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REPORT OF THE INDEPENDENT AUDITOR TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF ATLANTIC BANK LIMITED

We have audited the accompanying financial statements of Atlantic Bank Limited which comprise of the statement of financial position as at 31st December 2016 and the statement of comprehensive income, statements of changes in equity and cash flows for the year then ended, and summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

REPORT OF THE INDEPENDENT AUDITOR (continued)

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 financial statements present fairly, in all material respects, the financial position of Atlantic Bank Limited as at 31st December 2016 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

In our opinion the financial statements present fairly, in all material respects, the financial position of Atlantic Bank Limited as at 31st December 2016 and of its financial performance and cash flows for the year then ended in accordance with the Domestic Banks and Financial Institutions Act (2012) as specified in notes 1 and 2 of these financial statements.

A handwritten signature in black ink, reading "Baker Tilly Hulse", with a long horizontal flourish extending to the right.

Baker Tilly Hulse
Chartered Accountant
9th March 2017

Belize City,
Belize, C.A.

STATEMENT OF FINANCIAL POSITION
31ST DECEMBER 2016

All amounts expressed in Belize dollars

	Notes	2016	2015 (restated)
Assets:			
Cash and cash equivalents	2, 3, 4	169,842,998	187,077,544
Investments	2, 3, 5	161,863,313	104,192,871
Loans receivable	2, 3, 6	558,771,627	539,737,615
Less: specific loan loss reserve	2, 3, 6	(17,453,385)	(16,841,157)
Other assets	2, 3, 7	7,641,342	9,581,243
Property and equipment	2, 8	25,130,223	24,904,748
Total assets		905,796,119	848,652,864
Liabilities:			
Customers' deposits	2, 3, 9	802,181,486	756,521,245
Lines of credit	2, 3, 10	-	-
Other liabilities	2, 3, 11	13,498,493	14,873,057
Severance payable	2, 12	3,755,320	3,348,449
Total liabilities		819,435,298	774,742,751
NET ASSETS		86,360,821	73,910,113
Shareholders' equity (pages 5 & 6):			
Share capital	2	30,000,000	25,000,000
Share premium		1,523,500	1,523,500
Retained earnings			
Appropriated for legal reserve	2	18,077,446	15,828,793
Appropriated for contingencies reserve	2	12,679,464	11,780,038
Unappropriated		18,787,456	14,712,271
Total retained earnings		49,544,366	42,321,102
General loan loss reserve	2	5,292,956	5,065,511
SHAREHOLDERS' EQUITY		86,360,822	73,910,113

Approved on behalf of the Board

 Director

 Director

Dated:

Auditor's report pages 1 - 2.

The notes on pages 9 - 32 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31ST DECEMBER 2016

All amounts expressed in Belize dollars

	Notes	2016	2015 (restated)
INCOME			
Interest income	2, 13	51,605,749	50,164,101
Interest expense	2, 13	<u>(15,877,237)</u>	<u>(16,256,866)</u>
Net interest income		35,728,512	33,907,235
Fee and commission income	2, 14	3,886,412	4,904,880
Fee and commission expense	2, 14	<u>(5,612,535)</u>	<u>(4,297,979)</u>
Net fee and commission income		(1,726,123)	606,901
Dividend income	2, 15	634,506	204,340
Net trading income	2, 16	9,396,189	7,379,487
Other income	2, 17	<u>22,030,706</u>	<u>18,962,608</u>
		<u>66,063,790</u>	<u>61,060,571</u>
EXPENSE			
Provision for loan losses	2, 18	(1,387,084)	(8,918,543)
Personnel expenses	2, 19	(27,271,894)	(21,307,621)
Other operating expenses	2, 20	(15,155,833)	(12,581,766)
		<u>(43,814,811)</u>	<u>(42,807,930)</u>
Net income before taxes and depreciation		22,248,979	18,252,641
Less: depreciation on property		<u>(2,016,863)</u>	<u>(2,051,561)</u>
Net income before taxes		20,232,117	16,201,080
Less: taxes	2, 21	<u>(7,781,408)</u>	<u>(7,101,957)</u>
Net income for the year		<u>12,450,709</u>	<u>9,099,123</u>
Basic earnings per share	2	45.28	39.63

The notes on pages 9 - 32 form an integral part of these financial statements.