BCB Holdings Limited

BCB Holdings Limited

Consolidated Financial Statements

March 31, 2015

Index to consolidated financial statements

Report of the Chief Executive Officer

I am pleased to report a year where the underlying business of BCB Holdings Group ("Group" or "Company") remained stable and produced a modest improvement in operating income over fiscal 2014. However, the performance continues to be burdened with higher than normal loan provisions and the negative effect on interest income of non-performing loans which at March 31, 2015 stood at $84.5 million, or less than 10% of the loan portfolio. In addition, the continuing long-standing legal actions the Company is pursuing not only incurred significant legal fees but also precipitated non-recurring charges amounting to $14.5 million in respect a disputes with the Government of Belize ("GOB") regarding historic taxes and an arbitration award due to the Company from GOB.

The Company continues to improve business operations efficiency and achieve some new business growth. The value of the Banks' collateral continues to be affected by a depressed property market in which it is difficult to realize adequate property value. The investment in process re-engineering, information technology and staff training in the context of the new Mysis IT Systems has progressed well and further gains were made in reducing Non Performing Loans ("NPLs"). These initiatives provide a strong platform for growth and profitability as the Belizean economy rebounds.

The Belizean economy showed signs of buoyancy in fiscal year 2014/15 with growth estimated at 5.7% up from 1.0% during the previous year. The main drivers of growth included a rebound in agricultural production and steady increases in tourism activity. The growth in the commodity and service sectors managed to offset contractions in the energy sector. Price levels declined during the period in line with the reductions in global fuel and food prices. However, a slight deceleration in output is expected in calendar year 2015 as the economy is expected grow at a more modest rate of 2.3%.

The surge in output was reflected in the acceleration in Broad Money (M2) growth which increased some 6.3% year on year. Central Government's expenditure ramped up during the fiscal year with continued draw-downs of Petro-Caribe funding completely reversing the budget surplus of the previous year. Meanwhile private sector credit from the banking system grew by 4.7% with just over half of disbursements channeled to the sugar industry, in particular to fund local bank participation in the Santander Sugar Development which raised US $110 million from local and international sources.

The Government's expansionary fiscal stance continued to flood the banking system with liquidity as bank domestic currency balances increased by 50%, which by extension placed additional downward pressure on system interest rates. However, the fiscal space obtained from the international debt restructuring along with other inflows allowed the Government to shore up reserves by an additional 16% bringing the total held at the end of March 2015 to BZ$978.5 million. Systemic liquidity is expected to increase further during FY 2015/16 as public sector expenditure is expected to remain at heightened levels placing additional downward pressure on system interest rates.

The Financial Services Division improved from an operating loss before non-recurring losses of $4.5 million in fiscal 2014 to an operating income of 5.5 million in fiscal 2015. The underlying improvement of $1.0 million is principally the result of a decrease in interest expense of $2.0 million and a decrease in loan provisioning of $2.0 million. This was offset by a decrease in interest income of $0.9 million as well as an increase in other non-interest expenses of $1.8 million. Although NPL's are down, the Company's overall performance continues to reflect the negative effect of accrued interest not being recognized on these non-performing loans. The Company continues to manage its NPL portfolio through controlled liquidations. In due course the Company will redeploy the funds in new lending if suitable opportunities present themselves.

Non-recurring losses amount to $14.5 million in fiscal 2015 compared with $6.8 million in fiscal 2014. The current year loss reflects a loss on historic matters concerning arrangements between the GOB and the Company. In fiscal 2014 the non-recurring loss of $6.8 million related to a loss on an asset held for resale.

Net income per share for the year, before net non-recurring losses, amounted to $0.02 in fiscal 2015 compared with a loss per share of $0.05 in fiscal 2014.

Report of the Chief Executive Officer

The Company's balance sheet remains strong with shareholders' equity of $57.7 million at March 31, 2015 compared with $74.3 million last year.

Despite significant write-offs, aggregate domestic banking system credit expanded by $74.9 million.

At the end of March 2015 The Belize Bank continued to maintain its dominance of the financial landscape in terms of asset and deposit size accounting for approximately one-third of the system total. Dominance on the deposit side was particularly evident in the very important term deposit segment where the Belize Bank accounted for fifty-one percent of the total term deposits in the system. While there was marginal growth in the area of overall lending further strides were nonetheless made in the area of non-performing loans where we saw further significant reductions resulting in single digit levels for the first time in the past 5 years.

In our last report we reported our engagement of Misys Limited to license its Fusion Banking Essence core banking software. During the year in review we completed the "Design Phase" of the project and made significant progress with the "Build Phase." We anticipate that the core system will be installed and fully operational during the first quarter of 2016.

Still in the area of technology, earlier in the year The Belize Bank was recognized with a Technology Leadership Award for core banking. The award recognized companies in the Americas which have taken the lead and embarked on bold initiatives to improve their technology driven organization.

During the year both The Belize Bank and Belize Bank International took all the necessary steps of registering with the International Data Exchange Services (IDES) which would facilitate the transmission of data in fulfilment of the bank's obligation under the Foreign Account Compliance Tax Act (FACTA) thus ensuring that the Group was in full compliance with the deadline of June 30, 2015 as set by the US Government.

In December 2014 the International Bank sold Caye Chapel - a private island located just off the coast of Belize City. The sale of this asset yielded a significant capital gain for the Bank since the asset was previously written down by the Bank in keeping with regulatory directives. The sale yield netted income of $23 million for the International Bank which strengthened the capital base of the Bank and the overall group.

Leveraging off of our strengthened capital position and the improved efficiency and benefits yielded by the Transformation initiative which was implemented last year BCBHL will continue to be focused on reducing its level of NPL in the coming year while at the same time seeking out profitable growth opportunities in the specific areas of residential mortgages, corporate finance and credit cards.

On a more macro and strategic level, the Company will continue to explore opportunities which will allow for the expansion of our Financial Services Division on a regional basis in order to both enhance and diversify earnings. We envisage several opportunities in this area given the ongoing consolidation in the regional financial industry currently taking place.

We are extremely proud of our talented management team which continue to lead the industry in all categories. Their focused and detailed attention to ensuring that the customer is at the centre of all that we do has ensured another year for the Bank in less than propitious economic environment.
I continue to be extremely proud to lead such a dedicated and devoted team of professionals and therefore take this opportunity to express my deep gratitude and profound pride in the entire team at BCBHL. Finally, on behalf of the entire management and staff of our Group I would like to once again thank our customers for the continuing opportunity you have provided us to serve you.

Lyndon Guiseppi
Chief Executive Officer

Statement of management responsibilities

Management has prepared and is responsible for the consolidated financial statements and related notes of BCB Holdings Limited and its subsidiary companies ("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
Chief Executive Officer

Michael Coye
Chief Financial Officer

September 29, 2015

Independent auditor's report

To the Shareholders of

BCB Holdings Limited

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of BCB Holdings Limited, which comprise the consolidated balance sheets as at March 31, 2015 and March 31, 2014 and the consolidated statements of loss, 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 respect, the financial position of BCB Holdings Limited at March 31, 2015 and March 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Moore Stephens Magaña LLP
Belize City, Belize

September 29, 2015

Consolidated statements of comprehensive loss (in US dollars)

Year ended March 31	Notes	2015 $m	2014 $m
Financial Services			
Interest income		**40.4**	41.3
Interest expense	4	**(8.7)**	(10.7)
Net interest income		**31.7**	30.6
Provision for loan losses	12	**(17.8)**	(19.8)
		13.9	10.8
Non-interest income	5	**16.0**	16.3
Non-interest expense	6	**(24.4)**	(22.6)
Operating loss before non-recurring loss		**5.5**	4.5
Non-recurring net loss	7	**(14.5)**	(6.8)
Operating loss - Financial Services		**(9.0)**	(2.3)
Corporate			
Corporate income		**1.2**	1.3
Corporate expenses		**(4.8)**	(6.0)
Operating loss - Corporate		**(3.6)**	(4.7)
Net loss before tax		**(12.6)**	(7.0)
Taxation		**(4.6)**	(5.0)
Net loss after tax and before other comprehensive income		**(17.2)**	(12.0)
Other comprehensive income:			
Unrealized gains on securities		**0.6**	0.3
Comprehensive loss		**(16.6)**	(11.7)
Loss per ordinary share (basic and diluted)		**$(0.17)**	$(0.12)

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 March 31, 2013	0.6	52.8	(21.7)	54.3	86.0
Accumulated other comprehensive income	–	–	–	0.3	0.3
Net loss	–	–	–	(12.0)	(12.0)
At March 31, 2014	0.6	52.8	(21.7)	42.6	74.3
Accumulated other comprehensive income	–	–	–	0.6	0.6
Net loss	–	–	–	(17.2)	(17.2)
At March 31, 2015	0.6	52.8	(21.7)	26.0	57.7

At March 31, 2015, retained earnings included non-distributable statutory reserves in The Belize Bank Limited of $2.7 million (2014 - $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	2015 $m	2014 $m
Assets			
Financial Services			
Cash, cash equivalents and due from banks	9	183.6	170.5
Interest-bearing deposits with correspondent banks		55.9	54.3
Investment securities	10	46.2	37.3
Government of Belize securities	11	–	20.0
Loans - net	12	320.5	326.2
Property, plant and equipment - net	13	16.4	17.2
Government of Belize receivable	14	18.0	24.6
Other assets	15	8.2	31.2
Total Financial Services assets		648.8	681.3
Corporate			
Cash and cash equivalents		–	4.0
Property, plant and equipment - net		0.1	0.1
Other current assets		6.1	3.8
Total assets		655.0	689.2
Liabilities and shareholders' equity			
Financial Services			
Deposits	16	577.3	593.1
Interest payable		3.7	4.3
Other liabilities		8.2	8.5
Total Financial Services liabilities		589.2	605.9
Corporate			
Current liabilities		8.1	9.0
Total liabilities		597.3	614.9
Shareholders' equity:			
Share capital (ordinary shares of no par value - 2015 and 2014 -103,642,984)	18	0.6	0.6
Additional paid-in capital		52.8	52.8
Treasury shares	18	(21.7)	(21.7)
Retained earnings		26.0	42.6
Total shareholders' equity		57.7	74.3
Total liabilities and shareholders' equity		655.0	689.2

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	2015 $m	2014 $m
Cash flows from operating activities		
Net loss from operations	(17.2)	(12.0)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	2.2	1.7
Provision for loan losses	17.8	19.8
Changes in assets and liabilities:		
Decrease in interest payable	(0.6)	(0.8)
Decrease (increase) in Government of Belize receivable	6.6	(3.7)
Decrease in other and current assets	20.7	5.2
Decrease in other and current liabilities	(1.2)	(1.1)
Net cash provided by operating activities	28.3	9.1
Cash flows from investing activities		
Purchase of property, plant and equipment (net of disposals)	(1.4)	(3.1)
Increase in interest-bearing deposits with correspondent banks	(1.6)	(36.7)
(Increase) decrease in investment securities	(8.9)	44.5
Decrease in Government of Belize securities	20.0	11.0
(Increase) decrease in loans (net of charge-offs) to customers	(12.1)	4.7
Net cash (utilized) provided by investing activities	(4.0)	20.4
Cash flows from financing activities		
(Decrease) increase in deposits	(15.8)	12.2
Unrealized gains on securities	0.6	0.3
Net cash (utilized) provided by financing activities	(15.2)	12.5
Net change in cash, cash equivalents and due from banks	9.1	42.0
Cash, cash equivalents and due from banks at beginning of year	174.5	132.5
Cash, cash equivalents and due from banks at end of year	183.6	174.5
Cash - financial services	183.6	170.5
Cash - corporate	–	4.0
	183.6	174.5

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

Notes to consolidated financial statements

Note 1 - Description of business

Introduction

BCB Holdings Limited ("BCBH" or "the Company") is a company incorporated in Belize. BCBH's shares are traded on the Alternative Investment Market of the London Stock Exchange and the Bermuda Stock Exchange. BCBH 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. BCBH'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") (formerly named British Caribbean Bank International Limited) 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. BCBH 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. BCBH 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 significant 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.

Government of Belize securities and other securities

Government of Belize securities available for sale are carried at fair value with unrealized holding gains and losses reported in other comprehensive income. The securities which consist of Government of Belize ("GOB") treasury notes and/or treasury bills, are issued by the Central Bank of Belize at a discount usually with a 90 day maturity. Interest income is recognized using the interest method during the period to maturity. BBL has the intent and ability to hold its securities to maturity, so they are carried at cost, which approximates market value. There is no active market for these securities in Belize.

Other marketable securities held as short term investments and available for sale are carried at fair value with unrealized holding gains and losses reported in other comprehensive income. 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.

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.

The Group measures its estimates of impaired loans in accordance with Accounting Standards Codification (ASC) Topic 310-10-35 Receivables subsequent measurements. 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 a provision. 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.

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.

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.

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 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 18).

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

In fiscal 2015, consideration was given to the implications, if any, of the following new and revised standards:

ASU 2014-09, Revenue from Contracts with Customer (Topic 606): The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 becomes effective December 15, 2016. Management is currently evaluating the impact of adoption, but does not anticipate it will have a material effect on the Group's financial position, results of operation or cash flows.

ASU 2014-13, Consolidation (Topic 810): Measuring the Financial Assets and the Financial Liabilities of a Consolidated Collateralized Financing Entity (a consensus of the FASB Emerging Issues Task Force). A reporting entity that consolidates a collateralized financing entity within the scope of this Update may elect to measure the financial assets and the financial liabilities of that collateralized financing entity using either the measurement alternative included in this Update or Topic 820 on fair value measurement. When the measurement alternative is not elected for a consolidated collateralized financing entity within the scope of this Update, the amendments clarify that (1) the fair value of the financial assets and the fair value of the financial liabilities of the consolidated collateralized financing entity should be measured using the requirements of Topic 820 and (2) any differences in the fair value of the financial assets and the fair value of the financial liabilities of that consolidated collateralized financing entity should be reflected in earnings and attributed to the reporting entity in the consolidated statement of income (loss). ASU 2014-13 becomes effective December 15, 2015. Management is currently evaluating the impact of adoption, but does not anticipate it will have a material effect on the Group's financial position, results of operation or cash flows.

ASU 2015-01, Income Statement – Extraordinary and Unusual Items (Subtopic 225-20)The objective of this Update is to simplify the income statement presentation requirements in Subtopic 225-20 by eliminating the concept of extraordinary items. Extraordinary items are events and transactions that are distinguished by their unusual nature and by the infrequency of their occurrence. Eliminating the extraordinary classification simplifies income statement presentation by altogether removing the concept of extraordinary items from consideration. ASU 2015-01 becomes effective December 15, 2015. Management is currently evaluating the impact of adoption, but does not anticipate it will have a material effect on the Group's financial position, results of operations or cash flows.

ASU 2015-02, Consolidation (Topic 810) The amendments in this Update affect reporting entities that are required to evaluate whether they should consolidate certain legal entities. All legal entities are subject to reevaluation under the revised consolidation model. Specifically, the amendments: 1. Modify the evaluation of whether limited partnerships and similar legal entities are variable interest entities (VIEs) or voting interest entities. 2. Eliminate the presumption that a general partner should consolidate a limited partnership. 3. Affect the consolidation analysis of reporting entities that are involved with VIEs, particularly those that have fee arrangements and related party relationships. 4. Provide a scope exception from consolidation guidance for reporting entities with interests in legal entities that are required to comply with or operate in accordance with requirements that are similar to those in Rule 2a-7 of the Investment Company Act of 1940 for registered money market funds. ASU 2015-02 becomes effective December 15, 2015. Management is currently evaluating the impact of adoption, but does not anticipate it will have a material effect on the Group's financial position, results of operations or cash flows.

ASU 2015-03, Interest—Imputation of Interest (Subtopic 835-30) To simplify presentation of debt issuance costs, the amendments in this Update would require that debt issuance costs be presented in the balance sheet as a direct deduction from the carrying amount of debt liability, consistent with debt discounts or premiums. The recognition and measurement guidance for debt issuance costs would not be affected by the amendments in this Update. ASU 2015-03 becomes effective December 15, 2015. Management is currently evaluating the impact of adoption, but does not anticipate it will have a material effect on the Group's financial position, results of operations or cash flows.

ASU 2015-04, Compensation—Retirement Benefits (Topic 715) The amendments in this Update would provide a practical expedient for employers with fiscal year ends that do not fall on a month end by permitting those employers to measure defined benefit plan assets and obligations as of the month end that is closest to the entity's fiscal year-end. ASU 2015-04 becomes effective December 15, 2015. Management is currently evaluating the impact of adoption, but does not anticipate it will have a material effect on the Group's financial position, results of operations or cash flows.

ASU 2015-05, Intangibles—Goodwill and Other—Internal Use Software (Subtopic 350-40) The objective of the amendments in this Update is to address the concerns of stakeholders that the lack of guidance about a customer's accounting for fees in a cloud computing arrangement leads to unnecessary cost and complexity when evaluating the accounting for those fees, as well as some diversity in practice. The amendments in this Update will help entities evaluate the accounting for fees paid by a customer in a cloud computing arrangement by providing guidance as to whether an arrangement includes the sale or license of software. The amendments in this Update will help entities evaluate the accounting for fees paid by a customer in a cloud computing arrangement by providing guidance as to whether an arrangement includes the sale or license of software. ASU 2015-05 becomes effective December 15, 2015. Management is currently evaluating the impact of adoption, but does not anticipate it will have a material effect on the Group's financial position, results of operations or cash flows.

ASU 2015-06, Earnings Per Share (Topic 260) Under Topic 260, Earnings Per Share, master limited partnerships (MLPs) apply the two-class method to calculate earnings per unit (EPU) because the general partner, limited partners, and incentive distribution rights holders each participate differently in the distribution of available cash. When a general partner transfers (or "drops down") net assets to a master limited partnership and that transaction is accounted for as a transaction between entities under common control, the statements of operations of the master limited partnership are adjusted retrospectively to reflect the dropdown transaction as if it occurred on the earliest date during which the entities were under common control. The amendments in this Update specify that for purposes of calculating historical EPU under the two-class method, the earnings (losses) of a transferred business before the date of a dropdown transaction should be allocated entirely to the general partner interest, and previously reported EPU of the limited partners would not change as a result of a dropdown transaction. Qualitative disclosures about how the rights to the earnings (losses) differ before and after the dropdown transaction occurs also are required. ASU 2015-06 becomes effective December 15, 2015. Management is currently evaluating the impact of adoption, but does not anticipate it will have a material effect on the Group's financial position, results of operations or cash flows.

ASU 2015-07, Fair Value Measurement (Topic 820) Topic 820, Fair Value Measurement, permits a reporting entity, as a practical expedient, to measure the fair value of certain investments using the net asset value per share of the investment. Currently, investments valued using the practical expedient are categorized within the fair value hierarchy on the basis of whether the investment is redeemable with the investee at net asset value on the measurement date, never redeemable with the investee at net asset value, or redeemable with the investee at net asset value at a future date. To address the diversity in practice related to how certain investments measured at net asset value with future redemption dates are categorized, the amendments in this Update remove the requirement to categorize investments for which fair values are measured using the net asset value per share practical expedient. It also limits disclosures to investments for which the entity has elected to measure the fair value using the practical expedient. ASU 2015-07 becomes effective December 15, 2015. Management is currently evaluating the impact of adoption, but does not anticipate it will have a material effect on the Group's financial position, results of operations or cash flows.

ASU 2015-08, Business Combinations (Topic 805) This Accounting Standards Update amends various SEC paragraphs pursuant to the issuance of Staff Accounting Bulletin No. 115. ASU 2015-08 becomes effective December 15, 2015. Management is currently evaluating the impact of adoption, but does not anticipate it will have a material effect on the Group's financial position, results of operations or cash flows.

ASU 2015-10, Technical Corrections and Improvements The amendments in this Update cover a wide range of Topics in the Codification. The amendments in this Update represent changes to make minor corrections or minor improvements to the Codification that are not expected to have a significant effect on current accounting practice or create a significant administrative cost to most entities. ASU 2015-010 becomes effective December 15, 2015. Management is currently evaluating the impact of adoption, but does not anticipate it will have a material effect on the Group's financial position, results of operations or cash flows.

The Group has adopted, on a prospective basis, all of the FASB pronouncements it considers relevant to its operations. Adoption has not materially impacted the Group's financial condition or results of operations.

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 BCBH 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:

At March 31	Total Group 2015 $m	Total Group 2014 $m	Financial Services 2015 $m	Financial Services 2014 $m	Corporate 2015 $m	Corporate 2014 $m
Assets	654.5	689.2	648.3	681.3	6.2	7.9
Liabilities	596.8	614.9	588.6	605.9	8.2	9
Capital Expenditures	1.6	4.8	1.6	4.8	–	–

At March 31	Total Group 2015 $m	Total Group 2014 $m	Financial Services 2015 $m	Financial Services 2014 $m	Corporate 2015 $m	Corporate 2014 $m
Net interest income	31.7	30.6	31.7	30.6	–	–
Non interest income	17.2	17.6	16.0	16.3	1.2	1.3
Total revenues, net of interest expense	48.9	48.2	47.7	46.9	1.2	1.3
Provision for loan losses	17.8	19.8	17.8	19.8	–	–
Depreciation and amortization	1.8	1.7	1.8	1.7	–	–
Other non interest expense	27.4	27.6	22.6	21.6	4.8	6.0
Non recurring net loss	14.5	6.8	14.5	6.8	–	–
Loss before taxes	(12.6)	(7.7)	(9.0)	(3.0)	(3.6)	(4.7)
Taxation	4.6	4.3	4.6	4.3	–	–
Loss net of tax	(17.2)	(12.0)	(13.6)	(7.3)	(3.6)	(4.7)

Note 4 - Interest expense

Year ended March 31	2015 $m	2014 $m
Interest on customer deposits	8.7	10.7
	8.7	10.7

Note 5 - Non-interest income

Year ended March 31	2015 $m	2014 $m
Foreign exchange income and commissions	4.4	4.5
Customer service and letter of credit fees	2.9	2.8
Credit card fees	5.4	5.8
Other financial and related services	2.4	2.1
Other income	0.9	1.1
	16.0	16.3

Note 6 - Non-interest expense

Year ended March 31	2015 $m	2014 $m
Salaries and benefits	9.7	9.6
Premises and equipment	3.9	3.8
Other expenses	10.8	9.2
	24.4	22.6

Note 7 – Non-recurring net loss

Year ended March 31	2015 $m	2014 $m
Tax dispute settlement (i)	(3.5)	–
Impairment of GOB receivable (ii)	(11.0)	–
Impairment reserve asset held for sale (iii)	–	(6.8)
	(14.5)	(6.8)

(i) In August 2013, the Commissioner of Income Tax in Belize issued business tax demand notices to The Belize Bank Limited for taxes of $15.3 million being taxes allegedly due for the period 01 January 2001 to 31 December 2005 together with interest and penalties. The Bank challenged the validity of the demand notices given that a Settlement Deed dated 22 March 2005 had settled in full all and any liabilities, assessments and claims arising in respect of business tax in respect of all periods up to and including 31 March 2005. In March 2015, however, the Supreme Court ruled that the Bank was liable for a tax component only which totaled $4.7 million. This was paid in full by the Bank. An existing tax accrual of $1.2 million was offset against the charge of $4.7 million.

(ii) The impairment charge of $11.0 million relates to the Arbitration Award dated 15 January 2013 which is described more fully in Note 14. Management decided to provide for the interest capitalized on the Award from the date of the decision in January 2013 to March 2015 which totaled $11.0 million. Management will however continue to pursue the full recovery of the Arbitration Award.

(iii) During fiscal 2014, a charge of $6.8 million was recorded as an impairment reserve on an asset held for sale in order to reduce it to estimated realizable value (note 15(i)).

Note 8 – Loss per ordinary share

Basic and diluted loss per ordinary share have been calculated on the net loss 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	2015 $m	2014 $m
Net loss	(17.2)	(12.0)
Weighted average number of shares (basic and diluted)	99,902,085	99,902,085
Basic and diluted loss per ordinary share	$(0.17)	$(0.12)

During the year ended March 31, 2015 and 2014 the weighted average effect of share options and warrants 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 18).

Note 9 - Cash, cash equivalents and due from banks

At March 31	2015 $m	2014 $m
Cash in hand	10.9	9.3
Balances with the Central Bank of Belize (i)	115.5	51.2
Balances with other financial institutions	55.0	108.2
Amounts in the course of collection	2.2	1.8
	183.6	170.5

(i) 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, 2015, the actual amount was 25.7 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, 2015, the actual amount was 37.4 percent.

Note 10 - Investment securities

At March 31	2015 $m	2014 $m
Securities available for sale	25.5	21.3
Securities held to maturity	20.7	16.0
	46.2	37.3

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, 2015	Gross amortized cost $m	Gross unrealized gains $m	Gross unrealized losses $m	Fair value $m
Government sponsored entities and agencies	4.5	0.1	(0.2)	4.4
Corporate bonds	20.4	0.7	–	21.1
	24.9	0.8	(0.2)	25.5

At March 31, 2014	Gross amortized cost $m	Gross unrealized gains $m	Gross unrealized losses $m	Fair value $m
Government sponsored entities and agencies	3.2	–	–	3.2
Corporate bonds	18.0	0.1	–	18.1
	21.2	0.1	–	21.3

A summary of securities as of March 31, 2015, 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	2015 $m	2014 $m
Due in one year or less	25.5	12.0
Due in one to five years	19.7	16.6
Due from five to ten years	–	8.7
Due after ten years	1.0	–
	46.2	37.3

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 11 - Government of Belize securities

On May 1, 2010 the Central Bank of Belize instituted a new liquid asset requirement for banks to maintain holdings of GOB treasury bills equivalent to not less than 6.5 percent of BBL's average deposit liabilities for the reporting period. The percentage required was reduced to 5.0 percent effective January 1, 2011 and further reduced to 3.0 percent effective April 1, 2011 utilizing the average deposit liabilities for the reporting period. Effective October 1, 2011 this requirement was reduced to nil.

As at March 31, 2015 BBL's holdings in GOB treasury bills were equivalent to nil of its average deposit liabilities (2014 – 4.8 percent) as per the following:

At March 31	2015 $m	2014 $m
Government of Belize securities	–	20.0
	–	20.0

GOB treasury bills represent bills issued by the Central Bank of Belize. These bills mature within 90 days. BBL has the positive intent and ability to hold its securities to maturity, so they are carried at cost which approximates fair market value.

Note 12 - Loans - net

At March 31	2015 $m	2014 $m
Loans (net of unearned income):		
Residential mortgage	**46.9**	47.4
Credit card	**8.4**	8.3
Other consumer	**46.9**	50.2
Commercial - real estate	**69.6**	189.8
Commercial - other	**191.8**	61.6
	363.6	357.3
Allowance for loan losses:		
Residential mortgage	**(0.8)**	(3.9)
Credit card	**(0.4)**	(0.2)
Other consumer	**(3.0)**	(1.7)
Commercial - real estate	**(4.9)**	(20.5)
Commercial - other	**(34.0)**	(4.8)
	(43.1)	(31.1)
Loans (net of unearned income and allowance for loan losses):		
Residential mortgage	**46.1**	43.5
Credit card	**8.0**	8.1
Other consumer	**43.9**	48.5
Commercial - real estate	**64.7**	169.3
Commercial - other	**157.8**	56.8
Loans (net of unearned income and allowance for loan losses)	**320.5**	326.2

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, 2015	Due in one year or less $m	Due after one year through five years $m	Due after five years $m	Total $m
Residential mortgage	4.4	2.9	39.6	46.9
Credit card	8.1	0.1	0.2	8.4
Other consumer	7.2	32.9	6.8	46.9
Commercial - real estate	12.5	9.2	47.9	69.6
Commercial - other	63.7	32.1	96.0	191.8
	95.9	77.2	190.5	363.6

At March 31, 2014	Due in one year or less $m	Due after one year through five years $m	Due after five years $m	Total $m
Residential mortgage	4.7	2.4	40.3	47.4
Credit card	8.3	–	–	8.3
Other consumer	7.5	34.9	7.8	50.2
Commercial - real estate	55.0	33.0	101.8	189.8
Commercial - other	11.8	25.2	24.6	61.6
	87.3	95.5	174.5	357.3

The table below reflects outstanding loans by industry classifications.

At March 31	2015 $m	2014 $m
Utilities	**7.4**	9.0
Government	**3.1**	2.3
Agriculture	**45.3**	40.7
Marine products	**13.4**	10.6
Forestry	**0.4**	0.4
Manufacturing	**2.2**	1.5
Tourism	**40.3**	44.9
Building and construction	**44.7**	45.9
Real estate	**101.8**	93.2
Financial institutions	**0.1**	0.1
Distribution	**31.8**	32.3
Professional services	**3.9**	3.7
Transportation	**5.0**	5.8
Entertainment	**1.0**	0.6
Mining and exploration	**7.9**	7.8
Credit card	**8.4**	8.2
Other consumer loans	**46.9**	50.3
Total Loans	**363.6**	357.3

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 analyzes 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 analyzed 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, 2015	Pass $m	Sub - standard $m	Doubtful $m	Loss $m	Total $m
Residential mortgage	40.8	2.3	0.3	3.5	46.9
Credit card	8.2	–	0.1	0.1	8.4
Other consumer	43.7	0.3	1.0	1.9	46.9
Commercial - real estate	55.7	0.2	0.1	13.6	69.6
Commercial - other	130.5	1.6	0.5	59.2	191.8
	278.9	4.4	2.0	78.3	363.6

At March 31, 2014	Pass $m	Sub - standard $m	Doubtful $m	Loss $m	Total $m
Residential mortgage	46.5	0.9	–	0.1	47.5
Credit card	7.9	–	0.1	0.2	8.2
Other consumer	46.8	1.8	0.8	0.9	50.3
Commercial - real estate	122.8	56.4	4.2	6.4	189.8
Commercial - other	45.5	16.0	–	–	61.5
	269.5	75.1	5.1	7.6	357.3

Individually impaired loans with allocated allowances were as follows:

At March 31	**2015 $m**	2014 $m
Non-accrual loans as at year end	**84.7**	87.8
Less: impairment allowance on loans to customers	**(43.1)**	(31.1)
At the end of the year	**41.6**	56.7

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	**2015 $m**	2014 $m
Residential mortgage	**10.9**	1.0
Credit card	**0.2**	0.3
Other consumer	**3.2**	3.5
Commercial - real estate	**13.9**	67.0
Commercial - other	**56.4**	16.0
	84.6	87.8

The interest income which would have been recorded during the year ended March 31, 2015 had all non-accrual loans been current in accordance with their terms was approximately $10.1 million (2014 - $13.3 million).

At March 31, 2015, the amount of impaired loans outstanding in which the Group considers that there was a probability of a loss totaled $78.3 million (2014 - $51.7 million), with related allowances, after taking into consideration related collateral, of $38.2 million (2014 - $31.1 million). There were no impaired loans without specific allowances. The average amount of loans outstanding, in which the Group considers there was a probability of a loss during the year ended March 31, 2015, was $79.8 million (2014 – $54.0 million). Interest is not recognized on any loan classified as non-accrual.

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, 2015, the Group had total loans outstanding to certain officers and employees of $8.3 million (2014 - $8.5 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, 2015, these loans included nil (2014 - 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	2015 $m	2014 $m
At beginning of year	31.1	36.3
Impairment allowance charged during the year	17.8	19.8
Charge-offs	(5.8)	(25.0)
Net movement in year	12.0	(5.2)
At end of year	43.1	31.1

Recoveries from loan losses have been immaterial to date.

Note 13 – Property, plant and equipment – net

At March 31	2015 $m	2014 $m
Cost:		
Land	1.5	1.5
Premises	14.8	14.8
Furniture and fixtures and other equipment	4.9	5.4
Computer and office equipment	5.5	5.5
Motor vehicles	1.9	2.1
Total cost	28.6	29.3
Less: total accumulated depreciation	(12.2)	(12.1)
	16.4	17.2

Total capital expenditures for the year ended March 31, 2015 was $1.6 million (2014 - $4.8 million). Total depreciation expense for the year ended March 31, 2015 was $1.8 million (2014 - $1.7 million).

For the purpose of impairment testing for the year ended March 31, 2015, the Group's management has combined all the subsidiaries into one reporting unit. As a result no impairment was determined as at March 31, 2015.

As at March 31, 2015 the Group's buildings, vehicles, ATMs and other equipment were insured for $21.1 million. (2014 - $22.4 million)

As at March 31, 2015 historical cost of fully depreciated fixed assets amounted to $5.4 million (2014 - $5.7 million). They are recognized in the statement of financial position at zero residual value.

Note 14 – Government of Belize receivable

At March 31	2015 $m	2014 $m
Amounts receivable from GOB - 2007 loan note arbitration award (i) and (ii)	39.2	34.8
Less: Impairment allowance	(21.2)	(10.2)
	18.0	24.6

Movements in impairment allowance on due from Government of Belize.

At March 31	2015 $m	2014 $m
At beginning of the year	(10.2)	(10.2)
Charge during the year	(11.0)	–
At the end of the year	(21.2)	(10.2)

(i) In August 2009 BCB Holdings Limited (the parent company of the Bank) and the Bank successfully obtained an arbitral award against the GOB of approximately $44.2 million in respect of damages for breaches of undertakings by the GOB, plus costs (the "Award"). The Award, amongst other things, took account of a prior receivable from the GOB concerning the overpayment of business tax by the Bank. Included in the other assets of the Bank is an amount of $20.3 million which relates to a part of the total award.

The Award was made following an arbitration which took place under the London Court of International Arbitration ("LCIA") Rules. It was commenced by BCBH and the Bank which claimed damages for the breach of undertakings by the GOB in a Settlement Deed, as amended, which inter alia purported to afford certain tax treatment to the Bank. BCBH and the Bank sought enforcement of the Award in the Belize Supreme Court and, in December 2010, the Supreme Court determined that the Award may be enforced in Belize. The GOB appealed this decision to the Court of Appeal and, in August 2012, the Court of Appeal handed down its judgment. In this judgment the majority of the Court upheld the GOB's appeal on the basis that Part IV of the Belize Arbitration Act, pursuant to which BBL had sought to enforce the Award, was void. However, there was a strong dissenting judgment by Justice of Appeal Mendes. BBL appealed this decision and, on July 26, 2013, the Caribbean Court of Justice ("CCJ") ruled that the Arbitration Act was constitutional; however, the CCJ also declined to enforce the Award on grounds of public policy.

In order to increase the enforcement options open to BCBH and the Bank, they applied to the English High Court for an order that the Award be enforceable in the same manner as a judgement or order of an English court to the same effect. That order was granted and judgement was entered against the GOB by the English High Court on February 26, 2013.

On July 1, 2014, BCBH and the Bank commenced court proceedings in the US to confirm the Award or alternatively to recognize and enforce the UK judgement. On January 30, 2015 the GOB filed a motion to dismiss the petition to confirm the Award and the complaint to enforce the UK judgment as well as a preliminary response to the petition to confirm the Award. BCBH and the Bank filed their opposition to the motion to dismiss and their reply to the GOB's response on March 2, 2015. The GOB filed its reply on April 1, 2015.

On June 24, 2015 the United States District Court for the District of Columbia confirmed the Award issued by the LCIA in favour of BCBHL and BBL and against the GOB in relation to the tax settlement. GOB was ordered to pay a total of US$27,429,996.56. GOB have appealed the decision of the US District Court.

(ii) On March 23, 2007, a loan note was issued to the Bank by GOB under the terms of a settlement deed entered into by the Bank and GOB on the same date ("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 the Bank by Universal Health Services.

While the Bank had initially recorded the receivable owed by GOB under the 2007 Loan Note, the CBB directed the Bank to remove this receivable from the Bank's accounts; this exclusion resulted in the auditor issuing a qualified opinion on the Bank's financial statements for the fiscal year ended March 21, 2012.

Management's opinion that it was probable that the Bank would recover the receivable was based at the time on the progress of the various legal proceedings it had pursued in the recovery of the 2007 Loan Note that had been issued by the GOB to BBL. BBL at the time of the preparation of the financial statements for 31 March 2012, was claiming the sums due under the Loan Note in an LCIA arbitration (the "Arbitration").

On January 15, 2013 the arbitral tribunal made its Final Award in the Arbitration in favor of the Bank. It declared that the 2007 Loan Note was valid and binding and ordered the GOB to pay the Bank the sum of $18,447,754 plus interest and costs.

In order to increase the enforcement options open to the Bank, the Bank applied to the English High Court for an order that the Final Award be enforceable in the same manner as a judgment 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 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. The Bank has appealed this decision to the Belize Court of Appeal. The basis of the appeal is that the trial judge erred: (i) in deciding that the validity and legality of the 2007 Loan Note needing to be considered notwithstanding the binding decision of the Privy Council and the Arbitration Tribunal, and (ii) in concluding that the Final Award is unenforceable because the Executive lacked capacity to bind the Government to the expenditure created by the 2007 Loan Note without legislative approval. The case is expected to be heard by the Belize Court of Appeal in the second half of 2015. Belize counsel has advised that the Bank's appeal is strong and that there is a high likelihood of success before the appellate courts.

The Bank filed a petition to enforce the Final Award in federal court in the US on April 18, 2014. The GOB filed both a motion to dismiss and a response to the petition to confirm the Final Award on August 8, 2014. The Bank then 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. A decision on the case is expected to be rendered in the second half of 2015.

Note 15 - Other assets

At March 31	2015 $m	2014 $m
Investment in asset held for sale (i)	–	23.0
Accrued interest receivable	1.8	1.7
Other assets	6.4	6.5
	8.2	31.2

(i) The investment in asset held for sale of $23.0 million at March 31, 2014 relates to a private island in Belize, which was held as an asset held for sale at that time. The asset was sold in October 2014 for $23.0 million.

Note 16 – Deposits

At March 31	2015 $m	2014 $m
Term deposits	254.5	253.4
Demand deposits	249.2	272.7
Savings deposits	73.6	67.0
	577.3	593.1

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

At March 31	2015 $m	2014 $m
3 months or less	70.7	78.6
Over 3 and to 6 months	35.6	31.1
Over 6 and to 12 months	85.8	88.1
Over 12 months	12.8	–
Deposits less than $0.1 million	49.6	55.6
	254.5	253.4

Included in certificates of deposit at March 31, 2015 were $16.0 million (2014 - $18.6 million) of certificates of deposit denominated in US dollars and $0.9 million (2014 - $0.9 million) denominated in UK pounds sterling. Included in demand deposits at March 31, 2015 were $110.7 million (2014 - $150.5 million) of demand deposits denominated in US dollars and $3.0 million (2014 - $5.8 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 17 - 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 all of the Group's 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, 2015 amounted to $21.4 million (2014 - $21.2 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, 2015. 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, 2015 amounted to $1.7 million (2014 - $2.9 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	**2015** $m	2014 $m
Up to one year	1.7	2.9
Over one year	–	–
	1.7	2.9

(iii) The net operating lease rental charge for the years ended March 31, 2015 and 2014 included in the consolidated statements of income was $0.2 million and $0.1 million, respectively.

(iv) At March 31, 2015, the Group is a defendant in a number of pending legal and other proceedings incidental to present and former operations, acquisitions and dispositions. The Group does not expect the outcome of these proceedings, either individually or in the aggregate, to have a material adverse effect on the consolidated financial position of the Group.

(v) As explained in note 14, BCBH and BBL are engaged in arbitration proceedings in which they are pursuing certain claims against the GOB. The information required by ASC 450 Contingencies is not disclosed because BCBH believes that to do so would materially prejudice the proceedings. BCBH and BBL, having received the advice of external advisers, expects to recover a significant part of the amounts recorded as part of other assets in note 14. 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, 2015 would have a material adverse effect on the financial position or liquidity of the Company or its subsidiaries as of March 31, 2015.

(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, 2015 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 endeavors to follow, as soon as reasonably practicable, all such revised regulations.

(viii) The Labor Act 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 a severance pay equal to one week's wages for each complete year of service. 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 $239 thousand (2014 - $209 thousand).

Note 18 - Share capital

At March 31	2015 $m	2014 $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 (2014 - 103,642,984)	**0.6**	0.6

During the two years ended March 31, 2015, 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, 2013 as follows:

	Number	$m
At April 1, 2013	3,740,889	21.7
At March 31, 2014	3,740,889	21.7
At March 31, 2015	3,740,889	21.7

Share Options

BCBH 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 BCBH. Options are generally granted to purchase BCBH 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, 2013	7,250,000	$1.95
Outstanding at March 31, 2014	7,250,000	$1.95
Outstanding at March 31, 2015	7,250,000	$1.95

At March 31, 2015, no outstanding options were exercisable.

In August 2008, BCBH 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 installments on August 1, 2012, August 1, 2013 and August 1, 2014. These options are exercisable until August 1, 2018.

In May 2009, BCBH 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 installments 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.

ASC 718-10, Stock compensation, allows companies to measure compensation cost in connection with share option plans and schemes using a fair value based method. Using the fair value based method consistent with the provisions of ASC 718-10, the Group took a charge of $0.5 million in the consolidated statement of comprehensive income during the year ended March 31, 2015 (2014 - $1.2 million).

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

In April 2007, BCBH issued 7,692,308 warrants to subscribe for new ordinary shares of the Company at an exercise price of $6.50 per new ordinary share, until March 23, 2013. These Warrants have lapsed in accordance with their terms. In November 2007, BCBH issued a further 11,094,442 warrants to subscribe for new ordinary shares of the Company at an exercise price of $6.50 per new ordinary share, until August 2, 2014. The exercise price of these warrants was adjusted to $1.95 following the demerger of Waterloo Investment Holdings Limited from the Group in 2011. These Warrants have lapsed in accordance with their terms.

Note 19 – 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 2015	Actual 2014
The Belize Bank Limited	9.0%	15.9%	14.0%
Belize Bank International Limited	10.0%	18.3%	14.7%

Note 20 - 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, 2015 and 2014 amounted to $132,143 and $138,013 respectively.

Note 21 - 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 BCBH and Waterloo Investment Holdings Limited ("WIHL").

Consultancy services

During the year ended March 31, 2015 and the year ended March 31, 2014 the Group provided administrative services to WIHL. The aggregate fees paid by WIHL to the Group amounted to $1.2 million (2014 - $1.3 million). The amount owed by WIHL to BCBHL at March 31, 2015 was $3.6 million (2014 - $3.5 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 Auditor 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, trading financing.

Year ended March 31, 2015

Statement of financial position In US Dollars	Key management $m	Other related parties $m	Total $m
Loans to customers:			
Opening balance	0.6	6.5	**7.1**
Granted during the year	0.3	5.1	**5.4**
Repaid during the year	(0.3)	(3.0)	**(3.3)**
Closing balance	0.6	8.6	**9.2**
Less:			
Allowance for impairment	–	–	**–**
Net loans	0.6	8.6	**9.2**
Customer deposits			
Opening balance	0.2	1.9	**2.1**
Ceased to be related	(0.1)	–	**(0.1)**
Deposited during the year	2.1	1.4	**3.5**
Withdrawn during the year	(2.1)	(1.2)	**(3.3)**
Closing balance	0.1	2.1	**2.2**

Year ended March 31, 2014

Statement of financial position In US Dollars	Key management $m	Other related parties $m	Total $m
Loans to customers:			
Opening balance	0.6	5.3	**5.9**
Granted during the year	0.2	3.1	**3.3**
Repaid during the year	(0.2)	(1.9)	**(2.1)**
Closing balance	0.6	6.5	**7.1**
Less:			
Allowance for impairment	–	–	**–**
Net loans	0.6	6.5	**7.1**
Customer deposits			
Opening balance	0.2	2.3	**2.5**
Ceased to be related			**–**
Deposited during the year	2.1	1.0	**3.1**
Withdrawn during the year	(2.1)	(1.4)	**(3.5)**
Closing balance	0.2	1.9	**2.1**

The aggregate remuneration of the directors of the Company for the year ended March 31, 2015 amounted to $1.1 million (2014 - $1.1 million).

Note 22 – Fair value of financial instruments

Fair value is the exchange price receivable for an asset or payable for transferring a liability in the most advantageous market for the asset or liability in an arms-length transaction between market participants on the measurement date using any of the following three levels of input:

Level 1 – Quoted prices for identical assets or liabilities in active markets that the Bank has the ability to access on the measurement date.

Level 2 – Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or other inputs that can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect the Group's evaluation of the assumptions that market participants would use in pricing an asset or liability.

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, 2015.

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 23 – 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 BCBH 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 Principal Board Risk Committee (PBRC); the Executive Risk Committee (ERC); and the 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, 2015, BBL's maximum exposure to credit risk amounted to $485.4 million and that of BBIL's amounted to $150.4 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, 2015, BBL's total loan portfolio amounted to $295.9 million. Of that total, 43 loans totalling $147.5 million were over $1.0 million in value. This concentration of $147.5 million represented approximately 50 percent of the total exposure of BBL.

At March 31, 2015, BBIL's total loan portfolio amounted to $67.7 million. Of that total, 93 loans totalling $41.9 million were over $1.0 million in value. This concentration of $41.9 million represented approximately 62 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 loss to BBL of $10.9 million, while the same appreciation in the other currencies against the Belize dollar would on aggregate result in a loss of $0.4 million.

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 table below presents the maturity gap as of March 31, 2015 for BBL.

	On demand $M	Due within 3 months $M	3 months to 1 year $M	Over 1 year / no-maturity $M
Assets				
Cash and due from banks	134.7	–	–	–
Mandatory balances with CBB	36.7	–	–	–
Loans to customers	60.7	23.8	22.9	150.3
Securities	15.2	1.5	3.7	1.0
Other assets and receivables	19.4	–	–	–
Due from GOB net of reserve	18.0	–	–	–
Investment in subsidiary	–	–	–	12.0
Total assets	284.7	25.3	26.6	163.3
Liabilities				
Customer accounts	0.1	0.1	0.2	0.1
Other liabilites and payables	0.1	–	–	–
Total liabilities	0.2	0.1	0.2	0.1
Liquidity gap	284.5	25.2	26.4	163.2
Cumulative liquidity gap	284.5	309.7	336.1	499.3

The table below presents the maturity gap as of March 31, 2015 for BBIL.

	On demand $m	Due within 3 months $m	3 months to 1 Year $m	Year / no-maturity $m
Assets				
Cash and due from banks	60.9	–	7.5	–
Mandatory balances with CBB	0.1	–	–	–
Loans to customers	2.2	9.1	4.6	40.6
Securities	10.2	–	–	14.5
Other assets and receivables	–	–	–	2.7
Total assets	73.4	9.1	12.1	57.8
Liabilities				
Customer accounts	108.7	14.0	6.2	–
Other liabilites and payables	–	–	–	23.6
Total Liabilities	108.7	14.0	6.2	23.6
Liquidity gap	(35.3)	(4.9)	5.9	34.2
Cumulative liquidity gap	(35.3)	(40.2)	(34.3)	(0.1)

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, 2015, BBL had assets of $420.6 million which are interest rate sensitive.

At March 31, 2014, BBL had liabilities of $427.1 million which are interest rate sensitive.

At March 31, 2015, BBIL had assets of $146.0 million which are interest rate sensitive.

At March 31, 2014, BBIL had liabilities of $169.6 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 24 – Subsequent events

Subsequent events have been evaluated through September 29, 2015, 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

Directors	Lyndon Guiseppi Euric Bobb Cheryl Jones Peter Gaze Philip Osborne Ydahlia Metzgen each of: 60 Market Square Belize City Belize Central America
Company Secretary and Registered Office	Philip Osborne 60 Market Square P.O. Box 1764 Belize City Belize Central America
Nominated Adviser (for AIM in the UK)	Cenkos Securities plc 6. 7. 8. Tokenhouse Yard London EC2R 7AS United Kingdom
Registrars	Capita Registrars (Jersey) Limited Victoria Chambers Liberation Square 1/3 The Esplanade St Helier Jersey JE2 3QA Channel Islands

NP0915-1926
Northpoint Printing Limited

BCB Holdings Limited