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

Opinion

We have audited the accompanying financial statements of Atlantic Bank Limited which comprise the statement of financial position as at 31st December 2017 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Atlantic Bank Limited as at 31st December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Atlantic Bank Limited in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Belize, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Emphasis of matter

We draw attention to Note 5 of the financial statements. It describes the effects of the Bank's compliance with the Domestic Banks and Financial Institutions Act (2012) and the Regulations of the Central Bank of Belize with regards to the provisioning for loan losses (specific reserve) as opposed to provisioning in accordance with IFRS 9, Expected Credit Losses. Our opinion is not modified in respect of this matter.

Responsibility of Management and the Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the ability of the Bank to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Directors are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Bank to express an opinion on the financial statement. We are responsible for the direction, supervision and performance of the Bank audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements present fairly, in all material respects, the financial position of Atlantic Bank Limited as at 31st December 2017 and of its financial performance and cash flows for the year then ended in compliance with the Domestic Banks and Financial Institutions Act (2012) as specified in Note 2 of these financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Mark C. Hulse.

A handwritten signature in black ink that reads "Baker Tilly Hulse". The signature is written in a cursive style and is underlined with a single horizontal stroke.

Baker Tilly Hulse
Chartered Accountant
23rd June 2018


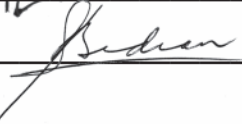
Belize City,
Belize, C.A.

STATEMENT OF FINANCIAL POSITION
31ST DECEMBER 2017

All amounts expressed in Belize dollars

	Notes	2017	2016
Assets:			
Cash and cash equivalents	2, 3	153,734,902	169,842,998
Investments	2, 4	153,476,530	161,863,313
Loans receivable	2, 5	611,514,229	558,771,627
Less: specific loan loss reserve	2, 5	(22,302,359)	(17,453,385)
Other assets	2, 3, 6	9,926,710	7,641,343
Property and equipment	2, 7	25,162,327	25,130,223
Total assets		931,512,339	905,796,119
Liabilities:			
Customers' deposits	2, 8	817,239,623	802,181,486
Other liabilities	2, 9	13,228,259	13,498,492
Severance payable	2, 10	4,067,311	3,755,320
Total liabilities		834,535,193	819,435,298
NET ASSETS		96,977,146	86,360,821
Shareholders' equity (pages 7 & 8):			
Share capital	2	42,400,000	30,000,000
Share premium		1,523,500	1,523,500
Retained earnings			
Appropriated for legal reserve	2	21,190,123	18,077,446
Appropriated for contingencies reserve	2	13,301,999	12,679,464
Unappropriated		8,809,638	18,787,455
Total retained earnings		43,301,760	49,544,365
Investment reserves	2	3,994,356	-
General loan loss reserve	2	5,757,530	5,292,956
SHAREHOLDERS' EQUITY		96,977,146	86,360,821

Approved on behalf of the Board

 Director
 Director

Auditor's report pages 1 - 4.

The notes on pages 11 - 33 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31ST DECEMBER 2017

All amounts expressed in Belize dollars

	Notes	2017	2016
INCOME			
Interest income	2, 11	52,251,101	51,605,749
Interest expense	2, 11	<u>(14,841,376)</u>	<u>(15,877,237)</u>
Net interest income		37,409,725	35,728,512
Fee and commission income	2, 12	23,580,335	21,122,262
Fee and commission expense	2, 12	<u>(8,874,900)</u>	<u>(7,641,734)</u>
Net fee and commission income		14,705,435	13,480,528
Dividend income	2, 13	171,568	634,506
Net trading income	2, 14	10,335,470	9,396,189
Other income	2, 15	<u>6,186,720</u>	<u>4,794,855</u>
		<u>68,808,918</u>	<u>64,034,590</u>
EXPENSE			
Provision for loan losses	2, 16	(8,259,697)	(1,387,084)
Personnel expenses	2, 17	(29,401,638)	(27,271,894)
Other operating expenses	2, 18	(11,821,337)	(13,126,634)
		<u>(49,482,672)</u>	<u>(41,785,612)</u>
Net income before taxes and depreciation		19,326,246	22,248,978
Less: depreciation on property		<u>(2,294,810)</u>	<u>(2,016,862)</u>
Net income before taxes		17,031,436	20,232,116
Less: taxes	2, 19	<u>(8,409,467)</u>	<u>(7,781,408)</u>
Net income for the year		<u>8,621,969</u>	<u>12,450,708</u>
OTHER COMPREHENSIVE INCOME			
Fair value gains/(losses) on equity investments - listed securities	2	<u>3,994,356</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		<u>12,616,325</u>	<u>12,450,708</u>
Basic earnings per share	2	0.24	0.45

The notes on pages 11 - 33 form an integral part of these financial statements.