Chief Executive Officer is responsible for proposing the strategic focus to the Board, implementing it once it has been approved and overseeing the management of the Company through the Executive Team.

All Directors receive regular and timely information on the Company's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. The business reports monthly on the Company's headline performance against the agreed budget, and the Board reviews the monthly update on performance and any significant variances are reviewed at each meeting. Senior executives below Board level attend Board meetings where appropriate to present business updates.

Executive Team

The Executive Team consists of Lyndon Guiseppi (Chief Executive Officer), Philip Osborne (Company Secretary), Filippo Alario (Chief Risk Officer), Jose Cardona (Chief Technology Officer), Michael Coye (Chief Financial Officer) and Abner Peralta (Head of Corporate and Regulatory Compliance). The Executive Team operates with input from the subsidiary directors. They are responsible for formulation of the proposed strategic focus for submission to the Board, the day-to-day management of the Company's businesses and our overall trading, operational and financial performance in fulfilment of that strategy, as well as plans and budgets approved by the Board of Directors. The Executive Team also manages and oversees key risks, management development and corporate responsibility programs. The Chief Executive Officer reports to the Board on issues, progress and recommendations for change. The controls applied by the Executive Team to financial and non-financial matters are set out earlier in this document, and the effectiveness of these controls is regularly reported to the Audit Committee and the Board.

Board committees

The Board is supported by the Audit and Remuneration Committees. Each committee has access to such resources, information and advice as it deems necessary, at the cost of the Company, to enable the committee to discharge its duties. The Terms of Reference of each Committee are available on the Company's website (www.cihltd.co).

The Remuneration Committee comprises of Peter Gaze (Chair) and Dr. Euric Bobb and meets at least twice annually and at such other times as the Chairman of the Committee requires. The Committee considers all material elements of the remuneration policy to ensure that remuneration is sufficient to attract, retain and motivate Executive Directors and senior management of the quality required to manage the Group successfully. This is performed with reference to independent remuneration research and professional advice. The Committee recommends to the Board the framework for the remuneration packages of the individual Executive Directors. The Board is then responsible for implementing the recommendations although no Director is involved in deciding his own remuneration. The Directors are not permitted to vote on their own terms and conditions of remuneration.

The Audit Committee comprises Dr. Euric Bobb (Chairman), Geraldine Davis-Young, and Peter Gaze and meets at least twice annually and at such other times as the Chairman of the Committee requires. The external auditors attend the meeting where the annual report is reviewed and discussed. The Committee is responsible for reviewing a wide range of matters, including half-year and annual results before their submission to the Board, and for monitoring the controls that are in force to ensure the integrity of information reported to shareholders. The Committee advises the Board on the appointment of external auditors and on their remuneration for both audit and non-audit work, and discusses the nature, scope and results of the audit with the external auditors. The Committee keeps under review the cost effectiveness and the independence and objectivity of the external auditors. The Audit Committee is further responsible for ensuring that the ethical and compliance commitments of management and employees are understood throughout the Group.

By providing oversight to the Group's internal audit function, the Audit Committee is also responsible for evaluating the effectiveness of the Company's internal controls, including internal financial controls.

Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Company communicates with shareholders via one-to-one communications, social media and meetings with institutional and private investor shareholders, and also through the Annual Report and Accounts, the full-year and half-year announcements, and other company announcements. The Company Secretary's office remains a key part of encouraging shareholder interaction and listening to feedback. A range of corporate information (including all Company announcements and communications) is also available to shareholders and the public on the Company's corporate website (www.cihltd.co).

The Board receives regular updates on the views of shareholders from the Chairman, Chief Executive Officer; the Company Secretary; our Nominated Adviser, Cenkos Securities plc, and our Listing Sponsor in Bermuda, Ocorian Securities (Bermuda) Limited.

The Company completes regular employee surveys to maintain an open dialogue with employees and has introduced new functionality on its websites to collate customer feedback and uses this to improve service. Customer ratings and team retention remain KPIs for the Company.

Issued on the 22 September 2021

Independent auditor's report to the Board of Directors and shareholders of Caribbean Investment Holdings Limited

Opinion

We have audited the accompanying consolidated financial statements of Caribbean Investment Holdings Limited and its subsidiaries (Group), which comprise the consolidated statement of financial position as at 31 March 2021, the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. We did not audit the financial statements of Belize Bank Corporation Limited, a wholly owned subsidiary, consisting of a balance sheet and explanatory notes as of 31 March 2021 which reflect total assets and total liabilities constituting 45.3 percent and 48.6 percent of the related consolidated totals as of 31 March 2021. Those financial statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for that company, is based solely on the report of another auditor.

In our opinion, based on our audit and the report of another auditor, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Group as at 31 March 2021 and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

The financial statements for the year ended 31 March 2020 were audited by another auditor who expressed an unqualified opinion on those statements dated 25 September 2020.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group within the meaning of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Belize, and we have fulfilled our other ethical responsibilities under these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements 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 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:

(i) exercise professional judgement and maintain professional scepticism throughout the audit.

(ii) 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.

(iii) 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.

(iv) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(v) 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 should conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause an entity to cease to continue as a going concern.

(vi) 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.

(vii) obtain sufficient audit evidence regarding the financial information of the Group to express an opinion on the consolidated financial statements. We remain solely responsible for our audit opinion.

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

BDO Belize LLP
Chartered Accountants
Belize City, Belize

22 September 2021

Consolidated statement of comprehensive income

Expressed in millions of US dollars except where otherwise stated

Year ended 31 March	Notes	2021 $m	2020 $m
Financial Services			
Interest income	6	**30.2**	32.8
Interest expense	7	**(4.2)**	(4.9)
Net interest income		**26.0**	27.9
Credit impairment charges		**(2.2)**	(10.9)
Net interest income after impairment charges		**23.8**	17.0
Non-interest income	8	**5.4**	8.6
Non-interest expense	9	**(16.4)**	(17.0)
Operating income - Financial Services		**12.8**	8.6
Corporate			
Corporate income		**1.2**	1.0
Corporate expenses		**(2.8)**	(3.3)
Operating loss - Corporate		**(1.6)**	(2.3)
Net income before tax and non-recurring item		**11.2**	6.3
Gain on acquisition	27	**8.5**	-
Reversal of share option provision	20	**-**	7.2
Net income before tax and before other comprehensive income		**19.7**	13.5
Taxation	21	**(4.2)**	(4.1)
Net income after tax and before other comprehensive income		**15.5**	**9.4**
Other comprehensive (loss):			
Net (loss) on financial assets at FVOCI		**(0.1)**	-
Total comprehensive income		**15.4**	9.4
Earnings per ordinary share (basic and diluted)	10	**$ 0.12**	$ 0.09

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

Consolidated statement of changes in shareholders' equity

Expressed in millions of US dollars except where otherwise stated

	Share capital $m	Treasury shares $m	Retained earnings $m	Total $m
As at 1 April 2019	53.3	(21.7)	58.5	90.1
Accumulated other comprehensive income	-	-	-	-
Dividends			(7.0)	(7.0)
Net income	-	-	9.4	9.4
As at 31 March 2020	**53.3**	**(21.7)**	**60.9**	**92.5**
Accumulated other comprehensive (loss)	-	-	(0.1)	(0.1)
Cancellation of treasury shares	(21.7)	21.7	-	-
Issuance of shares	17.1	-	-	17.1
Net income	-	-	15.5	15.5
As at 31 March 2021	48.7	-	76.3	125.0

At 31 March 2021, The Belize Bank Limited maintained a non-distributable statutory reserve of $7.0 million (31 March 2020 – $7.0 million). At 31 March 2021, Belize Bank International limited maintained a non-distributable statutory reserve of $0.3 million (31 March 2020 - $0.3 million). At 31 March 2021, Belize Bank Corporation Limited maintained a non-distributable statutory reserve of $6.1 million (31 March 2020 - $6.1 million).

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

Consolidated statement of financial position

Expressed in millions of US dollars except where otherwise stated

At 31 March	Notes	2021 $m	2020 $m
Assets			
Financial Services			
Cash and cash equivalents	11	**19.1**	12.9
Balances with the Central Bank of Belize	12	**218.9**	46.4
Due from banks	13	**62.2**	34.9
Investment securities	14	**129.2**	119.8
Loans to customers (net of allowances)	15	**472.3**	233.7
Property, plant and equipment	16	**21.0**	18.4
Due from Government of Belize (net of allowance)	17	**38.0**	39.5
Other assets		**2.9**	2.9
Total Financial Services assets		**963.6**	508.5
Corporate			
Cash, cash equivalents, and due from banks		**2.2**	0.5
Other current assets		**0.7**	0.3
Total assets		**966.5**	509.3
Liabilities and shareholders' equity			
Financial Services			
Customer accounts	18	**826.0**	408.9
Lease liability		**0.6**	0.3
Other liabilities		**13.7**	7.1
Total Financial Services liabilities		**840.3**	416.3
Corporate			
Current liabilities		**1.2**	0.5
Total liabilities		**841.5**	416.8
Shareholders' equity:			
Share capital	20	**48.7**	53.3
Treasury shares	20	**-**	(21.7)
Retained earnings		**76.3**	60.9
Total shareholders' equity		**125.0**	92.5
Total liabilities and shareholders' equity		**966.5**	509.3

The financial statements on pages 27 to 29 were approved and authorised for issue by the Board of Directors on 22 September 2021 and were signed on its behalf by:

Lyndon Guiseppi
Chief Executive Officer

Michael Coye
Chief Financial Officer

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

Consolidated statement of cash flows

Expressed in millions of US dollars except where otherwise stated

Year ended 31 March	2021 $m	2020 $m
Cash flows from operating activities		
Net income before tax and non recurring item	11.2	6.3
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2.6	2.6
Gain on disposal of property, plant and equipment	-	(0.1)
Credit impairment charges - loans	1.3	10.9
Credit impairment charges - securities	0.9	-
Changes in assets and liabilities:		
Decrease in Government of Belize receivable	1.5	1.7
(Increase) decrease in other and current assets	(0.7)	3.8
Increase in lease liability	0.3	0.3
Increase (decrease) in other liabilities and current liabilities	1.6	(1.7)
Tax paid	(4.2)	(4.1)
Net cash generated by operating activities	14.5	19.7
Cash flows from investing activities		
Purchase of property, plant and equipment (net of disposals)	(1.2)	(1.7)
Proceeds from sale of property, plant and equipment	0.2	0.2
Business acquisition - cash acquired net of cash paid	173.0	-
(Increase) decrease in investment securities	(10.3)	13.1
Decrease (increase) in loans to customers	0.2	(7.7)
Net cash generated by investing activities	161.9	3.9
Cash flows from financing activities		
Decrease (increase) in customer accounts	14.3	(21.5)
Dividends	-	(7.0)
Share issue	17.1	-
Unrealized losses on securities	(0.1)	-
Net cash generated by (used in) financing activities	31.3	(28.5)
Net change in cash, cash equivalents and due from banks	207.7	(4.9)
Cash, cash equivalents and due from banks at the beginning of year	94.7	99.6
Cash, cash equivalents and due from banks at the end of year	302.4	94.7
Cash and cash equivalents - financial services	19.1	12.9
Balances with Central Bank of Belize - financial services	218.9	46.4
Due from banks - financial services	62.2	34.9
Cash, cash equivalents and due from banks - corporate	2.2	0.5
	302.4	94.7

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

Note 1 - Description of business

Caribbean Investment Holdings Limited ("the Company") is a company originally incorporated in Belize. On 28 April 2020, the Company continued its jurisdiction of incorporation from Belize to the British Virgin Islands. 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 whose businesses are conducted through its principal operating subsidiaries: The Belize Bank Limited ("BBL"), Belize Bank International Limited ("BBIL"), and Belize Corporate Services Limited which together comprise the Finance Services segment.

On 31 March 2021, the Company completed the purchase of Scotiabank (Belize) Limited ("SBL") from Scotiabank Caribbean Holdings Ltd., a subsidiary of The Bank of Nova Scotia. SBL was renamed Belize Bank Corporation Limited ("BBCL").

The Group is engaged in a wide range of banking, financial and related activities primarily in Belize. A full listing of the Group's subsidiary companies is detailed in Note 27.

In July 2020, the registered address of the Company was changed to Craigmuir Chambers, Road Town, Tortola, British Virgin Islands.

Note 2 - Compliance with International Financial Reporting Standards

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and International Accounting Standards ("IAS") and Standing Interpretations Committee interpretations ("SIC") approved by the International Accounting Standards Committee ("IASC") that remain in effect.

The consolidated financial statements have been prepared on a going concern basis.

Note 3 - Basis of presentation

a) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies. The consolidated financial statements have been prepared in millions ("$m") of United States Dollars ("US Dollars" or "$").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

The Group classifies its assets and liabilities according to a hierarchy that reflects the observability of significant market inputs. The three levels of the fair value hierarchy are defined below:

Quoted market prices - Level 1

Assets and liabilities are classified as Level 1 if their fair value is observable in an active market. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

Valuation technique using observable inputs - Level 2

Assets and liabilities classified as Level 2 have been valued using models whose inputs are observable either directly or indirectly. Valuations based on observable inputs include assets and liabilities such as swaps and forwards which are valued using market standard pricing techniques, and options that are commonly traded in markets where all the inputs to the market standard pricing models are observable.

Valuation technique using significant unobservable inputs - Level 3

Assets and liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs).

b) Accounting estimates

The preparation of consolidated financial statements in conformity with IFRS requires Management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Although these are based on Management's best knowledge of current events and actions, actual results ultimately may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

c) Critical accounting estimates and judgements in applying accounting policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

i. Impairment losses on financial assets

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are produced using complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The estimation of collateral values when determining the ECL's;
- The Group's criteria for assessing if there has been a significant increase in credit risk ("SICR");
- The formulation of the ECL models including the various formulas and choice of inputs;
- The selection and determination of the associations between macroeconomic factors such as inflation rates and unemployment levels and the effect on the probability of default, the exposure at default and the loss given default; and
- The inclusion of overlay adjustments based on judgement and future expectations.

ii. 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. Loans are considered as credit impaired when either the collectability of principal or interest is considered doubtful, or payment of principal or interest is ninety days or more past due. When exposures are identified as credit impaired, interest income is calculated on the carrying value net of the impairment allowance.

iii. Depreciation

The Group charges depreciation based on the estimated useful life of its property, plant and equipment. These estimates are based on Management's knowledge of the assets and the purpose of their use. Estimates of useful lives are reviewed on an annual basis.

iv. Classification of securities

Financial assets are classified using two criteria:

1. the business model within which financial assets are managed, and
2. their contractual cash flow characteristics.

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows and these contractual cash flows are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Financial assets are measured at fair value through other comprehensive income if they are held within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets, and the contractual cash flows are SPPI.

Other financial assets are measured at fair value through profit and loss.

d) Recently adopted accounting standards and amendments

The Group adopts newly issued accounting standards and amendments in the year stipulated for adoption to the extent they are relevant to the Bank's operations. The Group may adopt a newly issued standard or update if early adoption is permitted. The effect of adoption, if material, is disclosed in the financial statements.

Effective fiscal 2021, the Group adopted the following new and revised standards which did not have a material impact on the financial statements:

Amendments to IFRS 3 Definition of a business

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

Additional guidance is provided that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

Amendments to IAS 1 and IAS 8 Definition of material

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted.

i) Recently issued accounting standards and amendments

The Group is considering the relevance and possible impact of the following accounting standards and amendments in fiscal 2022:

Amendments to References to the Conceptual Framework in IFRS Standards

The document contains amendments to several pronouncements, but some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASC framework adopted by the IASB in 2021, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework.

Covid-19-Related Rent Concessions (Amendment to IFRS 16)

The amendment provides lessees with an exemption from assessing whether a Covid-19-related rent concession is a lease modification.

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

The amendments clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

IFRS 17 Insurance Contracts:

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

Note 4 - Significant accounting policies

a) 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. A detailed list of the subsidiaries is provided in Note 27.

b) Cash and cash equivalents

Cash and cash equivalents include cash on hand 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. Amounts, which relate to funds that are of a restricted nature, are excluded from cash and cash equivalents.

c) Balances with the Central Bank of Belize

Balances with the Central Bank of Belize ("CBB") include the 6.5% statutory reserve deposits required for the domestic banks plus $100 thousand required of the international bank. The amount in excess of the 6.5% statutory reserve deposits with the CBB by BBL is unrestricted and available for use by BBL.

d) Amounts due from banks

In the normal course of business, the Group maintains correspondent accounts or deposits for various periods of time with other banks and financial institutions. Amounts due from banks with a fixed maturity term are subsequently measured at amortised cost. Those that do not have fixed maturities are carried at cost. Amounts due from banks are carried net of any allowance for impairment.

e) Interest expense

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

f) Financial instruments

Financial assets and liabilities

The Group recognises financial assets and liabilities when it becomes a party to the terms of the contract.

Financial assets are classified on the basis of two criteria:

1. the business model within which the financial assets are managed;

2. the contractual cash flow characteristics (whether the cash flows represent SPPI).

Management determines the classification of its investments at initial recognition.

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows and their contractual cash flows represent SPPI.

Financial assets will be measured at fair value through other comprehensive income if they are held within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets, and their contractual cash flows represent SPPI.

Other financial assets are measured at FVTPL.

The fair values of quoted investments in active markets are based on current bid prices. If listed market prices are not available, the market for a financial asset is not active, securities are unlisted, or if liquidating the Group's position would reasonably be expected to impact market prices, fair value is determined based upon other relevant factors, including Management's estimates of amounts to be realised on settlement, assuming current market conditions and an orderly disposition in a reasonable period of time and the level of liquidity in the stock. Market value is not necessarily indicative of the amount that could be obtained for disposal of a large block of securities.

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

i. the rights to receive cash flows from the asset have expired;

ii. the Group has transferred its rights to receive cash flows from the asset, or retained the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement and has no obligation to pay amounts to eventual recipients unless it collects equivalent amounts from the original assets; and

iii. the Group either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same creditor on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Due from the Government of Belize

The amount due from the Government of Belize ("GOB") pursuant to a Certificate of Order issued by the Caribbean Court of Justice is a non-derivative financial asset.

Subsequent to its initial recognition, this financial asset is measured at amortised cost using the effective interest method.

Gains and losses are recognised in the consolidated statement of comprehensive income when the receivable is de-recognised or impaired, as well as through the amortisation process.

Impairment assessment of the GOB receivable is performed annually, and any changes are recognised in the consolidated statement of comprehensive income.

g) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

h) Impairment of financial assets

(i) Overview of the ECL principles

The Group uses the general probability of default approach when calculating ECLs. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss ("LTECL")), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss ("12mECL"). The Group's policies for determining if there has been a significant increase in credit risk are set out in Note 26.

The 12mECL is the portion of the LTECL's that represent the ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date.

Both LTECL's and 12mECLs are calculated on either an individual basis or a collective basis, depending on the size and nature of the underlying portfolio of the financial instruments.

The Group has established a policy to perform an assessment at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Group classifies its financial assets into Stage 1, Stage 2, and Stage 3, as described below:

Stage 1
When financial assets are first recognised and continue to perform in accordance with the contractual terms and conditions after initial recognition, the Group recognises an allowance based on 12mECLs. Stage 1 financial assets also include facilities where the credit risk has improved and the financial asset has been reclassified from Stage 2.

Stage 2
When a financial asset has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 financial assets also include facilities where the credit risk has improved and the financial asset has been reclassified from Stage 3.

Stage 3
Financial assets considered credit-impaired.

(ii) The calculation of ECLs
The mechanics of the ECL calculations are outlined below and the key elements are as follows:

PD – The Probability of Default is an estimate of the likelihood of default over a given period of time.

EAD – The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

LGD – The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

The mechanics of the ECL method are outlined below:

The Group can carry out three separate approaches for ECL measurement:

- o assessment on an individual basis;
- o assessment on a portfolio basis: the credit risk parameters (e.g. PD, LGD) will be applied during the process of ECL calculations for homogeneous segments of the loan portfolio;
- o assessment based on external ratings.

The Group performs an assessment on an individual basis for individually significant loans and credit-impaired loans.

The Group performs an assessment on a portfolio basis for the following types of assets: retail loans and loans within a particular industry or economic sector. This approach incorporates aggregating the portfolio into homogeneous segments based on borrower-specific information.

The Group performs assessments on external ratings for the following types of loans: debt securities issued by banks and legal entities, and loans issued to sovereigns.

Principles of assessment on an individual basis – ECL assessments on an individual basis are done by weighting the estimates of credit losses for different possible outcomes against the probabilities of each outcome. Individual assessment is mainly based on the expert judgement of the Remedial Management and Group Risk Units.

Principles of assessment on a portfolio basis – to assess the staging of exposure and to measure a loss allowance on a collective basis, the Group combines its exposures into segments on the basis of shared credit risk characteristics, such as those exposures to risk within a group that are homogeneous.

Examples of shared characteristics include: type of customer, product type, credit risk rating, and industry.

In general, ECL is the multiplication of the following credit risk parameters: EAD, PD and LGD (definitions of the parameters are provided above).

The brief principles of calculating the credit risk parameters are as follows:

The EAD's are determined based on the book value of the financial asset as at the reporting date.

Two types of PDs are used for calculating ECLs: 12-month and lifetime PD:

- 12-month PDs – the estimated probability of a default occurring within the next 12 months (or over the remaining life of the financial instrument if less than 12 months). This parameter is used to calculate 12- month ECLs. An assessment of a 12-month PD is based on the latest available historical default data and adjusted for forward-looking information when appropriate.
- Lifetime PDs – the estimated probability of a default occurring over the remaining life of the financial instrument. This parameter is used to calculate lifetime ECLs for Stage 2 exposures. An assessment of a Lifetime PD is based on the latest available historic default data and adjusted for forward looking information when appropriate.

To calculate Lifetime PD, the Group uses different statistical approaches depending on the segment and product type. For lifetime PD calculations, the Group relies primarily on historical default data.

LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by the product, stage and the availability of collateral or other credit support.

The 12-month and lifetime LGDs are determined based on the factors that impact the expected recoveries after a default event.

The approach to LGD measurement can be divided into three possible approaches:

- measurement of LGD based on the specific characteristics of the collateral;
- calculation of LGD on a portfolio basis based on recovery statistics;
- individually defined LGD depending on different factors and scenarios.

For loans secured by real estate the Group calculates LGD based on specific characteristics of the collateral, such as projected collateral values, historical discounts on sales and other factors.

(iii) ECL measurement for off-balance sheet financial instruments (financial guarantees, loan commitments)
The ECL measurement of off-balance sheet accounts consists of the same steps described above for the balance sheet exposures and differs with respect to EAD calculation.

(iv) Forward-looking information incorporated in the ECL models
The assessment of the SICR and the calculation of ECLs both incorporate forward-looking information. The Group has performed historical analyses and identified key economic variables that impact credit risk and ECLs.

These economic variables utilised by the Group in its calculation of ECLs are inflation rates, unemployment rate, average fixed deposit rates, and currency fluctuation.

As with any economic forecast, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty, and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes.

i) Discount on loans at below commercial rates
Where loans are made at rates of interest below the normal commercial rate, loans are discounted to fair value based on market rates of interest. The financial impact of this write-down is shown as a separate item on the face of the consolidated statement of comprehensive income. Any subsequent upward revaluation passes through the consolidated statement of comprehensive income as interest. Such transactions are largely entered into with employees and may also be undertaken for marketing or other purposes.

j) Inventories

Inventories are stated at the lower of cost and net realisable value.

k) Other credit related commitments

In the normal course of business, the Group enters into other credit related commitments including undrawn loan commitments and credit lines, letters of credit and guarantees.

Undrawn loan commitments and credit lines are not included in the consolidated statement of financial position but are separately disclosed in Note 19.

The Group's potential liability under acceptances and guarantee contracts are included under other liabilities in the consolidated statement of financial position. The banks have equal and offsetting claims against its customers in the event of a call on these commitments, which are reported as an asset.

l) Leases

Except for those leases with a term of 12 months or less, a lease liability and a ROU asset is recognised in the statement of financial position. Payments associated with short-term leases and of low-value assets are recognised on a straight-line basis as an expense.

m) Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less any subsequent accumulated depreciation, amortisation and accumulated impairment losses.

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
Right of use assets	from the commencement date to the end of the lease term
Motor vehicles	4 years
Furniture and fixtures, and other equipment	5 to 10 years
Computer and office equipment	5 years

The depreciation method applied to an asset is reviewed at least once at the end of each financial year. Each significant change in the approach to asset depreciation is reflected in the method of its depreciation. This change is treated as a change in accounting estimates in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

Depreciation of the asset initiates when the asset becomes available for use in the location and condition in accordance with the Group's intentions. Depreciation is stopped either when the asset is reclassified as available for sale or at de-recognition.

Expenditures for major renewals are capitalised. Repairs and maintenance are charged to the consolidated statement of comprehensive income when the expenditure is incurred.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount and the difference is charged to the consolidated statement of comprehensive income. The estimated recoverable amount is the higher of an asset's potential net sales proceeds and its value in use.

Gains and losses on disposal of property, plant, and equipment are determined as the difference between the net sale proceeds and the carrying amount of the asset and is recognised in the consolidated statement of comprehensive income.

Costs associated with maintaining computer software programs are recognised as an expense as incurred.

n) Provisions

A provision is recognised in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised in the period in which the Group approves a formal and detailed restructuring plan and proceeds to carry it out or publicly announces a forthcoming restructuring.

o) Taxation

Taxation has been provided for in the financial statements in accordance with both Belize and Saint Lucia legislation.

p) Dividends

Dividends are recorded as a separate debit caption in equity in the period in which they are declared. Dividends declared after the reporting date and before the consolidated financial statements are authorised for issue are disclosed in the events after the reporting date. Dividends declared after the reporting date, are not recognised as liabilities.

q) Income and expense recognition

Interest income and expense are recognised in the consolidated statement of comprehensive income on the accrual basis. Interest income on credit impaired exposures is calculated on the carrying value net of the impairment allowance.

r) Severance benefits

In accordance with the Labour (Amendment) Act 2011, an employee continuously employed over 10 years is entitled to severance pay of two week's wages for each year of service. The Group has established a reserve to reflect its liability for all existing employees of the group with over 10 years of continuous service.

s) Share capital

Share capital is recognised at cost.

t) 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 Belize $2.00 equals US $1.00.

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

Transactions denominated in currencies other than US dollars are recorded at exchange rates prevailing on the date of transaction. The foreign currencies most commonly used by the Group are the dollar of the US Dollar ("USD"), the Belize dollar ("BZD"), the euro ("EUR") and the British pound sterling ("GBP").

Monetary assets and liabilities denominated in foreign currency are translated into US Dollar at the official exchange rate determined by the CBB at the reporting date. Foreign currency gains and losses arising from the translation of assets and liabilities are reflected in the statement of comprehensive income as foreign exchange translation gains less losses.

The official CBB exchange rates as at 31 March 2021 were USD 0.50 per BZD 1.00, USD 1.17 per EUR 1.00, and USD 1.38 per GBP 1.00 (31 March 2020 – USD 0.50, USD 1.10, and USD 1.24 per BZD, EUR, and GBP, respectively).

u) Stock-based compensation

Stock-based employee compensation is accounted for under the fair value-based method of accounting - Note 20.

Note 5 - 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 financial related 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:

At 31 March	Total Group 2021 $m	2020 $m	Financial Services 2021 $m	2020 $m	Corporate 2021 $m	2020 $m
Assets	966.5	509.3	963.6	508.5	2.9	0.8
Liabilities	841.5	416.8	840.3	416.3	1.2	0.5
Capital expenditures	(1.2)	(1.7)	(1.2)	(1.7)	-	-

At 31 March	Total Group 2021 $m	2020 $m	Financial Services 2021 $m	2020 $m	Corporate 2021 $m	2020 $m
Net interest income	26.0	27.9	26.0	27.9	-	-
Non interest income	6.6	9.6	5.4	8.6	1.2	1.0
Non recurring items	8.5	7.2	-	-	8.5	7.2
Total revenues, net of interest expense	41.1	44.7	31.4	36.5	9.7	8.2
Credit impairment (charges) release	(2.2)	(10.9)	(2.2)	(10.9)	-	-
Depreciation and amortization	(2.6)	(2.6)	(2.6)	(2.6)	-	-
Other non-interest expense	(16.6)	(17.7)	(13.8)	(14.4)	(2.8)	(3.3)
Gain before taxes	19.7	13.5	12.8	8.6	6.9	4.9
Taxation	(4.2)	(4.1)	(4.2)	(4.1)	-	-
Gain net of taxes	15.5	9.4	8.6	4.5	6.9	4.9

Note 6 - Interest income

Year ended 31 March	2021 $m	2020 $m
Interest on loans to customers	24.8	27.2
Interest on securities	3.1	3.0
Interest on due from Government of Belize	2.3	2.4
Interest on deposits with banks	-	0.2
Total interest income	30.2	32.8

Note 7 - Interest expense

Year ended 31 March	2021 $m	2020 $m
Interest on customer accounts	4.2	4.8
Interest on lease liabilities	-	0.1
Total interest expense	4.2	4.9

Note 8 - Non-interest income

Year ended 31 March	2021 $m	2020 $m
Foreign exchange income and commissions	1.8	3.6
Customer service and letter of credit fees	1.9	2.2
Credit card fees	0.8	1.7
Other financial and related services	0.8	0.8
Other income	0.1	0.3
Total non-interest income	5.4	8.6

Note 9 - Non-interest expense

Year ended 31 March	2021 $m	2020 $m
Salaries and benefits	8.7	9.1
Depreciation expense	2.6	2.6
Premises and equipment	2.3	2.4
Other expenses	2.8	2.9
Total non-interest expense	16.4	17.0

Note 10 - 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 in each year.

Year ended 31 March	2021 $m	2020 $m
Net income	15.5	9.4
Weighted average number of shares (basic and diluted)	134,741,886	98,967,443
Basic and diluted earnings per ordinary share	$ 0.12	$ 0.09

During the year ended 31 March 2021 and 2020 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 11 - Cash and cash equivalents

At 31 March	2021 $m	2020 $m
Cash in hand	18.0	12.4
Amounts in the course of collection	1.1	0.5
Total cash and cash equivalents	19.1	12.9

Currency, liquidity, and interest rates risks analyses of cash and cash equivalents are disclosed in Note 26.

Note 12 - Balances with the Central Bank of Belize

At 31 March	2021 $m	2020 $m
Statutory reserve balances	47.9	33.9
Operating balance	171.0	12.5
Total balances with Central Bank of Belize	218.9	46.4

BBL and BBCLare required to maintain an average minimum non-interest-bearing deposit balance with the CBB equal to 6.5 percent of their average deposit liabilities. At 31 March 2021, the actual amount for BBL and BBCL was 6.5% and 6.5%, respectively (31 March 2020 – 8.5% and 8.5%, respectively). In addition, BBL and BBCL must maintain an average aggregate of approved liquid assets (which include the average minimum non-interest bearing deposit balance maintained with the CBB) equal to 21 percent of their average deposit liabilities. At 31 March 2021, the actual amount for BBL and BBCL was 37.3% and 57.4%, respectively (31 March 2020 – 32.8% and 31.0%, respectively). The statutory reserve balances are not readily available to finance the day to day operations of the banks.

Note 13 - Due from banks

At 31 March	2021 $m	2020 $m
Due from banks	62.2	34.9
Total due from banks	62.2	34.9

The portfolio of balances held by BBL, BBCL, and BBIL represent instruments of short-term placements of temporary available cash in other banks.

As at 31 March 2021, all interbank loans and deposits placed in other banks were current and not impaired.

Currency, liquidity, and interest rate risk analyses of cash and cash equivalents are disclosed in Note 26.

As at 31 March 2021, BBL has utilised $3.5 million (31 March 2020 – $4.3 million) of its balances held with other financial institutions to be held as collateral for certain credit lines and as required by the card brands. These particular financial assets are pledged as collateral under terms that are usual and customary for such transactions.

Note 14 - Investment securities

At 31 March	2021 $m	2020 $m
Securities - at amortised cost	127.6	116.8
Securities - at FVOCI	2.3	2.8
Securities - at FVTPL	0.4	0.4
Less: impairment allowance	(1.1)	(0.2)
Total investment securities	129.2	119.8

The following table details the impairment allowance by stage and the investment securities by type.

At 31 March	2021 $m	2020 $m
Equity securities	0.4	0.4
Debt securities	129.9	119.6
Stage 1: 12 Month ECL	-	-
Stage 2: Lifetime ECL	(0.7)	-
Stage 3: Lifetime ECL	(0.4)	(0.2)
Total investment securities	129.2	119.8

Note 15 - Loans to customers (net of allowances)

At 31 March	2021 $m	2020 $m
Performing loans	461.5	242.7
Non performing loans	45.5	9.7
Total loans to customers, net of deferred income	507.0	252.4
Less: impairment allowance on loans to customers	(34.7)	(18.7)
Total loans to customers (net of allowances)	**472.3**	**233.7**

The table below shows the staging of the loans to customers and the related ECL's:

At 31 March	2021	2020
Gross loans	507.0	252.4
Stage 1: 12 Month ECL	(12.4)	(11.7)
Stage 2: Lifetime ECL	(8.1)	(3.5)
Stage 3: Lifetime ECL	(14.2)	(3.5)
Total loans to customers (net of allowances)	**472.3**	**233.7**

The table below shows the movement in the impairment allowance for expected credit losses by stage:

	Impairment allowance			
	Stage 1 $m	Stage 2 $m	Stage 3 $m	Total $m
Impairment allowance for expected credit losses as at 01 April 2020	11.7	3.5	3.5	18.7
ECL on BBCL loan portfolio	3.4	7.1	4.9	15.4
ECL on new instruments issued during the year	0.6	0.2	0.5	1.3
Other credit loss movements, repayments and transfers	(3.3)	(2.7)	6.5	0.5
Charge offs and write offs	-	-	(1.2)	(1.2)
Impairment allowance for expected credit losses as at 31 March 2021	**12.4**	**8.1**	**14.2**	**34.7**

The table below reflects outstanding loans by industry classifications.

At 31 March	2021 Amount	%	2020 Amount	%
Other consumer loans	290.7	57.3%	67.7	26.8%
Real estate	58.7	11.6%	60.5	24.0%
Building and construction	36.1	7.1%	32.1	12.7%
Distribution	32.6	6.4%	18.9	7.5%
Tourism	27.2	5.4%	20.0	7.9%
Agriculture	16.2	3.2%	13.2	5.2%
Transportation	15.5	3.1%	14.2	5.6%
Manufacturing	9.4	1.9%	9.7	3.8%
Utilities	7.8	1.5%	6.6	2.6%
Professional services	7.1	1.4%	3.3	1.3%
Marine Products	5.2	1.0%	5.7	2.3%
Government	0.2	0.1%	0.1	0.0%
Entertainment	0.1	0.0%	0.2	0.1%
Mining and exploration	0.1	0.0%	0.1	0.0%
Financial institutions	0.1	0.0%	-	0.0%
Forestry	-	0.0%	0.1	0.0%
Total loans	507.0	100.0%	252.4	100.0%

At 31 March 2021, the Group had total loans outstanding to certain officers and employees of $12.3 million (31 March 2020 - $11.7 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. The transfer value loss on these loans had not been considered material and therefore had not been included in these consolidated financial statements.

Note 16 - Property, plant and equipment

Property, plant and equipment of the Group as at 31 March 2021 and 2020 comprised the following:

	Land	Premises	Furniture, fixtures and other equipment	Computer and office equipment	Motor vehicles	Work in progress	Right of use assets	Total
Cost								
As at 31 March 2020	1.5	15.4	6.7	10.4	2.2	0.3	0.5	37.0
Additions	-	0.1	0.2	0.8	0.1	(0.1)	-	1.1
Addition upon acquisition	-	3.2	2.8	2.4	0.5	-	0.9	9.8
Disposals	-	(0.2)	(0.2)	-	(0.2)	-	-	(0.6)
As at 31 March 2021	1.5	18.5	9.5	13.6	2.6	0.2	1.4	47.3
Depreciation								
As at 31 March 2020	-	(5.9)	(4.7)	(6.6)	(1.3)	-	(0.1)	(18.6)
Charge for the period	-	(0.5)	(0.6)	(1.0)	(0.3)	-	(0.2)	(2.6)
Addition upon acquisition	-	(1.1)	(1.7)	(1.9)	(0.4)	-	(0.5)	(5.6)
Eliminated on disposals	-	0.1	0.2	0.1	0.1	-	-	0.5
As at 31 March 2021	-	(7.4)	(6.8)	(9.4)	(1.9)	-	(0.8)	(26.3)
Net book value								
As at 31 March 2021	1.5	11.1	2.7	4.2	0.7	0.2	0.6	21.0
As at 31 March 2020	1.5	9.5	2.0	3.8	0.9	0.3	0.4	18.4

Total capital expenditures for the year ended 31 March 2021 was $1.1 million (31 March 2020 – $1.7 million). Total depreciation expense for the year ended 31 March 2021 was $2.6 million (31 March 2020 - $2.6 million).

As at 31 March 2021 the Group's buildings, vehicles, ATMs and other equipment were insured for $23.0 million. (31 March 2020 – $18.5 million)

As at 31 March 2021 historical cost of fully depreciated fixed assets amounted to $7.5 million (31 March 2020 – $7.5 million).

Note 17 - Due from Government of Belize (net of allowance)

At 31 March	2021 $m	2020 $m
Amounts receivable from the GOB	38.7	40.3
Less: impairment allowance	(0.7)	(0.8)
Total due from the GOB	38.0	39.5

Movements in impairment allowance on due from GOB.

At 31 March	2021 $m	2020 $m
At beginning of the year	(0.8)	(0.8)
Credit during the year	0.1	-
At the end of the year	(0.7)	(0.8)

On 23 March 2007, a loan note was issued to BBL by the Government of Belize ("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.

BBL 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 15 January 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, in The Belize Bank Limited v The Association of Concerned Belizeans and Others (which was at that time Belize's highest court of appeal). 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 20 February 2013 and was served on the GOB on 15 May 2013 (the "English Judgement").

Award Enforcement proceedings were also commenced against GOB in the Belize Supreme Court in 2013. On 17 February 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 24 March 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 22 November 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 Government.

On 3 January 2018, the CCJ issued the Certificate certifying the amount payable to BBL by the Government under the LCIA Award and the Certificate was served on the Attorney General, the Minister of Finance and the Financial Secretary on 04 January 2018. The CCJ held that the effect of the Certificate is to convert the CCJ Order into a Judgement Debt.

On 4 January 2018, BBL applied for a further order from the CCJ directing the Minister of Finance to pay the amount due under the Judgement. On 1 June 2018 the CCJ decided that BBL's application was premature but stated in its decision that if the Government failed to enact the necessary legislation to satisfy the 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 judgement.

On 26 June 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 3 January 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 9 July 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 23 July 2018. The first hearing took place on 17 September, 2018 and the Court granted BBL's application for the trial of certain preliminary issues namely: (i) whether the Minister of Finance failed to comply with his statutory duty imposed by section 25(3) of the Crown Proceedings Act Cap 167 of the Laws of Belize; and (ii) whether an Order ought to be made directing the Minister of Finance to pay the sum due under the Certificate Order or Judgement Debt (less amounts set-off as Business Tax) within 10 days of the Order. The trial of certain preliminary issues took place in December 2018 and on 10 January, 2020 the Hon. Chief Justice ruled that the Government had not failed to comply with its statutory duty imposed by section 25 of the Crown Proceedings Act Cap 167 of the Laws of Belize and refused the Order directing the Minister of Finance to pay the sum due under the Certificate Order or Judgment Debt (less amounts set-off as Business Tax for the 1st and 2nd Quarters of 2018) within 10 days. BBL appealed the decision of the learned Chief Justice on these preliminary issues pursuant to leave granted by the Hon. Chief Justice on the 10 February 2020 (the "Mandamus Appeal"). The sittings of the Belize Court of Appeal have been impacted by the covid pandemic and no date has been scheduled for the hearing of the Mandamus Appeal, although a hearing date is expected in the next sitting of the Belize Court of Appeal in October 2021.

On 28 June 2018 BBL filed a claim against the Commissioner of Income and Business Tax and the Attorney General of Belize (both being representatives of the GOB) in light of the Commissioner's refusal to set-off the Business Tax owed to the Government by BBL notwithstanding being duly authorised by BBL to satisfy the taxes due by way of set-off against the Judgement Debt. The trial of BBL's claim took place on 22 January 2019 at the Supreme Court of Belize. The Court had difficulty accepting the Government's arguments and found in favour of BBL. The Court ordered: (i) a Declaration that the decision of the Commissioner; refusing to set-off BBL's tax liability against the Judgement Debt is unreasonable, disproportionate, unlawful and therefore inequitable; (ii) a Declaration that the decision of the Commissioner not to consider garnishing BBL's tax debt from the Judgement Debt is unlawful; (iii) an Order restraining the Commissioner whether by herself, her servants and her agents from seeking to enforce the tax liability against BBL, and (iv) the Government to pay BBL its cost to be agreed or assessed. The decision of the court was orally delivered on 22 January 2019 and the written judgement handed down on 8 February 2019. The decision of the Supreme Court of Belize legally endorsed BBL's right to authorise the Government to set-off all Business Tax owed to the Government by BBL against the Judgement Debt. The Government has since appealed the decision of the Supreme Court to the Belize Court of Appeal but no stay of the effect of this decision has been granted to the Government (the "Tax Appeal"). The sittings of the Belize Court of Appeal have been impacted by the covid pandemic and no date has been scheduled for the hearing of the Tax Appeal, although a hearing date is expected in the next sitting of the Belize Court of Appeal in October 2021.

BBL has sought the permission of the Belize Court of Appeal to have both the Mandamus Appeal and the Tax Appeal heard on the same occasion at the next sitting of the Belize Court of Appeal scheduled for October 2021.

In order to further increase its enforcement options, the Bank filed a petition to enforce the Final Award in federal court in the United States on 18 April 2014. The GOB filed a motion to dismiss and a response to the petition to confirm the Final Award on 8 August 2014. The GOB applied for a stay pending the outcome of similar litigation. However, the stay was denied on 9 January 2016. On 8 June 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 8 September 2012 and 8 June 2016. On 12 July 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 9 February 2017. On 31 March 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 28 April 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 12 March 2018, the United States District Court ordered that BBL may now seek attachment or execution of GOB 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 18 - Customer accounts

At 31 March	2021 $m	2020 $m
Term deposits	187.5	151.5
Current/demand deposits	435.7	167.6
Savings deposits	202.8	89.8
Total customer accounts	826.0	408.9

Included in term deposits at 31 March 2021 were $4.5 million (31 March 2020 – $5.2 million) of term deposits denominated in US dollars and nil (31 March 2020 - nil) denominated in UK pounds sterling. Included in demand deposits at 31 March 2021 were $44.9 million (31 March 2020 - $17.5 million) of demand deposits denominated in US dollars and $0.1 million (31 March 2020 - $0.2 million) denominated in UK pounds sterling.

As at 31 March 2021, $14.4 million of customer account balances (31 March 2020 – $6.3 million) is held as collateral for banking operations.

Note 19 - Commitments, contingencies and regulatory matters

(i) 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 31 March 2021 amounted to $54.3 million (31 March 2020 – $24.3 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 Group holds similar collateral to that held for the short-term facilities described above and such commitments are generally fully secured. Outstanding standby letters of credit and financial guarantees written at 31 March 2021 amounted to $8.8 million (31 March 2020 – $5.4 million).

(ii) 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.

(iii) As explained in Note 17, BBL is engaged in legal proceedings in which it is vigorously pursuing a claim against the GOB. Having received the advice of external advisers, the Company expects BBL to fully recover amounts recorded as due from GOB in Note 17. Legal costs are expensed as incurred.

(iv) In the ordinary course of business, the Company's subsidiaries are subject to regulatory examinations, information gathering requests, enquiries, and investigations. 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 31 March 2021 would have a material adverse effect on the financial position or liquidity of the Company or its subsidiaries as of 31 March 2021.

(v) BBL, BBCL, and BBIL, as fully authorised banking entities, are subject to detailed regulatory requirements in Belize. These requirements are principally set by the CBB. As of 31 March 2021 and 2020, and for the years then ended, BBL, BBCL, 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, BBCL, and BBIL will make all endeavours to follow, as soon as reasonably practicable, all such revised regulations.

(vi) The Labour Act of Belize 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 $0.4 million (31 March 2020 – $0.2 million).

Note 20 - Share capital

At 31 March	2021 m	2020 m
Authorised		
Ordinary shares:		
200,000,000 shares of no par value	200.0	200.0
Preference shares:		
14,000,000 shares of $1.00 each	14.0	14.0
Total authorised	214.0	214.0

Share capital

	Number of shares m	Share capital $m
As at 1 April 2019	103.3	53.3
Issuance of shares	-	-
Cancellation of treasury shares	-	-
Other movements	-	-
As at 31 March 2020	103.3	53.3
As at 1 April 2020	103.3	53.3
Issuance of shares	35.8	17.1
Cancellation of treasury shares	(4.3)	(21.7)
Other movements	-	-
As at 31 March 2021	134.8	48.7

Treasury Shares

During the year ended 31 March 2021, 4,296,557 in treasury shares were cancelled.

	Number	$m
At 31 March 2020	4,296,557	21.7
At 31 March 2021	-	-

Share Options

The Company had 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 had 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 the Company. Options are generally granted to purchase the Company's 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 31 March 2020	250,000	$1.95
Outstanding at 31 March 2021	-	**$0.00**

During the year ended 31 March 2021, no outstanding options were exercised.

In May 2009, the Company 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 1 June 2013, 1 June 2014 and 1 June 2015. The term of these options extends to 1 June 2020; they have now expired.

The exercise price of all 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 the Black-Scholes option-pricing model.

Share Issue

Effective 5 June 2020, the Company completed a merger with Normandy Limited wherein 35,774,443 new shares were issued to former shareholders of Normandy Limited.

Lord Michael Aschroft was the majority shareholder in Normandy with 82.78 per cent of Normandy's issued share capital at the time of the merger.

Merger-related costs amounting to $0.2 million have been recognised as an expense in the consolidated statement of comprehensive income, as part of other expenses.

Note 21 - Taxation

At 31 March	2021 $m	2020 $m
Business tax	4.2	4.1
Corporate income tax	-	-
Total taxation expense	**4.2**	**4.1**

The computation of business tax is provided in the table below:

At 31 March	2021 $m	2020 $m
Component subject to 12% tax rate		
Net interest income	1.8	25.9
Other income	0.6	15.9
Less:		
Exempted income	(0.2)	(7.3)
Donations	-	-
Profit subject to tax for the period	2.2	34.5
Total business tax charged at 12.0%	0.3	4.1
Component subject to 15% tax rate		
Net interest income	22.0	-
Other income	6.4	-
Less:		
Exempted income	(2.2)	-
Donations	-	-
Profit subject to tax for the period	26.2	-
Total business tax charged at 15.0%	3.9	-

Note 22 - 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, BBCL, and BBIL.

	Minimum Required	Actual 2021	Actual 2020
The Belize Bank Limited	9.0%	31.2%	25.0%
Belize Bank Corporation Limited	9.0%	16.7%	30.3%
Belize Bank International Limited	10.0%	86.2%	86.2%

The Group's policy is to maintain a strong capital base to maintain investor, creditor, and market confidence and to sustain the future development of the business. The impact of the level of capital on shareholders' returns is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a stronger capital position. The Group and its individually regulated operations have complied with all externally imposed capital requirements.

Note 23 - 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 the Company's ultimate controlling party, a controlling shareholder in the Company and in Waterloo Investment Holdings Limited ("WIHL"). As at 31 March 2021, the percentage of Lord Ashcroft's shareholdings in the Company was 79.5% (31 March 2020 – 75.07%).

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 organisation 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.

Details of transactions and balances with related parties as at 31 March 2021 and 2020 and during the years then ended are set out in the tables below.

Year ended 31 March 2021

Statement of financial position in US Dollars	Key management $m	Other related parties $m	Total $m
Loans to customers:			
Opening balance	0.5	13.7	14.2
Granted during the year	0.4	5.7	6.1
Repaid during the year	(0.2)	(3.6)	(3.8)
Closing balance	0.7	15.8	16.5
Less:			
Impairment allowance for expected credit losses	-	(0.1)	(0.1)
Net loans	0.7	15.7	16.4
Other receivables			
Opening balance	-	0.2	0.2
Granted during the year	-	-	-
Repaid during the year	-	(0.2)	(0.2)
Other receivables - closing balance	-	-	-
Customer deposits:			
Opening balance	0.5	1.2	1.7
Deposited during the year	2.6	54.3	56.9
Withdrawn during the year	(2.7)	(54.5)	(57.2)
Customer deposits - closing balance	0.4	1.0	1.4

Year ended 31 March 2021

Statement of comprehensive income in US Dollars	Key management $m	Other related parties $m	Total $m
Consultancy fee income	-	0.8	0.8
Consultancy charges	-	(0.4)	(0.4)
Interest on loans	-	1.2	1.2

Year ended 31 March 2020 Statement of financial position in US Dollars	Key management $m	Other related parties $m	Total $m
Loans to customers:			
Opening balance	0.5	2.2	**2.7**
Granted during the year	0.4	25.2	**25.6**
Repaid during the year	(0.4)	(13.7)	**(14.1)**
Closing balance	0.5	13.7	**14.2**
Less:			
Impairment allowance for expected credit losses	-	(0.1)	**(0.1)**
Net loans	0.5	13.6	**14.1**
Other receivables			
Opening balance	-	0.2	**0.2**
Granted during the year	-	1.0	**1.0**
Repaid during the year	-	(1.0)	**(1.0)**
Other receivables - closing balance	-	0.2	**0.2**
Customer deposits:			
Opening balance	0.4	0.6	**1.0**
Deposited during the year	2.7	36.9	**39.6**
Withdrawn during the year	(2.6)	(36.3)	**(38.9)**
Customer deposits - closing balance	0.5	1.2	**1.7**

Year ended 31 March 2020 Statement of comprehensive income in US Dollars	Key management $m	Other related parties $m	Total $m
Consultancy fee income	-	1.0	**1.0**
Consultancy charges	-	(0.4)	**(0.4)**
Interest on loans	-	0.6	**0.6**
Customer service fees	-	-	**-**

During the years ended 31 March 2021 and 2020, the Group provided administrative services to WIHL amounting to $0.75 million and $1.0 million, respectively; this is reflected in the consultancy fee income reported in the preceding tables.

The aggregate remuneration of the directors and key management personnel of the Group for the year ended 31 March 2021 amounted to $1.6 million (31 March 2020 – $2.5 million).

As at 31 March 2021, all loans granted to related parties were secured with guarantees and other types of collateral including real estate, motor vehicles and other fixed assets for a total of $18.0 million (31 March 2020 – $24.2 million).

The directors' remuneration was as follows:

Year ended 31 March	2021 $m	2020 $m
P. Osborne	**0.40**	0.50
L. Guiseppi	**0.26**	0.47
C. Jones	**-**	0.08
E Bobb	**0.05**	0.06
Y. Metzgen	**0.03**	0.04
P. Gaze	**0.03**	0.04
G. Davis-Young	**0.02**	0.03
Total emoluments for all directors	**0.79**	**1.22**

Note 24 - Fair value of financial instruments

The amounts reported in the consolidated statements of financial position for cash, cash equivalents 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 tables show the Group's assets and liabilities that are held at fair value disaggregated by valuation technique (fair value hierarchy) and balance sheet classifications.

At 31 March 2021	Note	Level 1	Level 2	Level 3	Total
Securities - at FVOCI	14	2.3	-	-	2.3
Securities - at FVTPL	14	0.4	-	-	0.4
Total financial assets measured at fair value		**2.7**	**-**	**-**	**2.7**

At 31 March 2020	Note	Level 1	Level 2	Level 3	Total
Securities - at FVOCI	14	2.8	-	-	2.8
Securities - at FVTPL	14	0.4	-	-	0.4
Total financial assets measured at fair value		**3.2**	**-**	**-**	**3.2**

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.

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 31 March 2021 and 2020.

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 25 - Financial risk management

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 ("GRU"), 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, BBCL, and BBIL to this unit.

The GRU, 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 GRU reports to the BBL, BBCL, BBIL and CIHL boards periodically with an independent assurance of BBL's, BBCL's, 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, BBCL'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, BBCL, and BBIL boards have delegated overall responsibility for the management of their respective credit risk to the GRU, 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, BBCL, and BBIL boards have delegated limits of authority to the Group Risk Committee ("GRC") and the 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, BBCL'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, BBCL, and BBIL in the management of credit risk.

Each business unit is responsible for implementing BBL's, BBCL'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, BBCL, 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 (7) 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, BBCL'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. The management of all accounts classified as non-performing are transferred to the Remedial Management Unit ("RMU"). The RMU reports directly into the GRU and is responsible for the management, monitoring, and liquidating of the Group's non-performing portfolio.

At 31 March 2021, BBL's maximum exposure to credit risk amounted to $391.3 million (31 March 2020 – $452.3 million) and that of BBIL's amounted to $32.5 million (31 March 2020 – $36.6 million). At 31 March 2021, BBCL's maximum exposure of credit risk amounted to $271.0 million.

Credit concentration risk

The Group is potentially subject to financial instrument concentration of credit risk through their cash equivalents and credit extensions. The Group performs 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.

The Group has credit risk concentrated in the real estate, building and construction, and the distribution 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.

The Group monitors its risk concentration associated with credit extensions on a continuous basis in an effort to mitigate their exposure.

As at 31 March 2021 and 2020, the loan portfolio stratification for the Group was as follows:

	31 March 2021			31 March 2020		
Loan outstanding balance range	Amount	Number of borrowers	%	Amount	Number of borrowers	%
Less than $500	1.6	10,121	0.32%	0.8	6,430	0.32%
From $500 to $5,000	42.9	21,679	8.46%	24.7	12,323	9.78%
From $5001 to $10,000	41.9	5,818	8.26%	21.2	2,998	8.40%
From $10,001 to $50,000	122.6	5,753	24.18%	43.3	2,209	17.16%
From $50,001 to $100,000	83.8	1,200	16.53%	21.6	308	8.56%
From $100,001 to $250,000	69.7	475	13.75%	22.5	147	8.92%
From $250,001 to $1,000,000	47.0	111	9.27%	30.2	68	11.96%
More than $1,000,000	97.5	27	19.22%	88.1	24	34.89%
	507.0	45,184	100.0%	252.4	24,507	100.0%

Significant increase in credit risk

The Group continuously monitors all assets subject to ECL's. The Group assess whether there has been a significant increase in credit risk since initial recognition to determine whether a financial instrument is subject to 12mECL or LTECL.

The Group also applies a secondary qualitative method for triggering a significant increase in credit risk for a financial asset. If contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

When estimating ECL's on a collective basis for a group of homogenous assets, the Group applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Default and impairment assessment

Financial asset provisions are completed quarterly in accordance with established guidelines.

Stage 3 debts that have remained in non-performing status for more than 4 years are written off.

The Group considers a financial instrument defaulted and therefore in Stage 3 (credit-impaired) for ECL calculations when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may reflect an unlikeliness to pay. When such events occur, the Group considers whether the event should result in increasing the customer's PD and consequently the customer's ECL.

An analysis of the gross carrying amount and the corresponding ECL's are as follows:

31 March 2021	Residential Mortgage $m	Credit Card $m	Other Consumer $m	Commercial - real estate $m	Commercial - other $m	Total $m
Stage 1						
Gross loans	34.4	21.6	232.4	34.1	122.6	445.1
ECL	(0.3)	(0.3)	(1.6)	(1.2)	(8.1)	(11.5)
	34.1	21.3	230.8	32.9	114.5	433.6
ECL as a % of Gross loans	1%	1%	1%	4%	7%	3%

31 March 2020	Residential Mortgage $m	Credit Card $m	Other Consumer $m	Commercial - real estate $m	Commercial - other $m	Total $m
Stage 1						
Gross loans	34.6	10.1	54.4	31.3	98.0	228.4
ECL	(0.2)	-	(0.4)	(1.1)	(10.0)	(11.7)
	34.4	10.1	54.0	30.2	88.0	216.7
ECL as a % of Gross loans	1%	0%	1%	4%	10%	5%

The ECL's of Stage 1 as a percentage of gross loans balance of the same stage decreased from 5% to 3% primarily as a result of the increase in the gross loans balance due to the acquisition while the ECL remained relatively the same.

31 March 2021	Residential Mortgage $m	Credit Card $m	Other Consumer $m	Commercial - real estate $m	Commercial - other $m	Total $m
Stage 2						
Gross loans	0.8	1.0	6.7	0.4	3.0	11.9
ECL	(0.1)	(0.6)	(1.6)	(0.1)	(0.8)	(3.2)
	0.7	0.4	5.1	0.3	2.2	8.7
ECL as a % of Gross loans	13%	0%	24%	25%	27%	27%

31 March 2020	Residential Mortgage $m	Credit Card $m	Other Consumer $m	Commercial - real estate $m	Commercial - other $m	Total $m
Stage 2						
Gross loans	2.0	-	1.6	3.2	8.5	15.3
ECL	(0.2)	-	(0.7)	-	(2.6)	(3.5)
	1.8	0.0	0.9	3.2	5.9	11.8
ECL as a % of Gross loans	10%	0%	44%	0%	31%	23%

The ECL's of Stage 2 as a percentage of gross loans balance increased from 23% to 27% reflecting primarily the expected impact the COVID-19 pandemic had on the loan portfolio.

31 March 2021	Residential Mortgage $m	Credit Card $m	Other Consumer $m	Commercial - real estate $m	Commercial - other $m	Total $m
Stage 3						
Gross loans	3.4	1.9	26.8	2.9	15.0	50.0
ECL	(0.7)	(1.2)	(6.5)	(1.4)	(10.2)	(20.0)
	2.7	0.7	20.3	1.5	4.8	30.0
ECL as a % of Gross loans	21%	63%	24%	48%	68%	40%

31 March 2020	Residential Mortgage $m	Credit Card $m	Other Consumer $m	Commercial - real estate $m	Commercial - other $m	Total $m
Stage 3						
Gross loans	1.9	0.3	1.8	2.8	1.9	8.7
ECL	(0.3)	(0.2)	(1.2)	(1.3)	(0.5)	(3.5)
	1.6	0.1	0.6	1.5	1.4	5.2
ECL as a % of Gross loans	16%	67%	67%	46%	26%	40%

The ECL's of Stage 3 as a percentage of gross loans balance remained 40%; however, the ECL increased by $16.5 million reflecting the impact of the pandemic. This increase included one BBL client group newly classified as Stage 3 with an associated ECL of $4.6 million.

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.

The Group'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, BBCL, 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 $1.5 million, while the same appreciation in the other currencies against the Belize dollar would on aggregate result in a gain of $0.1 million.

The following table provides assets and liabilities by currency at 31 March 2021:

	BZD $m	USD $m	Other currencies $m	Total $m
Financial assets	837.4	106.9	1.3	945.6
Non-financial assets	20.9	0.1	-	21.0
Total assets	**858.3**	**107.0**	**1.3**	**966.6**
Financial liabilities	759.4	68.2	0.3	827.9
Non-financial liabilities	11.3	2.3	-	13.6
Total liabilities	**770.7**	**70.5**	**0.3**	**841.5**
Credit related commitments	**57.7**	**1.6**	**-**	**59.3**

The following table provides assets and liabilities by currency at 31 March 2020:

	BZD $m	USD $m	Other currencies $m	Total $m
Financial assets	393.3	96.3	1.3	490.9
Non-financial assets	18.0	0.4	-	18.4
Total assets	**411.3**	**96.7**	**1.3**	**509.3**
Financial liabilities	390.8	24.1	0.5	415.4
Non-financial liabilities	1.4	-	-	1.4
Total liabilities	**392.2**	**24.1**	**0.5**	**416.8**
Credit related commitments	**13.9**	**15.9**	**-**	**29.8**

Liquidity risk

Liquidity risk is the risk arising from BBL's, BBCL'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. Approved liquid assets include inter alia reserve balances, short-term claims on the GOB, and deposits held at correspondent banks.

The Group's liquidity management process is carried out by the Group's Treasury and monitored by the Asset and Liability Committee (ALCO). BBL's, BBCL'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, BBCL, 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, BBCL, 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, BBCL, 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, BBCL, and BBIL would indicate that deposits provide a long-term and stable source of funding.

In respect of BBL and BBCL, 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 BBL, BBCL, and BBIL are primarily "on-demand" loans which BBL, BBCL, and BBIL are legally entitled to call in the event that liquidity conditions tightened.

The following tables detail the remaining contractual maturity of the 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 the earliest date on which the Group 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 Group may require to pay.

At 31 March 2021	On demand $m	Due within 3 months $m	3 months to 1 year $m	Over 1 year / no maturity $m	Total $m
Customer accounts	639.5	43.5	114.0	30.0	827.0
Lease liability	-	-	-	0.5	0.5
Due to parent company	-	-	-	18.9	18.9
Other liabilities and payables	3.3	6.9	-	3.9	14.1
Total liabilities	**642.8**	**50.4**	**114.0**	**53.3**	**860.5**
Credit-related commitments	**54.3**	**1.0**	**4.0**	**(0.1)**	**59.2**
Total liabilities and credit- related commitments	**697.1**	**51.4**	**118.0**	**53.2**	**919.7**
Loans to customers	63.0	29.2	74.9	454.6	621.7
Cash and cash equivalents	19.1	-	-	-	19.1
Balances with the Central Bank	219.1	-	-	-	219.1
Due from banks	59.4	2.8	(0.1)	-	62.1
Other assets and receivables	1.5	-	-	-	1.5
Securities	-	64.5	28.8	45.8	139.1
Assets held for managing liquidity risk (undiscounted)	**362.1**	**96.5**	**103.6**	**500.4**	**1,062.6**

At 31 March 2020	On demand $m	Due within 3 months $m	3 months to 1 year $m	Over 1 year / no maturity $m	Total $m
Customer accounts	258.7	38.1	98.1	16.7	411.6
Lease liability	-	-	-	0.3	0.3
Other liabilities and payables	0.6	1.4	-	2.5	4.5
Total liabilities	**259.3**	**39.5**	**98.1**	**19.5**	**416.4**
Credit-related commitments	**24.3**	**1.4**	**1.4**	**2.5**	**29.6**
Total liabilities and credit- related commitments	**283.6**	**40.9**	**99.5**	**22.0**	**446.0**
Loans to customers	21.6	14.4	39.0	224.9	299.9
Cash and cash equivalents	12.9	-	-	-	12.9
Balances with the Central Bank	12.5	-	-	-	12.5
Due from banks	33.5	0.2	1.1	-	34.8
Other assets and receivables	0.3	-	-	-	0.3
Securities	-	50.3	41.8	33.9	126.0
Assets held for managing liquidity risk (undiscounted)	**80.8**	**64.9**	**81.9**	**258.8**	**486.4**

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, BBCL'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, BBCL's, and BBIL's ALCO periodically monitors interest rate gaps to estimate the potential impact of changes in net interest income.

The following table presents interest rate gap analysis at 31 March 2021.

	Due on demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after 5 years	Non-repricing	Total
Rate sensitive assets							
Performing loans (net of allowances)	26.1	56.1	26.0	69.4	259.9	-	437.5
Securities	-	64.4	26.9	29.9	8.6	-	129.8
GOB receivable (net of allowances)	-	-	-	-	-	38.0	38.0
Total rate sensitive assets	**26.1**	**120.5**	**52.9**	**99.3**	**268.5**	**38.0**	**605.3**
Rate sensitive liabilities							
Savings accounts	202.8	-	-	-	-	-	202.8
Term deposits	11.6	35.6	110.3	30.1	-	-	187.6
Total rate sensitive liabilities	**214.4**	**35.6**	**110.3**	**30.1**	**-**	**-**	**390.4**
Interest sensitivity gap	**(188.3)**	**84.9**	**(57.4)**	**69.2**	**268.5**	**38.0**	**214.9**

The following table presents interest rate gap analysis at 31 March 2020.

	Due on demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after 5 years	Non-repricing	Total
Rate sensitive asset							
Performing loans (net of allowances)	19.5	0.3	9.1	96.3	112.9	-	238.1
Securities	-	50.4	40.1	21.4	7.5	-	119.4
GOB receivable (net of allowances)	-	-	-	-	-	39.5	39.5
Total rate sensitive assets	**19.5**	**50.7**	**49.2**	**117.7**	**120.4**	**39.5**	**397.0**
Rate sensitive liabilities							
Savings accounts	89.8	-	-	-	-	-	89.8
Term deposits	0.1	38.0	97.3	16.2	-	-	151.6
Total rate sensitive liabilities	**89.9**	**38.0**	**97.3**	**16.2**	**-**	**-**	**241.4**
Interest sensitivity gap	**(70.4)**	**12.7**	**(48.1)**	**101.5**	**120.4**	**39.5**	**155.6**

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, BBCL'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, BBCL's, and BBIL's reputation, generate litigation against the banks and cause financial losses.

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

To minimise exposure to operational risk BBL, BBCL, 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, BBCL, and BBIL 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, BBCL, and BBIL use the basic indicator approach. BBL, BBCL, 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 the Group operates.

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

Note 26 - Subsidiary companies

Name of company	Country of incorporation	% equity interest
BB Holdings Limited	Trinidad and Tobago	100%
B.B. International Limited	Saint Lucia	100%
Belize Bank Corporation Limited	Belize	100%
Belize Bank International Limited	Belize	100%
Belize Corporate Services Limited	Belize	100%
Belize Corporate Services Limited	British Virgin Islands	100%
Belize Trust Company Limited	Belize	100%
BHI Treasury Limited	British Virgin Islands	100%
Caribbean Operations Management Limited	Turks & Caicos Islands	100%
Caribbean Strategic Developments Limited	Turks & Caicos Islands	100%
E-Kyash Limited	Belize	100%
Harbour Investments Limited	Belize	100%
The Belize Bank Limited	Belize	100%
Westtown Group Limited	British Virgin Islands	100%

Note 27 - Acquisition of Scotiabank (Belize) Limited

On 31 March 2021, the Group acquired 100% of the shares of Scotiabank (Belize) Limited. With this acquisition, the Group expects to gain a significant increase in market share of the domestic banking sector in Belize. The acquisition, which is accounted for as a business combination under the "acquisition method" as defined by IFRS 3, resulted in a gain on bargain purchase of $8.5 million as computed in the table that follows and as reflected in the consolidated statement of income.

	$m
Amount settled in cash	19.7
Stamp duties paid	1.0
Total	**20.7**

Recognised amounts of identifiable net assets	
Cash and cash equivalents	193.7
Other assets	3.0
Prepayments	0.1
Loans to customers (net of impairment allowance)	236.7
Property and equipment - net	4.2
Demand and term deposits	(402.9)
Other liabilities	(4.5)
Long term employee benefits payable	(1.1)
Net identifiable assets and liabilities	**29.2**
Gain on acquisition	(8.5)

Consideration transferred

The acquisition was settled in cash of $19.7 million; stamp duties of $1.0 million was also paid on the transfer of the 12 million shares.

Acquisition-related costs amounting to $0.4 million have been recognised as an expense in the consolidated statement of comprehensive income, as part of other expenses and with no impact on the bargain gain.

No contingent assets or liabilities were taken over in the acquisition.

Note 28 - Subsequent events

Subsequent events have been evaluated through 22 September 2021, which is the date the consolidated 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 consolidated financial statements would be required.

Except as disclosed above, there have been no events subsequent to the balance sheet date that require adjustments or disclosure in the consolidated financial statements.

Corporate information

Directors	Lyndon Guiseppi Euric Bobb Peter Gaze Philip Osborne Ydahlia Metzgen Geraldine Davis Young
Company Secretary	Philip Osborne
Registered Office	Craigmuir Chambers Road Town Tortola British Virgin Islands
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
Listing Sponsor	(for the Bermuda Stock Exchange) Ocorian Securities (Bermuda) Limited Victoria Place, 5th Floor 31 Victoria Street Hamilton HM 10 Bermuda
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'.

NP0921-3439
Northpoint Printing Limited

cihl

Caribbean Investment Holdings Limited