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HERITAGE BANK LIMITED

STATEMENTS OF FINANCIAL POSITION AS AT DECEMBER 31, 2022 AND 2021 (IN BELIZE DOLLARS)

	Notes	2022	2021
ASSETS			
Cash and cash equivalents	2g. 2h. 4.	\$ 121,022,353	\$ 129,066,697
Debt instrument investments	2g. 5.	30,000,000	46,452,646
Less: Impairment of debt instrument investment	2g. 3. 5.	(446,531)	-
Other assets	2g. 6.	4,776,572	4,128,122
Loans receivable	2g. 7.	409,469,648	366,448,276
Less: Impairment of loans receivable / specific loan loss reserve	2g. 3. 7.	(2,798,487)	(9,593,732)
Impairment of off-balance sheet balances	2g. 3.	(1,451,641)	-
Property and equipment - net	2i. 2k. 8.	36,291,951	34,677,799
Intangible asset - net	2j. 2k. 9.	1,863,381	882,028
Total assets		598,727,246	572,061,836
LIABILITIES			
Customers' deposits	2g. 2l. 10.	504,936,034	488,654,174
Due to other banks	2g. 11.	3,329,266	11,962,083
Other liabilities	2g. 12.	15,510,028	5,275,711
Severance payable	2m. 2n. 13.	1,329,769	1,290,595
Total liabilities		525,105,097	507,182,563
NET ASSETS		\$ 73,622,149	\$ 64,879,273
SHAREHOLDERS' EQUITY			
Share capital	14.	\$ 42,100,000	\$ 42,100,000
Share premium	15.	490,000	490,000
Statutory reserves	2o.	13,245,200	11,802,268
General loan loss reserve	2p.	-	3,763,945
Loan loss reserve	2q.	8,135,546	-
Retained earnings		9,651,403	6,723,060
SHAREHOLDERS' EQUITY		\$ 73,622,149	\$ 64,879,273

The financial statements on pages 3 to 7 were approved and authorized for issue by the Board of Directors on April 27, 2023 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, 2022 AND 2021 (IN BELIZE DOLLARS)

	Notes	2022	2021
Continuing Operations			
Net interest income	16.	\$ 24,171,468	\$ 24,571,523
Net fee and commission income	17.	3,561,488	3,730,237
NET REVENUES		27,732,956	28,301,760
OTHER INCOME AND EXPENSES:			
Net remeasurement of loan losses	2g. 3. 7.	625,892	(1,627,230)
Net remeasurement of impairment of debt instrument investments	3. 5.	(446,531)	-
Net remeasurement of impairment of off-balance sheet balances	3.	(1,451,641)	-
Personnel expense	20.	(9,101,520)	(9,051,732)
Other operating expenses	21.	(10,042,572)	(7,859,905)
Net trading income	18.	2,212,655	1,893,483
Other operating income	19.	3,815,786	3,249,143
Depreciation and amortization	2i. 2j. 8. 9.	(2,557,288)	(2,703,696)
		(16,945,219)	(16,099,937)
PROFIT BEFORE TAXATION		10,787,737	12,201,823
Business Tax	22.	(5,101,013)	(5,011,885)
PROFIT FOR THE YEAR		5,686,724	7,189,938
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		\$ 5,686,724	\$ 7,189,938
EARNINGS PER SHARE:			
From continuing operations	23.		
Basic (\$ per share)		\$ 0.15	\$ 0.18
Diluted (\$ per share)		\$ 0.15	\$ 0.18

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

Opinion

We have audited the financial statements of Heritage Bank Limited, (hereinafter called "the Bank"), which comprise the statement of financial position as at December 31, 2022, and the statement of profit and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 opinion.

Other Matter

The financial statements for the year ended December 31, 2021 were audited by us where we expressed a qualified opinion on April 25, 2022.

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 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 Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Chartered Accountants
 Belize City, Belize
 April 27, 2023