

WIHL

Waterloo Investment Holdings Limited
Consolidated Financial Statements
March 31, 2019



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Report of Chief Executive Officer

I am pleased to present Waterloo Investment Holdings Limited's ("Company", "WIHL" or "Group") 2019 Annual Report.

The Company produced net income of \$6.7 million in the year ended March 31, 2019, compared with net income of \$8.5 million in the year ended March 31, 2018. Total assets and shareholders' equity on March 31, 2019 amounted to \$528.7 million and \$431.6 million respectively, compared with \$526.7 million and \$426.3 million respectively on March 31, 2018. Detailed commentary on the performance of the three operating divisions is provided below.

The Turks and Caicos Collection ("TCC")

TCC now consists of four resorts in the Turks and Caicos Islands ("TCI"): Alexandra Resort, Ambergris Cay, Beach House and Blue Haven. Whilst the three active resorts performed very well in the last year, we incurred non-recurring startup losses with the reopening and expansion of Ambergris Cay. This venture was well planned and executed, and the Cay is now operational and taking an expanded number of guests; we expect that by the 2019/2020 high season, we will have 50 bedrooms available in our Ambergris Cay rental pool, consisting of 10 Monck Beach suites and 10 four-bedroom villas. As a result of the startup, however, TCC reported a loss of \$0.9 million for the year ended March 31, 2019 against a profit of \$0.5 million in the prior year.

World Travel Awards named our Beach House TCI's Leading Boutique Hotel 2019. This well-deserved accolade recognizes the significant capabilities of TCC and its staff. Armando Pizzuti, SVP Hospitality, Vianel Filpo, GM Beach House and leader of the Ambergris Cay resort opening, and Jason Heath, Executive Chef TCC, accepted the trophy in January 2019 on behalf of all those behind the scenes who help deliver our guests the experience they come back for, time and time again.

The TCC brand is becoming more and more established in the travel industry, and the market continues to respond very favorably to our "luxury all-inclusive experience".

We continue to make significant investments in improving and expanding guest experiences that complement the spacious rooms and first-class beaches. We have expanded our entertainment department to present our own live day and evening entertainment and increased the number of restaurants. As part of the all-inclusive offerings, we have taken inhouse the delivery of both non-motorized water sports and our expanded range of motorized water sports.

Our staff are now getting used to year-round employment as the number of summer visitors to our all-inclusive resorts increases steadily. WIHL invests considerable time and resources to strengthen our operations and staff, and numerous training sessions have become an integral part of the job experience for everyone working at TCC. Quarterly award sessions are an important tool for staff recognition and feedback. By doing this, we motivate employees to improve their own performance, and a number have been promoted.

The total employee count now stands at 475. With the shortage of affordable housing on TCI, we have invested in our own staff housing on Providenciales as a further benefit to our deserving employees. Focus on the well-being of our staff and improving internal processes allow us to expand the building blocks for future growth.

Report of Chief Executive Officer

Alexandra and Blue Haven Resorts: Recovery After the Hurricanes

Last year, I reported that the second half of fiscal 2018 was dominated by the recovery from Hurricanes Irma (September 6, 2017) and Maria (September 22, 2017), which slammed the northern Caribbean and were particularly destructive in TCI.

While we scurried to reopen our TCC resorts on Providenciales in time for the 2018/2019 high season, we also used the recovery period to take stock of where we were and what we could improve.

As most of the hurricane repairs were covered by insurance, we took the opportunity in fiscal year 2019 to advance significant capital expenditures that we would have planned for the next few years. We partially closed some buildings during the 2018 summer season to finish repairs on roofs, windows, sliding doors and air-conditioning units, while giving all buildings a fresh, more updated color and new stucco. Additionally, the pools were resurfaced. The buildings and pools reopened looking brand new.

Although we knew our TripAdvisor evaluations could take a temporary hit, we did all this, opened new restaurants and updated existing ones while still receiving guests.

At the Alexandra Resort, we built a new reception building and launched a new fish restaurant in the old reception building with its spectacular beach deck. At Blue Haven, our restaurant Salt reopened with our own chef from Naples to deliver authentic Neapolitan pizzas and pastas.

Recognizing the importance of good insurance policies, we reengaged our expert consultant to evaluate and review all our policies and put the entire portfolio out to bid, rewarding those insurance companies that treated us fairly during challenging times.

Hurricane-deductible reserves (2% and 5% of insured values at Alexandra and Blue Haven respectively) have been replenished. Based on our existing reserve studies, a projection of our additional reserve account and expected capital expenditures, and insurance protection, we predict, barring unforeseen circumstances and hurricane damage, that no special assessments for condo-owners will be necessary in the next 10 to 15 years. We have come such a long way.

Ambergris Cay

Having spent a lot of time on the Cay with our staff and owners, I can wholeheartedly say that Ambergris Cay is one of the most spectacularly beautiful places in the world. It is the overwhelming presence of nature – sun, sea, wind, clouds, stars, uncultivated grounds, plenty of fish and an iguana species unchanged since prehistoric times – that stimulates all your senses. Those who are captivated by this connection to nature keep coming back.

We took Ambergris Cay out of receivership immediately following the hurricane repairs and met our July 1, 2018 deadline to reopen the Cay with full hospitality services to all our owners.

Through the tremendous efforts of all our TCC staff, we extended our hospitality services to third-party guests by December 1, 2018. Our first paying guest then bought a house, bringing an immediate external stamp of approval to our efforts.

Report of Chief Executive Officer

Our new Monck Beach suites and our design team, led by Nicole van Schouwenburg, have received many accolades in the international press. Our strategy behind building 10 suites on Monck Beach was to provide all owners with the opportunity to reconnect with the Cay. The ability to experience the island was heretofore effectively open exclusively to homeowners and day visitors. Lot owners who have not yet built on their lot can now visit and experience the island.

Although major construction projects were still underway, all lot owners were offered a complimentary all-inclusive stay in order to provide us with feedback and discuss their future plans with respect to using the island. Many have been back since July 1– several more than once. One lot-owning family started building immediately and their house is nearing completion. We are actively engaged with several lot owners regarding their future building projects and having their homes join the TCC rental pool.

The island staff has expanded to approximately 55. Including the construction team, we currently house close to 140 people on island, a significant increase from the crew of approximately 20 during the receivership. To accommodate this increase, we have built a brand-new canteen, kitchen and entertainment quarters. With the temporary structures that construction crew used lost in the hurricane, staff dorms are close to full capacity.

In addition, we have significantly invested in keeping our infrastructure state-of-the-art. We installed a new generator, including a new industrial computer control system, and replaced all the membranes of our reverse osmosis plant that desalinates sea water. We expect that homes that were destroyed in the hurricanes will be rebuilt by November 2019, in time for the 2019/2020 high season.

We hope that the airport on Ambergris Cay will soon be approved as an international port of entry, allowing direct flights from the Americas to come in without having to clear customs and immigration on the main island of Providenciales.

Owner Relations

When we began our work turning around failed developments, we were left with the unsold inventory in the Alexandra and Blue Haven Resorts developments, and, as such, we carry the largest percent of costs in all strata corporations and timeshare building. As owners ourselves, our economic interests are fully aligned with those of other owners. We now also carry the lion's share of the common costs on Ambergris Cay, due to our ownership position in unsold lots.

While we had been used to communicating with owners as a result of these receiverships and had worked closely together on bringing these developments to more solid ground, we realized post-hurricanes that we had to take owners relations to another level. This important stakeholder group has potential to be our partners in our future growth, as they – like shareholders – are important capital providers and supporters of our resorts. They not only bring an important, unique perspective as the most recurrent users of these resorts, but they also invite their friends.

We were especially struck by the depth of our partnership after the hurricanes, when owners showed extraordinary generosity to longtime staff whose own properties were devastated by the storms, helping them get their feet back on the ground. By working

Report of Chief Executive Officer

together, we were also able to shorten significantly the decision-making process regarding necessary capital expenditures; this enabled us to order building materials ahead of the shortages that resulted from all the rebuilding that was needed throughout the northern Caribbean, as well as Florida and Texas. How grateful we are to those owners who gave their own time and expertise to help our properties run smoothly during this period.

Now that time has shown a decent return on the re-sale of condos, condo sales in both the Alexandra and Blue Haven have increased. WIHL is now in a position to consider selling its own batch of condos – as such expanding the owner group.

As we have also added a third group of owners on Ambergris Cay, we have increased resources available to our Owner Relations department.

Social Responsibility

One of the projects taken on by our social responsibility team is the expansion of The International School. With significant resources added to our real estate development team, we built additional classrooms to house grades seven, eight and nine. A significant number of scholarships are provided by the Company, as well as tuition discounts to Turks and Caicos Islanders. Not only did we expand our programs for children with special needs, we also provided specific resources to local schools to assist autistic children.

TCI, the Region and Tourism

TripAdvisor's 2018 Traveler Choice awarded TCI's Grace Bay the #2 beach spot in the world.

Preliminary numbers assembled by the TCI Port Authority and Tourist Board report a record annual number of arrivals to TCI in 2018: 1,463,085, a 17% increase over 2017, primarily driven by a 23% increase in the number of cruise passengers. While cruise passengers increased well above prior levels (increasing to 1,021,741, from 831,765 in 2017), land-based arrivals haven't reached pre-hurricane levels yet: growing 6% to 441,344 in 2018 from 415,874 in 2017 but staying short of the 448,960 shown in 2016. Airlift to TCI was up 13% year on year. Over 90% of visitors still come from the United States and Canada, with Europe accounting for 4% of arrivals.

It is worth noting the significant increase in the rental of villas on TCI – 1,926 active listings are currently recorded on Airbnb and HomeAway rental channels, compared with approximately 500 listings in the first quarter of 2017. Villa rental has become an important part of tourism on the island, competing particularly against the resorts' larger condos in the high season. We designed our "children under 12 are free" policy to counter this phenomenon. It has worked, though it has been especially effective in the off-season, when families are looking for attractive all-inclusive deals.

The Caribbean Tourism Organization ("CTO") reported that the Caribbean received 29.9 million tourists in 2018, a 2.3% decline from the record making prior year, but still the second-highest number ever recorded. This first decline in tourist arrivals in nine years was largely attributable to the impact of the hurricanes in late 2017, but the last

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quarter of 2018 showed a big turnaround. With international travel growing by 5.6% in 2018, the Caribbean market share dropped by 0.2% to 2.1% of the global market.

STR Inc. reported a decline in hotel occupancy of 1.1% to 65.2% across the Caribbean, but a 1.7% increase in ADR to \$207.61, resulting in a REVPAR average increase for the region of 0.6% to \$135.46. The area's absolute level of occupancy was the lowest since 2012, but the ADR the highest on record. CTO credits sustained targeted marketing, upgraded tourism infrastructure, additional rooms and enhanced airlift to those countries that experienced an increase in tourist arrivals.

Travel trends are changing such that the booking window within which we gain clarity on our expected occupancy is getting shorter and shorter. The proliferation in travel choices, the increased airlift globally, and the abundance of information available on the internet allow tourists to make last-minute decisions. In addition, we are no longer competitively able to charge tourists for booking far in advance. This window has also shortened significantly which has impacted our working capital as costs are made and people hired well in advance of a guest arrival. Therefore, we have arranged a working capital facility to address cashflow fluctuations.

Financial Services Division

British Caribbean Bank ("BCB" or "Bank") produced a profit of \$2.2 million for the year ended March 31, 2019 compared with a profit of \$0.2 million in 2018. Net interest income increased primarily as a result of an increased loan portfolio and higher interest rates earned on its investment portfolio. Non-interest expenses increased due to higher costs of compliance and correspondent banking services. No provisions were taken.

Our deposits decreased from \$86.9 million to \$82.3 million as of March 31, 2019. Despite continued redemptions, the net loan portfolio increased to \$61.1 million from \$57.4 million. New loans were extended primarily for mortgages and business on TCI. The non-performing loan component further decreased to \$17.5 million as of March 31, 2019, compared with \$20.1 million in the prior year.

With the strategic de-emphasis of the Caribbean region by Canadian banks, we find ourselves playing an increasingly important – and systemic – role in TCI. We are looking into increasing our services to many back-office functions heretofore provided by other banks. We are in talks with the FSC and the TCI banking association to become the local settlement bank for all in-country payments, similar to the ACH system in the United States, as no other bank is prepared to take on the task.

Investment Division

The Investment Division produced a loss of \$2.7 million compared with a loss of \$2.4 million in the prior year. This loss was primarily due to increased assessment charges due on Ambergris Cay.

Loans decreased from \$107.0 million to \$104.4, primarily as a result of the sale of lots at the Emerald Point development in which we own a 25% stake of the syndicated loan.

Report of Chief Executive Officer

Blue Haven Marina

Blue Haven Marina was destroyed by the hurricanes and has since only operated about 30% of its docks, with much reduced capacity for services such as utilities, water and telecom. The Marina provides important services to local operators and is considered an essential part of the local infrastructure. Sadly, we were unable to co-host The Wine Cellar's Fishing Tournament, run by a charitable organization that donates 100% of the proceeds to local organizations.

As the time frame for rebuilding the docks took us outside the time allotted for duty-exempted imports for hurricane repairs, we requested an extension of time from the government of TCI for the repair of the Marina. While the government offered a 50% duty concession, our license allows us to import materials at a 100% import duty concession. We are also continuing discussions with the government with respect to the dredging of the Leeward Channel and beach restoration at Emerald Point.

Numerous marinas in the region were seriously affected by the hurricanes; demand has diminished from luxury yachts across the Caribbean. This gives us time to rethink whether to service the luxury yachting segment in the future, as this would require maintenance dredging of the Leeward Channel. This decision would determine the type of marina we would rebuild.

Port Loyola at Belize City

Following completion of our feasibility study for building a cruise port and expanding bulk handling at Port Loyola in Belize City, we have put together a development team consisting of marine and dredging experts, port operators and project finance specialists.

We are in the process of performing environmental and social impact studies, including those needed by development banks that have expressed an interest in financing the debt portion of the project. We have also initiated discussions with the Government of Belize to obtain the necessary licenses to charge tariffs and passenger taxes, as well as obtain duty exemptions and tax holidays.

Cruise lines have indicated that they will be less likely to make Belize a destination if they cannot dock their increasingly bigger ships on land.

WIHL owns all parcels connecting Port Loyola to the Western Highway. Together with the Port of Belize, which British Caribbean Bank has in receivership, WIHL is actively seeking equity partners to own and operate this expanded port in the future.

Latin American Associates ("LAA")

Given the continuing global decline of palm oil prices, net income from our investment in the LAA companies decreased as anticipated to \$11.6 million from \$12.5 million last year. We do not expect a recovery of prices in the near future. An additional \$1.3 million translation adjustment loss increased WIHL's share of Accumulated Other Comprehensive Loss to \$6.3 million from \$5.0 million at year-end 2018. Dividends remained stable at \$6.9 million and were received in March 2019.

Report of Chief Executive Officer

The positive news is that LAA has been able to increase sales to Europe due to its RSPO (Roundtable on Sustainable Palm Oil) certification. This increase offsets lower demand in Mexico. The Central American region, particularly Costa Rica, remains one of the highest-cost palm oil producing areas.

Future Development and Outlook

While we are proud and excited that Ambergris Cay can now deliver 5-star hospitality services, we are shifting our attention to growing its community and lot and residential sales to a scale such that WIHL would no longer carry about three-fifths of the running cost. To that end, we are working on expanding our development and real estate efforts.

Similarly, for the Port Loyola in Belize, we are focused on being able to deliver a port expansion for its next phase of growth. We hope and expect macro trends and financial markets will remain favorable for emerging countries and support our efforts.

I thank everyone in all three divisions of WIHL for the energy, ideas and dedication that brought us through the post-hurricane period and are propelling us through a 2019 filled with new challenges and accomplishments.

And again, thank you for being part of the WIHL story. As always, we look forward to seeing you on the Turks and Caicos Islands.

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, 2019 and 2018, and the related consolidated statements of 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 audits 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.

Report of Independent Auditors

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, 2019 and 2018, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BDO Belize LLP
Belize City, Belize
Central America
August 23, 2019

Consolidated Statements of Comprehensive Income

Year ended March 31	Notes	2019 \$m	2018 \$m
Financial Services			
Interest income		5.3	4.3
Interest expense	4	(0.4)	(0.3)
Net interest income		4.9	4.0
Provision for loan losses	12	-	(1.6)
Non-interest income	5	0.3	0.3
Non-interest expenses	6	(3.0)	(2.5)
Operating profit - Financial Services		2.2	0.2
Operating (loss) profit - Turks and Caicos Collection	7	(0.9)	0.5
Operating loss - Investments	8	(2.7)	(2.4)
Total operating loss		(1.4)	(1.7)
Associates	19	11.6	12.5
Corporate expenses		(3.5)	(2.3)
Net profit		6.7	8.5
Other comprehensive loss			
Translation adjustment reported by Associates	19	(1.3)	-
Comprehensive profit		5.4	8.5
Net profit per ordinary share (basic and diluted)	9	\$0.01	\$0.02

Consolidated Statements of Changes in Shareholders' Equity

	Notes	Share capital	Additional paid-in capital	Treasury shares	Accumulated other comprehensive loss	Retained earnings	Total
		\$m	\$m	\$m	\$m	\$m	\$m
At March 31, 2017		248.1	50.0	(0.4)	(5.0)	125.5	418.2
Comprehensive profit		-	-	-	-	8.5	8.5
Other movements		-	-	(0.4)	-	-	(0.4)
At March 31, 2018		248.1	50.0	(0.8)	(5.0)	134.0	426.3
Comprehensive profit		-	-	-	(1.3)	6.7	5.4
Other movements	23	-	-	(0.1)	-	-	(0.1)
At March 31, 2019		248.1	50.0	(0.9)	(6.3)	140.7	431.6

At March 31, 2019, retained earnings included non-distributable statutory reserves in British Caribbean Bank Limited of \$13.0 million (2018 - \$13.0 million).

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

Consolidated Balance Sheets

At March 31	Notes	2019 \$m	2018 \$m
Assets			
Financial Services			
Cash, cash equivalents and due from banks		4.7	0.1
Interest-bearing deposits with correspondent banks	10	11.9	11.7
Investments	11	53.7	82.2
Loans - net	12	61.1	57.4
Property, plant and equipment - net	13	0.3	0.2
Other assets	14	4.2	0.8
Total Financial Services assets		135.9	152.4
Investments			
Cash, cash equivalents and due from banks		0.1	0.1
Loans - net	15	104.4	107.0
Other assets	16	23.8	22.3
Total Investments assets		128.3	129.4
Turks and Caicos Collection			
Cash, cash equivalents and due from banks		0.7	1.4
Property, plant and equipment - net	17	47.1	38.4
Other assets		13.4	8.2
Total Turks and Caicos Collection assets		61.2	48.0
Corporate			
Cash, cash equivalents and due from banks		5.6	2.6
Other current assets		1.1	1.1
Property, plant and equipment - net	18	2.3	2.4
Associates	19	194.3	190.8
Total Corporate assets		203.3	196.9
Total assets		528.7	526.7
Liabilities and shareholders' equity			
Financial Services			
Deposits	20, 27	82.3	86.9
Interest payable		0.1	0.1
Current liabilities		0.4	0.8
Total Financial Services liabilities		82.8	87.8
Investment			
Current liabilities		-	0.1
Turks and Caicos Collection			
Current liabilities		9.8	7.8
Corporate			
Current liabilities	21	0.3	0.3
Long-term liabilities		4.2	4.4
Total Corporate liabilities		4.5	4.7
Total liabilities		97.1	100.4
Shareholders' equity			
Share capital	23	248.1	248.1
Additional paid-in capital	23	50.0	50.0
Treasury shares	23	(0.9)	(0.8)
Accumulated other comprehensive loss	19	(6.3)	(5.0)
Retained earnings		140.7	134.0
Total shareholders' equity		431.6	426.3
Total liabilities and shareholders' equity		528.7	526.7

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

Consolidated Statements of Cash Flows

Year ended March 31	2019 \$m	2018 \$m
Cash flows from operating activities		
Net profit	6.7	8.5
Adjustments to reconcile net profit to net cash provided (utilized) by operating activities:		
Depreciation	3.1	2.0
Provision for loan losses	2.3	8.9
Undistributed earnings of associates	(4.8)	(0.1)
Changes in assets and liabilities:		
Increase in interest payable	-	0.1
Increase in other assets	(10.0)	(5.1)
Decrease in other current assets	-	0.2
Increase in other liabilities	1.5	1.1
(Decrease) increase in long-term liabilities	(0.2)	0.1
Net cash (utilized) provided by operating activities	(1.4)	15.7
Cash flows from investing activities		
Purchase of property, plant and equipment (net)	(11.8)	(22.0)
(Increase) decrease in interest-bearing deposits with correspondent banks	(0.2)	25.2
Decrease (increase) in investments - fixed income	27.5	(58.7)
Decrease (increase) in investments - equities	1.0	(1.0)
(Increase) decrease in loans to customers	(3.5)	12.6
Net cash provided (utilized) by investing activities	13.0	(43.9)
Cash flows from financing activities		
Increase in treasury shares	(0.1)	(0.4)
(Decrease) increase in deposits	(4.6)	26.9
Net cash (utilized) provided by financing activities	(4.7)	26.5
Net change in cash, cash equivalents and due from banks	6.9	(1.7)
Cash, cash equivalents and due from banks at beginning of year	4.2	5.9
Cash, cash equivalents and due from banks at end of year	11.1	4.2
Cash - Financial Services	4.7	0.1
Cash - Investments	0.1	0.1
Cash - Turks and Caicos Collection	0.7	1.4
Cash - Corporate	5.6	2.6
	11.1	4.2

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

Note 1 - Description of business

Introduction

Waterloo Investment Holdings Limited ("Company", "WIHL" or "Group") 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 23, 2019, 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 generally accepted accounting principles in the United States ("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 more than fifty percent of the voting shares or companies in which it has a controlling interest. 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

Notes to Consolidated Financial Statements

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.

Notes to Consolidated Financial Statements

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.

Notes to Consolidated Financial Statements

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.

Investments in market volatile ETFs 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.

Effective fiscal 2019, the Group adopted the following new and revised standards which did not have a material impact on the 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. The transfer amount 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. There is 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.

Notes to Consolidated Financial Statements

Recently issued accounting standards updates

The Group is considering the implications of the following updates that are stipulated for adoption in fiscal 2020:

ASU 2016-02, Leases (Topic 842) and related modifications

ASU 2017-06, Plan Accounting: Defined Benefits 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 Emerging Issues Task Force)

ASU 2017-08, Receivables-Non-refundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities

ASU 2017-11, Earnings Per Share (Topic 260): Distinguishing Liabilities from Equity (Topic 480)

ASU 2018-02, Income Statement-Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income

ASU 2018-07, Compensation-Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting

ASU 2018-15, Intangibles-Goodwill and Other-Internal-Use Software (subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract

ASU 2018-17, Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities

Notes to Consolidated Financial Statements

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	2019 \$m	2018 \$m
Depreciation		
Financial Services	(0.1)	(0.1)
Turks and Caicos Collection	(2.9)	(1.8)
Corporate	(0.1)	(0.1)
	(3.1)	(2.0)

Year ended March 31	2019 \$m	2018 \$m
Capital expenditures (net)		
Financial Services	0.2	-
Turks and Caicos Collection	11.6	22.0
Corporate	-	-
	11.8	22.0

At March 31	2019 \$m	2018 \$m
Total assets		
Financial Services	135.9	152.4
Investment	128.3	129.4
Turks and Caicos Collection	61.2	48.0
Associates	194.3	190.8
Corporate	9.0	6.1
	528.7	526.7

Note 4 - Interest expense - Financial Services

Interest expense comprised interest on customer deposits and amounts to \$0.4 million (2018 - \$0.3 million).

Note 5 - Non-interest income - Financial Services

Non-interest income comprised commissions and sundry income and amounts to \$0.3 million (2018 - \$0.3 million).

Notes to Consolidated Financial Statements

Note 6 - Non-interest expenses - Financial Services

Year ended March 31	2019 \$m	2018 \$m
Salaries and benefits	(1.1)	(0.9)
Premises and equipment	(0.2)	(0.2)
Other expenses	(1.7)	(1.4)
	(3.0)	(2.5)

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

The operating loss in the Turks and Caicos Collection Division includes activities of owned properties and income from managing third party properties and amounts to \$0.9 million (2018 - \$0.5 million profit).

Note 8 – Operating loss - Investments

Year ended March 31	2019 \$m	2018 \$m
Interest income	-	0.8
Other income	(0.4)	4.2
Other loss	-	(0.1)
Provisions against investments	(2.3)	(7.3)
	(2.7)	(2.4)

Note 9 – Net profit per ordinary share

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

Year ended March 31	2019 \$m	2018 \$m
Net profit	6.7	8.5
Weighted average number of shares (basic and diluted)	494,764,196	495,142,110
Net profit per ordinary share (basic and diluted)	0.01	0.02

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

The Bank must maintain an average aggregate of approved liquid assets equal to 25 percent of the average deposit liabilities of BCB. At March 31, 2019, the liquid asset ratio was 29.7 percent (2018 – 30.4 percent). In the fiscal 2018 consolidated financial statements, the Bank reported a liquid asset ratio of 77.0%. This ratio has been restated to 30.4% to comply with the TCI Financial Services Commission’s strict request to exclude all highly marketable investment grade corporate securities of Financial Institutions in the calculation of the Bank’s liquid asset ratio.

Notes to Consolidated Financial Statements

Note 11 – Investments – Financial Services

Investments consist of the following:

At March 31	2019 \$m	2017 \$m
Government guaranteed fixed income investments	11.1	32.6
Corporate fixed income investments	42.6	48.6
Equities	-	1.0
	53.7	82.2

The maturity distribution of fixed income investments is:

At March 31	2019 \$m	2018 \$m
3 months or less	10.6	35.2
Over 3 and to 6 months	5.1	4.0
Over 6 and to 12 months	13.7	21.9
Over 1 and to 3 years	24.3	20.1
	53.7	81.2

Note 12 - Loans - net - Financial Services

At March 31	2019 \$m	2018 \$m
Loans (net of unearned income):		
Residential mortgage	15.8	11.9
Other consumer	2.6	-
Commercial - real estate	26.0	23.8
Commercial - other	20.4	28.7
	64.8	64.4
Allowance for loan losses:		
Residential mortgage	-	(0.8)
Other consumer	-	-
Commercial - real estate	(3.7)	(3.7)
Commercial - other	-	(2.5)
	(3.7)	(7.0)
Loans (net of unearned income and allowance for loan losses):		
Residential mortgage	15.8	11.1
Other consumer	2.6	-
Commercial - real estate	22.3	20.1
Commercial - other	20.4	26.2
	61.1	57.4

The maturity ranges of loans outstanding at March 31, 2019 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.

Notes to Consolidated Financial Statements

	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	-	-	1.3	14.5	15.8
Other consumer	-	0.2	-	2.4	2.6
Commercial - real estate	21.2	-	0.1	4.7	26.0
Commercial - other	-	1.4	19.0	-	20.4
	21.2	1.6	20.4	21.6	64.8

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, 2019, 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	15.8	-	-	-	-	15.8
Other consumer	2.6	-	-	-	-	2.6
Commercial - real estate	4.8	8.7	12.5	-	-	26.0
Commercial - other	20.4	-	-	-	-	20.4
	43.6	8.7	12.5	-	-	64.8

Notes to Consolidated Financial Statements

Individually impaired loans amounted to \$21.2 million (2018 - \$27.1 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	2019 \$m	2018 \$m
Residential mortgage	-	1.1
Other consumer	-	-
Commercial - real estate	21.2	21.0
Commercial - other	-	5.0
	21.2	27.1

The interest income which would have been recorded during the year ended March 31, 2019 had all non-accrual loans been current in accordance with their terms was approximately \$2.6 million (2018 - \$3.4 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, 2019, was \$15.5 million (2018 - \$25.8 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, 2019, the Group had total loans outstanding to certain officers and employees of \$0.6 million (2018 - \$0.5 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	2019 \$m	2018 \$m
At beginning of year	7.0	17.2
Provision charged to income	-	1.8
Write-offs	(3.3)	(11.8)
Loan loss recovery	-	(0.2)
At end of year	3.7	7.0

Notes to Consolidated Financial Statements

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

At March 31	2019 \$m	2018 \$m
Cost:		
Land and buildings	0.4	0.2
Fixtures, fittings and office equipment	0.6	0.6
Total cost	1.0	0.8
Less: total accumulated depreciation	(0.7)	(0.6)
	0.3	0.2

Total capital expenditure for the year ended March 31, 2019 was \$0.2 million (2018 – nil). Total depreciation expense for the year ended March 31, 2019 was \$0.1 million (2018 - \$0.1 million).

Note 14 - Other assets - Financial Services

Other assets of \$4.2 million (2018 - \$0.7 million) includes accrued interest on loans, property investments and deposits due to the Bank, and prepayments and other receivables due to the Bank.

Note 15 – Loans – net - Investments

At March 31	2019 \$m	2018 \$m
Loans (net of unearned income):		
Commercial - real estate	213.1	213.4
	213.1	213.4
Allowance for loan losses:		
Commercial - real estate	(108.7)	(106.4)
	(108.7)	(106.4)
Loans (net of unearned income and allowance for loan losses):		
Commercial - real estate	104.4	107.0
	104.4	107.0

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 27).

Notes to Consolidated Financial Statements

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	2019 \$m	2018 \$m
At beginning of year	106.4	105.5
Provision charged to income	2.3	7.3
Write-offs	-	(6.4)
At end of year	108.7	106.4

Note 16 – Other assets - Investments

At March 31	2019 \$m	2018 \$m
Investments:		
Residential - real estate (note i)	2.7	2.7
Commercial - real estate (note ii)	21.5	19.7
Commercial - non-real estate	-	0.3
	24.2	22.7
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	21.2	19.4
Commercial - non-real estate	-	0.3
	23.8	22.3

- (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	2019 \$m	2018 \$m
Cost:		
Land and buildings	39.0	32.3
Fixtures, fittings and office equipment	16.9	12.0
Total cost	55.9	44.3
Less: total accumulated depreciation	(8.8)	(5.9)
	47.1	38.4

Total capital expenditure for the year ended March 31, 2019 was \$11.6 million (2018 - \$22.0 million). Total depreciation expense for the year ended March 31, 2019 was \$2.9 million (2018 - \$1.8 million).

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

At March 31	2019 \$m	2018 \$m
Cost:		
Land and buildings	2.5	2.5
Fixtures, fittings and office equipment	0.6	0.6
Total cost	3.1	3.1
Less: total accumulated depreciation	(0.8)	(0.7)
	2.3	2.4

Total capital expenditure for the year ended March 31, 2019 was nil (2018 - nil). Total depreciation expense for the year ended March 31, 2019 was \$0.1 million (2018 - \$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 \$11.6 million for the year ended March 31, 2019 (2018 - \$12.5 million). The share of unrealized translation loss amounted to \$1.3 million for the year ended March 31, 2019 (2018 – nil) 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, 2019 (2018 - nil).

Notes to Consolidated Financial Statements

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 2019 or 2018 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. BISL appealed the decision to the Belize Court of Appeal and the case was heard on June 18 and 20, 2018. On March 15, 2019, the Court of Appeal dismissed its appeal and affirmed the earlier decision of the Belize Supreme Court. BISL has since appealed the Court of Appeal's decision to the Caribbean Court of Justice ("CCJ") and the case is expected to be heard towards the end of 2019. The Board of Directors of WIHL considers that notwithstanding the Court of Appeal's decision, BISL has strong grounds in support of this appeal and that BISL's claim will be successful at the CCJ.

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	2019 \$m	2018 \$m
Investment in Latin American Associates	189.4	185.9
Year ended March 31	2019 \$m	2018 \$m
Share of Latin American Associates' earnings:	11.6	12.5
Share of Latin American Associates' other comprehensive loss:	(1.3)	-
Total dividends received during the year	6.8	12.4

At March 31, 2019, the accumulated undistributed earnings of Latin American Associates included in the consolidated retained earnings of the Group amounted to \$153.9 million (2018 - \$150.4 million). The accumulated comprehensive loss of Latin American Associates included in the consolidated accumulated other comprehensive loss of the Group at March 31, 2019, amounted to \$6.3 million (2018 - \$5.0 million).

Notes to Consolidated Financial Statements

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

Income statement

Year ended March 31	2019 \$m	2018 \$m
Net sales	850.1	873.1
Gross profit	172.2	167.1
Income from continuing operations	69.2	64.9
Net income	51.9	50.3

Balance sheet

At March 31	2019 \$m	2018 \$m
Cash and liquid securities	228.8	204.2
Current assets	274.2	268.9
Long-term investments	31.6	33.7
Property, plant & equipment	405.8	410.4
Other non-current assets	22.5	23.5
Current liabilities	125.8	123.8
Non-current liabilities	69.9	67.7

Investment in BISL

At March 31	2019 \$m	2018 \$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, 2019 and 2018.

Note 20 – Deposits – Financial Services

At March 31	2019 \$m	2018 \$m
Term deposits	63.0	45.5
Demand deposits	19.3	41.4
	82.3	86.9

Notes to Consolidated Financial Statements

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

At March 31	2019 \$m	2018 \$m
3 months or less	24.0	3.4
Over 3 and to 6 months	3.1	6.6
Over 6 and to 12 months	35.7	35.1
Deposits less than \$0.1 million	0.2	0.4
	63.0	45.5

Included in demand deposits at March 31, 2019 were \$15.8 million (2018 - \$22.2 million) of demand deposits denominated in US dollars, \$3.4 million (2018 - \$19.1 million) denominated in UK pounds sterling, and \$0.1 million (2018 - \$0.1 million) denominated in Canadian dollars. Included in term deposits at March 31, 2019 were \$45.1 million (2018 - \$45.5 million) of term deposits denominated in US dollars, \$17.9 million (2018 - nil) denominated in UK pounds sterling, and nil (2018 - 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, 2019, WIHL had \$0.3 million in current liabilities (2018 - \$0.3 million), of which \$0.2 million is payable to Caribbean Investment Holdings Limited (“CIHL”) as a result of consultancy fees incurred (Note 26).

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 Bank 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 Bank 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 Bank 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 Bank 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, 2019 amounted to nil (2018 – 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 Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral required by the Bank 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 Bank 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 Bank 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, 2019 amounted to nil (2018 - nil).

(iv) At March 31, 2019, 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, 2019 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	2019 \$m	2018 \$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, 2017	496,285,521	248.1
Share capital reorganisation	(781,521)	0.0
At March 31, 2018	495,504,000	248.1
At March 31, 2019	495,504,000	248.1

Treasury Shares

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

	Number	\$m
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)	-
At March 31, 2018	674,000	0.8
Purchased	488,145	0.1
At March 31, 2019	1,162,145	0.9

In fiscal year 2019 the Group purchased 488,145 Ordinary Shares, resulting in an increase of Ordinary Shares held in treasury to 1,162,145 (2018 – 674,000). Treasury shares are held in the balance sheet at a cost of \$0.9 million (2018 - \$0.8 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 2019	Actual 2018
British Caribbean Bank Limited	25.0%	42.3%	39.6%

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, 2019 amounted to \$1.0 million (2018 - \$1.0 million).
- (ii) The balance of unpaid fees due by WIHL to CIHL and subsidiaries at March 31, 2019 amounted to \$0.2 million (2018 - \$0.2 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.

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.

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, 2019.

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.

