WIHL

Waterloo Investment Holdings Limited

Consolidated Financial Statements

March 31, 2017

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Report of Chief Executive Officer

I am pleased to present Waterloo Investment Holdings Limited's ("Company" or "WIHL") fifth Annual Report.

The Company produced a net loss of $2.5 million in the year ended March 31, 2017 compared with a net loss of $7.3 million in the year ended March 31, 2016. Total assets at March 31, 2017 amounted to $490.4 million compared with $484.4 million at March 31, 2016.

In August 2016, the Company completed the issuance of 396,277,657 new ordinary shares at $0.50 per share, raising $198,138,828 before expenses, and repaid the debt outstanding on the Loan Notes. This resulted in Shareholders' Equity increasing to $418.2 million compared with $222.4 million at March 31, 2016. Total liabilities at March 31, 2017 amounted to $72.2 million compared with $262.0 million at March 31, 2016. Lord Ashcroft now has an interest in approximately 94 percent of the issued share capital of the Company.

WIHL entered its sixth year still having a few remaining challenges to deal with in outstanding receiverships both in the Turks and Caicos Islands (TCI) and Belize. Progress is discussed below.

By repaying the Loan Notes the Company has completed the financial restructuring of its balance sheet and is consequently in a very strong and healthy financial position. The main challenge ahead lies in generating income from assets other than the investments in palm oil. We are dedicated to continuing the expansion and improvement of the Turks and Caicos Collection ("TCC") (formerly the Hospitality Division). Following a major investment and brand launching, for example, we are optimistic that TCC will become an income-producing unit in the future.

Turks and Caicos Collection

TCC produced a loss of $2.9 million in the year ending March 31, 2017. Given the expanded activities of the Division, however, a comparison with the previous year's loss of $0.9 million is not straightforward.

During the most recent financial year, WIHL took into ownership the assets of Blue Haven Marina and Imperial Laundry and assumed responsibility for the Food and Beverage operations at the Alexandra Resort. In addition, WIHL now operates the Alexandra Resort under a restructured Rental Management Agreement ("RMA"), absorbing significantly more costs to entice all condo-owners to join the rental pool. We also decided to report the operating results of Blue Haven Resort – though still a loan in receivership – as part of TCC. As further explained below, this has had the effect of reducing the loss recorded in the Investment Division and increasing the loss in TCC, as well as requiring requisite adjustments in our balance sheet for proper comparison. Moreover, during the year we completed significant investments in personnel, organizational and IT infrastructure at the three TCC properties (Beach House, Alexandra Resort and Blue Haven), the marina and laundry operations.

Responding to market demand, TCC introduced two major changes in 2017: all-inclusive pricing and a "book at one resort, play at three" offer. While the European Plan (pay as you go) option will still be offered, we expect most of our guests will gradually opt for all-inclusive pricing, which allows for a carefree luxury vacation experience in the TCC. The three-for-one policy will apply for all bookings. This allows a guest to enjoy numerous restaurants and experiences across three unique properties, increasing value and variety for the tourist and the competitiveness of each property. We already see an increase in bookings with the all-inclusive, three-for-one model, mainly in the low season. The all-inclusive option was announced on April 12, 2017 and introduced with effect from June 1, 2017. The initial market response has been encouraging.

TCC brought in top talent experienced in the all-inclusive world to help us profit from TCC brand synergy. Under the leadership of Armando Pizzuti, VP of Hospitality, our operations, finance and sales & marketing teams will implement these plans and work together to improve total occupancy while simultaneously controlling costs.

These important initiatives also allow us to continue delivering job opportunities to our staff during the low season. Additionally, by de-emphasizing the individual resort operations, we allow our staff to experience working for one organization. Our ultimate focus, of course, is to drive profits to the bottom line within this division, while continuing to invest in a best-in-class operation that is more easily scalable.

These changes are introduced to secure our position among luxury all-inclusive resorts during a healthy, though competitive, environment for Caribbean travel.

TripAdvisor continued to rank TCI among the top Caribbean destinations and Grace Bay as the #2 beach in the world, as per the Travelers' Choice Awards in 2017. Within the TCC, TripAdvisor ranked our Beach House as high as #3 under the management of Vianel Filpo, Blue Haven Resort as high as #7 and the Alexandra Resort #15 (rising from #26 when General Manager Gloria Thomas took over). Also, the individual rankings of our restaurants made significant progress over the prior year: Kitchen 218, under chef Jason Heath, ranked as high as #10 out of 100 restaurants in Providenciales, and Fire & Ice and Salt, under chef Laurent Ajas, ranked #2 and #1 respectively in Leeward.

As reported by the TCI Tourist Board, the annual number of visitors to TCI remained stable in 2015 and 2016, at 1.3 million. While cruise port arrivals in Grand Turk dropped in 2016 by 8.9 percent to 846,963, the number of stopover guests – our target market – increased by 17.7 percent, with arrivals numbering 453,612 in 2016 compared with 385,531 in 2015. It is worth pointing out that TCI was spared an outbreak of the Zika virus in 2016, unlike many nearby islands.

Tourists still come predominantly from the United States and Canada (91 percent), with Brazilian and European arrivals providing strong growth but from a much smaller base.

According to the Caribbean Tourism Organization ("CTO"), the Caribbean region showed a 4.2 percent year-on-year increase in 2016 with a record 29.3 million visitors (26.3 million of whom were cruise passengers), demonstrating both good underlying fundamentals and TCI's significant outperformance. Total spending by tourists in the region increased by 3.5 percent to $35.5 billion.

Smith Travel Research ("STR") reports, however, that the picture remains mixed for hotel operators: For the Caribbean region overall, hotels reported a $1 decrease in average daily rate (ADR) to $201, as well as a 1.6 percent decrease in occupancy to 66.7 percent. This reflected the impact of the sharing economy (i.e., Airbnb and other online bookings of private properties) and an increase in hotel stock, as well as a possible hiccup in bookings due to the Zika virus scare.

STR's February 2017 *Pipeline Report* listed 15,781 rooms under construction in 86 hotel projects in the Caribbean/Mexico region, representing a 23.2 percent growth in rooms under construction compared with last year, with almost two-thirds of those new rooms in Mexico and the Dominican Republic. These countries now also provide significant competition in the luxury sector, which heretofore was more limited to islands such as TCI, St. Barths, Anguilla and Barbados.

During the first quarter of calendar 2017 (WIHL's fiscal fourth quarter), TCI showed no growth in visitor arrivals (136,839), compared with a very strong first quarter in 2016. Last year's 4th quarter had 137,461 arrivals. Increasingly, airlift capacity to TCI is absorbed by rentals via Airbnb, VRBO or other home-sharing websites rather than by existing resorts.

We have seen no movement on the part of the TCI government to protect hotels and the condo-model represented by our RMA (centralized, manager-controlled rentals of condos) from individual owner-managed rental activity, other than trying to ensure tax compliance. At Blue Haven, the bylaws do not allow owner-managed rental activities. At Alexandra Resort, we are continuing to restrict use of all resort amenities provided by TCC to such owners and their guests. WIHL has made significant investments in restaurants and beach amenities that did not exist when many unit owners acquired their properties. As WIHL is contemplating significant additional capital expenditure including the upgrade of the resorts' plants; protecting WIHL's and Rental Pool Owners' investment and revenue model is of paramount importance. Discussions are ongoing with non-RMA owners to (re-)join the rental pool as we believe their units would perform better under our management given the significantly improved value proposition and RevPAR performance since the receivership.

As discussed in last year's annual report, we continue to invest significantly in TCC's technology infrastructure. All properties are connected by a fiber loop. Newly purchased best-in-class infrastructure is housed in our own data center with Cloud back-up, supporting the latest software for operations, rooms (including condo and timeshare modules), restaurants and booking engines (connecting to a quite diversified set of channels from our own websites), as well as for management of our accounts, purchasing and inventories, human resources (for payroll, training and development) and maintenance projects. We are also investing in having our systems secured to the greatest extent possible.

The implementation of such large IT projects creates many challenges, one of which is the ability to bring to TCI the professional expertise to install technology and train our staff. Several projects incurred unacceptable delays due to our inability to secure temporary work permits. The laborious and costly processes at the TCI Labor and Immigration offices and their infrequent board meetings have cost our organization dearly. Since the December 15, 2016 general election in TCI, the government has begun to crack down on reported corruption practices at these offices, and we are looking forward to a much more streamlined work permit application process. It cannot come too soon.

We created our own training department headed by Wayne Garland, focused on training our staff both with in-house developed content and externally sourced programs. Every new staff member goes through a TCC orientation program and each existing staff member goes through an annual certification. Our new HR system allows us to develop individual development plans. Last year, HR conducted 24 workshops, and 733 students passed through the department's programs, demonstrating on average two training programs per employee.

Financial Services Division

British Caribbean Bank ("BCB") produced a profit of $3.2 million in the year ended March 31, 2017, compared with a loss of $4.6 million in 2016. Deposits increased 11.3 percent at $60.0 million on March 31, 2017, compared with $53.9 million at March 31, 2016. BCB's net loan position decreased to $57.1 million as compared with $67.9 million in the prior year, primarily due to pay down of debt in its non-performing loan portfolio.

BCB further improved its liquidity position with $59.4 million in cash held at correspondent and other banks. As of March 31, 2017, liquidity and capital ratios, as defined by the TCI Financial Services Commission (FSC), stood, respectively, at 81.7 percent and 49.3 percent, greatly exceeding the FSC required minimum ratios of at least 12 percent in minimum liquidity and 11 percent in minimum capital.

While the further de-risking by US correspondent banks had an impact on BCB, it successfully met the challenge by opening brokerage accounts at a major financial institution in the United States to invest a significant amount of its liquidity in US Treasuries, other government-backed securities and short-term paper with an investment grade credit rating. While these held to maturity investments are discounted under the FSC's liquidity and capital definitions, they produce a better return than term-deposits at its correspondent bank. Were the FSC's definition to attribute full value to these investments, our liquidity position would have been 96.8 percent.

Although BCB's loan portfolio continued to shrink due to pay-downs, we have begun carefully to extend loans on TCI real estate to counteract further contraction. The portfolio stood at $31.2 million on March 31, 2017 from $34.3 million at the end of last year. BCB's non-performing loan portfolio reduced from $33.6 million on March 31, 2016 to $25.9 million on March 31, 2017. While BCB currently has no loans outstanding to WIHL or related parties, it is evaluating opportunities for future expansion within WIHL's investment portfolio.

Investment Division

The Investment Division produced a loss of $7.9 million compared with a loss of $17.4 million in 2016. Income of $0.9 million was offset by $8.8 million in net provisions.

Net loans decreased from $140.4 million last year to $128.7 million due to additional provisions and by having WIHL taking Blue Haven Marina out of receivership by converting its loan into equity.

As mentioned earlier, we decided to report the operating results of Blue Haven Resort in the TCC portion of the income statement. This has had the effect of reducing the loss recorded in the Investment Division. Other projects in the Division remain work in progress, as follows:

Emerald Point

Last year we reported being "hopeful" that the remaining work at Emerald Point would be completed by the end of calendar 2016. This included (1) beach nourishment, with sand dredged from the Leeward Channel; (2) creation of a terminal groyne and a T-head groyne at the entry of the Leeward Channel to limit the movement of sediment, and (3) removal of the three existing T-head groynes.

Only after the threat of litigation did the TCI government finally issue a detailed development permit ("DDP") and building permit ("BP") allowing us to perform maintenance dredging in the Leeward Channel, an application that had been pending since 2012. The DDP and BP, however, came with 58 and 22 conditions respectively, of which we appealed several. We have been advised that our appeal was granted and await formal confirmation.

Since we still have not received any permits for Emerald Point, however, we cannot begin dredging, as dredged sand is needed for the beach restoration project. The damage due to the loss of beach is about 1.85 acres – with an estimated value of $4.5 million. In addition, most of these lots are under a contract of sale on the condition that the beach restoration will occur. TCIG is foregoing significant revenues in stamp duty with these delays as these lots attract the highest value per acre on Grace Bay.

Ambergris Cay

After the initial efforts to convert the memorandum of understanding with the TCI government into a full development agreement stalled in 2016, we asked the government for concessions to buy the infrastructure and Ambergris Cay club assets from the Receiver and develop club cottages, spa and restaurant facilities, so that owners who have not yet built a home could visit the island while contemplating building their own homes. The unsold lots would stay with the Receiver for future development. In return, we would guarantee the TCI government, as well as owners of houses, the opening of resort services by the end of 2017 and removal of financial distress. The government would recoup its investments through job creation, 12 percent tax on resort services to transient guests and stamp duty on land transfers.

In the negotiations, TCIG insisted on a complete development agreement throughout the life of the project to restart activities on Ambergris Cay, and continued to request WIHL guarantees of the completion of the "entire" development, unwilling to yield to the argument that WIHL couldn't possibly be asked to guarantee development on land it doesn't own.

At the time of publication of this report, negotiations with TCIG have stalled. We are continuing, however, with our plans to build Club assets for home and lot owners and potentially to reopen the Owners' Club for use by Owners only.

Port of Belize

The Company is continuing to invest in studies to examine the feasibility of building a cruise port at Port Loyola at the request of the Government of Belize. This project would include expanding the operations of the Belize Port (in receivership) to accommodate bulk-handling for the agricultural sector. WIHL has established relationships with cruise boat operators, commercial port operators, dredgers and the Government of Belize to develop an understanding of the commercial business case and the port's operational and dredging requirements, as well as the necessary financial commitment.

WIHL is considering partnerships with established cruise port operators to bring in related expertise and share costs associated with these feasibility studies. The cruise terminal and docking facilities would be built on land adjacent to the Port that WIHL owns, and will require substantial dredging of the Port and Port channel. In addition, WIHL is working on connecting a road from the Port to the main highway, facilitating ease of access to the Port, which currently involves transiting through Belize City.

Latin American Associates

The Company experienced lower income during the year ended March 31, 2017 from its approximately 25 percent ownership of Latin American Associates ("LAA"). Due to circumstances explained below, share of net income continues to decrease to $10.0 million in the year ended March 31, 2017, compared with $11.0 million in the prior year, $17.0 million in 2015 and $19.3 million in 2014. Dividends for calendar year 2015 of $6.7 million were received in July 2016. Reflecting lower earnings, a $5.5 million dividend was recently declared for calendar year 2016 and received in May 2017. Nevertheless, LAA maintains a very strong cash position.

With a continued negative outlook on palm oil prices and record high inventories, LAA management decided early in the year to forward sell its production to protect a minimum level of earnings. Although a poor global harvest resulting from the after effects of El Niño led to inventories depleting much more rapidly than originally expected, LAA missed out on the resultant uptick in palm oil prices. LAA had to buy some additional supply at higher prices to satisfy its customers.

The outlook on palm oil prices remains negative. Due to continued low extracted oil and gas prices, there is no obvious argument to substitute with biofuels. In addition, LAA produces palm oil in one of the highest cost countries in the world, particularly when compared with Malaysia and Indonesia, where 90 percent of the world's palm oil production takes place.

To protect earnings, LAA will continue to consider hedging and the use of forward contracts from time to time.

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Our Company may be relatively small, but it has a major footprint in TCI where it is creating new luxury experiences for visitors, meaningful work and training for its approximately 400 staff and opportunities for ecologically sensitive and financially sustainable development. We continue to have a positive outlook for TCI and with the progress we have made internally are positioned to take advantage of opportunities as they arise.

I thank the shareholders for their continued support and look forward to welcoming you to the Turks and Caicos Collection or at the British Caribbean Bank.

Caroline van Scheltinga
Chairman and CEO

Report of Independent Auditors

To the Board of Directors and Shareholders of Waterloo Investment Holdings Limited

We have audited the accompanying consolidated balance sheets of Waterloo Investment Holdings Limited and its subsidiaries as of March 31, 2017 and March 31, 2016, and the related consolidated statements of comprehensive income, changes in shareholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits of these consolidated financial statements in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

Horwath Belize LLP

Horwath Belize LLP
Belize City, Belize
Central America
July 28, 2017

Consolidated Statements of Comprehensive Income

Year ended March 31	Notes	**2017** $m	2016 $m
Financial Services			
Interest income		**3.8**	3.9
Interest expense	4	**(0.4)**	(1.0)
Net interest income		**3.4**	2.9
Provision for loan losses	12	**1.7**	(5.2)
Non-interest income (loss)	5	**0.2**	(0.3)
Non-interest expense	6	**(2.1)**	(2.0)
Operating profit (loss) - Financial Services		**3.2**	(4.6)
Operating loss - Turks and Caicos Collection	7	**(2.9)**	(0.9)
Operating loss - Investments	8	**(7.9)**	(17.4)
Total operating loss		**(7.6)**	(22.9)
Associates	19	**10.0**	11.0
Corporate expenses		**(3.4)**	(2.9)
Corporate interest		**(1.5)**	(6.0)
Net loss before extraordinary item		**(2.5)**	(20.8)
Extraordinary item			
Gain on legal settlement BTL	23	**-**	13.5
Net loss		**(2.5)**	(7.3)
Other comprehensive income (loss)			
Translation adjustment reported by Associates	19	**0.5**	(3.0)
Comprehensive loss		**(2.0)**	(10.3)
Net loss per ordinary share (basic and diluted)	9	**$(0.01)**	$(0.07)

Consolidated Statements of Changes in Shareholders' Equity

	Notes	Share capital $m	Additional paid-in capital $m	Treasury shares $m	Accumulated other comprehensive loss $m	Retained earnings $m	Total $m
At April 1, 2015		100.0	-	(0.1)	(2.5)	135.3	232.7
Comprehensive loss		-	-	-	(3.0)	(7.3)	(10.3)
Conversion of shares	25	(50.0)	50.0	-	-	-	-
At March 31, 2016		50.0	50.0	(0.1)	(5.5)	128.0	222.4
Comprehensive loss	25	-	-	-	0.5	(2.5)	(2.0)
Other movements	25	-	-	(0.3)	-	-	(0.3)
Share offering	25	198.1	-	-	-	-	198.1
At March 31, 2017		**248.1**	**50.0**	**(0.4)**	**(5.0)**	**125.5**	**418.2**

At March 31, 2017, retained earnings included non-distributable statutory reserves in British Caribbean Bank Limited of $13.0 million (2016 - $13.0 million).

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

Consolidated Balance Sheets

At March 31	Notes	**2017 $m**	2016 $m
Assets			
Financial Services			
Cash, cash equivalents and due from banks		**-**	0.6
Interest-bearing deposits with correspondent banks	10	**36.9**	43.3
Investments - fixed income	11	**22.5**	-
Loans - net	12	**57.1**	67.9
Property, plant and equipment - net	13	**0.3**	0.2
Other assets	14	**0.2**	0.4
Total Financial Services assets		**117.0**	112.4
Investment			
Cash, cash equivalents and due from banks		**-**	0.1
Loans - net	15	**128.7**	140.4
Other assets	16	**19.6**	18.5
Total Investment assets		**148.3**	159.0
Turks and Caicos Collection			
Cash, cash equivalents and due from banks		**3.9**	2.1
Property, plant and equipment - net	17	**18.2**	12.2
Other assets		**6.5**	6.0
Total Turks and Caicos Collection assets		**28.6**	20.3
Corporate			
Cash, cash equivalents and due from banks		**2.0**	3.0
Other current assets		**1.3**	0.1
Property, plant and equipment - net	18	**2.5**	2.6
Associates	19	**190.7**	187.0
Total Corporate assets		**196.5**	192.7
Total assets		**490.4**	484.4
Liabilities and shareholders' equity			
Financial Services			
Deposits	20, 28	**60.0**	53.9
Interest payable		**-**	0.2
Current liabilities		**0.2**	0.3
Total Financial Services liabilities		**60.2**	54.4
Investment			
Current liabilities		**0.1**	2.5
Turks and Caicos Collection			
Current liabilities		**7.0**	3.9
Corporate			
Current liabilities	21	**0.6**	0.3
Long-term liabilities	22	**4.3**	200.9
Total Corporate liabilities		**4.9**	201.2
Total liabilities		**72.2**	262.0
Shareholders' equity			
Share capital	25	**248.1**	50.0
Additional paid-in capital	25	**50.0**	50.0
Treasury shares	25	**(0.4)**	(0.1)
Accumulated other comprehensive loss		**(5.0)**	(5.5)
Retained earnings		**125.5**	128.0
Total shareholders' equity		**418.2**	222.4
Total liabilities and shareholders' equity		**490.4**	484.4

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

Consolidated Statements of Cash Flows

Year ended March 31	**2017 $m**	2016 $m
Cash flows from operating activities		
Net loss	**(2.5)**	(7.3)
Adjustments to reconcile net loss to net cash provided (utilized) by operating activities:		
Depreciation	**2.1**	1.0
Provision for loan losses	**6.4**	26.1
Undistributed earnings of associates	**(3.2)**	(4.2)
Changes in assets and liabilities:		
Decrease in interest payable	**(0.2)**	(0.1)
Increase in other assets	**(1.4)**	(3.8)
Increase in other current assets	**(1.2)**	(0.1)
Increase (decrease) in other liabilities	**0.9**	(3.5)
Net cash provided by operating activities	**0.9**	8.1
Cash flows from investing activities		
Purchase of property, plant and equipment (net)	**(8.1)**	(2.6)
Decrease (increase) in interest-bearing deposits with correspondent banks	**6.4**	(31.7)
Increase in investments - fixed income	**(22.5)**	-
Decrease in Government of Belize receivable	**-**	34.1
Decrease in loans to customers	**16.1**	3.2
Net cash (utilized) provided by investing activities	**(8.1)**	3.0
Cash flows from financing activities		
Increase (decrease) in share capital	**198.1**	(50.0)
Increase in additional paid-in capital	**-**	50.0
Increase in treasury shares	**(0.3)**	-
(Decrease) increase in long-term debt	**(196.6)**	6.2
Increase (decrease) in deposits	**6.1**	(16.6)
Net cash provided (utilized) by financing activities	**7.3**	(10.4)
Net change in cash, cash equivalents and due from banks	**0.1**	0.7
Cash, cash equivalents and due from banks at beginning of year	**5.8**	5.1
Cash, cash equivalents and due from banks at end of year	**5.9**	5.8
Cash - Financial Services	**-**	0.6
Cash - Investment	**-**	0.1
Cash - Turks and Caicos Collection	**3.9**	2.1
Cash - Corporate	**2.0**	3.0
	5.9	5.8

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

Note 1 – Description of business

Introduction

Waterloo Investment Holdings Limited ("WIHL" or "the Company") was incorporated in the British Virgin Islands on January 24, 2011. WIHL is a holding company with no independent business operations or assets other than its investment in its subsidiaries, associates, intercompany balances and holdings of cash and cash equivalents. WIHL's businesses are conducted through its subsidiaries.

The businesses of WIHL include: (i) the British Caribbean Bank Limited ("BCB" or "the Bank") which focuses on the provision of financial services and lending in the Turks and Caicos Islands ("TCI") and whose assets are principally comprised of loans that have a high concentration in asset backed lending to the tourism and property development sectors, (ii) the Turks and Caicos Collection Division which owns and operates resorts and related activities in TCI, (iii) certain other loans and assets principally related to tourism, property and infrastructure businesses, and (iv) an interest in certain associated companies more fully described below and in note 19.

Associates

The Group's equity investment in associates is comprised of:

(i) Investments in approximately 25 percent of Corporacion Iberoamericana Alimentaria, S.A., Tower Strategic, Ltd., Mesocafta International, S.A. and BVI International Holdings, Inc. (the "Latin American Associates"). The Latin American Associates own edible oil processing and distribution operations and palm seed plantations in Latin America and operate as producers and distributors of edible oils, margarine, industrial oils and animal feed.

(ii) Investment in approximately 50 percent of Belize International Services Limited ("BISL") which until June 2013 provided shipping and company registry services to international clients ("International Services Associate"). In June 2013, the Government of Belize ("GOB") took control of the entire operations of BISL. Since June 2013, the Company has received no income from BISL.

Subsequent events

The Group has evaluated subsequent events for recognition and disclosure through July 28, 2017, which is the date the financial statements were available to be issued.

Note 2 – Summary of significant accounting policies

Basis of consolidated financial statements

The consolidated financial statements have been prepared in United States dollars ("US Dollars") in accordance with accounting principles generally accepted in the United States ("US GAAP") and as described below. 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, useful lives for depreciation and amortization, loss contingencies, and allowance for loan losses. Actual results could differ materially from those estimates.

Principles of consolidation

The consolidated financial statements incorporate the financial statements of WIHL and its subsidiaries ("the Group"). WIHL consolidates companies in which it owns or controls more than fifty percent of the voting shares. 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 up to the date of disposal. All significant intercompany balances and transactions have been eliminated in consolidation.

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.

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 Statements of Financial Accounting Standards No. 114 – Accounting by Creditors for Impairment of a Loan, as amended by Statements of Financial Accounting Standards No.118 – Accounting by Creditors for Impairment of a Loan – Income Recognition and Disclosures. Under the Group's accounting policy for loan loss provisioning, 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. 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 Company considers that the loan will remain performing.

Management bases its estimate of specific loan loss provision on a comprehensive analysis of all loans, in particular all individual classified loans. Management has decided that the Bank no longer requires a hedge against inherent portfolio loss by maintaining an unallocated loss allowance of one percent of loans not adversely classified.

Investment loans

The Company classifies its interests in investment loans as held for sale or held for use at the time of purchase and reassesses this classification as of each balance sheet date. The investment loans are considered Level 3 in the fair value hierarchy due to the use of unobservable inputs to measure fair value. In the absence of an active market for the investment loans, fair value is measured using third-party appraisals of underlying collaterals and Level 3 pricing models based on information and assumptions that management believes are consistent with what market participants would use in a hypothetical transaction at the measurement date.

Investment loans are reviewed annually to determine whether impairment has occurred that is other than temporary. The Company considers various factors including the severity and likely duration of the impairment, the intent to hold an investment loan or the need to sell it before its anticipated recovery. If there is prevailing evidence that a reduction in fair value is other than temporary, the impairment is recognized in earnings.

Leases

All leases are operating leases between Group companies, are immaterial, and the annual rentals are charged against income.

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. Unrealized translation gains or losses reported by the Company's associates are recognized as cumulative translation adjustments through other comprehensive income (loss) within shareholders' equity.

Gains and losses arising from currency transactions are included in the consolidated statements of income.

Associates

For investments in which the Group owns or controls more than twenty percent of the voting shares, and over which it exerts significant influence over operating and financial policies, the equity method of accounting is used in the consolidated financial statements. The investment in associates is shown in the consolidated balance sheets as the Group's proportion of the underlying net assets of these companies plus any goodwill attributable to the acquisitions less any write-off required for a permanent diminution in value. The consolidated statements of income include the Group's share of net income of associates.

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 vehicles	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 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.

Financial risk management

Financial instruments which potentially subject the Group to concentrations of credit risk principally consist of cash, cash equivalents and due from banks and extensions of credit to customers. The Group places its cash, cash equivalents, and due from banks only with financial institutions with acceptable credit ratings and limits its credit exposure in respect of any one of these institutions.

The Group's portfolio credit risk is evaluated on a regular basis to ensure that concentrations of credit exposure do not result in unacceptable levels of risk. Credit limits, ongoing credit evaluations, and account-monitoring procedures are utilized to minimize the risk of loss.

In January 2017, the Bank invested part of its excess liquidity in investment grade marketable securities held-to-maturity. Investments in held-to-maturity debt securities are initially recorded at cost and then recorded at amortized cost. Unrealized holding gains and losses are not recorded. Interest revenue is included in interest income of the current period.

New accounting standards

The Group adopts newly issued accounting standards and updates in the year stipulated for adoption to the extent they are relevant to the Group's operations. The Group may adopt a standard or update early, if early adoption is permitted. The effect of adoption, if material, is disclosed in the consolidated financial statements.

In fiscal 2017, consideration has been given to the implications of the following new or revised standards, all of which are effective for fiscal years beginning after December 15, 2016 including interim periods, with early adoption permitted, to the extent they are relevant to the operations of the Group:

ASU 2015-11	Inventory (Topic 330): *Simplifying the Measurement of Inventory*
ASU 2016-05	Derivatives and Hedging (Topic 815): *Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships (a consensus of the FASB Emerging Issues Task Force)*
ASU 2016-06	Derivatives and Hedging (Topic 815): *Contingent Put and Call Options in Debt Instruments (a consensus of the FASB Emerging Issues Task Force*
ASU 2016-07	Investments-Equity Method and Joint Ventures (Topic 323): *Simplifying the Transition to the Equity Method of Accounting*
ASU 2016-09	Compensation-Stock Compensation (Topic 718): *Improvements to Employee Share-Based Payment Accounting*
ASU 2016-17	Consolidation (Topic 810): *Interests Held through Related Parties That Are under Common Control*

Standards that will become effective after fiscal 2017:

ASU 2014-09	Revenue from Contracts with Customers (Topic 606), as amended by ASU 2015-14, Revenue from Contracts with Customers (Topic 606): *Deferral of the Effective date*
ASU 2016-08	Revenue from Contracts with Customers (Topic 606): *Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*
ASU 2016-10	Revenue from Contracts with Customers (Topic 606): *Identifying Performance Obligations and Licensing*
ASU 2016-12	Revenue from Contracts with Customers (Topic 606): *Narrow Scope Improvements and Practical Expedients*
ASU 2017-05	Other Income-Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20): *Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets*
ASU 2016-01	Financial Instruments-Overall (Subtopic 825-10): *Recognition and Measurement of Financial Assets and Financial Liabilities*
ASU 2016-02	Leases (Topic 842), effective beginning after December 15, 2018
ASU 2016-04	Liabilities-Extinguishments of Liabilities (Subtopic 405-20): *Recognition of Breakage for Certain Prepaid Stored-Value Products (a consensus of the FASB Emerging Issues Task Force)*
ASU 2016-13	Financial Instruments-Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Instruments*
ASU 2016-15	Statement of Cash Flows (Topic 230): *Classification of Certain Cash Receipts and Cash Payments*
ASU 2016-18	Statement of Cash Flows (Topic 230): *Restricted Cash (a consensus of the FASB Emerging Issues Task Force)*
ASU 2017-01	Business Combinations (Topic 805): *Clarifying the Definition of a Business*
ASU 2017-04	Intangibles-Goodwill and Other (Topic 350)
ASU 2017-06	Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965): *Employee Benefit Plan Master Trust Reporting (a consensus of the FASB Emerging Issues Task Force)*
ASU 2017-07	Compensation-Retirement Benefits (Topic 715): *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*
ASU 2017-08	Receivables-Nonrefundable Fees and Other Costs (Subtopic 310-20): *Premium Amortization of Purchased Callable Debt Securities*
ASU 2017-09	Compensation-Stock Compensation (Topic 718): *Scope of Modification Accounting*
ASU 2017-10	Service Concession Arrangements (Topic 853): *Determining the Customer of the Operation Services (a consensus of the FASB Emerging Issues Task Force)*

Note 3 – Segmental analysis

The Group is currently engaged in the provision of financial services, principally in the Turks and Caicos Islands, investment in loans and assets principally in tourism and infrastructure business, the provision of hospitality services and in certain associated companies (note 19).

Year ended March 31	2017 $m	2016 $m
Depreciation		
Financial Services	**(0.1)**	(0.1)
Turks and Caicos Collection	**(1.9)**	(0.8)
Corporate	**(0.1)**	(0.1)
	(2.1)	(1.0)

Year ended March 31	2017 $m	2016 $m
Capital expenditures (net)		
Financial Services	**0.2**	-
Turks and Caicos Collection	**7.9**	2.4
Corporate	**-**	0.2
	8.1	2.6

At March 31	2017 $m	2016 $m
Total assets		
Financial Services	**117.0**	112.4
Investment	**148.3**	159.0
Turks and Caicos Collection	**28.6**	20.3
Associates	**190.7**	187.0
Corporate	**5.8**	5.7
	490.4	484.4

Note 4 – Interest expense – Financial Services

Interest expense comprised interest on customer deposits and amounts to $0.4 million (2016 - $1.0 million).

Note 5 – Non-interest income – Financial Services

Year ended March 31	2017 $m	2016 $m
Foreign exchange loss	**-**	(0.3)
Commissions and sundry income	**0.2**	-
	0.2	(0.3)

Note 6 – Non-interest expense – Financial Services

Year ended March 31	2017 $m	2016 $m
Salaries and benefits	**(0.5)**	(0.5)
Premises and equipment	**(0.4)**	(0.4)
Other expenses	**(1.2)**	(1.1)
	(2.1)	(2.0)

Note 7 – Operating loss – Turks and Caicos Collection

Year ended March 31	2017 $m	2016 $m
Turks and Caicos Collection	**(2.9)**	(0.9)
	(2.9)	(0.9)

The loss in the Turks and Caicos Collection includes activities of owned properties and income from managing third party properties.

Note 8 – Operating loss – Investment

Year ended March 31	2017 $m	2016 $m
Interest income	**1.0**	0.8
Other income	**2.0**	2.2
Other loss	**(1.6)**	-
Provisions against investments	**(9.3)**	(20.9)
Gain on sale of assets	**-**	0.5
	(7.9)	(17.4)

Note 9 – Net loss per ordinary share

Basic and diluted net 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 in each year.

Year ended March 31	2017 $m	2016 $m
Net loss	**(2.5)**	(7.3)
Weighted average number of shares (basic and diluted)	**337,607,790**	99,896,846
Net loss per ordinary share (basic and diluted)	**(0.01)**	(0.07)

Note 10 – Interest bearing deposits with correspondent banks – Financial Services

The Bank must maintain an average aggregate of approved liquid assets equal to 12 percent of the average deposit liabilities of BCB. At March 31, 2017, the liquid asset ratio was 81.7 percent (2016 – 73.9 percent).

Note 11 – Investments – fixed income

Investments consist of the following:

At March 31	2017 $m	2016 $m
Government guaranteed securities	**13.0**	-
Corporate securities	**9.5**	-
	22.5	-

The maturity distribution of investments is:

At March 31	2017 $m	2016 $m
3 months or less	**5.5**	-
Over 3 and to 6 months	**4.0**	-
Over 6 and to 12 months	**5.5**	-
Deposits less than $0.1 million	**7.5**	-
	22.5	-

Note 12 – Loans – net – Financial Services

At March 31	2017 $m	2016 $m
Loans (net of unearned income):		
Residential mortgage	**6.2**	5.5
Other consumer	**0.1**	0.1
Commercial - real estate	**27.3**	42.7
Commercial - other	**40.7**	46.8
	74.3	95.1
Allowance for loan losses:		
Residential mortgage	**(1.0)**	(1.2)
Other consumer	**-**	-
Commercial - real estate	**(2.2)**	(9.6)
Commercial - other	**(14.0)**	(16.4)
	(17.2)	(27.2)
Loans (net of unearned income and allowance for loan losses):		
Residential mortgage	**5.2**	4.3
Other consumer	**0.1**	0.1
Commercial - real estate	**25.1**	33.1
Commercial - other	**26.7**	30.4
	57.1	67.9

The maturity ranges of loans outstanding at March 31, 2017 are 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.

	Non-Performing $m	Due in one year or less $m	Due after one year through five years $m	Due after five years $m	Total $m
Residential mortgage	2.0	0.1	0.6	3.5	6.2
Other consumer	-	0.1	-	-	0.1
Commercial - real estate	23.7	-	1.5	2.1	27.3
Commercial - other	17.3	-	-	23.4	40.7
	43.0	**0.2**	**2.1**	**29.0**	**74.3**

The Bank 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 Bank analyzes loans individually by classifying the loans as to credit risk. This analysis is performed on a monthly basis. The Bank 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 loans.

As of March 31, 2017, and based on the most recent analysis performed, the risk category of loans by class of loans is as follows:

	Pass $m	Special mention $m	Sub-standard $m	Doubtful $m	Loss $m	Total $m
Residential mortgage	4.2	0.6	-	1.4	-	6.2
Other consumer	0.1	-	-	-	-	0.1
Commercial - real estate	3.6	9.5	14.2	-	-	27.3
Commercial - other	23.4	-	-	17.3	-	40.7
	31.3	**10.1**	**14.2**	**18.7**	**-**	**74.3**

Individually impaired loans were as follows:

At March 31	2017 $m	2016 $m
Non-accrual loans	**43.0**	60.4
	43.0	60.4

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

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

At March 31	**2017 $m**	2016 $m
Residential mortgage	**2.0**	3.0
Other consumer	**-**	-
Commercial - real estate	**23.7**	37.0
Commercial - other	**17.3**	20.4
	43.0	60.4

The interest income which would have been recorded during the year ended March 31, 2017 had all non-accrual loans been current in accordance with their terms was approximately $6.0 million (2016 - $7.5 million).

At March 31, 2017, the amount of impaired loans outstanding in the Financial Services Division in which the Group considers there was a probability of a loss totaled $32.9 million (2016 - $50.0 million), with related allowances, after taking into consideration related collateral, of $22.7 million (2016 - $31.5 million). The average amount of loans outstanding in the Financial Services Division, in which the Group considers there was a probability of a loss during the year ended March 31, 2017, was $41.5 million (2016 – $51.2 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 Financial Services Division's loan portfolio is considered by the Group to approximate its carrying value. Loan loss provisioning is based on management's estimate of the recoverability of non-performing loans after allowing for the estimated net realizable value of collateral held.

At March 31, 2017, the Group had total loans outstanding to certain officers and employees of $0.3 million (2016 - $0.2 million) at preferential rates of interest varying between 5.5 percent and 7.0 percent per annum, repayable over varying periods not exceeding 15 years.

Changes in the allowance for loan losses were as follows:

Year ended March 31	**2017 $m**	2016 $m
At beginning of year	**27.2**	35.9
Provision charged to income	**1.9**	5.1
Charge-offs	**(8.3)**	(13.8)
Loan loss recovery (1)	**(3.0)**	-
Loan loss recovery (2)	**(0.3)**	-
Reversal of unallocated loan allowance (3)	**(0.3)**	-
At end of year	**17.2**	27.2

(1) On February 16, 2017, the Bank finalized the settlement for 3 non-accrual loans, for a value of $7.0 million. Following the transaction, the Bank recognized a loan loss recovery gain of $3.0 million, due to prior over provisioning.

(2) On March 24, 2017, WIHL acquired 564,228 treasury shares at a price of $0.50 per share. The shares were held in security by the Bank for a non-accrual loan. Following the transaction, the Bank recognized a loan loss recovery gain of $282,114, due to prior over provisioning.

(3) At March 31, 2017, management decided to remove the unallocated loan loss allowance of $0.3 million (2016 - $0.3 million).

Note 13 – Property, plant and equipment – net – Financial Services

At March 31	**2017 $m**	2016 $m
Cost:		
Land and buildings	**0.2**	0.2
Fixtures, fittings and office equipment	**0.6**	0.5
Total cost	**0.8**	0.7
Less: total accumulated depreciation	**(0.5)**	(0.5)
	0.3	0.2

Total capital expenditures for the year ended March 31, 2017 was $0.2 million (2016 – nil). Total depreciation expense for the year ended March 31, 2017 was $0.1 million (2016 - $0.1 million).

Note 14 – Other assets – Financial Services

Other assets of $0.2 million (2016 - $0.4 million) includes accrued interest due on loans, deposits, prepayments and other receivables due to the Bank.

Note 15 – Loans – net – Investment

At March 31	**2017 $m**	2016 $m
Loans (net of unearned income):		
Residential - real estate	**6.4**	6.4
Commercial - real estate	**227.8**	242.7
	234.2	249.1
Allowance for loan losses:		
Residential - real estate	**(6.4)**	(6.4)
Commercial - real estate	**(99.1)**	(102.3)
	(105.5)	(108.7)
Loans (net of unearned income and allowance for loan losses):		
Residential - real estate	**-**	-
Commercial - real estate	**128.7**	140.4
	128.7	140.4

Investment loans principally comprise secured loans where the borrowers have failed to comply with the terms and conditions of the respective loans and security agreements and documents.

These collateralized assets principally comprise development land or development land and buildings in the tourism, tourism related and hospitality business sectors. It is management's intention to hold the investment loan interests for the medium to long term in order to maximize the long-term realizable value of the investment loans.

Investment loans are carried net of provisions for loan losses which reflect fair value adjustments (Note 29).

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.

Changes in the provision for loan losses were as follows:

Year ended March 31	**2017 $m**	2016 $m
At beginning of year	**108.7**	88.0
Provision (credited) charged to income	**(3.2)**	20.7
At end of year	**105.5**	108.7

Note 16 – Other assets – Investment

At March 31	**2017 $m**	2016 $m
Investments:		
Residential - real estate (note i)	**2.7**	2.7
Commercial - real estate (note ii)	**17.0**	16.0
Commercial - non-real estate	**0.3**	0.2
	20.0	18.9
Allowance for Investment losses:		
Residential - real estate	**(0.1)**	(0.1)
Commercial - real estate	**(0.3)**	(0.3)
Commercial - non-real estate	**-**	-
	(0.4)	(0.4)
Investments (net of allowance for investment losses):		
Residential - real estate	**2.6**	2.6
Commercial - real estate	**16.7**	15.7
Commercial - non-real estate	**0.3**	0.2
	19.6	18.5

(i) Residential real-estate assets principally comprise residential property located in TCI.

(ii) Commercial real-estate assets principally comprise those assets held for commercial purposes located in TCI and Belize.

Note 17 – Property, plant and equipment – net – Turks and Caicos Collection

At March 31	**2017 $m**	2016 $m
Cost:		
Land and buildings	**9.3**	9.3
Fixtures, fittings and office equipment	**12.9**	5.3
Total cost	**22.2**	14.6
Less: total accumulated depreciation	**(4.0)**	(2.4)
	18.2	12.2

Total capital expenditures for the year ended March 31, 2017 was $7.9 million (2016 - $2.4 million). Total depreciation expense for the year ended March 31, 2017 was $1.9 million (2016 - $0.8 million).

Note 18 – Property, plant and equipment – net - Corporate

At March 31	**2017 $m**	2016 $m
Cost:		
Land and buildings	**2.5**	2.5
Fixtures, fittings and office equipment	**0.5**	0.5
Total cost	**3.0**	3.0
Less: total accumulated depreciation	**(0.5)**	(0.4)
	2.5	2.6

Total capital expenditures for the year ended March 31, 2017 was nil (2016 - $0.2 million). Total depreciation expense for the year ended March 31, 2017 was $0.1 million (2016 - $0.1 million).

Note 19 – Associates

The Group's equity investment in associates is comprised of:

(i) Investments in Latin American Associates which own edible oil processing and distribution operations and palm seed plantations in Latin America and operate as producers and distributors of edible oils, margarine, industrial oils and animal feed, in Costa Rica, Colombia, Panama, Nicaragua and Mexico. The share of net income amounted to $10.0 million for the year ended March 31, 2017 (2016 - $11.0 million). The share of unrealized translation income amounted to $0.5 million for the year ended March 31, 2017 (2016 – $3.0 million loss), and is recognized as a cumulative translation adjustment through other comprehensive loss within shareholders' equity.

(ii) A non-controlling investment in 50 percent of Belize International Services Limited ("BISL") which provided shipping and company registry services to international clients. BISL also provided financial and other services. The share of net income amounted to nil for the year ended March 31, 2017 (2016 - nil).

On June 10, 2013, the GOB announced its unilateral decision to assume control of the administration, operation and management of the International Business Companies Registry in Belize and the International Merchant Marine Registry of Belize (IMMARBE) with effect from June 11, 2013. BISL is the company that had been granted the right to operate and manage the two registries on behalf of the GOB until 2020. The other 50 percent of BISL was originally owned by the Panamanian law firm, Morgan & Morgan.

As a result of this action by the GOB, WIHL has not been able to include its associate share of the income of BISL for 2017 or 2016 in its income statement or its share of other fees normally generated by BISL (or for any of the periods since June 2013).

The Board of Directors of WIHL considers the GOB's decision to disregard the sanctity of BISL's contract to be a fundamental breach of the contractual arrangements between BISL and the GOB that are in place until 2020. BISL brought a claim against the GOB in the Supreme Court of Belize in 2013 for breach of constitutional rights. The claim was later converted to a claim for breach of contractual rights and a trial was held in February 2016, which included testimony from valuation experts. On October 28, 2016 the Supreme Court dismissed BISL's claim citing the GOB's failure to comply with the Financial Orders, by not putting the contract extension out to tender, as the reason for its decision to declare the contract extension invalid. Having sought the advice of counsel, BISL has appealed the Supreme Court's decision to the Court of Appeal. WIHL considers that BISL has strong grounds in support of this appeal and that it is highly likely that BISL's claim will be successful at the Court of Appeal. The case is expected to be heard by the Court of Appeal in 2018.

The investment in BISL is carried at historic cost plus the Company's share of undistributed earnings at the time the GOB took the asset over.

Investment in Latin American Associates

At March 31	**2017 $m**	2016 $m
Investment in Latin American Associates	**185.8**	182.1

Year ended March 31	**2017 $m**	2016 $m
Share of Latin American Associates' earnings:	**10.0**	11.0
Share of Latin American Associates' other comprehensive income (loss):	**0.5**	(3.0)
Total dividends received during the year	**6.7**	7.0

At March 31, 2017, the accumulated undistributed earnings of Latin American Associates included in the consolidated retained earnings of the Group amounted to $155.4 million (2016 - $152.1 million). The accumulated comprehensive loss of Latin American Associates included in the consolidated accumulated other comprehensive loss of the Group at March 31, 2017, amounted to $5.0 million (2016 - $5.5 million).

Summarized combined unaudited financial information for Latin American Associates was as follows:

Income statement

Year ended March 31	**2017 $m**	2016 $m
Net sales	**849.5**	751.9
Gross profit	**149.5**	147.9
Income from continuing operations	**56.8**	65.1
Net income	**39.7**	49.0

Balance sheet

At March 31	**2017 $m**	2016 $m
Cash and liquid securities	**223.5**	258.3
Current assets	**282.8**	254.0
Long-term investments	**34.1**	52.8
Property, plant & equipment	**385.9**	336.7
Other non-current assets	**26.1**	26.4
Current liabilities	**139.3**	129.0
Non-current liabilities	**65.9**	61.6

Investment in BISL

At March 31	**2017 $m**	2016 $m
Investment in BISL	**4.9**	4.9

Since the GOB's decision to compulsorily acquire BISL in June 2013, no financial information audited or otherwise has been made available to the Company. Therefore, there is no share of BISL in earnings and no dividends included in WIHL's net income for the year ended March 31, 2017 and 2016.

Note 20 – Deposits – Financial Services

At March 31	**2017 $m**	2016 $m
Term deposits	**36.5**	33.1
Demand deposits	**23.5**	20.8
	60.0	53.9

The maturity distribution of term deposits of $0.1 million or more was as follows:

At March 31	**2017 $m**	2016 $m
3 months or less	**10.7**	29.2
Over 3 and to 6 months	**23.2**	-
Over 6 and to 12 months	**2.1**	3.1
Deposits less than $0.1 million	**0.5**	0.8
	36.5	33.1

Included in term deposits at March 31, 2017 were $14.3 million (2016 - $23.0 million) of term deposits denominated in US dollars, $10.1 million (2016 - $9.9 million) denominated in UK pounds sterling, and $0.1 million (2016 - $0.2 million) denominated in Canadian dollars. Included in demand deposits at March 31, 2017 were $34.6 million (2016 - $18.9 million) of demand deposits denominated in US dollars, $0.9 million (2016 - $1.7 million) denominated in UK pounds sterling, and nil (2016 - $0.2 million) denominated in Canadian dollars.

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.

At March 31, 2017 the Bank did not hold any deposits due to the Bank's former holding company, Caribbean Investment Holdings Limited ("CIHL") (formerly BCB Holdings Limited), whereas in the prior year deposits totaled $3.5 million.

Note 21 – Current liabilities – Corporate

At March 31	2017 $m	2016 $m
Other current liabilities	**0.6**	0.3
	0.6	0.3

At March 31, 2017, WIHL had $0.6 million in current liabilities (2016 - $0.3 million), of which $0.5 million is payable to CIHL as a result of consultancy fees incurred (Note 28).

Note 22 – Long-term liabilities

At March 31	2017 $m	2016 $m
Series 3 Loan Notes (1)	**-**	95.8
Series 4 Loan Notes (1)	**-**	100.9
Other long-term liabilities	**4.3**	4.2
	4.3	200.9

(1) Following a New Share Offering, on August 22, 2016, the Company announced it received valid subscriptions from Eligible Shareholders for 282,450,689 New Ordinary Shares representing a 71 percent subscription of the Share Offer. In accordance with the underwriting arrangements for the Offer, Lord Ashcroft's nominee, Daza Coporation ("Daza"), took up the remaining 113,826,968 New Ordinary Shares not taken up by Eligible Shareholders.

The proceeds of the Share Offering were utilized to repay the Series 3 Loan Notes and the Series 4 Loan Notes for a total of $198.1 million. The Series 3 Loan Notes and Series 4 Loan Notes were held by Daza as nominee for Lord Ashcroft who has an interest in approximately 94 percent of the New Ordinary Shares of the Company.

Note 23 – Receivable from Government of Belize

The Government of Belize ("GOB") and the Bank came to a settlement agreement on September 11, 2015. This agreement included a payment to the Bank by GOB of $48.5 million which comprised principal, interest and legal costs. This matter was fully concluded in the previous fiscal year 2016.

The facility was a syndicated loan and minority participants were paid their appropriate value. Additionally, BCB repaid WIHL for the original legal fees advanced by WIHL. In the previous fiscal year 2016, the settlement resulted in a net extraordinary gain of $6.3 million for BCB; and a net consolidated extraordinary gain of $13.5 million for WIHL.

Note 24 – Commitments, contingencies and regulatory matters

(i) The Group's loans primarily result from its Financial Services Division and its Investment Division and reflect a broad borrower base. There is a concentration by economic activity in the commercial real estate business sector. Credit limit, ongoing credit evaluations and account monitoring procedures are utilized to minimize the risk of loss. Substantially all of the Group's loans are fully collateralized.

(ii) The Group has foreign exchange risk which arises from accepting foreign currency deposits, primarily with respect to UK pounds 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 to the extent possible.

(iii) 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 callable bonds. In addition, the Group also 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 callable bonds at March 31, 2017 amounted to nil (2016 – nil).

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 Bank's credit evaluation of the counterparty. Collateral held varies, but may include cash deposits, accounts receivable, inventory, plant, equipment, income-producing commercial properties and land.

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 Group holds similar collateral to that held for the short-term facilities described above and such commitments are generally fully collateralized. Outstanding standby letters of credit and financial guarantees written at March 31, 2017 amounted to nil (2016 - nil).

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

Note 25 – Share capital

At March 31	**2017 $m**	2016 $m
Authorized Ordinary shares:		
1,750,000,000 shares of par value $0.50	**875.0**	875.0
	875.0	875.0

Issued shares

The movement of issued shares, at cost, has been as follows:

	Number	$m
At March 31, 2015	100,007,864	100.0
Conversion	-	-50.0
At March 31, 2016	100,007,864	50.0
Share offering	396,277,657	198.1
At March 31, 2017	**496,285,521**	**248.1**

Following a New Share Offering, on August 25, 2016, the Company received valid subscriptions from Eligible Shareholders for 282,450,689 New Ordinary Shares representing a 71 percent subscription of the Share Offer. In accordance with the underwriting arrangements for the Offer, Lord Ashcroft's nominee, Daza Coporation, took up the remaining 113,826,968 New Ordinary Shares not taken up by Eligible Shareholders. Due to the Share Offering the number of Issued and Ordinary shares increased to 496,285,521.

Treasury shares

The movement of treasury shares, at cost, has been as follows:

	Number	$m
At March 31, 2015	105,769	0.1
Purchased	5,249	0.0
At March 31, 2016	111,018	0.1
Purchased	564,228	0.3
At March 31, 2017	**675,246**	**0.4**

On February 24, 2017, WIHL acquired 564,228 treasury shares at a price of $0.50 per share. This transaction increased the total amount of treasury shares to 675,246 (2016 – 111,018). Treasury shares are held in the balance sheet at a cost of $0.4 million (2016 - $0.1 million).

Note 26 – Concentrations of deposit and credit risk

The Group is potentially subject to financial instrument concentration of credit risk through its cash equivalents and credit extensions. The Group performs periodic evaluations of the relative credit standing of financial institutions it transacts with and places its cash and cash equivalents only with financial institutions with a high credit rating.

The Group has a credit risk concentrated in the tourism and real estate industries but does not foresee a material credit risk associated with individual credit extensions in these industries beyond what has already been prudently recognized and provided for in the financial statements. The Group monitors its risk concentration associated with credit extensions on a continuous basis in an effort to mitigate its exposure.

The Group has a concentration of deposit risk due to the existence of certain large individual client deposits. The Group manages the concentration risk by monitoring on a regular basis the distribution of maturities of its clients' deposits.

Note 27 – Regulatory capital requirements

The regulatory capital guidelines measure capital in relation to the credit and market risks of both off-balance sheet 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 BCB's financial position, results of operations, or liquidity. The following table sets forth the capital requirements and the actual ratios of BCB.

	Minimum Required	**Actual 2017**	Actual 2016
British Caribbean Bank Limited	11.0 %	**49.3 %**	37.9 %

Note 28 – Related party transactions

Lord Ashcroft, KCMG PC is a controlling shareholder in WIHL and in CIHL.

(i) During the year CIHL provided administrative and other services to WIHL. The aggregate fees charged by CIHL for the year ended March 31, 2017 amounted to $1.0 million (2016 - $1.0 million).

(ii) The balance of unpaid fees due by WIHL to CIHL and subsidiaries at March 31, 2017 amounted to $0.5 million (2016 - $0.2 million).

Note 29 – 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 inputs:

Level 1 – Quoted prices for identical assets or liabilities in active markets that the Group 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 credit rating.

In January 2017, the Bank invested part of its excess liquidity in investment grade marketable securities held-to-maturity. Investments in held-to-maturity debt securities are initially recorded at cost and then recorded at amortized cost. Unrealized holding gains and losses are not recorded. Interest revenue is included in interest income of the current period.

The carrying amounts of loans receivable, net of valuation allowances, are 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 investment loans is measured using third-party appraisals of underlying collaterals and Level 3 pricing models based on information and assumptions that management believes are consistent with what market participants would use in a hypothetical transaction at the measurement date, as described in Note 2 – Investment Loans.

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.

The carrying amount of long-term debt is a reasonable estimate of fair value based on the Group's incremental rates for equivalent types of financing arrangements.

Accrued expenses and other liabilities reflect current market conditions.

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

In the opinion of the Group's management, all other financial instruments reflect current market conditions and their fair value are not expected to differ materially from carrying amounts.