Waterloo Investment Holdings Limited

Consolidated Financial Statements

March 31, 2012

Index to consolidated financial statements

Report of Independent Auditors 3

Consolidated Statements of Comprehensive Income 4

Consolidated Statements of Changes in Shareholders' Equity 4

Consolidated Balance Sheets 5

Consolidated Statements of Cash Flows 6

Notes to Consolidated Financial Statements 7

Report of Independent auditors

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

We have audited the accompanying consolidated balance sheets of Waterloo Investment Holdings Limited and its subsidiaries as of March 31, 2012 and March 31, 2011, and the related consolidated statements of comprehensive income, changes in shareholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Waterloo Investment Holdings Limited and its subsidiaries as of March 31, 2012 and March 31, 2011, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Horwath Belize LLP

Horwath Belize LLP
Belize City, Belize
Central America
September 28, 2012

Consolidated statements of comprehensive income

Year ended Match 31	Notes	2012 $m	2011 $m
Financial Services			
Interest income		9.2	19.3
Interest expense	4	(5.3)	(6.9)
Net interest income		3.9	12.4
Provision for loan losses	11	(26.7)	(2.9)
		(22.8)	9.5
Non-interest income	5	0.2	–
Non-interest expense	6	(3.9)	(6.6)
Operating (loss) income - Financial Services		(26.5)	2.9
Investments			
Operating loss - Investments	7	(26.9)	(1.9)
Total operating (loss) income		(53.4)	1.0
Associates	16	25.3	25.1
Corporate expenses		(3.0)	(2.6)
Corporate interest		(13.6)	(12.4)
Net (loss) income		(44.7)	11.1
(Loss) earnings per ordinary share (basic and diluted)	7	$ (0.45)	$ 0.11

Consolidated statements of changes in shareholders' equity

	Share capital $m	Retained earnings $m	Total $m
At April 1, 2010	100.0	184.6	284.6
Net income	–	11.1	11.1
At March 31, 2011	100.0	195.7	295.7
Demerger reserve	–	5.5	5.5
Net loss	–	(44.7)	(44.7)
At March 31, 2012	**100.0**	**156.5**	**256.5**

At March 31, 2012, retained earnings included non-distributable statutory reserves in British Caribbean Bank Limited of $13.0 million (2011 - $13.0 million).

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

Consolidated balance sheets

At March 31	Notes	2012 $m	2011 $m
Assets			
Financial Services			
Cash, cash equivalents and due from banks		**0.1**	0.1
Interest-bearing deposits with correspondent banks	9	**25.4**	17.3
Receivable from Government of Belize	10	**30.0**	27.7
Loans - net	11	**144.3**	206.6
Property, plant and equipment - net	12	**0.2**	0.2
Other assets	13	**0.6**	1.1
Total Financial Services assets		**200.6**	253.0
Investment assets			
Loans - net	14	**143.6**	167.6
Other assets	15	**7.8**	9.4
Total Investment assets		**151.4**	177.0
Corporate assets			
Cash and cash equivalents	23	**1.5**	3.0
Property, plant and equipment - net		**2.5**	2.5
Associates	16	**147.8**	132.0
Total Corporate assets		**151.8**	137.5
Total assets		**503.8**	567.5
Liabilities and shareholders' equity			
Financial Services			
Deposits	17, 23	**95.5**	131.8
Interest payable		**1.7**	2.9
Other liabilities		**2.4**	4.2
Total Financial Services liabilities		**99.6**	138.9
Corporate			
Current liabilities		**1.2**	–
Long-term debt	18	**146.5**	132.9
		147.7	132.9
Total liabilities		**247.3**	271.8
Shareholders' equity:			
Share capital (ordinary shares of par value $1.00 - 2012 and 2011 - 100,007,864)	20	**100.0**	100.0
Retained earnings		**156.5**	195.7
Total shareholders' equity		**256.5**	295.7
Total liabilities and shareholders' equity		**503.8**	567.5

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

Consolidated statements of cash flows

Year ended March 31	2012 $m	2011 $m
Cash flows from operating activities		
Net (loss) income	(44.7)	11.1
Adjustments to reconcile net (loss) income to net cash (utilized) provided by operating activities:		
Depreciation	0.1	0.1
Provision for loan and other losses	53.1	13.5
Undistributed earnings of associates	(15.8)	(17.3)
Changes in assets and liabilities:		
(Decrease) increase in interest payable	(1.2)	2.2
Decrease (increase) in other assets	0.4	(1.8)
(Decrease) increase in other liabilities	(0.6)	15.4
Net cash (utilized) provided by operating activities	(8.7)	23.2
Cash flows from investing activities		
Purchase of property, plant and equipment (net)	(0.1)	(0.1)
Increase in interest-bearing deposits with correspondent banks	(8.1)	(5.1)
Increase in Government of Belize receivable	(2.3)	(1.9)
Decrease in loans to customers	34.9	5.9
Net cash provided (utilized) by investing activities	24.4	(1.2)
Cash flows from financing activities		
Increase in long-term debt	13.6	12.4
Demerger reserve	5.5	–
Decrease in deposits	(36.3)	(31.5)
Net cash utilized by financing activities	(17.2)	(19.1)
Net change in cash, cash equivalents and due from banks	(1.5)	2.9
Cash, cash equivalents and due from banks at beginning of year	3.1	0.2
Cash, cash equivalents and due from banks at end of year	1.6	3.1
Cash - Financial Services	0.1	0.1
Cash - Corporate	1.5	3.0
	1.6	3.1

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

Notes to 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.

On October 26, 2011, BCB Holdings Limited completed a reorganization of its group by demerging its non-Belizean businesses into a new holding company, WIHL. As a result of the demerger, all shareholders of BCB Holdings Limited received shares in WIHL in direct proportion to their holding in BCB Holdings Limited as at the effective date of the demerger. Consequently, on the day of closing of the demerger transaction the shareholders of BCB Holdings Limited and WIHL were the same.

The Demerger was effected by way of the declaration and payment by BCB Holdings Limited of a dividend in kind to qualifying BCB Holdings Limited shareholders, followed by a capital reduction and repayment to those shareholders which was satisfied by the transfer of BCB Holdings Limited's non-Belizean businesses to WIHL, in consideration for the issue of shares by WIHL to qualifying BCB Holdings Limited shareholders. Under the terms of the demerger agreement BCB Holdings Limited also transferred the obligations under certain loan notes to WIHL (Note 18).

The Demerger resulted in BCB Holdings Limited shareholders holding shares in two distinct entities which are the holding companies of two distinct groups of companies which have separate strategic, capital and economic characteristics and management teams.

The businesses of WIHL following the demerger include (i) British Caribbean Bank Limited ("BCB" or "the Bank") which focuses on the provision of financial services and lending in the Turks and Caicos Islands 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) certain other loans and assets principally related to tourism, property and infrastructure businesses and (iii) an interest in two associated companies more fully described in note 16.

Associates

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

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

(ii) Investment in approximately 50 per cent of Belize International Services Limited which provides shipping and company registry services to international clients ("International Services Associate").

Subsequent events

WIHL and its subsidiaries (the "Group") have evaluated subsequent events for recognition and disclosure through September 28, 2012, 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 in accordance with accounting principles generally accepted 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, and 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 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 or up to the date of disposal. All significant intercompany balances and transactions have been eliminated in consolidation.

Loans and interest income recognition

Loans are stated at the principal amount outstanding, net of unearned income and allowance for loan losses. Interest income is recorded on an accrual basis. When either the collectability of principal or interest is considered doubtful, or payment of principal or interest is ninety days or more past due, loans are placed on non-accrual status and previously accrued but unpaid interest is charged against current year interest income, unless the amounts are in the process of collection. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for loan losses

The Group's consideration as to the adequacy of the allowance to provide for probable loan losses is based on a continuing review of the loan portfolio and includes, but is not limited to, consideration of the actual loan loss experience, the present and prospective condition of each borrower and its related industry, general economic conditions prevailing from time to time, and the estimated fair value of the related collateral. Loans are charged off against allowance for loan losses when the amounts are deemed to be uncollectible.

The Group measures its estimates of impaired loans in accordance with Statement of Financial Accounting Standards No 114 - Accounting by Creditors for Impairment of Loans, as amended by Statement of Financial Accounting Standards No. 118 - Accounting by Creditors for Impairment of a loan - Income Recognition and Disclosures. Under the Group's accounting policy for loan loss provisioning, the Group evaluates the probability of an impairment loss when a loan is classified as non-accrual. An impairment loss is recognized and fully provided for if the recorded amount of the non-accrual loan exceeds the estimated fair value of the underlying collateral less costs to sell. The majority of the Group's loan portfolio is fully collateralized. Interest income on impaired loans is recognized only when payments are received and the Company considers that the loan will remain performing.

Notes to consolidated financial statements

Leases

All leases are operating leases, and the annual rentals are charged against income.

Currency translation

The reporting and functional currency of the Group is United States dollars. The results of subsidiaries and associates, which account in a functional currency other than United States dollars, are translated into United States 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 United States dollars are translated into United States dollars at the rate of exchange ruling at the balance sheet date.

Gains and losses arising from currency transactions are included in the consolidated statements of comprehensive 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 comprehensive 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 vehicle	4 years
Fixtures, fittings and office equipment	3 to 10 years

The carrying value of property, plant and equipment is evaluated periodically in relation to the operating performance and future cash flows of the underlying businesses. If in the opinion of the Group, an impairment in the value of property plant and equipment has occurred, the amount of the impairment is recorded in the consolidated statements of comprehensive income.

Repairs and maintenance costs are expensed as incurred. Gains and losses arising on the disposal of property, plant and equipment are included in the consolidated statements of income.

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 a high internationally accepted credit rating.

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.

New accounting standards

In fiscal 2012, consideration was given to the implications, if any, of the following new and revised standards:

In April 2011, the FASB issued ASU 2011-02 which provides guidance by clarifying that a debt restructuring is a troubled debt restructuring if the restructuring constitutes a concession and the debtor is having financial difficulties. The Update requires a creditor to consider all aspects of a restructuring including assessing the debtor's capacity to source other funds at market rates, the value of additional collateral and guarantees obtained and the probability of the debtor defaulting and seeking bankruptcy protection. The guidance is effective for annual reporting periods beginning after December 15, 2011and respective interim periods therein.

In April 2011, the FASB issued ASU 2011-03, which addresses the determination of effective control in repurchase agreements and eliminates the requirement for entities to consider whether the transferor/seller has the ability to repurchase the financial assets in a repurchase agreement. This new accounting guidance was effective, on a prospective basis, for new transactions or modifications to existing transactions on January 1, 2012.

In May 2011, the FASB issued ASU 2011-04 with amendments intended to achieve common fair value measurement and disclosure requirements between US and international financial reporting by changing the wording used to describe the requirements in US GAAP for fair value measurement and for disclosing information about measuring fair value. The amendments are effective for interim and annual reporting periods beginning after December 15, 2011.

In June 2011, the FASB issued ASU 2011-05 to increase the prominence of items reported in other comprehensive income by eliminating the option to present items of other comprehensive income as part of the statement of changes in stockholders' equity and instead be presented either in a single continuous statement of comprehensive income or in two separate continuous statements. The amendments are effective for annual reporting periods ending after December 15, 2011 and subsequent interim periods.

In September 2011, the FASB issued ASU 2011-08, which provides guidance that simplifies goodwill impairment testing. The amendments will allow an entity to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. This guidance became available for early adoption in the third quarter of 2011.

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

Note 3 - Segmental analysis

The Group 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 and in certain associated companies (note 14).

Year ended March 31	2012 $m	2011 $m
Depreciation:		
Financial Services	0.1	0.1
Investment assets	–	–
Corporate	–	–
	0.1	0.1

Year ended March 31	2012 $m	2011 $m
Capital expenditures (net):		
Financial Services	0.1	0.1
Investment assets	–	–
Corporate	–	–
	0.1	0.1

At March 31	2012 $m	2011 $m
Total assets:		
Financial Services	200.6	253.0
Investment assets	151.4	177.0
Corporate – associates	147.8	132.0
Corporate – other	4.0	5.5
	503.8	567.5

Note 4 - Interest expense - Financial Services

Interest expense comprise interest on customer deposits and amounts to $5.3 million (2011 - $6.9 million).

Note 5 - Non-interest income - Financial Services

Year ended March 31	2012 $m	2011 $m
Foreign exchange income and commissions	0.1	–
Customer service and letter of credit fees	0.1	–
	0.2	–

Note 6 - Non-interest expense - Financial Services

Year ended March 31	2012 $m	2011 $m
Salaries and benefits	0.6	0.7
Premises and equipment	0.3	0.3
Other expenses	3.0	5.6
	3.9	6.6

Note 7 - Operating loss - Investments

Year ended March 31	2012 $m	2011 $m
Interst income	–	8.6
Other income	0.5	0.4
Provision for loan losses	(26.4)	(10.6)
Other expense	(1.0)	(0.3)
	(26.9)	(1.9)

Note 8 - (Loss) earnings per ordinary share

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

Year ended March 31	2012 $m	2011 $m
Net (loss) income	(44.7)	11.1
Weighted average number of shares (basic and diluted)	100,007,864	100,007,864

Note 9 - Interest bearing deposits with correspondent banks - Financial Services

The Bank is required to maintain an average aggregate minimum balance of approved liquid assets equal to 12 percent of the average deposit liabilities of BCB. At March 31, 2012, the actual amount was 25.1 percent (2011 – 15.4%).

Note 10 – Receivable from Government of Belize

Pursuant to legislation passed in August and December 2009, the Government of Belize purported to compulsorily acquire the Bank's rights under the following loan and loan security agreements:

(a) a Term Loan Facility dated July 6, 2007 granted by the Bank to a company incorporated in Belize, Belize Telemedia Limited ("Telemedia");

(b) a Mortgage Debenture between the Bank and Telemedia dated December 31, 2007;

(c) a Syndicated Loan Agreement dated September 19, 2005 between the Bank, The Belize Bank Limited, Caedman Limited and Sunshine Holdings Limited ("Sunshine");

(d) a Security Agreement dated September 19, 2005 executed between the Bank and Sunshine; and

(e) a Facility Agreement dated May 19, 2006 executed between the Bank, Sunshine and the Trustees of the Belize Telecommunications Ltd. Employees Trust.

The Bank has challenged the legislation as being unconstitutional and on June 24, 2011 the Belize Court of Appeal declared the legislation void. The Court of Appeal failed to grant consequential relief, including damages. The Bank has appealed that failure to grant consequential relief to the Caribbean Court of Justice. On July 4, 2011, the Government of Belize passed new legislation pursuant to which it re-acquired the same rights purportedly acquired under the 2009 legislation. It also introduced amendments to the Constitution of Belize via the Belize Constitution (Eighth Amendment) Act in an attempt to prevent the Belize courts inquiring into the constitutionality of the 2011

acquisition. The Bank has challenged both the 2011 legislation and the Eighth Amendment.

Subsequent to the end of the financial year 2011/12, the Supreme Court handed down its judgment on the 2011 legislation in which it held that the 2011 legislation was also unconstitutional and void. However, the Court refused to grant the consequential relief sought by the Bank, including its claim for damages. The Bank has appealed this judgment to the Court of Appeal, the hearing of which is due to take place on October 8, 2012.

The Bank has also commenced arbitration proceeding against the Government of Belize for breach of its rights under the 1982 agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Belize for the promotion of protection of investments. This action has been stayed following an interim injunction granted by the Supreme Court restraining the Bank from pursuing these proceedings. The Bank is seeking to overturn this injunction. The Supreme Court proceedings in relation to this matter are currently on-going.

The Government of Belize and Telemedia have also brought a claim challenging the validity of the agreements at (i) and (ii) above, disputing any liability of Telemedia under those agreements, and seeking a declaration that the Government is not liable to compensate the Bank in respect of the compulsory acquisition of the Bank's rights under those agreements. The Bank has applied for these proceedings to be struck out as having no reasonable prospect of success. The hearing of that application is expected to take place shortly.

Having reviewed the litigation described above and the legal claims available to the Bank, management believes, based on legal advice received, it is more probable than not that it will recover the sums due and owing under the loans identified above, plus interest, from either the Government of Belize or Telemedia.

The Receivable from Government of Belize of $30.5 million at March 31, 2012 (2011 – $27.7 million) included in the balance sheet represents part of the amounts that are subject to the above actions.

Note 11 - Loans - net - Financial Services

At March 31	2012 $m	2011 $m
Loans (net of unearned income):		
Residential mortgage	13.5	23.9
Other consumer	2.9	2.6
Commercial - real estate	118.3	149.4
Commercial - other	53.2	51.5
	187.9	227.4
Allowance for loan losses:		
Residential mortgage	(3.9)	(4.0)
Other consumer	(1.4)	(1.8)
Commercial - real estate	(25.9)	(12.6)
Commercial - other	(12.4)	(2.4)
	(43.6)	(20.8)
Loans (net of unearned income and allowance for loan losses):		
Residential mortgage	9.6	19.9
Other consumer	1.5	0.8
Commercial - real estate	92.4	136.8
Commercial - other	40.8	49.1
Loans (net of unearned income and allownce for loan losses	144.3	206.6

Unearned income at March 31, 2012 amounted to $137,000 (2011 - $229,000)

The maturity ranges of loans outstanding at March 31, 2012 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.

At March 31, 2012	Due in one year or less $m	Due after one year through five years $m	Due after five years $m	Total $m
Residential mortgage	9.6	2.9	1.0	13.5
Other consumer	2.5	0.1	0.3	2.9
Commercial - real estate	115.7	–	2.6	118.3
Commercial - other	24.0	29.0	0.2	53.2
	151.8	32.0	4.1	187.9

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 quarterly 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 for the Bank's credit position at some future date.

Substandard: Loans classified as substandard are those loans that are over three and up to six months in arrears or overdraft accounts where interest charges have not been covered by deposits for three to less than six months.

Doubtful: Loans classified as doubtful are those loans that are over six and up to twelve months in arrears or overdraft accounts where interest charges have not been covered by deposits for six to less than twelve months.

Loss: Loans classified as loss are those loans that are over twelve months in arrears or overdraft accounts where interest charges have not been covered by deposits for twelve months or more.

Loans not meeting the criteria above that are analyzed individually as part of the above described process are considered to be pass related loans.

As of March 31, 2012, and based on the most recent analysis performed, the risk category of loans by class of loans is as follows:

At March 31, 2012	Pass $m	Special mention $m	Sub-standard $m	**Doubtful $m**	**Loss $m**	**Total $m**
Residential mortgage	4.7	–	–	0.7	8.1	13.5
Other consumer	0.4	0.9	–	–	1.6	2.9
Commercial - real estate	3.2	4.1	–	17.4	93.6	118.3
Commercial - other	29.3	2.9	–	–	21.0	53.2
	37.6	**7.9**	**–**	**18.1**	**124.3**	**187.9**

Individually impaired loans with allocated allowances as of March 31 were as follows:

At March 31	2012 $m	2011 $m
Loans on non-accrual	142.4	149.5
Other performing loans classified as impaired	–	–
Total impaired loans	142.4	149.5

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

The following table presents the recorded investment in non-accrual by class of loans as of March 31, 2012 and 2011:

At March 31	2012 $m	2011 $m
Residential mortgage	8.9	17.4
Other consumer	1.6	1.7
Commercial	111.0	108.9
Commercial - real estate	21.0	21.5
	142.4	149.5

The interest income which would have been recorded during the year ended March 31, 2011 had all non-accrual loans been current in accordance with their terms was approximately $11.5 million (2011 - $11.4 million).

At March 31, 2012, the amount of impaired loans outstanding in the Financial Services division in which the Group considers there was a probability of a loss totaled $97.4 million (March 31 2011 - $82.7 million), with related allowances, after taking into consideration related collateral, of $43.6 million (2011 - $20.8 million). There were no impaired loans without specific allowances. 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, 2011, was $90.1 million (2011 – $84.3million). 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. In addition, a general allowance of 1 percent of all performing loans is provided by BCB. This allowance does not represent future losses or serve as a substitute for specific allowances.

At March 31, 2012, the Group had total loans outstanding to certain officers and employees of $0.1 million (2011 - $0.7 million) at preferential rates of interest varying between 6.5 percent and 10.9 percent per annum, repayable over varying periods not exceeding 25 years.

Changes in the provision for loan losses were as follows:

Year ended March 31	2012 $m	2011 $m
At beginning of year	20.8	23.2
Provision charged to income	26.7	2.9
Charge-offs	(3.9)	(5.3)
Net movement in year	22.8	(2.4)
At end of year	43.6	20.8

Recoveries from loan losses have been immaterial to date. At March 31, 2012, the allowance for loan losses included a general loan loss allowance of $0.5 million (2011 - $0.8 million)

Note 12 – Property, plant and equipment – net - Financial Services

At March 31	2012 $m	2011 $m
Cost:		
Land and buildings	0.2	0.1
Fixtures, fittings and other equipment	0.3	0.3
Total cost	0.5	0.4
Less: total accumulated depreciation	(0.3)	(0.2)
	0.2	0.2

Total capital expenditures for the years ended March 31, 2012 and 2011 were $0.1 million and $0.1 million, respectively. Total depreciation expense for the years ended March 31, 2012 and 2011 was $0.1 million and $0.1 million, respectively.

Note 13 - Other assets - Financial Services

Other assets of $0.6 million (2011 - $1.1 million) include accrued interest due on loans, deposits, prepayments and other receivables due to the Bank.

Note 14 – Investment assets - loans net

At March 31	2012 $m	2011 $m
Loans:		
Residential - real estate	6.2	6.2
Commercial - real estate	203.4	202.7
	209.6	208.9
Provision for loan losses:		
Residential - real estate	(6.2)	(6.2)
Commercial - real estate	(59.8)	(35.1)
	(66.0)	(41.3)
Loans (net of provision for loan losses):		
Residential - real estate	–	–
Commercial - real estate	143.6	167.6
	143.6	167.6

Investment loans principally comprise secured loans where the borrowers have failed to comply with the terms and conditions of the respective loan 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 provision for loan losses which reflect fair value adjustments (Note 24).

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	2012 $m	2011 $m
At beginning of year	41.3	30.7
Provision charged to income	24.7	10.6
Charge-offs	–	–
Net movement in year	24.7	10.6
At end of year	66.0	41.3

Note 15 – Other Assets - Investments

At March 31	2012 $m	2011 $m
Investments:		
Residential - real estate	6.7	6.6
Commercial - real estate	2.8	2.8
	9.5	9.4
Provision for Investment losses:		
Residential - real estate	–	–
Commercial - real estate	(1.7)	–
	(1.7)	–
Investment (net of provision for investment losses):		
Residential - real estate	6.7	6.6
Commercial - real estate	1.1	2.8
	7.8	9.4

Note 16 - 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, principally in Costa Rica.

(ii) A non-controlling investment in 50 per cent of Belize International Services Limited ("BISL") which provides shipping and company registry services to international clients. BISL is a holding company incorporated in the British Virgin Islands which provides financial and other services. The share of net income amounted to $2.7 million for the year ended March 31, 2012 (2011 - $2.1 million).

Latin American Associates and BISL comprise companies in respect of which fair market values are not readily available, but the market values are considered by the Group to exceed the carrying amounts.

Investment in Latin American Associates

At March 31	2012 $m	2011 $m
Investment in Latin American Associates	142.2	125.8

Year ended March 31	2012 $m	2011 $m
Share of Latin American Associates' earnings:	22.9	23.0
Total dividends receivable during the year	6.5	5.8

At March 31, 2012, the accumulated undistributed earnings of Latin American Associates included in the consolidated retained earnings of the Group amounted to $106.7 million (2011 - $90.3 million).

Summarized combined unaudited financial information for Associates was as follows:

Year ended March 31	2012 $m	2011 $m
Net sales	795.9	658.7
Gross profit	188.1	168.9
Income from continuing operations	117.4	105.5
Net income	95.5	90.6

At March 31	2012 $m	2011 $m
Cash and liquid securities	199.2	133.3
Current assets	261.9	248.4
Non-current assets	286.3	281.0
Current liabilities	130.1	111.1
Non-current liabilities	41.0	33.9

Investment in BISL

At March 31	2012 $m	2011 $m
Investment in BISL	5.6	6.2

Year ended March 31	2012 $m	2011 $m
Share of BISL's earnings:	2.7	2.1
Total dividends, fees and amortization during the year	3.3	2.0

Summarized unaudited financial information for BISL was as follows:

Year ended March 31	2012 $m	2011 $m
Total sales	8.1	6.7
Total expense	(2.7)	(2.4)
Net income	5.4	4.3

At March 31	2012 $m	2011 $m
Cash and liquid securities	1.0	1.3
Fixed assets	0.2	0.2
Non-current assets	0.8	0.9
Current liabilities	0.6	0.5
Non-current liabilities	0.8	1.3

Note 17 – Deposits – Financial Services

At March 31	2012 $m	2011 $m
Certificates of deposit	75.6	83.5
Demand deposits	19.9	48.3
	95.5	131.8

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

At March 31	2012 $m	2011 $m
3 months or less	34.1	67.5
Over 3 and to 6 months	15.2	10.7
Over 6 and to 12 months	24.5	3.4
Deposits less than $0.1 million	1.8	1.9
	75.6	83.5

Included in certificates of deposit at March 31, 2012 were $55.1 million (2011 - $76.8 million) of certificates of deposit denominated in US dollars and $20.5 million (2011 - $6.7 million) denominated in UK pounds sterling. Included in demand deposits at March 31, 2012 were $17.3 million (2011 - $46.1 million) of demand deposits denominated in US dollars and $2.6 million (2011 - $3.2 million) denominated in UK pounds sterling.

As a result of the short-term maturity of these financial instruments, their carrying value is considered by the Group to approximately equal their fair market value.

Included in demand deposits are amounts owed to BCB Holdings Limited and its subsidiaries of $8.5 million (2011 – $24.4 million) (Note 23(iii)).

Note 18 - Long-term debt

At March 31, 2012, WIHL had issued and outstanding loan notes amounting to $146.5 million (2011 - $132.9 million). The notes are unsecured and bear interest at 10 per cent which compounds quarterly and is added to the principal at the date due. The loan notes are currently in three series broken down as follows:

At March 31	2012 $m	2011 $m
Series 2 Loan Notes (ii)	4.3	3.9
Series 3 Loan Notes (iii)	69.3	62.8
Series 4 Loan Notes (iv)	72.9	66.2
	146.5	132.9

(i) Under the terms of the demerger agreement referred to in Note 1, BCB Holdings Limited transferred and WIHL assumed the obligations under certain loan notes which together had a total liability value of $140.5 million at October 26, 2011, the date the demerger became effective. The loan notes comprised the following:

(ii) Series 2 Loan Notes, being 10 per cent, fixed rate, secured loan notes due June 30, 2014 and issued pursuant to a loan note instrument dated October 10, 2007 with an initial principal value of $2,800,000 and a cumulative liability of $4,108,834 at October 26, 2011, including all accrued interest at October 26, 2011 ("Series 2 Loan Notes").

(iii) Series 3 Loan Notes, being 10 per cent, fixed rate, secured loan notes due June 2015 and issued pursuant to a loan instrument dated 31 March 2010 with an initial principal value of $57,000,000 and a cumulative liability of $66,463,321 at October 26, 2011, including all accrued interest at October 26, 2011("Series 3 Loan Notes").

(iv) Series 4 Loan Notes, being 10 per cent, fixed rate, secured loan notes due April 2016 and issued pursuant to a loan instrument dated 31 March 2010 with an initial principal value of $60,000,000 and a cumulative liability of $69,961,391 at October 26, 2011, including all accrued interest at October 26, 2011 ("Series 4 Loan Notes").

WIHL has agreed to grant security over the shares in Central American Holdings to the holders of the Series 2 Loan Notes, the Series 3 Loan Notes and the Series 4 Loan Notes. The security will be granted solely for the purpose of securing the repayment of the amounts outstanding under the Series 2 Loan Notes, Series 3 Loan Notes and Series 4 Loan Notes.

The Series 3 Loan Notes and the Series 4 Loan Notes are owned by Daza Corporation ("Daza"). Daza, is a company beneficially owned by Lord Ashcroft who has an interest in approximately [75] per cent of the issued share capital of the Company.

Note 19 - 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 if necessary.

(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 commitments to extend credit, standby letters of credit and financial guarantees. The Group grants short-term credit facilities to customers for periods of up to twelve months generally to meet customers' working capital requirements. These facilities are repayable on demand and are subject to review at any time. In practice, such reviews are carried out at periodic intervals agreed with the customer. Outstanding commitments to extend credit at March 31, 2012 amounted to $nil (2011 - 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 accounts receivable, inventory, property, plant and equipment, and income-producing commercial properties and assets.

Standby letters of credit and financial guarantees written are conditional commitments issued by the Group to guarantee the performance of a customer to a third party. The terms of such guarantees do not normally exceed more than one year. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The terms and conditions reflected in letters of credit and guarantees provided by the Group, in so far as they may impact the fair market value of these instruments, are market sensitive and are not materially different from those that would have been negotiated at March 31, 2012. 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, 2012 amounted to $nil (2011 - $nil).

(iv) At March 31, 2012, the Group is a defendant in a number of pending legal and other proceedings incidental to present and former operations, acquisitions and dispositions. The Group does not expect the outcome of these proceedings, either individually or in the aggregate, to have a material adverse effect on the consolidated financial position of the Group.

(v) As explained in note 10, BCB and WIHL are engaged in arbitration proceedings in which they are pursuing certain claims against the GOB. The information required by SFAS No. 5 Accounting for

Contingencies is not disclosed because WIHL believes that to do so would materially prejudice the proceedings. WIHL and BCB, having received the advice of external advisers, expect to fully recover amounts recorded as part of other assets in note 10. Therefore no provision against recovery has been made. Legal costs are expensed as incurred.

(vi) In the ordinary course of business, the Bank is subject to regulatory examinations, information gathering requests and enquiries. As a regulatory matter develops that may have a material effect, the Company and the Bank, 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, 2012 would have a material adverse effect on the financial position or liquidity of the Company or the Bank.

Note 20 - Share capital

At March 31	2012 $m	2011 $m
Authorized		
Ordinary shares:		
500,000,000 shares of par value $1.00	500.0	500.0
Total authorized	500.0	500.0
Issued and outstanding		
Ordinary shares:		
100,007,864 shares of par value $1.00 (2011 - 100,007,864)	100.0	100.0

On October 26, 2011, WIHL issued 100,007,864 shares of $1.00 par value on the completion of the demerger by BCB Holdings Limited of its non-Belizean interests to WIHL. The information above is presented as if WIHL has issued the shares at the beginning of the prior year period.

Note 21 - 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 concentration of deposit risk due to the existence of certain large individual client deposits. The Group manages its concentration risk by monitoring on a regular basis the distribution of maturities of its clients deposits.

Note 22 – Regulatory Capital Requirements

The regulatory capital guidelines measure capital in relation to the credit and market risks of both off- and on-balance sheet items by applying various risk weighting. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on BCBs' financial position, results of operations, or liquidity. The following table set forth the capital requirements and the actual ratios of BCB.

	Minimum Required	Actual 2012	Actual 2011
British Caribbean Bank Limited	11.0%	55.6%	56.2%

Note 23 - Related party transactions

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

Consultancy services

(i) During the year WIHL utilized the consultancy services of Bearwood Services Limited ("Bearwood"), a United Kingdom company in which Lord Ashcroft has an interest. The aggregate fees paid to Bearwood by WIHL for the year ended March 31, 2012 amounted to $0.2 million (2011 - $0.2 million).

(ii) During the year BCB Holdings Limited provided administrative and other services to WIHL. Lord Ashcroft has an interest in both WIHL and BCB Holdings Limited. The aggregate fees charged by BCB Holdings Limited to WIHL for the year ended March 31, 2012 amounted to $2.9 million (2011 - $2.6 million).

(iii) During the year BCB Holdings Limited and its subsidiaries advanced funds in the form of unsecured interest bearing loans and deposits to WIHL. The average funds provided by BCB Holdings Limited to WIHL for the year ended March 31, 2012 amounted to $8.0 million (2011 - $12 million). The balance outstanding due by WIHL to BCB Holdings Limited and subsidiaries at March 31, 2012 amounted to $8.5 million (2011 - $24.2 million). Interest paid by WIHL to BCB Holdings Limited and subsidiaries in respect of these loans for the year ended March 31, 2012 amounted to $1.1 million (2011 - $3.1 million).

(iv) The Company holds cash deposits with subsidiaries of BCB Holdings Limited. The average cash deposits held amounted to $2.0 million (2011- $2.0 million) and the balance held at March 31, 2012 amounted to $1.5 million (2011 - $3.0 million).

Note 24 – 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 Bank has the ability to access on the measurement date.

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

Level 3 – Significant unobservable inputs that reflect the Bank'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 a high internationally accepted credit rating.

The carrying amounts of securities are estimated to approximate fair value given the market-sensitive interest rates, maturity terms, and market price of these instruments.

The carrying amounts of loans receivable, net of valuation allowances, is estimated to approximate fair value based on their respective interest rates, risk-related rate spreads and collateral consideration. These facilities are generally payable on demand and are subject to review at the discretion of the Group.

The fair value of the Group's deposit liabilities approximates carrying values based on comparative rates offered by other banks for deposits of similar remaining maturities.

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, 2012.

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

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