

HERITAGE BANK LIMITED

STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021 AND 2020 (IN BELIZE DOLLARS)

	Notes	2021	2020
ASSETS			
Cash and cash equivalents	2g. 2h. 4.	\$ 129,066,697	\$ 100,351,193
Debt instrument investments	2g. 5.	46,452,646	56,473,243
Other assets	2g. 6.	4,128,122	3,736,369
Loans receivable	2g. 7.	366,448,276	337,097,390
Less: specific loan loss reserve	2i. 7.	(9,593,732)	(8,013,865)
Property and equipment - net	2j. 2k. 8.	35,559,827	33,966,069
Total assets		572,061,836	523,610,399
LIABILITIES			
Customers' deposits	2g. 2l. 9.	488,654,174	447,839,445
Due to other banks	2g. 10.	11,962,083	10,694,350
Other liabilities	2g. 11.	5,275,711	6,247,461
Severance payable	2m. 2n. 12.	1,290,595	1,139,808
Total liabilities		507,182,563	465,921,064
NET ASSETS			
		\$ 64,879,273	\$ 57,689,335
SHAREHOLDERS' EQUITY			
Share capital	13.	\$ 42,100,000	\$ 42,100,000
Share premium	14.	490,000	490,000
Statutory reserves	2p.	11,802,268	10,004,783
General loan loss reserve	2o.	3,763,945	3,293,071
Retained earnings		6,723,060	1,801,481
SHAREHOLDERS' EQUITY			
		\$ 64,879,273	\$ 57,689,335

The financial statements on pages 4 to 7 were approved and authorized for issue by the Board of Directors on April 25, 2022 and are signed on its behalf by:



Director



Director

HERITAGE BANK LIMITED

STATEMENTS OF PROFIT AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (IN BELIZE DOLLARS)

	Notes	2021	2020
Continuing Operations			
	2q.		
Net interest income	15.	\$ 24,571,523	\$ 20,213,565
Net fee and commission income	16.	3,730,237	3,638,907
NET REVENUES		28,301,760	23,852,472
OTHER INCOME AND EXPENSES:			
Provision for impairment losses	2n. 6.	(1,627,230)	(1,330,000)
Personnel expense	19.	(9,051,732)	(8,340,355)
Other operating expenses	20.	(7,857,660)	(7,849,577)
Net trading income	17.	1,893,483	1,715,029
Other operating income	18.	3,246,898	3,328,401
Depreciation	8.	(2,703,696)	(1,641,413)
		(16,099,937)	(14,117,915)
PROFIT BEFORE TAXATION		12,201,823	9,734,557
Business Tax	21.	(5,011,885)	(4,302,528)
PROFIT FOR THE YEAR		7,189,938	5,432,029
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		\$ 7,189,938	\$ 5,432,029
EARNINGS PER SHARE:			
	22.		
From continuing operations			
Basic (\$ per share)		\$ 0.18	\$ 0.14
Diluted (\$ per share)		\$ 0.18	\$ 0.14

BOARD OF DIRECTORS

Richard Sutton (Chairman)
Julieta Sanchez Sutton
Karen Weir
Aldo Reyes
Stephen Duncan (Managing Director/Secretary)

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of:
Heritage Bank Limited

Qualified Opinion

We have audited the financial statements of Heritage Bank Limited (the Bank), which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of profit and other comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of The Bank as at December 31, 2021 and 2020, and of its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

At December 31, 2021, the Bank has not adopted IFRS 9 – Financial Instruments as explained in Note 2a to the financial statements. The Bank does not classify its financial instruments nor impair its financial instruments in accordance with IFRS 9.

The Bank currently uses standards that has been superseded by IFRS 9 to classify, measure and present financial instruments.

The Bank currently uses the incurred loss model prescribed by the Central of Belize in the Domestic Banks and Financial Institutions Act, Circular No. 2 of 2020.

In the absence of sufficient and appropriate audit evidence to evaluate the impact compliance with IFRS 9 would have on the financial statements, we are unable to assess whether the current positions would be materially different.

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank'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 Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error; to design and perform audit procedures responsive to those risks; and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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


Chartered Accountants
Belize City, Belize
April 25, 2022