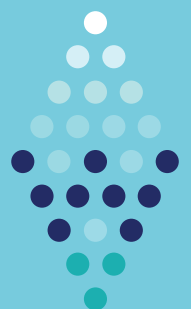
WIHL

Waterloo Investment Holdings Limited

Consolidated Financial Statements

March 31, 2018



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Report of Chief Executive Officer

I am pleased to present Waterloo Investment Holdings Limited's ("Company" or "WIHL") 2018 Annual Report.

Despite a year in which Mother Nature dealt us a significant challenge, the Company produced net income of $8.5 million in the year ended March 31, 2018, compared with a net loss of $2.0 million in the year ended March 31, 2017. Total assets and shareholders' equity at March 31, 2018 amounted to $526.7 million and $426.3 million, compared with $490.4 million and $418.2 million at March 31, 2017.

The Hurricanes

The second half of our fiscal year was dominated by Hurricanes Irma (September 6, 2017) and Maria (September 22, 2017), which slammed the northern Caribbean, hammering the Turks and Caicos Islands (TCI). In fact, the eye of Hurricane Irma passed directly over the private island, Ambergris Cay, that we manage and operate.

The hurricanes damaged all properties in the Turks and Caicos Collection ("TCC"), and for a period of time we were forced to close Beach House, Blue Haven Resort and Marina, the Alexandra Resort and Ambergris Cay to allow for hurricane-related cleanup and repairs. Our hurricane preparedness plans enabled us to take care of our guests and to get them home safely.

Fortunately, we were well insured, and applied for over $30 million in insurance claims, including claims on behalf of the various condominium buildings and our employees. We took the opportunity of the closures to advance major capital expenditures and maintenance planned for future years. Rent loss insurance covered condo owners' losses during the repairs. Insurance rates for the coming year, however, have seen a significant increase.

While there was no loss of life, many of our employees were greatly affected, suffering partial or complete loss of their homes, as well as lost income as a result of the closures. Our employees are very grateful to the owners in our resorts who donated funds and materials-in-kind to them, augmenting WIHL's own efforts. We allowed staff to work on hurricane repair-related functions, and provided access to construction materials, loans and assistance with insurance claims.

We, in turn, are hugely grateful for the valiant efforts of our resilient staff that enabled us to reopen all our resorts prior to the beginning of the high season. Unfortunately, many travel agents and tourists had written off the affected islands for the peak season; they did not believe the #TCI-ready tweets and other reports, and waited instead for pluckier tourists' feedback on social media before booking. As a result, the resorts' occupancy rates during the last three months of our fiscal year were lower than in prior years. Bookings for the summer of 2018, however, are strong.

We had a financial buffer, though; provided by the introduction earlier in the year of all-inclusive pricing at all our properties, which opened up a new segment of the market for the TCI guest seeking a luxury all-inclusive experience. During the summer prior to the hurricanes, we experienced significantly higher occupancy than we had in the prior years' summer months, which typically result in heavy losses.

TCI, the Region and Tourism

TripAdvisor again ranked TCI's Grace Bay the #1 beach in the world, according to the 2017 Travelers' Choice Awards. Grace Bay Beach was unaffected by the hurricanes.

As reported by the TCI Tourist Board, the annual number of visitors decreased to 1,243,843 in 2017, a 4% percent decline over 2016. Land-based arrivals totaled 416,434 in 2017, compared with 453,612 in 2017, an 8% decline. Hurricane-battered September took the hardest hit, with an 88% drop in arrivals.

The Caribbean Travel Organization had expected arrivals in the Caribbean to slow down as compared with the prior year, citing reasons such as (1) Americans choosing to travel within the country and U.S. domestic leisure travel in fact increased 2% in 2017 (as reported by UStravel.org), and (2) low-cost carriers providing attractive travel opportunities to European and other destinations to drive international tourism worldwide, which increased 7% (as reported by the United Nations World Tourism Organization).

Smith Travel Research reported that while the absolute occupancy in 2017 was the lowest in the Caribbean since 2012, the ADR value was the highest for any year on record in the region. There was also a record high in the supply of rooms. On TCI, the increase in supply came primarily from an increase in the number of villas available for rent. No new developments have opened since Blue Haven and the Shore Club. However, a new Ritz Carlton on Grace Bay has since broken ground (in February 2018) and is expected to be completed in three years.

Financial Services Division

British Caribbean Bank ("BCB" or "Bank") produced a profit of $0.2 million for the year ended March 31, 2018 compared with a profit of $3.2 million in 2017. There was no change in the operations of the Bank, the swing in profits primarily caused by the repayments of non-performing loans and the commensurate close-out of provisions taken in prior years. Additional provisions of $1.6 million were made.

Deposits increased from $60.0 million to $86.9 million as of March 31, 2018. Despite significant redemptions and a continued reduction in its non-performing loan portfolio, BCB's net loan position increased to $57.4 million compared with $57.1 million in the prior year. New loans were extended primarily for mortgages and businesses on TCI. The non-performing loan component further reduced to $20.1 million as of March 31, 2018, compared with $25.9 million in the prior year.

BCB continued to invest its cash primarily in highly rated short-term fixed income instruments. While it expanded its treasury policy to include investments in higher risk categories, the Bank's policy requires that such investments not exceed 10% of BCB's capital or approximately $5 million. BCB continued its policy of taking no currency risk against its foreign currency deposits in Euros, Canadian dollars and the British pound.

BCB has successfully expanded its network of U.S. correspondent banks and has submitted the application to the Financial Services Commission (FSC) for an Investment Dealer license to include securities brokerage services. The regulatory environment in the United States makes it very difficult for U.S. banks to offer U.S. dollar (USD) services to foreign companies. For example, WIHL has no bank accounts in the United States.

We see increasing demand for USD banking services outside of the United States. We have, however, seen our costs of compliance and risk management increase commensurately and have made investments in people and software. The U.S. Foreign Account Tax Compliance Act ("FATCA") and OECD-approved Common Reporting Standard ("CRS") reporting continues, and we truly know our customers. The TCI Government ("TCIG") is working hard to make the jurisdiction more attractive for financial services. With a liquidity ratio of 77% and a capital ratio of 40% (as compared with 82% and 49% reported respectively in the prior year), we have built a strong foundation.

Investment Division

The Investment Division produced a loss of $2.4 million compared with a loss of $7.9 million in 2017. Income of $0.8 million was offset by provisions as a result of hurricane losses net of insurance proceeds received. Net loans decreased from $128.7 million to $107.0 million.

Blue Haven Marina

The assets of Blue Haven Marina were moved back into the Investment Division from TCC after the Marina was destroyed by Hurricane Irma. We have requested customs duty exemption for the rebuilding of the Marina but the TCIG has not made a determination on the matter, as of the time of this report's publication.

The TCIG's revenues from the Marina are directly related to the gallons of gas and diesel sold by the operation. Since its opening in 2013, the TCIG has received close to $3.0 million in tax revenues from the cumulative gallons sold through Blue Haven Marina. This is exclusive of the benefit of an additional port of entry for visitors and non-fuel related on-island spending by (super) yacht owners and their crew periodically stationed on the island. We will rebuild as soon as we receive the green light for duty exemption.

Ambergris Cay

The operating assets of Ambergris Cay were taken out of receivership post-Hurricanes Irma and Maria, and great efforts have been undertaken to reopen the island. While we had hoped to reopen Ambergris Cay by December 2017 for all lot owners, the enormous hurricane damage made it impossible.

Critical infrastructure was affected to various degrees, including the communications tower, the water tank, roads and utility lines throughout the island and the landing strip. In addition, we lost the staff canteen and all the temporary structures used by construction staff. Staff dorms were also marred. All homeowners suffered damage to their individual homes, with six losing their roofs.

TCC has taken over operations of the island, and efforts are now underway to reopen the island for third-party guests by December 1, 2018. In addition, negotiations have begun with the TCIG to allow duty exemptions for owners to rebuild their homes and for TCC to finish building its resort offering. Ten luxury beachfront villas have been completed and are currently offered for use to all lot owners.

Emerald Point

Last year we reported extensively on the status of the application for performing maintenance dredging on the Leeward Channel and the beach restoration project on Emerald Point.

The hurricanes performed some of the dredging for us, as nature returned the channel depth to nine feet. We are currently monitoring the situation.

WIHL is still awaiting the permits for Emerald Point for (1) beach nourishment, whereby sand would no longer be sourced from the Leeward Channel but from elsewhere; (2) creation of a groyne to limit the movement of sediment, and (3) removal of the three existing failed T-head groynes. Although the rocks for the groyne have already been sourced and delivered and the TCIG keeps promising that the permits will be discussed in Cabinet, we have yet to receive them at the time of this report's publication.

Port of Belize

At the request of the Government of Belize, WIHL has continued to invest in studies examining the feasibility of building a cruise port at Port Loyola. These studies are likely to be completed in September 2018, after which we will form a project development team. Preliminary discussions with dredging companies, cruise boat operators and the Government of Belize are currently being held.

Latin American Associates ("LAA")

Compared with 2016, the Company saw higher income during the year ended March 31, 2018 from its approximately 25% ownership interest in an edible and related food products business in Latin America. Earnings moved to $12.5 million from $10 million in the prior year. Improved performance was due to an increase in palm oil prices in the latter part of 2017, although palm oil prices have since decreased.

Cash dividends of $6.9 million were received in March 2018 and the prior year's dividends of $5.5 million in May 2017 – both were therefore included in the current fiscal year's cash flows. LAA continues to maintain a very strong cash position.

Our legal case against the Government of Belize regarding the termination of the contract to manage the companies and shipping registries in Belize continues making its way through the court system and has now reached the level of the Court of Appeal. A decision from the Court of Appeal on the case is expected later in 2018 or early in 2019.

The Turks and Caicos Collection ("TCC")

We are very pleased to report that TCC seems to have turned a corner, producing income of $0.5 million in the year ended March 31, 2018, compared with a $2.9 million loss in the prior year. We believe that our past investments in the TCC brand, its extensive IT systems, frequent and dedicated staff training, and physical plant upgrades have created a dynamic foundation for future performance. TCC is now carrying the financial responsibility for the costs of reopening of Ambergris Cay. Future start-up losses are expected.

As mentioned, the hospitality market is responding very favorably to our "luxury all-inclusive experience" product offering. Alongside the introduction of all-inclusive pricing, we implemented stricter financial controls, and centralized purchasing and warehousing. Our new approach has brought staff the benefit of year-round employment. Nor do staff identify their jobs any longer with just one resort. Team work and the leveraging of skills across all properties has become part of our corporate culture.

We continued hiring highly qualified hospitality experts to help us deliver on the guests' luxury experience. This allowed us to charge higher rates, helping to counter the lower occupancy experienced as a result of the hurricanes. Also, for condo-owners, the improvement in summer bookings, together with the insurance proceeds, provided an important buffer to the moribund post-hurricane period. On average, we were able to deliver a flat REVPAR to owners.

Outlook

During fiscal 2019, we expect to finalize all our post hurricane-related projects and focus primarily on the relaunch of Ambergris Cay. Our strategy in hospitality is to strengthen our operations, our staff and our brand such that our luxury service offerings are consistent and our processes become replicable.

Our strategy in finance is to expand our service offerings. All-in-all, we are still very much focused on TCI, where we have most of our footprint.

I would like to express my deepest gratitude to the management and staff who have contributed to the Company's performance in a very challenging year. I also thank the shareholders – once again – 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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Waterloo Investment Holdings Limited and its subsidiaries, which comprise the consolidated balance sheets as of March 31, 2018 and 2017, and the related consolidated statements of comprehensive income, changes in shareholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Waterloo Investment Holdings Limited and its subsidiaries as of March 31, 2018 and 2017, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the Unites States of America.

BDO Belize LLP
Belize City, Belize
Central America
August 27, 2018

Consolidated Statements of Comprehensive Income

Year ended March 31	Notes	**2018 $m**	2017 $m
Financial Services			
Interest income		**4.3**	3.8
Interest expense	4	**(0.3)**	(0.4)
Net interest income		**4.0**	3.4
Provision for loan losses	12	**(1.6)**	1.7
Non-interest income	5	**0.3**	0.2
Non-interest expenses	6	**(2.5)**	(2.1)
Operating profit - Financial Services		**0.2**	3.2
Operating profit (loss) - Turks and Caicos Collection	7	**0.5**	(2.9)
Operating loss - Investments	8	**(2.4)**	(7.9)
Total operating loss		**(1.7)**	(7.6)
Associates	19	**12.5**	10.0
Corporate expenses		**(2.3)**	(3.4)
Corporate interest		**-**	(1.5)
Net profit (loss)		**8.5**	(2.5)
Other comprehensive income			
Translation adjustment reported by Associates	19	**-**	0.5
Comprehensive profit (loss)		**8.5**	(2.0)
Net profit (loss) per ordinary share (basic and diluted)	9	**$0.02**	$(0.01)

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 March 31, 2016		50.0	50.0	(0.1)	(5.5)	128.0	222.4
Comprehensive loss		-	-	-	0.5	(2.5)	(2.0)
Other movements		-	-	(0.3)	-	-	(0.3)
Share offering	23	198.1	-	-	-	-	198.1
At March 31, 2017		248.1	50.0	(0.4)	(5.0)	125.5	418.2
Comprehensive profit		-	-	-	-	8.5	8.5
Other movements	23	-	-	(0.4)	-	-	(0.4)
At March 31, 2018		**248.1**	**50.0**	**(0.8)**	**(5.0)**	**134.0**	**426.3**

At March 31, 2018, retained earnings included non-distributable statutory reserves in British Caribbean Bank Limited of $13.0 million (2017 - $13.0 million).

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

Consolidated Balance Sheets

At March 31	Notes	**2018 $m**	2017 $m
Assets			
Financial Services			
Cash, cash equivalents and due from banks		**0.1**	-
Interest-bearing deposits with correspondent banks	10	**11.7**	36.9
Investments - fixed income	11	**81.2**	22.5
Investments - equities	11	**1.0**	-
Loans - net	12	**57.4**	57.1
Property, plant and equipment - net	13	**0.2**	0.3
Other assets	14	**0.8**	0.2
Total Financial Services assets		**152.4**	117.0
Investments			
Cash, cash equivalents and due from banks		**0.1**	-
Loans - net	15	**107.0**	128.7
Other assets	16	**22.3**	19.6
Total Investments assets		**129.4**	148.3
Turks and Caicos Collection			
Cash, cash equivalents and due from banks		**1.4**	3.9
Property, plant and equipment - net	17	**38.4**	18.2
Other assets		**8.2**	6.5
Total Turks and Caicos Collection assets		**48.0**	28.6
Corporate			
Cash, cash equivalents and due from banks		**2.6**	2.0
Other current assets		**1.1**	1.3
Property, plant and equipment - net	18	**2.4**	2.5
Associates	19	**190.8**	190.7
Total Corporate assets		**196.9**	196.5
Total assets		**526.7**	490.4
Liabilities and shareholders' equity			
Financial Services			
Deposits	20, 27	**86.9**	60.0
Interest payable		**0.1**	-
Current liabilities		**0.8**	0.2
Total Financial Services liabilities		**87.8**	60.2
Investments			
Current liabilities		**0.1**	0.1
Turks and Caicos Collection			
Current liabilities		**7.8**	7.0
Corporate			
Current liabilities	21	**0.3**	0.6
Long-term liabilities		**4.4**	4.3
Total Corporate liabilities		**4.7**	4.9
Total liabilities		**100.4**	72.2
Shareholders' equity			
Share capital	23	**248.1**	248.1
Additional paid-in capital	23	**50.0**	50.0
Treasury shares	23	**(0.8)**	(0.4)
Accumulated other comprehensive loss	19	**(5.0)**	(5.0)
Retained earnings		**134.0**	125.5
Total shareholders' equity		**426.3**	418.2
Total liabilities and shareholders' equity		**526.7**	490.4

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

Consolidated Statements of Cash Flows

Year ended March 31	2018 $m	2017 $m
Cash flows from operating activities		
Net income (loss)	8.5	(2.5)
Adjustments to reconcile net income (loss) to net cash provided (utilized) by operating activities:		
Depreciation	2.0	2.1
Provision for loan losses	8.9	6.4
Undistributed earnings of associates	(0.1)	(3.2)
Changes in assets and liabilities:		
Increase (decrease) in interest payable	0.1	(0.2)
Increase in other assets	(5.1)	(1.4)
Decrease (increase) in other current assets	0.2	(1.2)
Increase in other liabilities	1.1	0.9
Increase in long-term liabilities	0.1	-
Net cash provided by operating activities	15.7	0.9
Cash flows from investing activities		
Purchase of property, plant and equipment (net)	(22.0)	(8.1)
Decrease in interest-bearing deposits with correspondent banks	25.2	6.4
Increase in investments - fixed income	(58.7)	(22.5)
Increase in investments - equities	(1.0)	-
Decrease in loans to customers	12.6	16.1
Net cash utilized by investing activities	(43.9)	(8.1)
Cash flows from financing activities		
Increase in share capital	-	198.1
Increase in treasury shares	(0.4)	(0.3)
Decrease in long-term debt	-	(196.6)
Increase in deposits	26.9	6.1
Net cash provided by financing activities	26.5	7.3
Net change in cash, cash equivalents and due from banks	(1.7)	0.1
Cash, cash equivalents and due from banks at beginning of year	5.9	5.8
Cash, cash equivalents and due from banks at end of year	4.2	5.9
Cash - Financial Services	0.1	-
Cash - Investments	0.1	-
Cash - Turks and Caicos Collection	1.4	3.9
Cash - Corporate	2.6	2.0
	4.2	5.9

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) the Investment Division which holds 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 50 percent of Belize International Services Limited ("BISL") which until June 2013 provided shipping and company registry services to international clients. 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 August 27, 2018, 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 US ("GAAP") and as described below. The preparation of consolidated financial statements in accordance with 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.

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. In fiscal 2017, management decided that the Bank no longer required 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 the income statement.

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 started investing 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.

In February 2018, the Bank invested part of its excess liquidity in a world stock index fund ETF as financial assets at fair value. Investments in market volatile ETF's are initially recorded at cost and then monthly marked to market. Unrealized holding gains and losses are recorded. Dividend income is included in non-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 newly issued standard or update if early adoption is permitted. The effect of adoption, if material, is disclosed in the financial statements.

In fiscal 2018, the Group considered for adoption the following new and revised standards effective for fiscal years beginning after 15 December 2017 including interim periods, with early adoption permitted. Their adoption did not have a material impact on the Group's financial statements:

ASU 2014-09, *Revenue from Contracts with Customers*. The ASU and subsequent updates establish a single comprehensive model for accounting for revenue arising from contracts with customers by recognizing the revenue at the time control of goods or services is transferred to customers at an amount that reflects the consideration entitlement expected in exchange for the goods or services. The model supersedes most current revenue recognition guidance.

ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities.* The ASU requires investments in equity securities that do not result in consolidation or are accounted for under the equity method to be measured at fair value with changes in fair value recognized in net income, subject to a practicability exception for equity investments without readily determinable fair values to be carried at cost adjusted for impairment.

ASU 2016-15, *Statement of Cash Flows-Classification of Certain Cash Receipts and Cash Payments.* The ASU provides guidance on eight specific cash flow presentation issues.

ASU 2016-18, *Statement of Cash Flows-Restricted Cash*. The ASU provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows.

ASU 2017-01, *Business Combinations-Clarifying the Definition of a Business.* The ASU revises the definition of a business that will most likely result in most acquisitions being accounted for as asset acquisitions, particularly with respect to real estate and pharmaceutical transactions.

ASU 2017-07, *Compensation-Retirement Benefits-Improving the Presentation of Net Periodic Pension Cost and Net Periodic Retirement Benefit Cost*. The ASU requires that the service cost component be disaggregated from other components of the net benefit cost in the income statement and permits only the service cost component of net benefit cost to be capitalized.

ASU 2017-09, *Compensation-Stock Compensation*. The ASU permits an accounting modification only if the fair value, vesting conditions, and classification of the award (as an equity or liability instrument) change because of a change in terms or conditions.

Recently issued accounting standards updates

The Group is considering the implications of the following updates that become effective after fiscal 2018:

ASU 2016-02, *Leases*

ASU 2016-13, *Financial Instruments-Credit Losses*

ASU 2017-04, *Intangibles-Goodwill and Other*

ASU 2017-05, *Other Income-Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 619-20): Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets*

ASU 2017-06, *Plan Accounting: Defined Benefit Pension Plans; Defined Contribution Pension Plans; Health and Welfare Benefit Plans; Employee Benefit Plan Master Trust Reporting*

ASU 2017-08, *Receivables-Nonrefundable Fees and Other Costs: Premium Amortization on Purchased Callable Debt Securities*

ASU 2017-11, *Earnings Per Share: Distinguishing Liabilities from Equity; Derivatives and Hedging*

ASU 2017-12, *Derivatives and Hedging: Targeted Improvements to Accounting for Hedging Activities*

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	**2018 $m**	2017 $m
Depreciation		
Financial Services	**(0.1)**	(0.1)
Turks and Caicos Collection	**(1.8)**	(1.9)
Corporate	**(0.1)**	(0.1)
	(2.0)	(2.1)

Year ended March 31	**2018 $m**	2017 $m
Capital expenditures (net)		
Financial Services	**-**	0.2
Turks and Caicos Collection	**22.0**	7.9
Corporate	**-**	-
	22.0	8.1

At March 31	**2018 $m**	2017 $m
Total assets		
Financial Services	**152.4**	117.0
Investment	**129.4**	148.3
Turks and Caicos Collection	**48.0**	28.6
Associates	**190.8**	190.7
Corporate	**6.1**	5.8
	526.7	490.4

Note 4 - Interest expense - Financial Services

Interest expense comprised interest on customer deposits and amounts to $0.3 million (2017 - $0.4 million).

Note 5 - Non-interest income - Financial Services

Non-interest income comprised commission and sundry income and amounts to $0.3 million (2017 - $.2 million).

Note 6 - Non-interest expenses - Financial Services

Year ended March 31	**2018 $m**	2017 $m
Salaries and benefits	**(0.9)**	(0.5)
Premises and equipment	**(0.2)**	(0.4)
Other expenses	**(1.4)**	(1.2)
	(2.5)	(2.1)

Note 7 – Operating profit (loss) – Turks and Caicos Collection

The operating profit (loss) in the Turks and Caicos Collection Division includes activities of owned properties and income from managing third party properties and amounts to $0.5 million (2017 - $2.9 million loss).

Note 8 – Operating loss - Investments

Year ended March 31	**2018 $m**	2017 $m
Interest income	**0.8**	1.0
Other income	**4.2**	2.0
Other loss	**(0.1)**	(1.6)
Provisions against investments	**(7.3)**	(9.3)
	(2.4)	(7.9)

Note 9 – Net profit (loss) per ordinary share

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

Year ended March 31	**2018 $m**	2017 $m
Net profit (loss)	**8.5**	(2.5)
Weighted average number of shares (basic and diluted)	**495,142,110**	337,607,790
Net profit (loss) per ordinary share (basic and diluted)	**0.02**	(0.01)

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, 2018, the liquid asset ratio was 77.0 percent (2017 – 81.7 percent).

Note 11 – Investments

Investments consist of the following:

At March 31	**2018 $m**	2017 $m
US government guaranteed fixed income investments	**22.1**	13.0
Other government guaranteed fixed income investments	**10.5**	-
Corporate fixed income investments	**48.6**	9.5
Equities	**1.0**	-
	82.2	22.5

The maturity distribution of fixed income investments is:

At March 31	**2018 $m**	2017 $m
3 months or less	**35.2**	5.5
Over 3 and to 6 months	**4.0**	4.0
Over 6 and to 12 months	**21.9**	5.5
Over 1 and to 3 years	**20.1**	7.5
	81.2	22.5

Note 12 - Loans - net - Financial Services

At March 31	**2018 $m**	2017 $m
Loans (net of unearned income):		
Residential mortgage	**11.9**	6.2
Other consumer	**-**	0.1
Commercial - real estate	**23.8**	27.3
Commercial - other	**28.7**	40.7
	64.4	74.3
Allowance for loan losses:		
Residential mortgage	**(0.8)**	(1.0)
Other consumer	**-**	-
Commercial - real estate	**(3.7)**	(2.2)
Commercial - other	**(2.5)**	(14.0)
	(7.0)	(17.2)
Loans (net of unearned income and allowance for loan losses):		
Residential mortgage	**11.1**	5.2
Other consumer	**-**	0.1
Commercial - real estate	**20.1**	25.1
Commercial - other	**26.2**	26.7
	57.4	57.1

The maturity ranges of loans outstanding at March 31, 2018 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	Due in one year or less	Due after one year through five years	Due after five years	Total
	$m	$m	$m	$m	$m
Residential mortgage	1.1	0.1	1.1	9.6	11.9
Other consumer	-	-	-	-	-
Commercial - real estate	21.0	-	0.8	2.0	23.8
Commercial - other	5.0	3.0	20.7	-	28.7
	27.1	**3.1**	**22.6**	**11.6**	**64.4**

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, 2018, and based on the most recent analysis performed, the risk category of loans by class of loans is as follows:

	Pass	Special mention	Sub-standard	Doubtful	Loss	Total
	$m	$m	$m	$m	$m	$m
Residential mortgage	10.8	-	-	1.1	-	11.9
Other consumer	-	-	-	-	-	-
Commercial - real estate	2.8	8.5	12.5	-	-	23.8
Commercial - other	23.7	-	-	5.0	-	28.7
	37.3	8.5	12.5	6.1	-	64.4

Individually impaired loans amount to $27.1 million (2017 - $43.0 million).
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	**2018 $m**	2017 $m
Residential mortgage	**1.1**	2.0
Other consumer	**-**	-
Commercial - real estate	**21.0**	23.7
Commercial - other	**5.0**	17.3
	27.1	43.0

The interest income which would have been recorded during the year ended March 31, 2018 had all non-accrual loans been current in accordance with their terms was approximately $3.4 million (2017 - $6.0 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, 2018, was $25.8 million (2017 – $41.5 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, 2018, the Group had total loans outstanding to certain officers and employees of $0.5 million (2017 - $0.3 million) at preferential rates of interest varying between 5.0 percent and 5.5 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	**2018 $m**	2017 $m
At beginning of year	**17.2**	27.2
Provision charged to income	**1.8**	1.9
Charge-offs	**(11.8)**	(8.3)
Loan loss recovery	**(0.2)**	(3.3)
Reversal of unallocated loan allowance	**-**	(0.3)
At end of year	**7.0**	17.2

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

At March 31	**2018 $m**	2017 $m
Cost:		
Land and buildings	**0.2**	0.2
Fixtures, fittings and office equipment	**0.6**	0.6
Total cost	**0.8**	0.8
Less: total accumulated depreciation	**(0.6)**	(0.5)
	0.2	0.3

Total capital expenditure for the year ended March 31, 2018 was nil (2017 – $0.2 million). Total depreciation expense for the year ended March 31, 2018 was $0.1 million (2017 - $0.1 million).

Note 14 - Other assets - Financial Services

Other assets of $0.7 million (2017 - $0.2 million) includes accrued interest on loans, investments and deposits due to the Bank, and prepayments and other receivables due to the Bank.

Note 15 – Loans – net - Investments

At March 31	**2018 $m**	2017 $m
Loans (net of unearned income):		
Residential - real estate	**-**	6.4
Commercial - real estate	**213.4**	227.8
	213.4	234.2
Allowance for loan losses:		
Residential - real estate	**-**	(6.4)
Commercial - real estate	**(106.4)**	(99.1)
	(106.4)	(105.5)
Loans (net of unearned income and allowance for loan losses):		
Residential - real estate	**-**	-
Commercial - real estate	**107.0**	128.7
	107.0	128.7

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 realizable value of the investment loans.

Investment loans are carried net of provisions for loan losses which reflect fair value adjustments (Note 27).

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	**2018 $m**	2017 $m
At beginning of year	**105.5**	108.7
Provision charged to income	**7.3**	6.6
Write-offs	**(6.4)**	(9.8)
At end of year	**106.4**	105.5

Note 16 – Other assets - Investments

At March 31	**2018 $m**	2017 $m
Investments:		
Residential - real estate (note i)	**2.7**	2.7
Commercial - real estate (note ii)	**19.7**	17.0
Commercial - non-real estate	**0.3**	0.3
	22.7	20.0
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	**19.4**	16.7
Commercial - non-real estate	**0.3**	0.3
	22.3	19.6

(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	**2018 $m**	2017 $m
Cost:		
Land and buildings	**32.3**	9.3
Fixtures, fittings and office equipment	**12.0**	12.9
Total cost	**44.3**	22.2
Less: total accumulated depreciation	**(5.9)**	(4.0)
	38.4	18.2

Total capital expenditure for the year ended March 31, 2018 was $22.0 million (2017 - $7.9 million). Total depreciation expense for the year ended March 31, 2018 was $1.8 million (2017 - $1.9 million).

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

At March 31	**2018 $m**	2017 $m
Cost:		
Land and buildings	**2.5**	2.5
Fixtures, fittings and office equipment	**0.6**	0.5
Total cost:	**3.1**	3.0
Less: total accumulated depreciation	**(0.7)**	(0.5)
	2.4	2.5

Total capital expenditure for the year ended March 31, 2018 was nil (2017 - nil). Total depreciation expense for the year ended March 31, 2018 was $0.1 million (2017 - $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 $12.5 million for the year ended March 31, 2018 (2017 - $10.0 million). The share of unrealized translation income amounted to nil for the year ended March 31, 2018 (2017 – $0.5 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. The share of net income amounted to nil for the year ended March 31, 2018 (2017 - 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 is 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 2018 or 2017 in its income statement or its share of other fees normally generated by BISL (or for any 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 Court of Appeal case was heard on June 18 and 20, 2018 and a decision is expected to be given by the Court before the end of 2018 or in early 2019.

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	**2018 $m**	2017 $m
Investment in Latin American Associates	**185.9**	185.8

Year ended March 31	**2018 $m**	2017 $m
Share of Latin American Associates' earnings:	**12.5**	10.0
Share of Latin American Associates' other comprehensive income (loss):	**-**	0.5
Total dividends received during the year	**12.4**	6.7

At March 31, 2018, the accumulated undistributed earnings of Latin American Associates included in the consolidated retained earnings of the Group amounted to $155.7 million (2017 - $155.4 million). The accumulated comprehensive loss of Latin American Associates included in the consolidated accumulated other comprehensive loss of the Group at March 31, 2018, amounted to $5.0 million (2017 - $5.0 million).

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

Income statement

Year ended March 31	**2018** **$m**	2017 $m
Net sales	**873.1**	849.5
Gross profit	**167.1**	149.5
Income from continuing operations	**64.9**	56.8
Net income	**50.3**	39.7

Balance sheet

At March 31	**2018** **$m**	2017 $m
Cash and liquid securities	**204.2**	223.5
Current assets	**268.9**	282.8
Long-term investments	**33.7**	34.1
Property, plant & equipment	**410.4**	385.9
Other non-current assets	**23.5**	26.1
Current liabilities	**123.8**	139.3
Non-current liabilities	**67.7**	65.9

Investment in BISL

At March 31	**2018** **$m**	2017 $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, 2018 and 2017.

Note 20 – Deposits – Financial Services

At March 31	**2018** **$m**	2017 $m
Term deposits	**45.5**	36.5
Demand deposits	**41.4**	23.5
	86.9	60.0

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

At March 31	2018 $m	2017 $m
3 months or less	**3.4**	10.7
Over 3 and to 6 months	**6.6**	23.2
Over 6 and to 12 months	**35.1**	2.1
Deposits less than $0.1 million	**0.4**	0.5
	45.5	36.5

Included in demand deposits at March 31, 2018 were $22.2 million (2017 - $13.3 million) of demand deposits denominated in US dollars, $19.1 million (2017 - $10.1 million) denominated in UK pounds sterling, and $0.1 million (2017 - $0.1 million) denominated in Canadian dollars. Included in term deposits at March 31, 2018 were $45.5 million (2017 - $36.5 million) of term deposits denominated in US dollars, nil (2017 - nil) denominated in UK pounds sterling, and nil (2017 - nil) 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.

Note 21 – Current liabilities – Corporate

At March 31	2018 $m	2017 $m
Other current liabilities	**0.3**	0.6

At March 31, 2018, WIHL had $0.3 million in current liabilities (2017 - $0.6 million), of which $0.2 million is payable to Caribbean Investment Holdings Limited as a result of consultancy fees incurred (Note 28).

Note 22 - 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, 2018 amounted to nil (2017 – 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, 2018 amounted to nil (2017 - nil).

(iv) At March 31, 2018, 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, 2018 would have a material adverse effect on the financial position or liquidity of the Company or its subsidiaries.

Note 23 - Share capital

At March 31	**2018** **$m**	2017 $m
Authorized Ordinary shares: 1,750,000,000 shares of par value $0.50	**875.0**	875.0

Issued Shares

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

	Number	$m
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
Share capital reorganisation	(781,521)	-0.4
At March 31, 2018	**495,504,000**	**247.8**

On August 7, 2017 the Company announced a share capital reorganisation. The Company had approximately 1,050 shareholders with approximately 750 shareholders holding fewer than 2,000 Ordinary Shares each. By consolidating its share capital, the Company believes that certain of the costs inherent in maintaining a shareholder base of over 1,050 shareholders will be reduced. The consolidation also provided an exit to small shareholders whose holding were acquired by the Company. The share capital reorganisation provided a cash payment per Ordinary Share, free of regulatory restrictions and dealing charges, for all holders of fewer than 2,000 Ordinary Shares.

Following the share capital reorganisation, on August 25, 2017, the Company acquired 781,521 ordinary shares in the Company at a price of $0.50 per share. Immediately following the acquisition of the Shares into treasury, the Company cancelled the Shares resulting in a decrease of its issued share capital. The total issued share capital of the Company is now 495,504,000 ordinary shares of $0.50 par value each.

Treasury Shares

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

	Number	$m
At March 31, 2016	111,018	0.1
Purchased	564,228	0.3
At March 31, 2017	675,246	0.4
Share capital reorganisation - sale	(1,246)	-0.0
Share capital reorganisation - purchase	781,521	0.4
Share capital reorganisation - cancellation	(781,521)	0.0
At March 31, 2018	**674,000**	**0.8**

The share capital reorganisation, on August 25, 2017, resulted in a net reduction of 1,246 Ordinary Shares held in treasury to 674,000 (2017 – 675,246). Treasury shares are held in the balance sheet at a cost of $0.8 million (2017 - $0.4 million).

Note 24 - 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 25 – 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 2018**	Actual 2017
British Caribbean Bank Limited	11.0%	**39.6%**	49.3%

Note 26 - 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, 2018 amounted to $1.0 million (2017 - $1.0 million).

(ii) The balance of unpaid fees due by WIHL to CIHL and subsidiaries at March 31, 2018 amounted to $0.2 million (2017 - $0.5 million).

Note 27 – 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.

In February 2018, the Bank invested part of its excess liquidity in a world stock index fund ETF as financial assets at fair value. Investments in market volatile ETF's are initially recorded at cost and then monthly marked to market. Unrealized holding gains and losses are recorded. Dividend income is included in non-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, 2018.

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.