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HERITAGE BANK LIMITED
**STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023 AND 2022 (IN BELIZE DOLLARS)**

	Notes	2023	2022
ASSETS			
Cash and cash equivalents	2g. 2h. 4.	\$ 131,693,786	\$ 121,022,353
Debt instrument investments	2g. 5.	30,375,000	30,000,000
Less: Impairment of debt instrument investment	2g. 3. 5.	(189,043)	(446,531)
Other assets	2g. 8.	6,767,031	4,776,572
Loans receivable	2g. 6.	458,811,975	409,469,648
Less: Impairment of loans receivable	2g. 3. 6.	(3,875,670)	(2,798,487)
Impairment of off-balance sheet balances	2g. 3.	(829,057)	(1,451,641)
Property and equipment - net	2i. 2k. 7.	39,453,568	36,291,951
Intangible asset - net	2j. 2k. 9.	1,999,301	1,863,381
Total assets		<u>664,206,891</u>	<u>598,727,246</u>
LIABILITIES			
Customers' deposits	2g. 2l. 10.	559,461,748	504,936,034
Due to other banks	2g. 11.	572,902	3,329,266
Other liabilities	2g. 12.	24,306,100	15,510,028
Severance payable	2m. 2n. 13.	1,646,030	1,329,769
Total liabilities		<u>585,986,780</u>	<u>525,105,097</u>
NET ASSETS		\$ 78,220,111	\$ 73,622,149
SHAREHOLDERS' EQUITY			
Share capital	14.	\$ 42,100,000	\$ 42,100,000
Share premium	15.	490,000	490,000
Statutory reserves	2o.	14,854,769	13,245,200
Loan loss reserve	2p.	9,625,857	8,135,546
Retained earnings		11,149,485	9,651,403
SHAREHOLDERS' EQUITY		\$ 78,220,111	\$ 73,622,149

The financial statements on pages 3 to 7 were approved and authorized for issue by the Board of Directors on April 30, 2024 and are signed on its behalf by:



Director



Director

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, (the "Bank"), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of profit and other comprehensive income, statements of changes in equity and statements 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, 2023 and 2022, and of its financial performance and its cash flows for the years 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.

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.

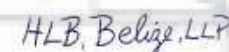
Auditors' Responsibilities for the Audit of the Financial Statements

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 Bank'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 Bank'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 30, 2024

HERITAGE BANK LIMITED
**STATEMENTS OF PROFIT AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (IN BELIZE DOLLARS)**

	Notes	2023	2022
Continuing Operations			
REVENUES			
Net interest income	16.	\$ 27,033,755	\$ 24,171,468
Net fee and commission income	17.	3,401,737	3,561,488
NET REVENUES		30,435,492	27,732,956
OTHER INCOME AND EXPENSES:			
Net remeasurement of loan losses	2g. 3. 6.	(1,077,183)	625,892
Net remeasurement or impairment or debt instrument investments	2g. 3. 5.	257,488	(446,531)
Net remeasurement of impairment of off-balance sheet balances	2g. 3.	622,584	(1,451,641)
Personnel expense	18.	(10,596,240)	(9,101,520)
Other operating expenses	20.	(10,656,531)	(10,042,572)
Net trading income	19.	1,991,923	2,212,655
Other operating income	21.	3,847,923	3,815,786
Depreciation and amortization	2i. 2j. 7 9.	(2,702,538)	(2,557,288)
		<u>(18,312,574)</u>	<u>(16,945,219)</u>
PROFIT BEFORE TAXATION		12,122,918	10,787,737
Business tax	22.	(5,684,641)	(5,101,013)
PROFIT FOR THE YEAR		6,438,277	5,686,724
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		\$ 6,438,277	\$ 5,686,724
EARNINGS PER SHARE:			
From continuing operations	23.		
Basic (\$ per share)		<u>\$ 0.16</u>	<u>\$ 0.15</u>
Diluted (\$ per share)		<u>\$ 0.16</u>	<u>\$ 0.15</u>

BOARD OF DIRECTORS

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