Caribbean Investment Holdings Limited

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Consolidated Financial Statements

March 31, 2017

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Report of the Chief Executive Officer

Caribbean Investment Holdings Group (the "Group") produced a net income before tax of $1.5 million in fiscal 2017. This represented a decrease from our financial performance in 2016 when the Group recorded net income of $3.2 million before tax. Net loss after tax was $2.4 million.

In 2016, Belize's recession showed no signs of abating as the growth of Belize's GDP decelerated to an estimated 0.8% for the year ended December 2016 compared to 1.0% for the same period in 2015. The reduction in GDP growth was associated with a decline in commodity exports by roughly 17.7%, as falling revenues from petroleum, citrus, banana, and marine products outweighed increases in sugar receipts. The tertiary sector generated an increase of 3.1% boosted by a 13.2% increase in overnight tourists compared to 2016. Cruise ship disembarkations also reflected an increase of 4.9% in comparison to 2016.

Belize's economy is expected to grow modestly in 2017 after the recession experienced in 2016. Rising prices of key commodity exports and a growing tourism sector will drive growth, although a reliance on agriculture and the effects of fiscal consolidation will place a cap on growth over the coming years.

In the first quarter of 2017, Money Supply ("M2") marginally increased by 0.6% mainly as a result of an increase in net credit to central government during the quarter which was offset by decreases in net foreign assets of the banking system.

Net foreign assets decreased 1.3% due to decreases in both domestic bank and central bank assets by 3.0% and 0.8%, respectively. The contraction in net foreign assets of commercial banks was associated with a surge of the import bill. The reduction in the Central Bank's foreign assets was as a result of external debt service payment for central government.

On the credit front, net domestic credit declined overall by 0.1% due to decreases in credit to the private sector and credit to the public sector. On the other hand, net credit to central government rose by 5.4% during the first quarter of 2017 due to the issuance of $30.0 million in new securities by the Government of Belize. Excess liquidity continued to trend upward for domestic banks during the first quarter. Excess cash increased by 0.5% totalling $446.0 million by the end of March 2017. The banking system remains highly liquid resulting in increased pressure on the system's interest rates

The Financial Services Division of the Group reported an 18% decrease in its operating income from $6.0 million in fiscal 2016 to $4.9 million in fiscal 2017 as loan loss provisions increased by $0.7 million.

Net loss per share for the year amounted to ($0.02) in fiscal 2017 which represented a decrease from fiscal 2016's earnings per share of $0.01.

The Group's balance sheet remains strong with shareholders' equity of $55.2 million at March 31, 2017 compared with $57.7 million last year.

The Belize Bank's size relative to its peers in the domestic banking sector remained relatively unchanged at the end of March 2017. The Belize Bank accounted for approximately one-third of the system deposits and a quarter of the system assets. In the important area of term deposits, The Belize Bank accounted for over fifty percent of the total term deposits in the system.

Significantly, during the period under review the non-performing loan (NPL) ratio of the Belize Bank fell below 3%. This was the first time in the past eight years that the NPL ratio fell to these levels. A strong credit risk culture is now firmly imbedded in the institution and the prospect of escalating NPL's is significantly reduced.

Over the medium-term, given the prognosis for low to marginal GDP growth, the prospect for top-line revenue growth will be somewhat constrained. Consequently, while there may be some opportunity for profitable growth over the medium-term, management will place closer attention to cost-saving initiatives and operational efficiency. Among other things, our strategy going forward will involve increasing our share of wallet from existing customers, the re-alignment of our loan portfolio (by placing greater emphasis on retail banking) and the provision of fee-generating new products and services. Given the current relatively high level of liquidity and the unique characteristics of the market, the greatest area for further market penetration lies in the areas of consumer loans, mortgage financing and credit card issuance. The Group will also continue to scope out opportunities in the area of strategic acquisitions both within and outside of Belize.

Additionally, through tighter balance sheet management, particularly on the deposit liability side, management plans to explore further opportunities for interest cost reduction in light of the continuing high level of liquidity which characterizes the banking landscape in Belize.

Once again, both The Belize Bank and Belize Bank International complied with their reporting requirements under the Foreign Account Tax Compliance Act (FATCA) provisions prior to their reporting deadline of March 31, 2017 and are now focused on ensuring that systems are also in place to comply with requirements of the Common Reporting Standards ("CRS") in light of the fact that legislation for the Mutual Administrative Assistance in Tax Matters (Amendment) Act 2016 was enacted in Belize in March 2017.

The disruption of correspondent banking lines two and a half years ago created a significant amount of distraction which affected several aspects of our operations. We are happy to report that this issue has now been substantially addressed and all services which were previously affected have now been fully restored. Through initiatives being taken in collaboration with the Caribbean Association of Banks, a regional body representing over 52 Caribbean banks, The Belize Bank will also pursue alternate and additional strategies to mitigate the effects of de-risking which has affected the entire sub-region.

During the past year The Belize Bank participated in the roll-out of Belize's new National Payment System. The project was implemented as a collaborative effort involving the Central Bank, the Government of Belize and domestic financial institutions. As a consequence of this initiative domestic banks and other authorised institutions are now able to make electronic payments, quickly, safely and securely anywhere in Belize. The new payment system provides a platform which can facilitate and expedite both large and small value payments. A Central Securities Depositary has also been developed which will allow for the electronic auction and registration of Government securities as the local capital market is developed in Belize.

We continue to be extremely proud of our staff and what we have been able to accomplish during the past year given the myriad of challenges which the organisation was confronted with. Our aim is to recruit and retain the most talented personnel in the country and we continue to be singularly focused on training and staff development. In this regard, our ultimate goal is to be viewed as "Employer of Choice" to the talent market in Belize.

I express my deepest gratitude to the management and staff who have contributed to the Company's success. On behalf of the entire organisation, I would also like to thank our customers for the continuing opportunity to serve their banking and financial needs.

Lyndon Guiseppi
Chief Executive Officer

September 29, 2017

Statement of management responsibilities

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

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

Lyndon Guiseppi	**Michael Coye**
Chief Executive Officer	Chief Financial Officer

September 29, 2017

Independent auditor's report

To the Shareholders of

Caribbean Investment Holdings Limited

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Caribbean Investment Holdings Limited, which comprise the consolidated balance sheets as at March 31, 2017 and March 31, 2016 and the consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Caribbean Investment Holdings Limited at March 31, 2017 and March 31, 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Moore Stephens Magaña LLP
Belize City, Belize

September 29, 2017

Consolidated statements of comprehensive income (in US Dollars)

Year ended March 31	Notes	2017 $m	2016 $m
Financial Services			
Interest income	4	**42.0**	37.6
Interest expense	5	**(6.8)**	(7.9)
Net interest income		**35.2**	29.7
Allowance for loan losses	14	**(19.2)**	(18.5)
Net interest income after allowance for loan losses		**16.0**	11.2
Non-interest income	6	**11.1**	13.2
Non-interest expense	7	**(22.2)**	(20.2)
Operating income before non-recurring loss		**4.9**	4.2
Non-recurring net income	8	**–**	1.8
Operating income - Financial Services		**4.9**	6.0
Corporate			
Corporate income		**1.0**	1.1
Corporate expenses		**(4.4)**	(3.9)
Operating loss - Corporate		**(3.4)**	(2.8)
Net income before tax		**1.5**	3.2
Taxation		**(3.9)**	(2.6)
Net (loss) income after tax and before other comprehensive income		**(2.4)**	**0.6**
Other comprehensive income:			
Unrealized losses on securities		**(0.1)**	(0.6)
Total comprehensive (loss) income		**(2.5)**	0.0
(Loss) earnings per ordinary share (basic and diluted)	9	**($0.02)**	$0.01

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

	Share capital $m	Additional paid in capital $m	Treasury shares $m	Retained earnings $m	Total $m
At April 1, 2015	0.6	52.8	(21.7)	26.0	57.7
Accumulated other comprehensive loss	–	–	–	(0.6)	(0.6)
Net income	–	–	–	0.6	0.6
At March 31, 2016	0.6	52.8	(21.7)	26.0	57.7
Accumulated other comprehensive loss	–	–	–	(0.1)	(0.1)
Net loss	–	–	–	(2.4)	(2.4)
At March 31, 2017	0.6	52.8	(21.7)	23.5	55.2

At March 31, 2017, retained earnings included non-distributable statutory reserves in The Belize Bank Limited of $2.7 million (2016 - $2.7 million). Belize Bank International Limited does not have non-distributable statutory reserves.

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

Consolidated balance sheets (in US Dollars)

At March 31	Notes	2017 $m	2016 $m
Assets			
Financial Services			
Cash and cash equivalents	10	**12.0**	11.5
Balances with the Central Bank of Belize	11	**121.2**	150.7
Due from banks (net of allowances)	12	**19.0**	24.9
Investment securities	13	**46.4**	11.8
Loans to customers (net of allowances)	14	**268.0**	288.7
Property, plant and equipment	15	**18.6**	16.3
Due from Government of Belize (net of allowance)	16	**29.8**	25.2
Other assets	17	**10.9**	17.5
Total Financial Services assets		**525.9**	546.6
Corporate			
Cash, cash equivalents, and due from banks		**2.6**	4.9
Other current assets		**0.6**	0.4
Total assets		**529.1**	551.9
Liabilities and shareholders' equity			
Financial Services			
Customer accounts	18	**453.5**	475.5
Interest payable		**3.4**	3.8
Provisions	19	**–**	0.4
Other liabilities		**8.8**	6.4
Total Financial Services liabilities		**465.7**	486.1
Corporate			
Current liabilities		**8.2**	8.1
Total liabilities		**473.9**	494.2
Shareholders' equity:			
Share capital (ordinary shares of no par value - 2017 and 2016 -103,642,984)	21	**0.6**	0.6
Additional paid-in capital		**52.8**	52.8
Treasury shares	21	**(21.7)**	(21.7)
Retained earnings		**23.5**	26.0
Total shareholders' equity		**55.2**	57.7
Total liabilities and shareholders' equity		**529.1**	551.9

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

Consolidated statements of cash flows (in US Dollars)

Year ended March 31	2017 $m	2016 $m
Cash flows from operating activities		
Net (loss) income from operations	(2.4)	0.6
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation	1.6	1.7
Allowance for loan losses	19.2	18.5
Changes in assets and liabilities:		
(Decrease) increase in interest payable	(0.4)	0.1
Increase in Government of Belize Receivable	(4.6)	(7.2)
Decrease (increase) in other and current assets	6.4	(3.6)
Increase (decrease) in other and current liabilities	2.1	(1.4)
Net cash provided by operating activities	21.9	8.7
Cash flows from investing activities		
Purchase of property, plant and equipment (net of disposals)	(3.9)	(1.5)
(Increase) decrease in investment securities	(34.6)	34.4
Decrease in loans (net of charge-offs) to customers	1.5	13.3
Net cash (utilized) provided by investing activities	(37.0)	46.2
Cash flows from financing activities		
Decrease in deposits	(22.0)	(101.8)
Unrealized losses on securities	(0.1)	(0.6)
Net cash utilized by financing activities	(22.1)	(102.4)
Net change in cash, cash equivalents and due from banks	(37.2)	(47.5)
Cash, cash equivalents and due from banks at beginning of year	192.0	239.5
Cash, cash equivalents and due from banks at end of year	154.8	192.0
Cash and cash equivalents - financial services	12.0	11.5
Balances with Central Bank of Belize - financial services	121.2	150.7
Due from banks - financial services	19.0	24.9
Cash, cash equivalents and due from banks - corporate	2.6	4.9
	154.8	192.0

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

Notes to consolidated financial statements

Note 1 - Description of business

Introduction

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

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

Note 2 - Summary of significant accounting policies

Basis of presentation

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

Basis of consolidation

The consolidated financial statements have been prepared in United States Dollars ("US Dollars") in accordance with US GAAP and as described below, the consolidated financial statements incorporate the financial statements of the Group. The Company consolidates its subsidiaries all of which are wholly owned. The results of subsidiary companies acquired or disposed of during the year are included in the consolidated financial statements from the effective date of acquisition or up to the date of disposal. All intercompany balances and transactions have been eliminated in consolidation.

Use of estimates

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

Investment securities

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

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

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

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

Loans and interest income recognition

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

Interest expenses

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

Allowance for loan losses

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

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

Loan commitments and related financial instruments

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

Acceptances

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

Fair value measurements

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

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

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

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

Leases

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

Loss contingencies

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

Foreign currency translation

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

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

Cash and cash equivalents

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

Property, plant and equipment

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

Buildings	life of building, not exceeding 50 years
Leasehold improvements	term of lease
Motor vehicle	4 years
Fixtures, fittings and office equipment	3 to 10 years

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

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

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

Stock-based compensation

Stock-based employee compensation is accounted for under the fair value based method of accounting (note 21).

Other assets classified as held for sale

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

Taxation

Taxation has been provided for in the financial statements in accordance with Belize legislation currently in force. The Bank is a member of a PIC Group as defined by Section 115 of the International Business Companies Act, 1990 of Belize, as amended in 1995 (“IBC Act”). In 1998, corporate taxation was replaced by business tax which, in the case of banks, is assessed on revenues less interest expense. Taxes, other than business tax, are recorded within operating expenses.

New accounting standards

The Group has prepared its consolidated financial statements at March 31, 2017 in conformity with US GAAP that have to be applied for fiscal years beginning after April 1, 2016 or US GAAP that can be applied earlier on a voluntary basis.

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

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

Notes to consolidated financial statements

Note 3 - Segmental analysis

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

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

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

Segment information for the reportable segments is set out below:

	Total Group		Financial Services		Corporate	
	2017	2016	2017	2016	2017	2016
At March 31	$m	$m	$m	$m	$m	$m
Assets	529.1	551.9	525.9	546.6	3.2	5.3
Liabilities	473.9	494.2	465.7	486.1	8.2	8.1
Capital Expenditures	4.3	3.0	4.3	3.0	–	–

	Total Group		Financial Services		Corporate	
	2017	2016	2017	2016	2017	2016
At March 31	$m	$m	$m	$m	$m	$m
Net interest income	35.2	29.7	35.2	29.7	–	–
Non interest income	12.1	14.3	11.1	13.2	1.0	1.1
Total revenues, net of interest expense	47.3	44.0	46.3	42.9	1.0	1.1
Provision for loan losses	19.2	18.5	19.2	18.5	–	–
Depreciation and amortization	1.6	1.7	1.6	1.7	–	–
Other non interest expense	25.0	22.4	20.6	18.5	4.4	3.9
Non recurring net (gain) loss	–	(1.8)	–	(1.8)	–	–
Gain (loss) before taxes	1.5	3.2	4.9	6.0	(3.4)	(2.8)
Taxation	3.9	2.6	3.9	2.6	–	–
(Loss) gain net of tax	(2.4)	0.6	1.0	3.4	(3.4)	(2.8)

Note 4 - Interest income

Year ended March 31	2017 $m	2016 $m
Interest on loans to customers	34.6	31.6
Interest on Government of Belize receivable	6.1	5.2
Interest on securities	1.3	0.8
	42.0	37.6

Note 5 - Interest expense

Year ended March 31	2017 $m	2016 $m
Interest on customer deposits	6.8	7.9
	6.8	7.9

Note 6 - Non-interest income

Year ended March 31	2017 $m	2016 $m
Foreign exchange income and commissions	2.9	3.7
Customer service and letter of credit fees	1.5	2.0
Credit card fees	4.7	4.6
Other financial and related services	1.5	1.7
Other income	0.5	1.2
	11.1	13.2

Note 7 - Non-interest expense

Year ended March 31	2017 $m	2016 $m
Salaries and benefits	9.3	9.6
Premises and equipment	3.6	3.6
Other expenses	9.3	7.0
	22.2	20.2

Note 8 – Non-recurring net income (loss)

Year ended March 31	2017 $m	2016 $m
Impairment release	–	1.8
	–	1.8

Note 9 – Earnings per ordinary share

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

Year ended March 31	2017 $m	2016 $m
Net (loss) income	(2.4)	0.6
Weighted average number of shares (basic and diluted)	99,902,085	99,902,085
Basic and diluted (loss) earnings per ordinary share	($0.02)	$ 0.01

During the year ended March 31, 2017 and 2016 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 method of earnings per share calculation (note 21).

Note 10 - Cash and cash equivalents

At March 31	2017 $m	2016 $m
Cash in hand	9.6	10.0
Amounts in the course of collection	2.4	1.5
	12.0	11.5

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

Note 11 - Balances with the Central Bank of Belize

At March 31	2017 $m	2016 $m
Statutory reserve balances	34.6	37.0
Operating balance	86.6	113.7
	121.2	150.7

BBL is required to maintain an average minimum non-interest bearing deposit balance with the Central Bank of Belize equal to 8.5 percent of the average deposit liabilities of BBL. At March 31, 2017, the actual amount was 28.7 percent. In addition, BBL must maintain an average aggregate of approved liquid assets (which include the average minimum non-interest bearing deposit balance maintained with the Central Bank of Belize) equal to 23 percent of the average deposit liabilities of BBL. At March 31, 2017, the actual amount was 33.7 percent. The statutory reserve balances are not readily available to finance the day to day operations of the banks.

Note 12 - Due from banks

At March 31	2017 $m	2016 $m
	19.0	24.9

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

As at March 31, 2017 and 2016, all the interbank loans and deposits placed in other banks were current and not impaired except for balances held with Worldclear Limited, amounting to $0.6 million, which had a related impairment allowance of $0.3 million.

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

BBL has utilized $4.2 million (2016 - $2.9 million) of its balances held with other financial institutions to be held as collateral for certain credit lines. These particular financial assets are pledged as collateral under terms that are usual and customary for such transactions.

Note 13 - Investment securities

At March 31	2017 $m	2016 $m
Securities available for sale	8.9	6.7
Securities held to maturity	37.5	5.1
	46.4	11.8

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

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

At March 31, 2016	Gross Amortized Cost $m	Gross Unrealized Gains $m	Gross Unrealized Losses $m	Fair Value $m
Government sponsored entities and agencies	1.0	–	(0.2)	0.8
Corporate bonds	5.7	0.2	–	5.9
	6.7	0.2	(0.2)	6.7

A summary of securities as of March 31, 2017, by contractual maturity, is presented below. Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

At March 31	2017 $m	2016 $m
Due in one year or less	**30.2**	–
Due in one to five years	**11.9**	4.8
Due from five to ten years	**2.8**	4.5
Due after ten years	**1.5**	2.5
	46.4	11.8

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

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

Note 14 - Loans to customers (net of allowances)

At March 31	2017 $m	2016 $m
Loans (net of deferred income):		
Residential mortgage	**41.8**	40.6
Credit card	**9.0**	8.7
Other consumer	**45.2**	42.8
Commercial - real estate	**58.4**	69.3
Commercial - other	**145.1**	180.2
	299.5	341.6
Allowance for loan losses:		
Residential mortgage	**(3.5)**	(0.3)
Credit card	**(0.3)**	(0.3)
Other consumer	**(1.5)**	(2.8)
Commercial - real estate	**(8.4)**	(9.1)
Commercial - other	**(17.8)**	(40.4)
	(31.5)	(52.9)
Loans (net of deferred income and allowance for loan losses):		
Residential mortgage	**38.3**	40.3
Credit card	**8.7**	8.4
Other consumer	**43.7**	40.0
Commercial - real estate	**50.0**	60.2
Commercial - other	**127.3**	139.8
Loans (net of deferred income and allowance for loan losses):	**268.0**	288.7

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

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

At March 31, 2016	Due in one year or less $m	Due after one year through five years $m	Due after five years $m	Total $m
Residential mortgage	0.1	3.3	37.2	40.6
Credit card	8.5	0.1	0.1	8.7
Other consumer	7.0	30.0	5.8	42.8
Commercial - real estate	15.3	7.9	46.1	69.3
Commercial - other	54.1	34.9	91.2	180.2
	85.0	76.2	180.4	341.6

The table below reflects outstanding loans by industry classifications.

At March 31	2017 $m	2016 $m
Real estate	**78.6**	98.7
Agriculture	**48.6**	48.5
Other consumer loans	**45.2**	43.1
Building and construction	**36.2**	38.5
Distribution	**23.3**	30.5
Tourism	**16.7**	29.9
Transportation	**15.7**	5.0
Marine Products	**12.6**	13.1
Credit card	**9.0**	8.4
Utilities	**5.2**	5.8
Professional services	**4.3**	4.1
Manufacturing	**1.5**	2.1
Government	**1.2**	5.7
Mining and exploration	**0.8**	7.8
Forestry	**0.3**	0.2
Entertainment	**0.2**	0.1
Financial institutions	**0.1**	0.1
Total loans	**299.5**	341.6

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

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

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

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

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

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

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

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

At March 31, 2016	Pass $m	Sub - standard $m	Doubtful $m	Loss $m	Total $m
Residential mortgage	32.9	2.0	3.2	2.5	40.6
Credit card	8.6	–	–	0.1	8.7
Other consumer	40.8	0.2	0.5	1.3	42.8
Commercial - real estate	35.1	19.1	0.8	14.3	69.3
Commercial - other	120.9	3.5	20.8	35.0	180.2
	238.3	24.8	25.3	53.2	341.6

Individually impaired loans with allocated allowances were as follows:

At March 31	2017 $m	2016 $m
Non-accrual loans as at year end	30.3	103.3
Other performing loans classified as impaired	29.6	–
Less: impairment allowance on loans to customers	(31.5)	(52.9)
At the end of the year	28.4	50.4

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

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

At March 31	2017 $m	2016 $m
Residential mortgage	4.9	0.5
Credit card	0.3	0.2
Other consumer	1.7	2.0
Commercial - real estate	6.6	33.0
Commercial - other	16.8	67.6
	30.3	103.3

The interest income which would have been recorded during the year ended March 31, 2017 had all non-accrual loans been current in accordance with their terms was approximately $16.7 million (2016 - $26.3 million).

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

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

At March 31, 2017, the Group had total loans outstanding to certain officers and employees of $8.8 million (2016 - $8.3 million) at preferential rates of interest varying between 0.0 percent and 12.0 percent per annum, repayable over varying periods not exceeding 25 years. At March 31, 2017, these loans included nil (2016 - nil) classified within commercial - other loans. The transfer value loss on these loans had not been considered material and therefore had not been included in these financial statements.

Changes in the allowance for loan losses were as follows:

Year ended March 31	2017 $m	2016 $m
At beginning of year	52.9	43.1
Impairment allowance charged during the year	19.2	18.5
Charge-offs	(40.6)	(8.7)
Net movement in year	(21.4)	9.8
At end of year	31.5	52.9

Note 15 – Property, plant and equipment

At March 31	2017 $m	2016 $m
Cost:		
Land	1.2	1.5
Premises	15.3	15.5
Furniture and fixtures and other equipment	6.0	5.1
Computer and office equipment	8.4	5.5
Motor vehicles	2.2	2.1
Total cost	33.1	29.7
Less: total accumulated depreciation	(14.5)	(13.4)
	18.6	16.3

Total capital expenditures for the year ended March 31, 2017 was $4.3 million (2016 - $1.5 million). Total depreciation expense for the year ended March 31, 2017 was $1.6 million (2016 - $1.7 million).

For the purpose of impairment testing for the year ended March 31, 2017, the Group's management has combined all the subsidiaries into one reporting unit. As a result no impairment was determined as at March 31, 2017.

As at March 31, 2017 the Group's buildings, vehicles, ATMs and other equipment were insured for $23.9 million. (2016 - $22.0 million)

As at March 31, 2017 historical cost of fully depreciated fixed assets amounted to $6.2 million (2016 - $7.4 million). They are recognized in the consolidated balance sheets at zero residual value.

Note 16 – Due from Government of Belize (net of allowance)

At March 31	2017 $m	2016 $m
Amounts receivable from GOB - arbitration awards (i) and (ii)	40.8	45.0
Less: Impairment allowance	(11.0)	(19.8)
	29.8	25.2

Movements in impairment allowance on due from Government of Belize.

At March 31	2017 $m	2016 $m
At beginning of the year	(19.8)	(21.2)
Reduction (charge) during the year	8.8	1.4
At the end of the year	(11.0)	(19.8)

(i) In July 2014 the Company and BBL commenced proceedings in Washington, D.C. to enforce a London Court of International Arbitration ("LCIA") award of damages (the "Award") against the Government of Belize ("GOB"). The Award concerned the breach by the GOB of a settlement deed entered into in March 2005 and subsequently amended in June 2006. The settlement deed had resolved a dispute over the purchase and sale of shares in a Belizean company and, In consideration for the termination of a pending arbitration, the GOB had promised, among other things, that CIHL would receive certain tax treatment in Belize and that the Company would be indemnified for any breach of the GOB's warranties (the "Settlement Deed").

The United States District Court granted enforcement of the Award in favour of the Company and BBL and rejected all of GOB's challenges to the Award on July 1, 2015, for approximately USD 27.5 million including Interest, against the GOB (the "DC Judgement"). The GOB appealed the decision to the United States Court of Appeals for D.C. Circuit. In a decision dated May 13, 2016, the D.C. Circuit affirmed the DC Judgement in favour of the Company and BBL and rejected all of the GOB's arguments on appeal. The GOB then sought review by the United States Supreme Court. On January 9, 2017, the United States Supreme Court denied the GOB's petition for certiorari, rendering the DC Judgement final and not subject to further review. On July 21, 2016, the Company and BBL registered the DC Judgement in the United States Court for the Southern District of New York and obtained a judgement from the United States District Court for the Southern District of New York dated July 21, 2016 (the "NY Judgement", together with the DC Judgement, being the "US Judgements").

On January 23, 2017, the Company 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 DC Judgement against the GOB.

The Award underlying the US Judgements had also been recognised and declared enforceable by the English courts In February 2013 (the "English Judgement"). The Caribbean Court of Justice in 2013 had declined to allow the enforcement of the Award in Belize on Belizean public policy, strongly criticising the GOB for failing to seek the approval of the Belize National Assembly for the Settlement Deed (the "CCJ Decision").

BBL entered into a deed poll on January 31, 2017 pursuant to which it waived its right, title, interest and benefit under the Award, English Judgement, and the DC Judgement, thereby leaving CIHL with the sole right to enforce the Award, English Judgement and the DC Judgement. By way of a second deed poll on March 21, 2017, BBL waived its right, title, interest and benefit under the NY Judgement. On June 6, 2017, the Company and BBL entered into a Deed of Assignment with Midway Investments Ltd. ("Midway"), a wholly owned subsidiary of the Company incorporated in the Turks & Caicos Islands, to transfer all of the rights and benefits under the Award, English Judgment, US Judgements and the Settlement Deed (the "Assignment").

On June 8, 2017, the Board of Directors of the Company announced a dividend in specie of all of the issued Class A Shares of USD 0.01 par value each (the "Midway Shares") in the share capital of Midway on the basis of one Midway Share for every share in the Company held by shareholders. The dividend in specie of the Midway Shares was completed on June 19, 2017.

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

BBL commenced arbitration proceedings (the "Arbitration") under the LCIA in order to recover the sums due under the 2007 Loan Note. On January 15, 2013, the arbitral tribunal made its Final Award in the Arbitration in favour of BBL. It declared that the 2007 Loan Note was valid and binding and ordered the GOB to pay BBL the sum of USD 18.4 million plus interest and costs.

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

Award Enforcement proceedings were commenced against the GOB in the Belize Supreme Court In 2013. On February 17, 2015, the Belize Supreme Court refused to enforce the Final Award on the grounds that enforcement would be contrary to public policy. BBL appealed this decision to the Belize Court of Appeal in Civil Appeal No. 4 of 2015.

The case was heard by the Belize Court of Appeal on June 16, 2016. On March 24, 2017, the Court of Appeal upheld the decision of the Belize Supreme Court. The majority opinion was written by Justice Ducille, with whom Justice Awich agreed. Justice Blackman gave a strong dissent. On April 4, 2017, BBL applied for special leave to appeal the Court of Appeal's decision to the Caribbean Court of Justice. The hearing of BBL's appeal by the Caribbean Court of Justice is expected to take place in October, 2017.

BBL filed a petition to enforce the Final Award in federal court In the United States on April 18, 2014. The GOB filed a motion to dismiss and a response to the petition to confirm the Final Award on August 8, 2014. BBL filed its opposition to the motion to dismiss and its reply to the GOB's response on October 17, 2014. The GOB filed its reply in support of its motion to dismiss on January 5, 2015. On June 8, 2016, the US District Court confirmed the Final Award and entered judgement in favour of BBL against the GOB for the monetary portion of the Award to be converted to US Dollars, applying the conversion rate as of the date the Award was Issued plus interest at the annual rate of 17.0% compounded annually between September 8, 2012 and June 8, 2016.

On July 12, 2016, the United States District Court ordered that judgement be entered in favour of BBL against the GOB in the amount of USD 19,086,210 plus USD 16,099,216 in prejudgement interest totalling USD 35,185,427. The GOB appealed the decision of the US District Court to the US Court of Appeals, D.C. Circuit. A hearing In the US Court of Appeals took place on February 9, 2017. On March 31, 2017, the US Court of Appeals, D.C. Circuit upheld the decision of the US District Court.

On April 28, 2017, the GOB filed a petition for an 'en banc' review of the US Court of Appeal's decision In essence asking the court to reconsider its decision. On June 7, 2017, the petition by the GOB for and 'en banc' rehearing was denied by the US Court of Appeal and its earlier judgement was confirmed. On August 8, 2017 GOB filed an appeal by way of writ of certiorari to the United States Supreme Court. BBL's opposition to this appeal is due on October 16, 2017.

Note 17 - Other assets

At March 31	**2017** **$m**	2016 $m
Accrued interest receivable	**1.3**	1.1
Other assets	**9.6**	16.4
	10.9	17.5

Note 18 – Customer accounts

At March 31	2017 $m	2016 $m
Term deposits	**214.0**	232.0
Demand deposits	**166.2**	169.4
Savings deposits	**73.3**	74.1
	453.5	475.5

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

At March 31	2017 $m	2016 $m
3 months or less	**38.7**	45.6
Over 3 and to 6 months	**38.7**	39.2
Over 6 and to 12 months	**80.3**	83.6
Over 12 months	**17.2**	18.4
Deposits less than $0.1 million	**39.1**	45.2
	214.0	232.0

Included in certificates of deposit at March 31, 2017 were $12.7 million (2016 - $6.4 million) of certificates of deposit denominated in US Dollars and nil (2016 - nil) denominated in UK pounds sterling. Included in demand deposits at March 31, 2017 were $20.6 million (2016 - $28.2 million) of demand deposits denominated in US Dollars and $0.2 million (2016 - $0.6 million) denominated in UK pounds sterling.

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

Note 19 - Provisions

Provisions are recognized for present obligations arising as a result of past events where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, which can be reliably estimated.

At March 31	2017 $m	2016 $m
At the beginning of the year	**0.4**	–
Additions	–	0.4
Amounts utilised	–	–
Unused amounts reversed	**(0.4)**	–
At the end of the year	–	0.4

Note 20 - Commitments, contingencies and regulatory matters

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

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

(ii) The Group is a party to financial instruments with off-balance-sheet risks in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, standby letters of credit and financial guarantees. The Group grants short-term credit facilities to customers for periods of up to twelve months generally to meet customers' working capital requirements. These facilities are repayable on demand and are subject to review at any time. In practice, such reviews are carried out at periodic intervals agreed with the customer. Outstanding commitments to extend credit at March 31, 2017 amounted to $21.3 million (2016 - $21.4 million).

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

Standby letters of credit and financial guarantees written are conditional commitments issued by the Group to guarantee the performance of a customer to a third party. The terms of such guarantees do not normally exceed more than one year. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The terms and conditions reflected in letters of credit and guarantees provided by the Group, in so far as they may impact the fair market value of these instruments, are market sensitive and are not materially different from those that would have been negotiated at March 31, 2017. The Group holds similar collateral to that held for the short-term facilities described above and such commitments are generally fully collateralized. Outstanding standby letters of credit and financial guarantees written at March 31, 2017 amounted to $2.1 million (2016 - $1.5 million).

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

At March 31	2017 $m	2016 $m
Up to one year	**2.1**	1.5
Over one year	–	–
	2.1	1.5

(iii) The net operating lease rental charge for the years ended March 31, 2017 and 2016 included in the consolidated statements of income was $0.2 million and $0.1 million, respectively.

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

Information Is provided below regarding the nature of a contingency and the amount of the claim related to this loss contingency. Based on current knowledge, management does not believe that loss contingencies arising from pending matters, including the matter described herein will have material effect on the financial position or liquidity of the Group. However, in light of the inherent uncertainties involved in such matters, an adverse outcome in one or more of such matters could be material to the Group's results or operations or cash flows for any particular reporting period.

Evergreen litigation

The Claimant, Evergreen E-Pay Solutions Limited ("Evergreen Nevis"), filed Claim No. 656 of 2014 in the Supreme Court of Belize (the "Original Belize Lawsuit") against BBIL, in which it claimed breach of an unexecuted IPSP Agreement (the "Agreement") allegedly made between Evergreen Nevis and BBIL. Evergreen Nevis claimed an early termination fee of USD 3,309,373 as liquidated damages for the early termination of the Agreement plus interest at the rate of 8.0% per annum from the date of filing the claim until judgement and legal costs. On January 18, 2015, the Honourable Justice Mr. Courtney Abel ordered that BBIL pay Evergreen Nevis the sum claimed plus interest at the rate of 8.0% per annum from the date of filing the claim until judgement (the "Judgement").

By Supreme Court Action No. 576 of 2016 (the "Second Belize Lawsuit") BBIL filed an action in the Supreme Court of Belize seeking to have the Judgement set aside.

By Notice of Appeal dated February 3, 2016 filed in Civil Appeal No. 4 of 2016 (the "Appeal"), BBIL appealed the decision of Justice Abel to the Court of Appeal of Belize. BBIL also filed an application requesting an order from the Court of Appeal to stay the execution of the Judgement until after a determination of claim 576 of 2016.

In the United States of America, Evergreen E-Pay Solutions, Inc., a Florida company, Robert Allen et al, filed case number 1:16-cv-21695-DPG (the "US Lawsuit") against BBIL, Caribbean Investment, BBL, Visa Inc. et al claiming damages.

Under the terms of a Global Settlement Agreement dated July 6, 2017, the parties to the Original Belize Lawsuit, the Second Belize Lawsuit, the Appeal, and the US Lawsuit agreed to discontinue all of these matters and to endorse the Judgement as satisfied. As at July 10, 2017, the Second Belize Law Suit and the US Lawsuit have been wholly discontinued and a Memorandum of Satisfaction of the Judgement has been filed in the Supreme Court of Belize. The parties to the Appeal have informed the Registrar of the Court of Appeal that they have settled the matter.

(v) As explained in note 16, BBL is engaged in legal proceedings in which it is pursuing a claim against the GOB. The information required to be disclosed by the standards is not disclosed because the Company believes that to do so would materially prejudice the proceedings. Having received the advice of external advisers, the Company expects BBL to recover a significant part of the amounts recorded as part of other assets in note 16. Certain provisions have therefore been made to reflect the possibility of under-recovery of the full amount. Legal costs are expensed as incurred.

(vi) In the ordinary course of business, the Company's subsidiaries are subject to regulatory examinations, information gathering requests and enquiries. As a regulatory matter develops that may have a material effect, the Company and the relevant subsidiaries, in conjunction with outside counsel, evaluate the matter on an ongoing basis in light of potentially relevant factual and legal developments. These may include settlement discussions and rulings by courts, arbitrators or others. Based on current knowledge and discussions with independent legal counsel, Management does not believe that the outcome of any regulatory matter that is unresolved at March 31, 2017 would have a material adverse effect on the financial position or liquidity of the Company or its subsidiaries as of March 31, 2017.

(vii) BBL and BBIL, as fully authorized banking entities, are subject to detailed regulatory requirements in Belize. These requirements are principally set by the Central Bank of Belize. As of March 31, 2017 and for the year then ended, BBL and BBIL substantially met all of its obligations and requirements under such regulations. These regulations may, in the future, change or be amended. At such time, BBL and BBIL will make all endeavours to follow, as soon as reasonably practicable, all such revised regulations.

(viii) The Labour Act 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 severance pay. 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 $249 thousand (2015 - $251 thousand).

Note 21 - Share capital

At March 31	2017 $m	2016 $m
Authorized		
Ordinary shares:		
200,000,000 shares of no par value	2.0	2.0
Preference shares:		
14,000,000 shares of $1.00 each	14.0	14.0
Total authorized	16.0	16.0
Issued and outstanding		
Ordinary shares:		
103,642,984 shares of no par value (2016 - 103,642,984)	0.6	0.6

During the two years ended March 31, 2017 and 2016, there has been no movement in issued and outstanding shares.

Treasury Shares

There has been no movement in treasury shares, held at cost, since April 1, 2014 as follows:

	Number	$m
At April 1, 2014	3,740,889	21.7
At March 31, 2015	3,740,889	21.7
At March 31, 2016	3,740,889	21.7
At March 31, 2017	3,740,889	21.7

Share Options

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

	Number of share options	Weighted average exercise price
Outstanding at April 1, 2014	7,250,000	$1.95
Outstanding at March 31, 2015	7,250,000	$1.95
Outstanding at March 31, 2016	7,250,000	$1.95
Outstanding at March 31, 2017	7,250,000	$1.95

At March 31, 2017, no outstanding options were exercisable.

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

These options are exercisable until August 1, 2018.

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

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

The Group measures compensation cost in connection with share option plans and schemes using a fair value based method. Using the fair value based method, the Group took a charge of nil in the consolidated statement of comprehensive income during the year ended March 31, 2017 (2016 - nil).

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

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

Note 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 and BBIL.

	Minimum Required	**Actual 2017**	Actual 2016
The Belize Bank Limited	9.0%	**14.9%**	15.1%
Belize Bank International Limited	10.0%	**60.4%**	43.4%

Note 23 - Pensions and other plans

The Group operates various defined contribution pension plans in Belize which cover a number of salaried employees. In general, the plans provide benefits at normal retirement age based on a participant's individual accumulated fund including any additional voluntary contributions. The Group's pension contribution expense for the years ended March 31, 2017 and 2016 amounted to $165,029 and $157,851 respectively.

Note 24 - Related party transactions

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

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

Consultancy services

During the year ended March 31, 2017 and the year ended March 31, 2016 the Group provided administrative services to WIHL. The aggregate fees paid by WIHL to the Group amounted to $1.0 million (2016 - $1.0 million). The amount owed by WIHL to Caribbean Investment at March 31, 2017 was $0.5 million (2016 - $0.2 million). The balance is non-interest bearing and unsecured.

Key management personnel and directors

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

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

Year ended March 31, 2017

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

Year ended March 31, 2016

Statement of financial position In US Dollars	Key management $m	Other related parties $m	Total $m
Loans to customers:			
Opening balance	0.6	7.9	**8.5**
Granted during the year	0.4	1.3	**1.7**
Repaid during the year	(0.7)	(6.9)	**(7.6)**
Closing balance	0.3	2.3	**2.6**
Less:			
Allowance for impairment	–	–	**–**
Net loans	0.3	2.3	**2.6**
Customer deposits			
Opening balance	0.1	2.8	**2.9**
Deposited during the year	1.6	10.9	**12.5**
Withdrawn during the year	(1.6)	(10.7)	**(12.3)**
Closing balance	0.1	3.0	**3.1**

The aggregate remuneration of the directors of the Company for the year ended March 31, 2017 amounted to $1.1 million (2016 - $0.9 million).

Note 25 – Fair value of financial instruments

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

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

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

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

Accrued expenses and other liabilities reflect current market conditions.

With regards to financial instruments with off-balance sheet risk, it is not practicable to estimate the fair value of future financing commitments. However, the terms and conditions reflected in acceptances and commitments for financing assistance are market-sensitive and are not materially different from those that would have been negotiated as of March 31, 2017.

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 26 – Risk and uncertainties

Financial risk management

Overview

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

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

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

Group Risk Unit

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

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

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

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

Credit risk

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

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

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

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

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

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

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

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

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

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

At March 31, 2017, BBL's maximum exposure to credit risk amounted to $451.2 million and that of BBIL's amounted to $56.9 million.

Credit concentration risk

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

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

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

At March 31, 2017, BBL's total loan portfolio amounted to $251.9 million. Of that total, 29 loans totalling $126.3 million were over $1.0 million in value. This concentration of $126.3 million represented approximately 50 percent of the total exposure of BBL.

At March 31, 2017, BBIL's total loan portfolio amounted to $44.2 million. Of that total, 11 loans totalling $30.9 million were over $1.0 million in value. This concentration of $30.9 million represented approximately 70 percent of the total exposure of BBIL.

Market risk

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

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

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Belize operates a fixed exchange rate, which is fixed at 2:1 with the US Dollar. BBL and BBIL do not engage in speculative foreign exchange activity, since their primary focus is to profitably supply customers' foreign exchange requirements, with the US Dollar dominating trading. BBL, for example, estimates that a 5% appreciation of the US Dollar against the Belize Dollar would result in a gain to BBL of $3.6 million, while the same appreciation in the other currencies against the Belize Dollar would on aggregate result in a gain of $16.5 thousand.

Liquidity risk

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

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

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

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

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

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

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

Belize Bank Limited

At March 31, 2017	On demand $m	Due within 3 months $m	3 months to 1 year $m	Over 1 year / no-maturity $m	Total $m
Customer accounts	222.8	51.1	136.6	18.6	429.1
Other liabilities and payables	9.2	–	–	–	9.2
Total liabilities	232.0	51.1	136.6	18.6	438.3
Credit related commitments	21.3	0.3	1.8	–	23.4
Assets held for managing liquidity risk	175.7	1.0	30.3	216.1	423.1

Belize Bank Limited

At March 31, 2016	On demand $m	Due within 3 months $m	3 months to 1 year $m	Over 1 year / no-maturity $m	Total $m
Customer accounts	220.2	73.2	133.6	17.6	444.6
Other liabilities and payables	8.2	–	–	–	8.2
Total liabilities	228.4	73.2	133.6	17.6	452.8
Credit related commitments	21.2	–	0.2	0.9	22.3
Assets held for managing liquidity risk	276.3	15.5	37.5	227.9	557.2

Belize Bank International Limited

At March 31, 2017	On demand $m	Due within 3 months $m	3 months to 1 year $m	Over 1 year / no-maturity $m	Total $m
Customer accounts	17.9	2.4	10.5	–	30.8
Other liabilities and payables	1.5	–	–	–	1.5
Total liabilities	19.4	2.4	10.5	–	32.3
Credit related commitments	–	–	–	–	–
Assets held for managing liquidity risk	14.4	1.0	9.0	32.1	56.5

Belize Bank International Limited

At March 31, 2016	On demand $m	Due within 3 months $m	3 months to 1 year $m	Over 1 year / no-maturity $m	Total $m
Customer accounts	24.4	12.3	2.1	–	38.8
Provisions	0.4	–	–	–	0.4
Other liabilities and payables	20.1	–	–	–	20.1
Total liabilities	44.9	12.3	2.1	–	59.3
Credit related commitments	–	–	–	–	–
Assets held for managing liquidity risk	28.3	1.5	4.6	32.7	67.1

Interest rate risk

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

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

At March 31, 2017, BBL had assets of $291.3 million which are interest rate sensitive.

At March 31, 2017, BBL had liabilities of $424.1 million which are interest rate sensitive.

At March 31, 2017, BBIL had assets of $48.5 million which are interest rate sensitive.

At March 31, 2017, BBIL had liabilities of $30.6 million which are interest rate sensitive.

Operational risk management

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

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

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

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

(i) Segregation of responsibilities.

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

(iii) Security of informational systems.

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

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

(vi) Regular training for personnel.

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

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

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

Legal risk management

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

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

Note 25 – Subsequent events

Subsequent events have been evaluated through September 29, 2017, which is the date the financial statements of the Group were available for issue. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

Corporate information

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