ANSA MERCHANT BANK LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2016

MERCHANT BANK LIMITED

CHAIRMAN'S STATEMENT – 2016

I am pleased to report that our banking and insurance companies recorded total revenues of $813.8 million for the full year 2016, an increase of 13% against 2015. Profit before taxation of $322.0 million represented an uplift of 8% over 2015. Despite a declining national economy results were enhanced by an improvement in international markets towards the end of a year which had earlier witnessed some unexpected geopolitical events.

All our principal companies: ANSA Merchant Bank, TATIL and TATIL Life delivered a credible performance. On 3rd October, 2016 we completed the acquisition of Consolidated Finance Co. Limited ("CFC") in Barbados. The acquisition will facilitate the expansion of our regional footprint and the Bank benefitted from three months of CFC's positive earnings in the final quarter of 2016.

Earnings per share (EPS) increased by 5 cents to $2.94 (2015 $2.89).

Total Assets of the Group grew by 11% to $7.4 billion while our balance sheet was strengthened as equity grew by 8% to $2.2 billion

The Directors have approved a final dividend of $1.00 per share which brings the total dividend for the year ended 31st December 2016 to $1.20 an increase of 15¢ per share above aggregate 2015 dividends. The final dividend will be paid on 26th May 2017 to shareholders on the register at 16th May 2017.

I am encouraged by the continued strong performance of our Financial Institutions despite the macroeconomic challenges faced. I am confident of the opportunities we have for continued growth through the delivery of our unique product offerings and improved service to our valued clientele.

Dr. Anthony N. Sabga, ORTT

Report on the Audit of the Separate and Consolidated Financial Statements

Opinion

We have audited the separate and consolidated financial statements of ANSA Merchant Bank Limited ("Parent") and its subsidiaries ("the Group"), which comprise the separate and consolidated statement of financial position as at 31 December 2016, and the separate and consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the separate and consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Parent and Group as at 31 December 2016 and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the separate and consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying separate and consolidated financial statements.

Key Audit Matters	How our audit addressed the key audit matter
Estimates used in the calculation of Insurance Contracts' Liabilities	
Refer to Notes 2xix, 21 and 22. The Group has significant insurance liabilities of TT$1.4 billion representing 26% of the Group's total liabilities. The valuation of insurance contract liabilities involves extensive judgment and is dependent on a number of subjective assumptions, including primarily the timing and ultimate settlement value of long-term policyholder liabilities as well as the estimation of claims incurred, whether reported or not, for short term insurance contracts. Various economic and non-economic key assumptions are being used to estimate the long-term liabilities. Specifically, the Group estimates the expected number and timing of deaths, persistency, future expenses and future investment income arising from the assets backing long term insurance contracts. For short term insurance contracts, in calculating the estimated cost of unpaid claims (both reported and incurred but not reported (IBNR)), the Group uses a combination of loss-ratio-based estimates and estimates based upon actual claims experience. The Group uses valuation models to support the calculations of these insurance contract liabilities. The complexity of the models may give rise to errors as a result of inadequate/ incomplete data or the design or application of the models.	We involved our EY actuarial specialists to assist us in performing our audit procedures in this area, which included among others: • Assessment of the key assumptions applied including consideration of emerging trends and studies on mortality and morbidity, voluntary terminations, persistency, interest rate, policy maintenance and administrative expenses, inflation, tax and lapse rates. • Recalculation of technical provisions produced by the models on a sample basis. • An assessment of the internal controls regarding the maintenance of the policyholder database. • An analysis of the movements in insurance liabilities during the year. We assessed whether the movements are in line with changes in assumptions adopted by the Group, our understanding of developments in the business and our expectations derived from market experience. • We considered whether the Group's disclosures in the consolidated financial statements in relation to insurance contact liabilities were compliant with IFRS.

Key Audit Matters	How our audit addressed the key audit matter
Fair value measurement of investments securities and related disclosures	
Refer to Notes 2vii, 3, 7 and 37. The Group invests in various investment securities, of which $965 million (Parent: $108 million) is carried at fair value in the statement of financial position. Additionally, the fair values are disclosed for $2.3 billion (Parent: $473 million) of investment securities carried at amortized cost in the statement of financial position . Of these assets, $2 billion (Parent: $299 million) are related to investments for which no published prices in active markets are available and have been classified as Level 2 and Level 3 assets within the IFRS fair value hierarchy. Valuation techniques for these investments can be subjective in nature and involve various assumptions regarding pricing factors. Associated risk management disclosure is complex and dependent on high quality data. A specific area of audit focus includes the determination of fair value of Level 2 and Level 3 assets where valuation techniques are applied in which unobservable inputs are used. For Level 2 assets, these techniques include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analyses making maximum use of market inputs, such as the market risk free yield curve. Included in the Level 3 category are financial assets that are not quoted as there are no active markets to determine a price. The fair value of these assets cannot be measured reliably and are therefore held at cost, being the fair value of the consideration paid on acquisition. These assets are regularly assessed for impairment.	We independently tested the pricing on quoted securities, and we used our valuation specialists to assess the appropriateness of pricing models used by the Group. This included: • An assessment of the pricing model methodologies and assumptions against industry practice and valuation guidelines. Testing of the inputs used, including cash flows and other market based data. • An evaluation of the reasonableness of other assumptions applied such as credit spreads. The re-performance of valuation calculations on a sample basis of internally priced securities that were classified as higher risk and estimation. An assessment of management's impairment analysis. • Finally, we assessed whether the financial statement disclosures, including sensitivity to key inputs and the IFRS fair value hierarchy, appropriately reflect the Group's exposure to financial instrument valuation risk.

Key Audit Matters	How our audit addressed the key audit matter
Loan loss provisions	
Refer to Notes 2vi, 3, 5, 6 and 38. Net investments in leased assets, loans and advances are 31% of the total assets of the Group (Parent: 51%) amounting to $2.3 billion (Parent: $1.8 billion). The appropriateness of loan loss provisions is a key area of judgement for management. The identification of impairment and the determination of the recoverable amount are inherently uncertain processes involving various assumptions and factors including the probability of default, financial condition of the counterparty, expected future cash flows, observable market prices and expected net selling prices. The use of different modelling techniques and assumptions could produce significantly different estimates of loan loss provisions. The disclosures relating to investments in leased assets, loans and advances are considered important to users of the consolidated financial statements given the estimation uncertainty and sensitivity of the valuations.	We evaluated and tested the Group's process and documented policy for loan loss provisioning. For loan loss provisions calculated on an individual basis we tested the factors underlying the impairment identification and quantification including forecasts of future cash flows, valuation of underlying collateral and estimates of recovery on default. For loan loss provisions calculated on a collective basis, we assessed the loan related data and challenged the assumptions used in the valuation models, mainly by back testing. Finally we focused on the adequacy of the Group's financial statement disclosures regarding net investments in leased assets, loans and advances and the related loan loss provisions.

Other information included in the Group's 2016 Annual Report

Other information consists of the information included in the Group's 2016 Annual Report, other than the separate and consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2016 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the separate and consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and the Audit Committee for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Parent's and Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent's and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent and Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner in charge of the audit resulting in this independent auditor's report is Pria Narinesingh.

Ernst + Young

Port of Spain,
TRINIDAD:
21 March 2017

ANSA MERCHANT BANK LIMITED
SEPARATE AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016
(Expressed in thousands of Trinidad and Tobago dollars)

Parent 31 Dec 2015	Parent 31 Dec 2016		Notes	Group 31 Dec 2016	Group 31 Dec 2015
		Assets			
302,985	286,015	Cash and short-term funds	4	766,104	720,084
–	–	Fixed deposits		124,947	148,514
1,005,106	1,056,495	Net investment in leased assets and other instalment loans	5	1,427,928	1,003,373
800,290	697,428	Loans and advances	6	876,251	866,310
609,748	600,215	Investment securities	7	3,282,742	3,254,141
8,904	6,666	Interest receivable		29,103	36,178
–	–	Insurance receivables	9	47,648	37,170
45,250	51,871	Other debtors and prepayments	10	57,586	50,305
–	–	Reinsurance assets	21	182,506	172,082
1,219	1,219	Taxation recoverable		2,417	1,515
632,500	810,320	Investment in subsidiaries	11	–	–
–	–	Investment properties	12	139,268	138,483
1,502	1,351	Property and equipment	13	182,798	28,583
–	–	Intangible assets	14	136,361	133,762
20,598	20,179	Deferred tax asset	15	24,374	29,665
9,278	9,374	Employee benefit asset	16	129,089	118,395
3,437,380	3,541,133	Total assets		7,409,122	6,738,560
		Liabilities			
1,175,593	1,125,556	Customers' deposits and other funding instruments	18	2,305,241	1,996,965
10,153	–	Bank overdraft	4	–	10,153
65,673	71,323	Accrued interest and other payables	17	139,719	103,287
911,415	1,004,330	Debt securities in issue	19	1,004,330	911,415
9,722	8,884	Taxation payable		14,597	11,468
2,878	4,339	Deferred tax liability	15	149,118	125,354
431	385	Employee benefit obligation	16	4,525	4,075
–	–	Investment contract liabilities	20	224,936	210,231
–	–	Insurance contract liabilities	21	1,364,492	1,325,160
2,175,865	2,214,817	Total liabilities		5,206,958	4,698,108
		Equity			
667,274	667,274	Stated capital	23	667,274	667,274
146,908	162,303	Statutory reserve fund		178,247	162,852
–	–	Statutory surplus reserve		57,327	57,327
5,056	5,366	General loan loss reserve		5,366	5,056
159	922	Foreign currency reserve		1,767	–
442,118	490,451	Retained earnings		1,291,663	1,147,456
1,261,515	1,326,316	Equity attributable to the equity holders of the parent		2,201,644	2,039,965
–	–	Non-controlling interest		520	487
1,261,515	**1,326,316**	**Total equity**		**2,202,164**	**2,040,452**
3,437,380	**3,541,133**	**Total liabilities and equity**		**7,409,122**	**6,738,560**

The accompanying notes form an integral part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 21 March 2017 and signed on its behalf by:

Ray A. Sumairsingh
Director

Gregory N. Hill
Director

ANSA MERCHANT BANK LIMITED
SEPARATE AND CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016
(Expressed in thousands of Trinidad and Tobago dollars)

Parent 2015	Parent 2016		Notes	Group 2016	Group 2015
–	–	Net insurance revenue	24	314,101	293,833
175,111	187,512	Finance charges, loan fees and other interest income	25	197,318	174,894
67,607	65,596	Investment income	26	149,056	146,371
48,854	51,850	Other income	27	153,304	106,022
291,572	304,958	**Total operating income**		813,779	721,120
–	–	Net insurance benefits and claims incurred	28	(201,430)	(182,677)
(48,411)	(60,688)	Interest expense	29	(84,636)	(68,065)
31,542	3,442	Write back of provision for impairment of investments	30	5,606	37,973
(15,112)	305	Write back/(provision) for losses on loans and advances	5, 6	163	(15,112)
259,591	248,017	**Net operating income**		533,482	493,239
(17,932)	(16,365)	Marketing and policy expenses	31	(65,840)	(65,127)
(24,977)	(22,853)	Personnel expenses	32	(70,502)	(59,180)
(1,322)	(518)	Depreciation	13	(11,465)	(3,723)
(2,160)	(2,160)	Management fees		(8,597)	(8,558)
(19,155)	(10,633)	General administrative expenses	33	(55,050)	(59,376)
(65,546)	(52,529)	**Total selling and administration expenses**		(211,454)	(195,964)
194,045	195,488	**Net profit before taxation**		322,028	297,275
(24,286)	(42,427)	Taxation	34	(70,281)	(49,828)
169,759	153,061	**Profit for the year**		251,747	247,447
		Profit attributable to:			
169,759	153,061	Equity holders of the Parent		251,714	247,424
–	–	Non-controlling interest		33	23
169,759	153,061			251,747	247,447
		Basic and diluted earning per share ($ per share)		2.94	2.89
		Weighted average number of shares ('000)		85,605	85,605

The accompanying notes form an integral part of these financial statements.

ANSA MERCHANT BANK LIMITED
SEPARATE AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016
(Expressed in thousands of Trinidad and Tobago dollars)

Parent 2015	Parent 2016		Notes	Group 2016	Group 2015
169,759	153,061	**Profit for the year**		251,747	247,447
		Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
(106)	763	Net gain/(loss) on investment securities at fair value through other comprehensive income		–	–
(451)	(38)	Experience losses on defined benefit plans	16 (b)	(483)	(6,846)
113	(22)	Income tax effect	15	(1,139)	1,712
(338)	(60)			(1,622)	(5,134)
(444)	703			(1,622)	(5,134)
		Other comprehensive income that may be reclassified subsequently to profit and loss, net of tax			
–	–	Exchange differences on translation of foreign operations		1,767	–
169,315	153,764	**Total comprehensive income for the year, net of tax**		251,892	242,313
		Attributable to:			
169,315	153,764	Equity holders of the Parent		251,859	242,290
–	–	Non-controlling interest		33	23
169,315	153,764			251,892	242,313

The accompanying notes form an integral part of these financial statements.

ANSA MERCHANT BANK LIMITED
SEPARATE AND CONSOLIDATED STATEMENT OF EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016
(Expressed in thousands of Trinidad and Tobago dollars)

Parent	Stated capital	Statutory reserve fund	General loan loss reserve	Foreign currency reserve	Retained earnings	Total equity
Balance as at 31 December 2014	667,274	129,932	4,977	265	379,778	1,182,226
Profit for the year	–	–	–	–	169,759	169,759
Other comprehensive income for the year	–	–	–	(106)	(338)	(444)
Transfer to general loan loss reserve	–	–	79	–	(79)	–
Transfer to statutory reserve fund (restated)	–	16,976	–	–	(16,976)	–
Dividends (Final 2014 and Interim 2015) (Note 44)	–	–	–	–	(89,886)	(89,886)
Other reserve movements	–	–	–	–	(140)	(140)
Balance as at 31 December 2015	667,274	146,908	5,056	159	442,118	1,261,515
Profit for the year	–	–	–	–	153,061	153,061
Other comprehensive income for the year	–	–	–	763	(60)	703
Transfer to general loan loss reserve	–	–	310	–	(310)	–
Transfer to statutory reserve fund	–	15,395	–	–	(15,395)	–
Dividends (Final 2015 and Interim 2016) (Note 44)	–	–	–	–	(89,886)	(89,886)
Other reserve movements	–	–	–	–	923	923
Balance as at 31 December 2016	667,274	162,303	5,366	922	490,451	1,326,316

Group	Stated capital	Statutory reserve fund	Statutory surplus reserve	General loan loss reserve	Foreign currency reserve	Retained earnings	Total equity attributable to equity holders of the parent	Non-controlling interest	Total equity
Balance as at 31 December 2014	667,274	145,876	53,101	4,977	265	1,016,271	1,887,764	464	1,888,228
Profit for the year	–	–	–	–		247,424	247,424	23	247,447
Other comprehensive income for the year	–	–	–	–	–	(5,134)	(5,134)	–	(5,134)
Other life insurance reserve movements	–	–	–	–	–	57	57	–	57
Transfer to general loan loss reserve	–	–	–	79	–	(79)	–	–	–
Transfer to statutory surplus reserve	–	–	4,226	–	–	(4,226)	–	–	–
Transfer to statutory reserve fund (restated)	–	16,976	–	–	–	(16,976)	–	–	–
Dividends (Final 2014 and Interim 2015) (Note 44)	–	–	–	–	–	(89,886)	(89,886)	–	(89,886)
Other reserve movements	–	–	–	–	(265)	5	(260)	–	(260)
Balance as at 31 December 2015	667,274	162,852	57,327	5,056	–	1,147,456	2,039,965	487	2,040,452
Profit for the year	–	–	–	–	–	251,714	251,714	33	251,747
Other comprehensive income for the year	–	–	–	–	1,767	(1,622)	145	–	145
Other life insurance reserve movements	–	–	–	–	–	(325)	(325)	–	(325)
Transfer to general loan loss reserve	–	–	–	310	–	(310)	–	–	–
Transfer to statutory reserve fund	–	15,395	–	–	–	(15,395)	–	–	–
Dividends (Final 2015 and Interim 2016) (Note 44)	–	–	–	–	–	(89,886)	(89,886)	–	(89,886)
Other reserve movements	–	–	–	–	–	31	31	–	31
Balance as at 31 December 2016	667,274	178,247	57,327	5,366	1,767	1,291,663	2,201,644	520	2,202,164

The accompanying notes form an integral part of these financial statements.

ANSA MERCHANT BANK LIMITED
SEPARATE AND CONSOLIDATED STATEMENT OF CASH FLOWS
AS AT 31 DECEMBER 2016
(Expressed in thousands of Trinidad and Tobago dollars)

Parent			Notes	Group	
2015	2016			2016	2015
		Cash flows from operating activities			
194,045	195,488	Profit before taxation		322,028	297,275
		Adjustments for:			
87	102	Employee benefits	16	(3,027)	(3,158)
–	–	(Gain)/loss on disposal of property and equipment		(1,256)	1,727
1,322	518	Depreciation	13	11,465	3,723
9,816	257	Impairment on investments	30	(2,089)	9,818
(960)	(590)	Amortisation of investment securities and interest capitalised		(10,063)	(15,811)
15,112	(305)	(Write back)/provisions for losses on loans and advances	5,6	(163)	15,112
(2,253)	3,037	Loss/(gain) on revaluation of investments	26	8,774	25,548
–	–	Gain on revaluation of investment property	12	–	(455)
(3,195)	(2,742)	Loss/(gain) on sale of investment securities	26	10,207	(2,827)
(30,994)	(59,979)	Interest income		(142,369)	(145,020)
5,730	–	Write-off of capital expenditure and other receivables	33	–	5,730
48,411	60,688	Finance costs	29	84,636	68,065
(1,172)	(5,335)	Foreign exchange gains		(61,415)	(11,929)
235,949	191,139	Operating profit before working capital changes		216,728	247,798
(221,913)	51,777	(Increase)/decrease in investment in leased assets and loans and advances		(258)	(209,102)
(12,786)	(6,622)	Decrease/(increase) in interest receivable and debtors and prepayments		16,809	(98,226)
(147,681)	(50,037)	Decrease in customers' deposits and other funding instruments		(264,316)	(317,167)
(17,850)	4,372	(Decrease)/increase in accrued interest and other payables		(2,081)	(19,828)
3,659	(17,837)	(Increase)/decrease in Central Bank reserve account		(17,946)	3,659
–	–	Increase in insurance and investment contracts		54,037	136,935
(160,622)	172,792			2,973	(255,931)
(45,152)	(59,413)	Finance costs paid		(78,873)	(64,183)
29,157	62,218	Interest received on investments		150,860	143,048
(37,540)	(39,966)	Taxes paid		(61,050)	(56,036)
(214,157)	135,631	Cash generated from/(used in) operating activities		13,910	(233,102)
		Cash flows from investing activities			
–	–	Placement of fixed deposits		(120,684)	(153,895)
–	–	Maturity of fixed deposits		146,332	145,213
–	–	Proceeds from sale of fixed assets		4,709	–
(167)	(367)	Additions to fixed assets and investment properties	13,14	(18,210)	(8,436)
(747,634)	(694,754)	Purchase of investments		(1,619,320)	(1,413,832)
874,969	725,933	Sale or maturity of investments		1,767,532	1,585,955
–	(77,053)	Acquisition of business, net of cash acquired	41	(44,467)	(1,873)
127,168	(46,241)	Net cash generated from/(used in) investing activities		115,892	153,132
		Cash flows from financing activities			
498,984	42,837	Issue of debt securities		42,837	498,984
(350,000)	(66,994)	Repayment of debt securities		(66,994)	(350,000)
(89,886)	(89,886)	Dividends paid	44	(89,886)	(89,886)
59,098	(114,043)	Net cash (used in)/generated from financing activities		(114,043)	59,098
(27,891)	(24,653)	**Net increase/(decrease) in cash and cash equivalents**		15,759	(20,872)
253,016	225,125	**Cash and cash equivalents at the beginning of the year**		642,224	663,096
225,125	200,472	**Cash and cash equivalents at the end of the year**		657,983	642,224
		Represented by:			
235,278	200,472	Cash and cash equivalents	4	657,983	652,377
(10,153)	–	Bank overdraft	4	–	(10,153)
225,125	200,472			657,983	642,224
		Supplemental information:			
205,774	96,289	Interest and dividends received		306,558	312,355
45,152	59,413	Interest paid		66,145	65,649

The accompanying notes form an integral part of these financial statements.

1. Principal activities of the Group

ANSA Merchant Bank Limited (the 'Bank' or 'Parent') is domiciled and was incorporated in the Republic of Trinidad and Tobago on 3 March 1977. Its registered office is located at ANSA Centre, 11 Maraval Road, Port of Spain. The Bank is licensed under the provisions of the Financial Institutions Act 2008 to carry on the following classes of business:

- Confirming House/Acceptance House
- Finance House/Finance Company
- Leasing Corporation
- Mortgage Institution
- Merchant Bank
- Trust Company
- Unit Trust
- Financial Services

The Bank has also been granted full Authorised Dealer Status by the Central Bank of Trinidad and Tobago under Section 5 of the Exchange Control Act, Chapter 79:50 and is authorised to take deposits, grant credit facilities and otherwise deal in foreign currency consistent with the terms of its licence.

The Bank has a primary listing on the Trinidad & Tobago Stock Exchange and was registered by the Trinidad and Tobago Securities and Exchange Commission as a reporting issuer on 18 December 1997. On 6 May 1999 under the Securities Industries Act 1995 the Bank was registered to conduct business as a securities company.

The ANSA Merchant Bank Group (the 'Group') is a financial services group comprising of the Parent and six subsidiaries at 31 December 2016. A full listing of the Group's subsidiaries is detailed in Note 11. The Group is engaged in a wide range of banking and financial related activities and carries on all classes of long-term and short-term insurance business and the rental of property in Trinidad and Tobago and the Caribbean. The ultimate parent of the Group is ANSA McAL Limited ('Ultimate Parent') which is incorporated in the Republic of Trinidad and Tobago.

2. Significant accounting policies

i) Basis of preparation

These financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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2. Significant accounting policies (continued)

i) Basis of preparation (continued)

These financial statements have been prepared on a historical cost basis, except for the fair value measurement of trading investment securities, investment properties and other financial assets not held in a business model whose objective is to hold assets to collect contractual cash flows or whose contractual terms do not give rise solely to payments of principal and interest.

The financial statements are presented in Trinidad and Tobago dollars (TT$) which is the functional currency of the Parent and all values are rounded to the nearest thousand, except when otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in the financial statements.

Presentation of financial statements

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense are not offset in the statement of income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

The Group presents its statement of financial position broadly in order of liquidity. An analysis of recovery or settlement in the 12 months after the statement of financial position date (current) and greater than 12 months after the statement of financial position date (non-current) is presented in Note 40.

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2. Significant accounting policies (continued)

i) Basis of preparation (continued)

Basis of consolidation

The consolidated financial statements comprise the financial statements of ANSA Merchant Bank Limited and its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

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2. Significant accounting policies (continued)

i) Basis of preparation (continued)

Basis of consolidation (continued)

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The Bank established open-ended mutual funds in the following periods:

- 2005: ANSA Secured Fund
- 2007: ANSA US$ Secured Fund
- 2010: ANSA TT$ Income Fund and ANSA US$ Income Fund

The Bank acts as the sponsor, investment manager, administrator and distributor of the Funds.

These mutual funds are financed through the issue of units to investors in the funds. The Group generates fees from managing the assets of the mutual funds and the Group's retirement benefit plans on behalf of third party interests. For the year ended 31 December 2016, the Group earned $6 million (2015: $6.8 million) in management fees from the retirement plans and $18.8 million (2015: $17.7 million) from the mutual funds.

The Group holds an interest of $66 million in sponsored funds as at 31 December 2016 (2015: $64.8 million). The maximum exposure to loss in these funds is the carrying value of the assets held by the Group.

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2. Significant accounting policies (continued)

i) Basis of preparation (continued)

Basis of consolidation (continued)

The Bank re-assessed whether or not it controls any investee in accordance with IFRS 10 – Consolidated Financial Statements. This assessment also extended to the Bank's open-ended mutual funds. The criteria for control includes:

- The power to govern the financial and operating policies;
- Exposure, or rights, to variable returns from its involvement; and
- The ability to use its power over the investee to affect the amount of the investor's returns.

Based on the application of this criteria, the Bank has consolidated the Funds into these financial statements. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The Parent accounts for investments in subsidiaries on a cost basis.

ii) Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015 except for the adoption of new standards and interpretations noted below.

New and amended standards and interpretations

The Group applied, for the first time, certain standards and amendments that became applicable for the 2016 financial year, however there was no impact on the amounts reported and/or disclosures in the financial statements.

2. Significant accounting policies (continued)

ii) Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception – Effective 1 January 2016

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments had no impact on the Group.

Amendments to IAS 1 – Disclosure Initiative – Effective 1 January 2016

The amendments to IAS 1 - Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1;
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated;
- That entities have flexibility as to the order in which they present the notes to financial statements; and

2. Significant accounting policies (continued)

ii) Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

Amendments to IAS 1 – Disclosure Initiative – Effective 1 January 2016 (continued)

- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statements of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments had no impact on the Group.

Amendments to IAS 27 - Equity Method in Separate Financial Statements – Effective 1 January 2016

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments have no impact on the Group's financial statements.

2. Significant accounting policies (continued)

ii) Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation – Effective 1 January 2016

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments had no impact on the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

Annual Improvements to IFRSs 2012-2014 Cycle - Published September 2014

Certain limited amendments, which primarily consist of clarifications to existing guidance, were made to the following standards and are not expected to have a material impact on the financial statements:

2. Significant accounting policies (continued)

ii) Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

Annual Improvements to IFRSs 2012-2014 Cycle - Published September 2014 (continued)

- IFRS 5, 'Non-current Assets Held for Sale and Discontinued Operations'
- IFRS 7, 'Financial Instruments: Disclosures'
- IAS 19, 'Employee Benefits'
- IAS 34, 'Interim Financial Reporting'

These improvements are effective for annual periods beginning on or after 1 January 2016 and had no impact on the Group.

Standards issued but not yet effective

The Group is currently assessing the potential impact of the following new standards and interpretations and will adopt them when they are effective.

- Amendments to IAS 7 – Disclosure Initiative – Effective 1 January 2017.
- Amendments to IAS 12 – Recognition of Deferred Tax Asset for Unrealised Losses - Effective 1 January 2017.
- Amendments to IFRS 4 – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – Effective 1 January 2018.
- IFRS 9, Phases 2 and 3 – Effective 1 January 2018.
- IFRS 15, 'Revenue from Contracts with Customers' – Effective 1 January 2018.
- IFRS 16, 'Leases' – Effective 1 January 2019.

iii) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

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2. Significant accounting policies (continued)

iii) Business combinations and goodwill (continued)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 - Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in the statement of profit and loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that is expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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2. Significant accounting policies (continued)

iii) Business combinations and goodwill (continued)

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in this circumstance is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

iv) Cash and short-term funds

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original contractual maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

v) Statutory deposits with Central Banks

Pursuant to the provisions of Trinidad and Tobago, the Central Bank Act 1964 and the Financial Institutions Act 2008, the Bank is required to maintain with the Central Bank of Trinidad and Tobago statutory balances in relation to deposit liabilities and certain funding instruments of the institutions.

In addition, Consolidated Finance Co. Limited, a subsidiary of the Group, is required to maintain with the Central Bank of Barbados statutory deposit balances in relation to deposit liabilities. Those funds are not available to finance the subsidiary's day-to-day operations.

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2. Significant accounting policies (continued)

vi) Financial instruments

IFRS 9, 'Financial Instruments: Classification and Measurement'

The Group early adopted IFRS 9, 'Financial Instruments' (Phase 1) (as issued in November 2009 and revised in November 2013), effective 1 January 2018. The Group applied the exemption given in the transitional provision for early application of IFRS 9.

Financial assets

a) Initial recognition and subsequent measurement

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Amortised cost and effective interest method

Debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss (except for debt instrument that are designated as at fair value through the statement of income on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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2. Significant accounting policies (continued)

vi) Financial instruments (continued)

Financial assets (continued)

a) Initial recognition and subsequent measurement (continued)

Amortised cost and effective interest method (continued)

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost. Interest income is recognised in the statement of income and is included in Note 26.

Financial assets at fair value through other comprehensive income (FVOCI)

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVOCI. Designation at FVOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

2. Significant accounting policies (continued)

vi) Financial instruments (continued)

Financial assets (continued)

a) Initial recognition and subsequent measurement (continued)

Financial assets at fair value through other comprehensive income (FVOCI) (continued)

Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to the statement of income on disposal of the investments.

The Group does not have any equity instruments that are carried at FVOCI on initial application of IFRS 9 – *Financial Instruments*.

Financial assets at fair value through statement of income (FVSI)

Investments in equity instruments are classified as FVSI, unless the Group designates an investment that is not held for trading as fair value through other comprehensive income (FVOCI) on initial recognition. The Group has designated all investments in equity instruments that are held for trading as FVSI on initial application of IFRS 9.

Debt instruments that do not meet the amortised cost criteria are measured as FVSI. In addition, debt instruments that meet the amortised cost criteria but are designated as FVSI are measured at FVSI. A debt instrument may be designated as FVSI upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

2. Significant accounting policies (continued)

vi) Financial instruments (continued)

Financial assets (continued)

a) Initial recognition and subsequent measurement (continued)

Financial assets at fair value through statement of income (FVSI) (continued)

Debt instruments are reclassified from amortised cost to FVSI when the business model is changed such that the amortised cost criteria are no longer met. Reclassification of debt instruments that are designated as FVSI on initial recognition is not allowed. The Group has not designated any debt instrument as FVSI.

Financial assets at FVSI are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the statement of income. The net gain or loss recognised in the statement of income is included in Note 26. Fair value is determined in the manner described in Note 37.

Interest income on debt instruments designated at FVSI is included in the net gain or loss described above.

Dividend income on investments in equity instruments at FVSI is recognised in the statement of income when the Group's right to receive the dividends is established in accordance with IAS 18 '*Revenue*' and is included in the net gain or loss described above.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. The foreign exchange component forms part of its fair value gain or loss.

2. Significant accounting policies (continued)

vi) Financial instruments (continued)

Financial assets (continued)

a) Initial recognition and subsequent measurement (continued)

Foreign exchange gains and losses (continued)

Therefore:

- for financial assets that are classified as FVSI, the foreign exchange component is recognised in the statement of income; and
- for financial assets that are designated as FVOCI, any foreign exchange component is recognised in other comprehensive income.

For foreign currency denominated debt instruments measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the financial assets and are recognised in the 'investment income' line item in the statement of income.

b) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2. Significant accounting policies (continued)

vi) Financial instruments (continued)

Financial assets (continued)

b) Impairment of financial assets *(continued)*

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding credit losses that have not yet been incurred) reflecting the amount of collateral and guarantee, discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

2. Significant accounting policies (continued)

vi) Financial instruments (continued)

Financial assets (continued)

c) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the statement of income. On derecognition of a financial asset that is classified as FVOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to the statement of other comprehensive income, but is reclassified to retained earnings.

Financial liabilities

a) Initial recognition and subsequent measurement

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through the statement of income, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge as appropriate.

2. Significant accounting policies (continued)

vi) Financial instruments (continued)

Financial liabilities (continued)

a) Initial recognition and subsequent measurement *(continued)*

The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value. The Group's financial liabilities include other payables, bank overdrafts, deposit liabilities and debt securities in issue. The Group has not designated any financial liabilities upon initial recognition as at fair value through statement of income.

b) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognising of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of income.

vii) Fair value measurement

The Group measures certain financial instruments at fair value at each year end. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 37. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

2. Significant accounting policies (continued)

vii) Fair value measurement (continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Insurance contracts

With the exception of insurance contracts which are specifically excluded under IFRS 7, the estimated fair values of certain financial instruments have been determined using available market information or other appropriate valuation methodologies that require judgment in interpreting market data and developing estimates.

Consequently, estimates made do not necessarily reflect the amounts that the Group would realise in a current market exchange. The use of different assumptions and/or different methodologies may have a material effect on the fair values estimated. The fair value information is based on information available to management as at the dates presented.

Although management is not aware of any factors that would significantly affect the fair value amounts, such amounts have not been comprehensively revalued for the purposes of these financial statements and, therefore, the current estimates of the fair value may be significantly different from the amounts presented herein.

Short-term financial assets and liabilities

The carrying amount of short-term financial assets and liabilities comprising cash and short-term funds, fixed deposits, interest receivable and insurance receivable and other debtors, customer deposits and other funding instruments, accrued interest and other payables are a reasonable estimate of their fair values because of the short maturity of these instruments.

2. Significant accounting policies (continued)

vii) Fair value measurement (continued)

Investment securities

The fair value of trading investments is based on market quotations, when available. When market quotations are not readily available, fair values are based on discounted cash flows or estimated using quoted market prices of similar investments. In the absence of a market value, discounted cash flows will approximate fair value. This process relies on available market data to generate a yield curve for each country in which valuations were undertaken, using interpolated results where there were no market observable rates.

In pricing callable bonds, where information is available, the price of a callable bond is determined as at the call date using the yield to worst. For bonds with irregular cash flows (sinking funds, capitalisation of interest, moratoria, amortisations or balloon payments) a process of iteration using the internal rate of return is used to arrive at bond values. Yields on all tax-free bonds are grossed-up to correspond to similar taxable bonds at the prevailing rate of corporation tax.

Loans and advances

The estimated fair value for performing loans is computed as the future cash flows discounted and the yield to maturity based on the carrying values as the inherent rates of interest in the portfolio as those rates approximate market conditions. When discounted, the cash flow values are equal to the carrying value.

Debt securities in issue

The Group values the debt and asset-backed securities using valuation models which use discounted cash flow analysis which incorporates either only observable data or both observable and non-observable data. Observable inputs include assumptions regarding current rates of interest and real estate prices; unobservable inputs include assumptions regarding expected future default rates, prepayment rates and liquidity discounts.

Determination of fair value and fair value hierarchies

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2. Significant accounting policies (continued)

vii) Fair value measurement (continued)

Determination of fair value and fair value hierarchies (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

<u>Level 1</u>

Included in the Level 1 category are financial assets and liabilities that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

<u>Level 2</u>

Included in the Level 2 category are financial assets and liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Group's own models whereby the majority of assumptions are market observable.

2. Significant accounting policies (continued)

vii) Fair value measurement (continued)

Determination of fair value and fair value hierarchies (continued)

<u>Level 3</u>

Included in the Level 3 category are financial assets and liabilities that are not quoted as there are no active markets to determine a price. These financial instruments are held at cost, being the fair value of the consideration paid for the acquisition of the investment, and are regularly assessed for impairment.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

viii) Repurchase and reverse repurchase agreements

Securities sold subject to a linked repurchase agreement ('repo') are retained in the financial statements as trading securities and the counterparty liability is included in amounts due to other banks, deposits from banks or other deposits as appropriate. Securities purchased under an agreement to resell ('reverse repo') are recorded as loans and advances to other banks. The difference between the sale and repurchase price is treated as interest and accrued over the life of the repo agreement using the effective yield.

2. Significant accounting policies (continued)

ix) Product classification

Insurance contracts

IFRS 4 - Insurance Contracts defines insurance contracts as those containing significant insurance risk at the inception of the contract. The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect. Long-term insurance contracts include those contracts with and without discretionary participation features ('DPF'). For insurance contracts with DPFs, the guaranteed element has not been recognised separately. Changes to the insurance contract liability are recognised in the statement of income as an item of expense.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

Investment contracts

Any insurance contracts not considered to be transferring significant risk are, under IFRS, classified as investment contracts. Deposits collected and benefit payments under investment contracts are not accounted for through the statement of income, but are accounted for directly through the statement of financial position as a movement in the investment contract liability. Changes in the fair value of financial assets backing investment contracts are recognised in the statement of income as investment income.

x) Interest bearing debt and borrowings

Borrowings and interest bearing debt are initially recognised at the fair value of the consideration received, net of transaction costs incurred. After initial recognition, these borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any transaction cost discount or premium on issue. Gains and losses are recognised in the income statement when the liabilities are derecognised, as well as through the amortisation process.

2. **Significant accounting policies** (continued)

xi) Insurance receivables

Insurance receivables are recognised when due. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the statement of income.

xii) Reinsurance assets

The Group cedes reinsurance in the normal course of business. Reinsurance assets primarily include balances due from reinsurance companies for ceded insurance liabilities. Premiums on reinsurance assumed are recognised as revenue in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Amounts due to reinsurers are estimated in a manner consistent with the associated reinsured policies and in accordance with the reinsurance contract. Premiums ceded and claims reimbursed are presented on a gross basis.

The benefit to which the Group is entitled under its reinsurance contract held is recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contract.

An impairment review is performed on all reinsurance assets when an indication of impairment occurs. Reinsurance assets are impaired only if there is objective evidence that the Group may not receive all amounts due to it under the terms of the contract and it can be measured reliably.

xiii) Taxation

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

2. **Significant accounting policies** (continued)

xiii) Taxation (continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all applicable taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised.

Current and deferred tax shall be recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, outside profit or loss, either in other comprehensive income or directly in equity and a business combination.

xiv) Investment properties

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property, at the time that cost is incurred, if the recognition criteria is met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are measured annually by fair values either by way of Directors' internal valuations or by an accredited external, independent valuator. Directors use discounted cash flow models and assumptions which reflect the market conditions at the reporting date. External valuators apply valuation models recommended by the International Valuation Standards Committee. Each property is externally valued at least once every three years.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of income in the period in which they arise.

2. **Significant accounting policies** (continued)

xiv) Investment properties (continued)

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future economic benefits are expected. Any gain or loss arising on disposal is recognised in the statement of income.

Transfers are made to or from investment property only when there is a change in use. If owner occupied property becomes investment property, the Group accounts for such property in accordance with the policy under property and equipment up to the date of change in use.

xv) Property, equipment and leased assets

Property and equipment are stated at historical cost net of accumulated depreciation and/or accumulated impairment loss, if any. Depreciation is provided on the straight line or reducing balance method at various rates sufficient to write off the cost of the assets over their estimated useful lives. Leasehold improvements are provided on a straight-line basis. All other repair and maintenance costs are recognised in the statement of income as incurred.

The rates used are as follows:	% per annum
Building	2
Motor vehicles	20 - 33⅓
Computer equipment	25 - 33⅓
Leasehold improvements	10 - 20
Office furniture, machinery and equipment	10 - 33⅓
Leased vehicles and equipment	20

2. **Significant accounting policies** (continued)

xv) Property, equipment and leased assets (continued)

Depreciation is computed over the estimated useful life of the asset. The estimated useful lives of property and equipment are reviewed annually and adjusted prospectively if appropriate. Investment property which is owner occupied is accounted for as property and equipment. Where the carrying value of an item of property and equipment exceeds the recoverable amount, the excess would be immediately taken to the statement of income. An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of income.

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The asset's recoverable amount is the higher of the asset's fair value less cost to sell and the value in use.

Repossessed stock, are valued at the lower of the carrying amount and fair value less estimated cost to sell.

xvi) Leases

Finance leases (Group as Lessor)

Leases where the Group is the Lessor and transfers substantially all the risks and rewards of ownership of the leased asset to the lessee is treated as a finance lease. The amount due from customers under such finance lease arrangements is presented in the consolidated statement of financial position as net investment in leased assets.

Operating leases (Group as Lessor)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments received under operating leases are credited to the consolidated statement of income over the period of the lease. Renewal of operating leases is based on mutual agreement between parties prior to the expiration date.

2. Significant accounting policies (continued)

xvi) Leases (continued)

Operating leases (Group as Lessor) (continued)

Assets leased out under operating leases are included in leased assets in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar property and equipment.

xvii) Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Brands

Separately acquired brands are shown at historical cost. Brands acquired in a business combination are recognised at fair value at the acquisition date. Brands have an indefinite useful life and impairment tests are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment.

2. Significant accounting policies (continued)

xviii) Employee benefits

The ANSA McAL Pension Plan for Monthly Paid Employees is a hybrid plan with both defined benefit and defined contribution characteristics for its members. It is governed by trust deed and rules dated 17 September 1965 and encompass all eligible full time employees of the ANSA McAL Group of Companies. The Plan was registered to carry on business in Trinidad and Tobago on 31 October 1973.

The Trustees of the plan have elected to fund the benefits by means of a Segregated Asset Plan with Tatil Life Assurance Limited by way of an agreement dated 1 October 1984. Effective 1 January 2009, the name of the plan was changed to the ANSA McAL Pension Plan for Monthly Paid Employees from Alston's Pension Fund Plan and from this date all new entrants to the Plan were admitted to a defined contribution scheme.

Defined benefit plan

The pension accounting costs for the defined benefit plan are assessed using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Group) and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through the statement of other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods. The maximum economic benefits available, as limited by the asset ceiling will crystallise in the form of reductions in future contributions.

Past service costs are recognised in the statement of income on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises restructuring-related costs.

2. Significant accounting policies (continued)

xviii) Employee benefits (continued)

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under ‘general administration expenses’ in the statement of income (by function) Note 33:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

Other post-employment benefit plan

The Group also provides other post-employment benefits to their retirees. These benefits are unfunded. The entitlement to these benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for the defined benefit plans.

Defined contribution plan

Under the defined contribution plan, the Group has no further payment obligations once the contributions have been paid. Contributions are recognised as an expense when they are due.

2. Significant accounting policies (continued)

xix) Insurance contract liabilities

Life insurance contract liabilities

The provision for a life insurance contract is calculated on the basis of a cash flow matching method where the expected cash flows are based on prudent assumptions depending on the circumstances prevailing. The liability is determined as the sum of the discounted value of the expected benefit payments and the future administration expenses that are directly related to the contract, less the expected discounted value of the actual gross premiums that would be paid over the expected future lifetime of the contract. The liability is based on best estimate assumptions as to mortality, persistency, investment income and maintenance expenses that are expected to prevail over the life of the contract. A margin for adverse developments is added to each best estimate assumption to provide a prudent estimate of possible future claims. Adjustments to the liabilities at each end of reporting period are recorded in the statement of income as an expense.

General insurance contract liabilities

General insurance contract liabilities are based on the estimated ultimate cost of all claims incurred but not settled at year end, whether reported or not. Significant delays can be experienced in the notification and settlement of certain types of general insurance claims, particularly in respect of liability business, therefore the ultimate cost cannot be known with certainty at the statement of financial position date.

Provision for unearned premiums

The proportion of written premiums attributable to subsequent periods is deferred as unearned premiums. The change in the provision for unearned premium is taken to the statement of income in the order that revenue is recognised over the period of risk.

Liability adequacy test

In accordance with IFRS 4, reserving for liabilities existing as at the statement of financial position date from property and casualty lines of business has been tested for adequacy by independent actuarial consultants using the Bornhuetter-Fergusson model.

2. Significant accounting policies (continued)

xix) Insurance contract liabilities (continued)

Liability adequacy test (continued)

The Bornhuetter-Fergusson model can be summarised as follows:

- This valuation method makes an independent estimate of the gross ultimate claims to a corresponding premium for each underwriting year based on expectations of claims arising from the gross premiums written in that year;
- It estimates a claim run-off pattern of how claims emerge year by year until all is known about the total ultimate claim;
- From the independent estimate of gross ultimate claims, the portion that relates to past periods is removed and the resultant balance is the gross claims yet to emerge.

The independent actuaries concluded in their report dated 9 February 2017 that the carrying amounts of the insurance liabilities of the general insurance subsidiary as at 31 December 2016, in respect of incurred but not reported (IBNR) claims and claims from unexpired contracts were adequate.

Provision for unexpired risk

Provision for unexpired risk is computed as a percentage of the provision for unearned premiums at the end of the year. At each statement of financial position date, liability adequacy tests are performed to ensure the adequacy of the insurance liabilities. Any deficiency is charged to the statement of income by subsequently establishing a provision for losses arising from the liability adequacy tests (the unexpired risk provision).

xx) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

2. Significant accounting policies (continued)

xx) Provisions (continued)

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

xxi) Guarantee reserve fund

The Bank has guaranteed 100% return of the principal invested in ANSA Secured Fund and ANSA US$ Secured Fund, subject to minimum period of investment and a fixed minimum yield on the units held subject to a defined period of time, established at the time of purchase.

The Bank establishes a guarantee reserve fund as a liability on its statement of financial position through the statement of income for any shortfalls that may arise under the guarantee, as required. At each end of reporting period, the Bank values these guarantees and any changes required are adjusted accordingly through the statement of income.

xxii) Revenue recognition

Revenue is considered to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment was made. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, and other sales taxes. The following specific recognition criteria must also be met before revenue is recognised.

Loans and advances

Income from loans, including origination fees, is recognised on an amortised basis. Interest is accounted for on the accruals basis except where a loan contractually becomes three months in arrears at which point the accrued interest is suspended and subsequently accounted for on a cash basis until the arrears are cleared.

2. Significant accounting policies (continued)

xxii) Revenue recognition (continued)

Investment income

Interest income is recognised in the statement of income as it accrues, taking into account the effective yield of the asset or an applicable floating rate. Interest income includes the amortisation of any discount or premium on the constant yield basis. Investment income also includes dividends and any fair value changes.

Interest income is accrued until the investment contractually becomes three months in arrears at which time the interest is suspended and then accounted for on a cash basis until the investment is brought up to date.

Dividend income

Dividend income is recognised when the Group's right to receive the payment is established.

Rental income

Rental income from investment property under operating leases is recognised in the statement of income on a straight line basis over the term of the lease.

Premium income

Premiums from life insurance contracts are recognised as revenue when payable by the policyholders. For single premium business this is the date from which the policy becomes effective. For non-life business, premiums written are recognised on policy inception and earned on a pro-rata basis over the term of the related policy coverage.

Premiums written on general insurance policies are recognised on policy inception and earned on a pro-rata basis over the term of the related policy coverage. For single premium business this is the date from which the policy is effective.

Reinsurance premiums

Reinsurance premiums are recognised when the right to receive the gross premium is recognised in accordance with the relevant reinsurance contract.

2. Significant accounting policies (continued)

xxii) Revenue recognition (continued)

Fees and commissions

Unless included in the effective interest calculation, fees are recognised on an accrual basis as the service is provided. Fees and commissions not integral to the effective interest arising from negotiating or participating in the negotiation of a transaction from a third party are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contract.

Other income and expenditure

Other income and expenditure, inclusive of borrowing costs, are brought into account on the accruals basis.

xxiii) Deposit insurance contribution

The Central Bank of Trinidad and Tobago and the Financial Institutions (Non-Banking) (Amendment) Act 1986 of Trinidad and Tobago established a Deposit Insurance Fund for the protection of depositors. An annual premium of 0.2% is levied on the average deposit liability outstanding at the end of each quarter of the preceding year.

The Barbados Deposit Insurance Corporation in accordance with the Deposit Insurance Act 2006-29 of Barbados established a Deposit Insurance Fund for the protection of depositors. An annual premium of 0.05% is levied on the average deposit liability outstanding at the end of each quarter of the preceding year.

xxiv) Benefits and claims

Life insurance

Life insurance business claims reflect the cost of all claims incurred during the year. Death claims and surrenders are recorded on the basis of notifications received. Maturities and annuity payments are recorded when due.

2. **Significant accounting policies** (continued)

xxiv) Benefits and claims (continued)

General insurance

Reported outstanding general insurance claims comprise the estimated costs of all claims incurred but not settled at the end of the reporting period, less any reinsurance recoveries. In estimating the liability for the cost of reported claims not yet paid, the Group considers any information available from adjusters and information on the cost of settling claims with similar characteristics in previous periods. Provision is made for claims incurred but not reported (IBNR) until after the end of the reporting period. Differences between the provisions for outstanding claims and subsequent revisions and settlement are included in the statement of income in the year the claims are settled.

Reinsurance claims

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant reinsurance contract.

xxv) Lapses - Life Insurance

Policies will lapse and the Group's liability will cease:

i. At the end of the grace period (30 days) for any unpaid premium unless the premium or part of it is advanced under the automatic premium loan provision or the policy is changed to paid up or;
ii. At the end of the pro-rated period for which insurance is provided if part of an unpaid premium was advanced under the automatic loan provision; or
iii. At the end of the 30 day period following the mailing of a lapse notice indicating that the indebtedness equals or exceeds the gross cash value.

xxvi) Foreign currency translation

Functional and presentation currency

The individual financial statements of each group entity is presented in the currency of the primary economic environment, in which the entity operates (its functional currency). The separate and consolidated financial statements are expressed in Trinidad and Tobago dollars, which is the functional currency of the parent.

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2. **Significant accounting policies** (continued)

xxvi) Foreign currency translation (continued)

Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are expressed in Trinidad and Tobago Dollars at rates of exchange ruling at the statement of financial position date. Non-monetary assets and liabilities are translated using exchange rates that existed at the date of the initial transaction. All revenue and expenditure transactions denominated in foreign currencies are translated at mid-exchange rates and the resulting profits and losses on exchange from these trading activities are dealt with in the statement of income.

Foreign entities

On consolidation, the assets and liabilities of foreign operations are translated into Trinidad and Tobago Dollars at the rate of exchange prevailing at 31 December and their statements of profit or loss are translated at an average exchange rate. The exchange differences arising on translation for consolidation are recognised in OCI.

xxvii) Equity movements

Stated capital

Ordinary stated capital is classified within equity and is recognised at the fair value of the consideration received by the Group. Incremental costs directly attributable to the issue of new shares are shown as a reduction in equity, net of tax. As equity is repurchased, the amount of consideration paid is recognised as a charge to equity and reported in the statement of financial position as treasury shares.

Dividends on ordinary share capital

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Group's Board of Directors. Dividends are deducted from equity when they are paid.

Dividends for the year that are approved after the statement of financial position date are dealt with as an event after the end of reporting date.

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2. **Significant accounting policies** (continued)

xxviii) Statutory reserve fund

The Financial Institutions Act 2008 of Trinidad and Tobago requires that not less than 10% of the net profit of the Bank after deduction of taxes in each year be transferred to a statutory reserve fund until the balance standing to the credit of this reserve is equal to the paid up capital of the Bank.

The Financial Institutions Act 1996 of Barbados, requires that a minimum of 15% of annual net income be appropriated to a reserve fund until the balance of such funds equals the stated capital of Consolidated Finance Co Limited.

xxix) Catastrophe reserve

On an annual basis, the Group determines an amount that is transferred to a catastrophe reserve. This is treated as an appropriation of retained earnings and is disclosed as part of the statutory reserve fund in the statement of financial position.

xxx) Statutory surplus reserve

As required by Section 171 of the Insurance Act 1980 of Trinidad and Tobago at least 25% of an insurance company's profit from general insurance business, for the preceding year is to be appropriated towards a statutory surplus reserve until such surplus equals or exceeds the reserves in respect of its outstanding unexpired policies. This reserve is not distributable.

xxxi) General loan loss reserve

The Bank has established a general reserve for loan losses in accordance with the guidelines issued by the Central Bank of Trinidad and Tobago. The reserve has been calculated at one half of one percent of the loan balance at the year-end and encompasses hire purchase loans, finance leases and premium financing loans after deducting unearned finance charges. This reserve has been accounted for as an appropriation of retained earnings and is disclosed in the statement of changes in equity.

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2. **Significant accounting policies** (continued)

xxxii) Earnings per share

Earnings per share have been calculated by taking the profit for the year attributable to shareholders over the weighted average number of ordinary shares outstanding during the year net of treasury shares (2016: $2.94; 2015: $2.89). There are no dilutive ordinary shares in issue.

xxxiii) Salvage and subrogation reimbursements

Some insurance contracts permit the Group to sell (usually damaged) property acquired in settling a claim (salvage). Salvage is recognised on a cash receipts basis.

The Group may also have the right to pursue third parties for payment of some or all costs (subrogation). Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognised in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

xxxiv) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of the recoverable amount. A previous impairment loss is reversed only if there has been a change in the estimate used to determine the asset's recoverable amount since the last impairment loss was recognised.

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2. Significant accounting policies (continued)

xxxiv) Impairment of non-financial assets (continued)

If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the assets in prior years. Such reversal is recognised in the statement of income unless the asset is carried at the revalued amount, in which case the reversal is treated as a revaluation increase.

3. Significant accounting judgements and estimates in applying Group policies

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Financial instruments risk management (Note 38)
- Capital management (Note 39)

3. Significant accounting judgements and estimates in applying Group policies (continued)

i) Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the separate and consolidated financial statements:

Finance lease commitments – Group as lessor (Note 5)

Leases are classified as finance leases whenever the terms of the leases transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease commitments – Group as lessor (Note 12)

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Property and equipment (Note 13)

Management exercises judgement in determining whether costs incurred can accrue sufficient future economic benefits to the Group to enable the value to be treated as a capital expense. Further judgement is used upon annual review of the residual values and useful lives of all capital items to determine any necessary adjustments to carrying value.

3. Significant accounting judgements and estimates in applying Group policies (continued)

i) Judgements (continued)

Impairment of financial assets

Management makes judgements at each statement of financial position date to determine whether financial assets are impaired. Financial assets are impaired when the carrying value is greater than the recoverable amount and there is objective evidence of impairment. The recoverable amount is the present value of the future cash flows.

Assessment of control

Management uses judgement in performing a control assessment review on all mutual funds and retirement plans sponsored by the Group and its subsidiaries. This assessment revealed that the Group is able to exercise control, as defined by IFRS 10, over the activities of the funds. However this control does not extend to the Group's retirement plans.

ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the separate and consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of goodwill (Note 14)

The Group assesses whether there are any indicators that goodwill is impaired at each reporting date. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

3. Significant accounting judgements and estimates in applying Group policies (continued)

ii) Estimates and assumptions (continued)

Impairment of goodwill (Note 14) (continued)

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-generating units is less than their carrying amount an impairment loss is recognised. The Group performs its annual impairment test of goodwill as at 31 December. Previously recorded impairment losses for goodwill are not reversed in future periods.

When goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operations within that unit is disposed of, the goodwill associated with the operations disposed of is included in the carrying amount of the operation to determine the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operations disposed of and the portion of the cash-generating units retained.

Deferred taxes (Note 15)

In calculating the provision for deferred taxation, management uses judgment to determine the possibility that future taxable profits will be available to facilitate utilisation of temporary tax differences which may arise.

Pension and other post-employment benefits (Note 16)

The cost of defined benefit pension plans and other post-employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

Insurance contract liabilities (Note 21)

The estimation of the ultimate liability arising from claims made under life and general insurance contracts is an accounting estimate. There are several sources of uncertainty that need to be considered in the estimation of the liability that the Group will ultimately pay for those claims.

(Expressed in thousands of Trinidad and Tobago dollars)

3. Significant accounting judgements and estimates in applying Group policies (continued)

ii) Estimates and assumptions (continued)

Insurance contract liabilities (Note 21) (continued)

For the life insurance contracts, estimates are made as to the expected number of deaths for each of the years in which the Group is exposed to risk. The Group based these estimates on standard industry mortality tables that reflect historical mortality experience, adjusted where appropriate to reflect the Group's unique risk exposure. The number of deaths determines the value of possible future benefits to be paid out which will be factored into ensuring sufficient cover reserves, which in return is monitored against current and future premiums. For those contracts that insure risk to longevity, prudent allowance is made for expected future mortality improvements, both epidemic, as well as wide ranging changes to lifestyle, could result in significant changes to the expected future mortality exposure. All of this results in even more uncertainty in estimating the ultimate liability.

Estimates are also made as to future investment income arising from the assets backing life insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.

Estimates for future deaths, voluntary terminations, investment returns and administration expenses are determined at the inception of the contract and are used to calculate the liability over the term of the contract. At each end of reporting period, these estimates are reassessed for adequacy and changes will be reflected in adjustments to the liability.

For general insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the end of a reporting period and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the end of a reporting period. It can take a significant period of time before the ultimate claims costs can be established with certainty. The primary technique adopted by management in estimating the cost of notified and IBNR claims is that of using past claim settlement trends to predict future claims settlement estimates. At each end of reporting period, prior year claims estimates are reassessed for adequacy and changes are made to the provision. General insurance claims provisions are not discounted for the time value of money.

3. Significant accounting judgements and estimates in applying Group policies (continued)

ii) Estimates and assumptions (continued)

Valuation of investments (Note 37)

Fair values are based on quoted market prices for the specific instrument, comparisons with other similar financial instruments, or the use of valuation models. Establishing valuations where there are no quoted market prices inherently involves the use of judgment and applying judgment in establishing reserves against indicated valuations for aged positions, deteriorating economic conditions (including country specific risks), concentrations in specific industries, types of instruments or currencies, market liquidity, model risk itself and other factors.

4. Cash and short-term funds

Parent 2015	Parent 2016		Group 2016	Group 2015
		Cash and short-term funds		
97,331	107,032	Cash in hand and at bank	374,074	371,630
137,947	93,440	Short-term deposits with other banks	283,909	280,747
235,278	200,472		657,983	652,377
67,707	85,543	Central Bank Reserve	108,121	67,707
302,985	286,015		766,104	720,084

Cash held at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

4. Cash and short-term funds (continued)

The Central Bank Reserve balance represents the amounts held at the Central Bank of Trinidad and Tobago and the Central Bank of Barbados as required under the respective regulatory pronouncements. The Central Bank of Trinidad and Tobago reserve account represents 9% of average deposit liabilities and is non-interest bearing. The Central Bank of Barbados reserve account represents 5% of average deposit liabilities and earned interest of 0.10% (2015: 0.10%).

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December:

Parent 2015	Parent 2016		Group 2016	Group 2015
97,331	107,032	Cash in hand and at bank	374,074	371,630
137,947	93,440	Short-term deposits with other banks	283,909	280,747
235,278	200,472		657,983	652,377
(10,153)	–	Bank overdraft	–	(10,153)
225,125	200,472		657,983	642,224

5. Net investment in leased assets and other instalment loans

a) Net investment in leased assets and other instalment loans

Parent 2015	Parent 2016		Group 2016	Group 2015
921,772	1,001,675	Hire purchase	1,464,729	921,772
288,410	261,183	Finance leases	259,163	286,174
1,210,182	1,262,858	Performing	1,723,892	1,207,946
29,332	40,172	Non-performing	41,700	29,332
1,239,514	1,303,030	Future minimum lease payments	1,765,592	1,237,278
(224,462)	(227,212)	Future finance charges and loan fees	(315,554)	(223,959)
1,015,052	1,075,818	Present value of minimum lease payments	1,450,038	1,013,319

5. Net investment in leased assets and other instalment loans (continued)

a) Net investment in leased assets and other instalment loans (continued)

Parent 2015	Parent 2016		Group 2016	Group 2015
(9,015)	(16,573)	Specific provision	(17,707)	(9,015)
(931)	(2,750)	Collective provision	(4,403)	(931)
1,005,106	1,056,495	Net investment in leased assets net of provision	1,427,928	1,003,373

b) New business less unearned income

Parent 2015	Parent 2016		Group 2016	Group 2015
415,874	449,762	New business less unearned income	449,762	415,602

c) Present value of minimum lease payments has the following sectorial breakdown:

Parent 2015	Parent 2016		Group 2016	Group 2015
430,931	446,922	Personal	746,034	430,931
584,121	628,896	Commercial	704,004	582,388
1,015,052	1,075,818		1,450,038	1,013,319

d) Present value of minimum lease payments has the following maturity profile:

Parent 2015	Parent 2016		Group 2016	Group 2015
83,545	86,737	Within 1 year	102,577	83,545
806,907	815,252	1 to 5 years	1,005,703	805,174
124,600	173,829	Over 5 years	341,758	124,600
1,015,052	1,075,818		1,450,038	1,013,319

(Expressed in thousands of Trinidad and Tobago dollars)

5. Net investment in leased assets and other instalment loans (continued)

e) Future minimum lease payments has the following maturity profile:

Parent 2015	Parent 2016		Group 2016	Group 2015
83,560	88,628	Within 1 year	104,931	83,560
1,031,354	982,367	1 to 5 years	1,206,869	1,029,118
124,600	232,035	Over 5 years	453,792	124,600
1,239,514	1,303,030		1,765,592	1,237,278

The movement in provision for leases and other instalment loans is as follows:

Parent 2015	Parent 2016		Group 2016	Group 2015
4,516	9,946	Balance at 1 January	9,946	4,516
–	–	Acquired from business combination	3,342	–
5,430	9,377	Charge for the year	9,749	5,430
–	–	Amounts written back	(927)	–
9,946	19,323	**At 31 December**	22,110	9,946

Repossessed collateral

As at 31 December 2016, the Group held repossessed vehicles with a fair value of $2.3 million (2015: $3.4 million). Repossessed vehicles are sold as soon as practical, with the proceeds used to reduce the outstanding indebtedness.

6. Loans and advances

Parent 2015	Parent 2016		Group 2016	Group 2015
–	–	Policy loans	11,340	10,969
4,024	–	Mortgage loans	110,371	59,075
796,266	697,428	Other loans and advances	716,750	796,266
800,290	697,428	Performing loans and advances	838,461	866,310
9,682	–	Non-performing loans and advances	104,572	9,682
809,972	697,428		943,033	875,992
(9,682)	–	Specific provision	(66,782)	(9,682)
800,290	697,428		876,251	866,310

6. Loans and advances (continued)

Parent 2015	Parent 2016		Group 2016	Group 2015
		Sectorial analysis of advances		
13,010	13,879	Personal	97,050	48,920
155,720	162,524	Retail/distribution/manufacturing	185,488	155,720
9,681	4,478	Hotel and restaurant	40,564	9,681
487,102	399,085	Construction and real estate	421,817	517,212
30,202	–	Financial	–	30,202
44,879	72,487	Utilities	72,487	44,879
69,378	44,975	Other	125,627	69,378
809,972	697,428		943,033	875,992
		Loans and advances have the following maturity profile		
718,914	570,147	Within 1 year	648,510	718,914
15,471	23,431	1 to 5 years	32,132	16,447
75,587	103,850	Over 5 years	262,391	140,631
809,972	697,428		943,033	875,992

The movement in specific provision for non-performing advances is analysed as follows:

Parent 2015	Parent 2016		Group 2016	Group 2015
–	9,682	Balance at 1 January	9,682	280
–	–	Acquired from business combination	67,104	–
–	(9,682)	Amounts written back	(10,004)	(280)
9,682	–	Charge for the year	–	9,682
9,682	–	At 31 December	66,782	9,682

7. Investment securities

Investment securities are stated net of impairment provisions for both the Parent and Group and comprise of investment securities designated as at fair value through statement of income, investment securities measured at amortised cost and investment securities measured at fair value through statement of other comprehensive income.

Parent 2015	Parent 2016		Group 2016	Group 2015
		Investment securities		
128,733	87,962	Designated at fair value through statement of income	964,986	1,272,357
461,785	492,260	Amortised cost	2,317,756	1,981,784
19,230	19,993	Fair value through other comprehensive income	–	–
609,748	600,215	Total investment securities	3,282,742	3,254,141
		Investment securities designated at fair value through statement of income		
89,498	34,834	Equity securities	691,202	884,505
12,028	3,387	Government bonds	30,131	116,661
–	9,931	State-owned company securities	81,122	115,481
27,207	39,810	Corporate bonds	162,531	155,710
128,733	87,962		964,986	1,272,357
		Investment securities measured at amortised cost		
88	10,119	Government bonds	476,693	347,350
230,755	226,173	State-owned company securities	849,024	734,141
230,942	255,968	Corporate bonds	992,039	900,293
461,785	492,260		2,317,756	1,981,784

7. Investment securities (continued)

Parent 2015	Parent 2016		Group 2016	Group 2015
		Investment securities designated and measured at FVOCI		
19,230	19,993	Equity securities	–	–
19,230	19,993		–	–
609,748	600,215	**Total investment securities**	3,282,742	3,254,141

Equity securities listed under investment securities designated and measured at fair value through other comprehensive income relates to the Bank's investment in the mutual funds.

The movement in specific provision for non-performing investment securities is analysed as follows:

Parent 2015	Parent 2016		Group 2016	Group 2015
–	9,816	Balance at 1 January	12,136	8,413
–	–	Amounts written back	(1,929)	(6,144)
9,816	257	Charge for the year	469	9,867
9,816	10,073	At 31 December	10,676	12,136

8. Assets pledged

Parent 2015	Parent 2016		Group 2016	Group 2015
–	–	Cash and short-term funds	128,832	198,561
–	–	Loans and advances	110,651	63,587
–	–	Bonds and debentures	886,118	702,978
–	–	Equities	512,509	480,843
–	–	Real estate	25,300	25,300
–	–		1,663,410	1,471,269

(Expressed in thousands of Trinidad and Tobago dollars)

8. Assets pledged (continued)

Under the provisions of the Insurance Act 1980, the Group has established and maintains a statutory fund and a statutory deposit of which the assets are pledged and held to the order of the Inspector of Financial Institutions.

9. Insurance receivables

Parent 2015	Parent 2016		Group 2016	Group 2015
–	–	Premiums receivable	26,508	28,363
–	–	Reinsurance receivables	21,140	8,807
–	–		47,648	37,170

10. Other debtors and prepayments

Parent 2015	Parent 2016		Group 2016	Group 2015
16,107	12,301	Fees and rent receivable	1,249	1,100
–	–	Proceeds from investment	–	14,247
884	612	Prepayments	6,806	5,473
960	2,422	VAT receivable	5,615	960
12,082	12,678	Insurance prepayments	12,678	12,082
8,176	22,317	Client funds receivable	22,514	8,176
7,041	650	Other related party balances	798	8,267
–	–	Other receivables on leased vehicles & equipment	2,411	–
–	891	Other receivables	5,515	–
45,250	51,871		57,586	50,305

11. Investment in subsidiaries

	Parent 2016	Parent 2015
At beginning of the period	632,500	632,500
Acquisitions during the year (Note 41)	177,820	–
At end of the period	810,320	632,500

The consolidated financial statements include the subsidiaries listed in the following table:

Name of Company	Country of incorporation and operation	Proportion of issued capital held 31-Dec-16	Proportion of issued capital held 31-Dec-15
Trinidad and Tobago Insurance Limited	Trinidad and Tobago	100%	100%
TATIL Life Assurance Limited	Trinidad and Tobago	99.93%	99.93%
TATIL Re Limited	St Lucia	100%	100%
ANSA Securities Limited	Trinidad and Tobago	100%	100%
ANSA Financial Holdings (Barbados) Limited	Barbados	100%	Nil
Consolidated Finance Co. Limited	Barbados	100%	Nil

The transfer of assets from the subsidiaries to the parent is subject to approval by the relevant governance committees including the Board of Directors of the individual subsidiaries. Further, TATIL Life Assurance Limited requires approval by the Central Bank of Trinidad and Tobago for instances of a distribution of capital approved by the Board of Directors.

On 3 October 2016, the Bank capitalised ANSA Financial Holdings (Barbados) Limited and was issued 100% of its share capital. Also on that date the Bank completed the acquisition of 100% of the financial services business of Consolidated Finance Co. Limited (CFC) and as a result of that acquisition ANSA Financial Holdings (Barbados) Limited is now the immediate parent company of CFC. Details of the acquisition are disclosed in Note 41 of these financial statements.

12. Investment properties

Parent 2015	Parent 2016		Group 2016	Group 2015
–	–	Valuation at beginning of the year	138,483	136,612
–	–	Additions during the year	785	1,416
–	–	Gain from revaluation	–	455
–	–	Valuation at close of the year	139,268	138,483
–	–	Rental income from properties	17,546	21,638
–	–	Direct operating expenses arising from investment properties that generated rental income during the period	7,073	8,228

Operating leases

The Group's policy is to rent investment properties to tenants through operating leases. Minimum future rentals to be received on non-cancellable operating leases of the Group's investment properties are receivable in the following periods:

	2016	2015
No later than 1 year	17,166	20,378
Later than 1 year but not later than 5 years	57,437	58,320
Later than 5 years	47,447	27,876
	122,050	106,574

The Group has no restrictions on the realisability of its investment properties and no contractual obligation to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

13. Property and equipment

Parent 2016	Furniture & equipment	Computer equipment	Motor vehicles	Leasehold improvements	Total
Cost					
At beginning of the period	1,517	6,046	1,304	2,999	11,866
Additions	26	337	–	4	367
At end of the period	1,543	6,383	1,304	3,003	12,233
Accumulated depreciation					
At beginning of the period	1,133	5,500	799	2,932	10,364
Current depreciation	41	343	113	21	518
At end of the period	1,174	5,843	912	2,953	10,882
Net book value	369	540	392	50	1,351

(Expressed in thousands of Trinidad and Tobago dollars)

13. Property and equipment (continued)

Parent 2015	Furniture & equipment	Computer equipment	Motor vehicles	Leasehold improvements	Total
Cost					
At beginning of the period	1,498	5,924	1,304	2,973	11,699
Additions	19	122	–	26	167
At end of the period	1,517	6,046	1,304	2,999	11,866
Accumulated depreciation					
At beginning of the period	1,089	4,667	654	2,632	9,042
Current depreciation	44	833	145	300	1,322
At end of the period	1,133	5,500	799	2,932	10,364
Net book value	384	546	505	67	1,502

13. Property and equipment (continued)

Group 2016	Furniture & equipment	Computer equipment	Motor vehicles	Leasehold improvements	Land & buildings	Leased vehicles & equipment	Total
Cost							
At beginning of the period	18,686	40,186	3,540	3,440	16,518	–	82,370
Additions from business combination	2,643	2,672	1,160	3,647	5,385	246,110	261,617
Additions	1,880	1,065	357	4	–	14,119	17,425
Transfers	5,009	(1,986)	–	–	(3,023)	–	–
Disposals	(21)	(156)	(293)	–	–	(12,079)	(12,549)
Assets written off	(7,713)	(10,906)	–	–	–	–	(18,619)
At end of the period	20,484	30,875	4,764	7,091	18,880	248,150	330,244

13. Property and equipment (continued)

Group 2016	Furniture & equipment	Computer equipment	Motor vehicles	Leasehold improvements	Land & buildings	Leased Vehicles & equipment	Total
Accumulated depreciation							
At beginning of the period	12,524	32,161	1,374	2,795	4,933	–	53,787
Additions from business combination	2,209	2,668	656	3,347	94	100,830	109,804
Current depreciation	1,226	838	564	73	92	8,672	11,465
Disposals	(21)	(149)	(163)	–	–	(8,821)	(9,154)
Assets written off	(7,713)	(10,743)	–	–	–	–	(18,456)
At end of the period	8,225	24,775	2,431	6,215	5,119	100,681	147,446
Net book value	12,259	6,100	2,333	876	13,761	147,469	182,798

13. Property and equipment (continued)

Group 2015	Furniture & equipment	Computer equipment	Motor vehicles	Leasehold improvements	Land & buildings	Leased Vehicles & equipment	Total
Cost							
At beginning of the period	23,720	48,892	3,106	2,973	13,469	–	92,160
Additions	459	2,516	434	–	4,249	–	7,658
Additions from business combinations	282	29	–	467	–	–	778
Disposals	(1,365)	(3)	–	–	–	–	(1,368)
Transfer from investment property	–	–	–	–	(1,200)	–	(1,200)
Assets written off	(4,410)	(11,248)	–	–	–	–	(15,658)
At end of the period	18,686	40,186	3,540	3,440	16,518	–	82,370

(Expressed in thousands of Trinidad and Tobago dollars)

13. Property and equipment (continued)

Group 2015

	Furniture & equipment	**Computer equipment**	**Motor vehicles**	**Leasehold improvements**	**Land & buildings**	**Leased Vehicles & equipment**	**Total**
Accumulated depreciation							
At beginning of the period	16,756	42,444	972	2,632	3,732	–	66,536
Current depreciation	546	1,411	402	163	1,201	–	3,723
Disposals	(839)	(2)	–	–	–	–	(841)
Assets written off	(3,939)	(11,692)	–	–	–	–	(15,631)
At end of the period	12,524	32,161	1,374	2,795	4,933	–	53,787
Net book value	6,162	8,025	2,166	645	11,585	–	28,583

As at 31 December 2016, the Parent's gross carrying amount of fully depreciated assets still in use amounted to $0.9 million (2015: $0.9 million) and the Group $16.3 million (2015: $20.6 million). There were no property and equipment retired, held for disposal, restrictions on title or pledged as security for liabilities as well as no contractual commitments for the acquisition of property and equipment as at 31 December 2016 and at 31 December 2015 for both the Parent and the Group.

14. Intangible assets

2016	**Goodwill**	**Brands**	**Total**
Gross carrying amounts			
At beginning of the period	133,762	570	134,332
Acquisitions during the year (Note 41)	2,599	–	2,599
At end of the period	136,361	570	136,931
Accumulated impairment and amortisation			
At beginning of the period	–	(570)	(570)
Impairment charge for the year	–	–	–
At end of the period	–	(570)	(570)
Net carrying amounts	136,361	–	136,361
2015			
Goodwill at carrying value	133,762	–	133,762

Goodwill

On 1 January 2004, the Bank acquired 100% of the issued ordinary shares of Trinidad and Tobago Insurance Limited.

The cost of acquisition was $622.5 million, resulting in goodwill of $133.8 million. The purchase consideration was discharged by the issuance of 54,605,263 new ordinary shares of the Bank at a price of $11.40 per share, which was the publicly listed price at 31 December 2003. As at 30 September 2010, the Bank invested $10 million into its subsidiary ANSA Securities Limited which represents 100% of its shareholding.

On 3 October 2016, the Bank capitalised ANSA Financial Holdings (Barbados) Limited and was issued 100% of its share capital. Also on that date the Bank completed the acquisition of 100% of the financial services business of Consolidated Finance Co. Limited (CFC) and as a result of that acquisition ANSA Financial Holdings (Barbados) Limited is now the immediate parent company of CFC. Details of the acquisition are disclosed in Note 41 of these financial statements.

The cost of transaction was $177.9 million, resulting in provisional goodwill of $2.6 million. Further details are provided in Note 41 of these financial statements.

14. Intangible assets (continued)

Brands

On 1 May 2015, Trinidad and Tobago Insurance Limited (TATIL), a wholly owned subsidiary of the Bank acquired the assets and assumed the liabilities of Brydens Insurance Inc., a 100% indirect subsidiary of ANSA McAL (Barbados) Limited. As required by IFRS 3 - Business Combinations, the Brand Name of Brydens Insurance Inc., was identified as an asset which formed part of the business transfer of assets and was recognised and fully impaired in the statement of financial position of the Group in 2015.

Impairment testing of intangible assets

Goodwill

In accordance with *IFRS 3 – Business Combinations*, all assets that gave rise to goodwill were reviewed for impairment at 31 December 2016 using the 'value in use' method. Based on the results of this review no impairment expense was required.

The following table highlights the goodwill and impairment information for each cash-generating unit:

TATIL

Carrying amount of Goodwill:	133,762
Basis for recoverable amount:	Value in use
Discount rate:	11%
Cash flow projection term:	Five years to perpetuity
Growth rate (extrapolation period):	2%

14. Intangible assets (continued)

Impairment testing of intangible assets (continued)

Goodwill (continued)

ANSA Financial Holdings (Barbados) Limited

	$
Purchase Price	177,820
Fair value of net assets acquired	175,221
Carrying amount of provisional goodwill	2,599

No significant or material events occurred from the date of acqusition to the statement of financial position date which would give rise to indicators of impairment. In accordance with IAS 36 - Impairment of Assets, management intends to carry out the annual review for impairment within the first year of acquisition and on each anniversary date thereafter.

(Expressed in thousands of Trinidad and Tobago dollars)

15. Deferred taxation

As at the statement of financial position date the Government of Trinidad and Tobago enacted the Finance Act No. 10 of 2016 which increased the rate of corporation tax on chargeable income greater than $1 million from 25% to 30% from 1 January 2017. The change in tax rate impacted the deferred tax assets and liabilities of certain companies in the Group and reduced the Group's net assets as at 31 December 2016 by $3.5 million. The impact to the Group's statement of income was a charge of $2.1 million and the impact to the Group's statement of other comprehensive income was a charge of $1.4 million. The effect of this change was included in the deferred tax expense in the Group's statement of income and statement of other comprehensive income for the year ended 31 December 2016.

		Credit/(charge) to		
	2015	**Income**	**OCI**	**2016**
Parent				
Property and equipment	286	2	–	288
Employee benefit obligation	109	26	(18)	117
Finance leases	19,097	165	–	19,262
Unrealised investment losses	1,106	(594)	–	512
Total deferred tax asset	20,598	(401)	(18)	20,179
Employee benefit asset	(2,319)	(489)	(4)	(2,812)
Unrealised investment gains	(559)	(968)	–	(1,527)
Total deferred tax liability	(2,878)	(1,457)	(4)	(4,339)

15. Deferred taxation (continued)

		Credit/(charge) to		
	2014	**Income**	**OCI**	**2015**
Parent				
Unrealised foreign exchange losses	2,608	(2,608)	–	–
Property and equipment	157	129	–	286
Employee benefit obligation	92	11	6	109
Finance leases	–	19,097	–	19,097
Unrealised investment losses	701	405	–	1,106
Total deferred tax asset	3,558	17,034	6	20,598
Employee benefit asset	(2,373)	(53)	107	(2,319)
Finance leases	(5,480)	5,480	–	–
Unrealised investment gains	(757)	198	–	(559)
Provisions	(195)	195	–	–
Total deferred tax liability	(8,805)	5,820	107	(2,878)

15. Deferred taxation (continued)

			Credit/(charge) to			
Group	**2015**	**Acquired from business combination**	**Income**	**OCI**	**Life and other reserve movement**	**2016**
Employee benefit obligation	1,022	113	197	(80)	–	1,252
Unrealised foreign exchange losses	–	–	–	–	–	–
Property and equipment	286	–	2,018	–	–	2,304
Finance leases	19,096	–	165	–	–	19,261
Tax losses	–	1,133	(183)	–	–	950
Unrealised investment losses	9,261	–	(1,154)	–	(7,500)	607
Total deferred tax asset	29,665	1,246	1,043	(80)	(7,500)	24,374
Life insurance reserves	(56,495)	–	–	–	8,694	(47,801)
Employee benefit asset	(29,601)	(1,628)	(3,495)	(1,059)	–	(35,783)
Finance leases	–	–	–	–	–	–
Property and equipment	(4,962)	(23,821)	2,810	–	–	(25,973)
Unrealised investment gains	(34,296)	–	(3,746)	–	(1,519)	(39,561)
Total deferred tax liability	(125,354)	(25,449)	(4,431)	(1,059)	7,175	(149,118)

15. Deferred taxation (continued)

		Credit/(charge) to			
Group	**2014**	**Income**	**OCI**	**Life and other reserve movement**	**2015**
Employee benefit obligation	782	182	58	–	1,022
Unrealised foreign exchange losses	2,608	(2,608)	–	–	–
Property and equipment	2,311	(2,025)	–	–	286
Finance leases	–	19,096	–	–	19,096
Unrealised investment losses	9,140	291	–	(170)	9,261
Total deferred tax asset	14,841	14,936	58	(170)	29,665
Life insurance reserves	(56,777)	–	–	282	(56,495)
Employee benefit asset	(29,978)	(1,277)	1,654	–	(29,601)
Finance leases	(5,480)	5,480	–	–	–
Property and equipment	(3,974)	(988)	–	–	(4,962)
Unrealised investment gains	(34,101)	(142)	–	(53)	(34,296)
Total deferred tax liability	(130,310)	3,073	1,654	229	(125,354)

(Expressed in thousands of Trinidad and Tobago dollars)

16. Employee benefits

The level of pension benefits provided under the defined benefit plans depends on the member's length of service and salary at retirement age. The defined benefit pension plan requires contributions to be made to a separately administered fund. The fund has a separate legal form and is governed by the Board of Trustees who are responsible for the administration of the plan assets and for the definition of the investment strategy.

The Board of Trustees periodically reviews the level of funding in the pension plan. Such a review includes the asset-liability matching strategy and investment risk management policy which considers the term of the pension obligation while simultaneously remaining compliant with the requirements of the Pensions Act. The pension plans are exposed to inflation, interest rate risks and changes in the life expectancy for pensioners in the relevant jurisdictions. As the plan assets include significant investments in quoted equity shares, the Group is also exposed to equity market risk.

a) Amounts recognised in the statement of financial position

	Defined benefit pension plan		Post-retirement health benefits	
	2016	2015	2016	2015
Parent				
Present value of defined benefit obligation	10,977	10,039	385	431
Fair value of plan assets	(20,351)	(19,317)	–	–
(Asset)/liability recognised in the statement of financial position	(9,374)	(9,278)	385	431
Group				
Present value of defined benefit obligation	99,414	91,089	4,525	4,075
Fair value of plan assets	(228,503)	(209,484)	–	–
(Asset)/liability recognised in the statement of financial position	(129,089)	(118,395)	4,525	4,075

16. Employee benefits (continued)

b) Changes in defined benefit obligation and fair value of plan assets

The changes in the benefit obligations and fair value of plan assets are analysed below.

Parent	Defined benefit obligation	Fair value of plan assets	Defined benefit pension plans	Post-employment medical benefits
Balance at 1 January 2016	10,039	(19,317)	(9,278)	431
Pension cost charged to statement of income				
Current service cost	497	–	497	18
Net interest cost	513	(970)	(457)	22
Administrative expenses	21	–	21	–
Total charge/(credit) to statement of income	1,031	(970)	61	40
Experience (gains)/losses in OCI				
Experience gains - demographic	(2)	–	(2)	(73)
Experience losses - financial	–	113	113	–
Total charge/(credit) to OCI	(2)	113	111	(73)
Other movements				
Contributions by employee	268	(268)	–	–
Contributions by employer	–	(268)	(268)	–
Administrative expenses	(21)	21	–	–
Benefits paid	(338)	338	–	(13)
Total other movements	(91)	(177)	(268)	(13)
Balance at 31 December 2016	10,977	(20,351)	(9,374)	385

16. Employee benefits (continued)

b) Changes in defined benefit obligation and fair value of plan assets (continued)

Group	Defined benefit obligation	Fair value of plan assets	Defined benefit pension plans	Post-employment medical benefits
Balance at 1 January 2016	91,089	(209,484)	(118,395)	4,075
Assets and obligations acquired in business combination	4,510	(10,741)	(6,231)	456
Pension cost charged to statement of income				
Current service cost	2,589	84	2,673	271
Net interest cost	5,060	(11,477)	(6,417)	269
Past service cost	–	–	–	40
Administrative expenses	21	116	137	–
Total charge/(credit) to statement of income	7,670	(11,277)	(3,607)	580
Experience (gains)/losses in OCI				
Experience gains - demographic	(901)	–	(901)	(493)
Experience losses -financial	–	1,877	1,877	–
Total charge/(credit) to OCI	(901)	1,877	976	(493)
Other movements				
Contributions by employee	1,044	(1,455)	(411)	–
Contributions by employer	138	(1,146)	(1,008)	–
Administrative expenses	(21)	(75)	(96)	(16)
Exchange differences	310	(627)	(317)	26
Benefits paid	(4,425)	4,425	–	(103)
Total other movements	(2,954)	1,122	(1,832)	(93)
Balance at 31 December 2016	99,414	(228,503)	(129,089)	4,525

16. Employee benefits (continued)

b) Changes in defined benefit obligation and fair value of plan assets (continued)

The changes in the benefit obligations and fair value of plan assets are analysed below.

Parent	Defined benefit obligation	Fair value of plan assets	Defined benefit pension plans	Post-employment medical benefits
Balance at 1 January 2015	9,119	(18,612)	(9,493)	366
Pension cost charged to statement of income				
Current service cost	495	–	495	36
Net interest cost	465	(933)	(468)	19
Administrative expenses	5	–	5	–
Total charge/(credit) to statement of income	965	(933)	32	55
Experience losses in OCI				
Experience losses - demographic	80	–	80	23
Experience losses - financial	–	348	348	–
Total charge to OCI	80	348	428	23
Other movements				
Contributions by employee	245	(245)	–	–
Contributions by employer	–	(245)	(245)	–
Administrative expenses	(5)	5	–	–
Benefits paid	(365)	365	–	(13)
Total other movements	(125)	(120)	(245)	(13)
Balance at 31 December 2015	10,039	(19,317)	(9,278)	431

(Expressed in thousands of Trinidad and Tobago dollars)

16. Employee benefits (continued)

b) Changes in defined benefit obligation and fair value of plan assets (continued)

Group	Defined benefit obligation	Fair value of plan assets	Defined benefit pension plans	Post-employment medical benefits
Balance at 1 January 2015	77,590	(197,492)	(119,902)	3,123
Assets and obligations acquired in business combination	5,575	(7,493)	(1,918)	1,757
Pension cost charged to statement of income				
Current service cost	2,402	21	2,423	192
Net interest cost	4,302	(10,402)	(6,100)	293
Administrative expenses	34	–	34	–
Total charge/(credit) to statement of income	6,738	(10,381)	(3,643)	485
Experience losses/(gains) in OCI				
Experience losses / (gains) - demographic	3,645	–	3,645	(1,143)
Experience losses -financial	–	4,344	4,344	–
Total charge/(credit) to OCI	3,645	4,344	7,989	(1,143)
Other movements				
Contributions by employee	971	(971)	–	–
Contributions by employer	–	(921)	(921)	–
Administrative expenses	(5)	5	–	–
Benefits paid	(3,425)	3,425	–	(147)
Total other movements	(2,459)	1,538	(921)	(147)
Balance at 31 December 2015	91,089	(209,484)	(118,395)	4,075

16. Employee benefits (continued)

c) Movements in net (asset)/liability recognised in the statement of financial position

	Defined benefit pension plan 2016	Defined benefit pension plan 2015	Post-retirement health benefits 2016	Post-retirement health benefits 2015
Parent				
Net (asset)/liability at the start of the year	(9,278)	(9,493)	431	366
Net expense recognised in the statement of income	61	32	40	55
Net income recognised in the statement of other comprehensive income	111	428	(73)	23
Contributions paid	(268)	(245)	(13)	(13)
Net (asset)/liability recognised at the end of the year	(9,374)	(9,278)	385	431
Group				
Net (asset)/liability at the start of the year	(118,395)	(119,902)	4,075	3,123
Net (asset)/liability acquired in business combination	(6,231)	(1,918)	456	1,757
Net (income)/expense recognised in the statement of income	(3,607)	(3,643)	580	485
Net income/(expense) recognised in the statement of other comprehensive income	976	7,989	(493)	(1,143)
Contributions paid	(1,832)	(921)	(93)	(147)
Net (asset)/liability recognised at the end of the year	(129,089)	(118,395)	4,525	4,075

16. Employee benefits (continued)

d) Actual return on plan assets

	2016	2015
Parent	857	585
Group	51,890	6,058

e) Major categories of plan assets as a percentage of total plan assets

Parent and Group	Defined benefit pension plan 2016	Defined benefit pension plan 2015
Local equities	33%	35%
Local bonds	37%	32%
Foreign investments	15%	19%
Real estate/mortgages	2%	2%
Short-term securities	13%	12%
	100%	100%

f) Principal actuarial assumptions

Parent and Group	Defined benefit pension plan 2016	Defined benefit pension plan 2015
Discount rate	5%	5%
Future salary increases	3%	3%
Medical costs trend rates	3%	3%

Shown below is quantitative sensitivity analysis for the impact of significant assumptions on the defined benefit obligation:

Parent

Assumptions	Discount rate		Future salary increases		Future medical claims inflation	
Sensitivity level	**+1%**	**-1%**	**+1%**	**-1%**	**+1%**	**-1%**
At 31 December 2016	(1,327)	1,686	385	(348)	61	(50)
At 31 December 2015	(1,259)	1,606	370	(334)	61	(50)

16. Employee benefits (continued)

g) Principal actuarial assumptions (continued)

Group

Assumptions	Discount rate		Future salary increases		Future medical claims inflation	
Sensitivity level	**+1%**	−1%	**+1%**	−1%	**+1%**	−1%
At 31 December 2016	(11,689)	14,658	3,043	(2,825)	822	(658)
At 31 December 2015	(11,162)	13,942	2,734	(2,489)	619	(60)

The sensitivity analyses above have been determined on a method that extrapolates the impact on the net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

As advised by the consulting actuary, the Group is expected to contribute $1.0 million to its defined benefit plan in 2017 and the average duration of the defined benefit obligation at the end of the reporting period is 14 years (2016: 14 years).

Defined contribution plan

Certain employees of the Group are enrolled in the defined contribution pension plan which is operated by the ultimate parent – ANSA McAL Limited. The Group's contributions recognised in the statement of income is shown below:

Parent 2015	Parent 2016	Group 2016	Group 2015
159	159	745	748

(Expressed in thousands of Trinidad and Tobago dollars)

17. Accrued interest and other payables

Parent 2015	Parent 2016		Group 2016	Group 2015
18,623	19,898	Interest payable	26,021	13,894
9,801	10,155	Accrued expenses	15,379	11,422
15,118	27,238	Client funds held for investment	35,689	15,200
2,087	57	Due to statutory authorities	15,681	4,965
–	–	Distributions payable	1,407	1,865
–	–	Deferred fee income	–	100
–	–	Unapplied premiums	5,022	5,033
–	–	Commissions payable	5,541	4,788
3,599	3,095	Stale dated cheques	4,119	4,276
–	–	Due to reinsurers	14,722	19,928
8,547	4,380	Asset finance promotional items	4,380	8,547
6,054	4,090	Related party balances	5,263	4,791
1,844	2,410	Other creditors	6,495	8,478
65,673	71,323		139,719	103,287

18. Customers' deposits and other funding instruments

Sectorial analysis of customers' deposits and other funding instruments

Parent 2015	Parent 2016		Group 2016	Group 2015
61,343	154,793	Individuals	1,079,002	616,562
413,657	329,168	Pension funds/credit unions trustees	461,959	521,170
700,593	641,595	Private companies/estates/ financial institutions	764,280	859,233
1,175,593	1,125,556		2,305,241	1,996,965

19. Debt securities in issue

Parent 2015	Parent 2016		Group 2016	Group 2015
911,415	903,563	Medium and long term notes	903,563	911,415
–	100,767	Promissory notes	100,767	–
911,415	1,004,330		1,004,330	911,415

US$ denominated notes

On 2 August 2011, the Bank issued US$50 million medium-term notes in three tranches, two of which matured in 2014 and in 2016. The remaining US$15 million which represents the last tranche will mature in 2018. Interest is fixed at 5.20% for Tranche 3. In September 2015, the Bank issued an additional US$29.51 million medium term note maturing on 17 September 2021. Interest was set at a fixed rate of 4% per annum.

TT$ denominated notes

In November 2014, the Bank issued a TT$250 million medium-term note maturing on 28 November 2022. Interest was set at a fixed rate of 3.35% per annum. An additional TT$350 million medium-term note was issued on 5 June 2015 with the interest set at a fixed rate of 3.75% per annum. On 3 October 2016, the Bank issued TT$100.8 million promissory notes in three tranches of TT$33.6 million each maturing on 3 October 2017, 3 October 2018 and 3 October 2019 respectively. These notes carry fixed rates of interest of 3.05% per annum, 3.24% per annum and 3.43% per annum respectively.

20. Investment contract liabilities

	Group 2016	Group 2015
At the beginning of year	210,231	190,906
Premiums received	19,633	24,780
Interest credited	9,674	8,700
Liabilities realised for payment on death, surrender and other terminations in the year	(13,718)	(12,940)
Other movements	(884)	(1,215)
	224,936	210,231

These investment contracts have neither reinsurance arrangements nor discretionary participation features (DPF).

21. Insurance contract liabilities

	Notes	2016 Insurance contract liabilities	2016 Reinsurers' share of liabilities	2016 Net	2015 Insurance contract liabilities	2015 Reinsurers' share of liabilities	2015 Net
Life insurance contracts	21(b)	1,011,807	(17,356)	994,451	966,516	(12,049)	954,467
General insurance contracts	21(c)	352,685	(165,150)	187,535	358,644	(160,033)	198,611
Total insurance contract liabilities		1,364,492	(182,506)	1,181,986	1,325,160	(172,082)	1,153,078

a) Reinsurance assets

	2016	2015
Life insurance contract	17,356	12,049
General insurance contracts:		
Premiums	46,045	48,847
Claims	119,105	111,186
	182,506	172,082

21. Insurance contract liabilities (continued)

b) Life insurance contract liabilities may be analysed as follows:

	2016 Insurance contract liabilities	2016 Reinsurers' share of liabilities	2016 Net	2015 Insurance contract liabilities	2015 Reinsurers' share of liabilities	2015 Net
With DPF	227,963	–	227,963	226,876	–	226,876
Without DPF	752,107	(17,356)	734,751	708,192	(12,049)	696,143
	980,070	(17,356)	962,714	935,068	(12,049)	923,019
Outstanding claims	31,737	–	31,737	31,448	–	31,448
Total life insurance contract liabilities	1,011,807	(17,356)	994,451	966,516	(12,049)	954,467
At 1 January	966,516	(12,049)	954,467	924,782	(11,531)	913,251
Premiums received	130,473	(12,711)	117,762	117,714	(10,199)	107,515
Liabilities realised for payment on death, surrender and other terminations in the year	(85,182)	7,404	(77,778)	(75,980)	9,681	(66,299)
At 31 December	1,011,807	(17,356)	994,451	966,516	(12,049)	954,467

(Expressed in thousands of Trinidad and Tobago dollars)

21. Insurance contract liabilities (continued)

c) General insurance contracts may be analysed as follows:

	2016			2015		
	Insurance contract liabilities	**Reinsurers' share of liabilities**	**Net**	**Insurance contract liabilities**	**Reinsurers' share of liabilities**	**Net**
Claims reported and IBNR	214,875	(119,106)	95,769	216,372	(111,186)	105,186
Provisions for unearned premiums and unexpired risk	137,811	(46,045)	91,766	142,272	(48,847)	93,425
Total at end of year	352,686	(165,151)	187,535	358,644	(160,033)	198,611

21. Insurance contract liabilities (continued)

c) General insurance contracts may be analysed as follows: (continued)

i) Claims reported and IBNR

	2016			2015		
	Insurance contract liabilities	**Reinsurers' share of liabilities**	**Net**	**Insurance contract liabilities**	**Reinsurers' share of liabilities**	**Net**
Provisions for claims reported by policy holders	173,746	(88,932)	84,814	110,871	(25,779)	85,092
Provisions for claims incurred but not reported (IBNR)	42,648	(22,254)	20,394	26,858	(6,445)	20,413
	216,394	(111,186)	105,208	137,729	(32,224)	105,505
Cash paid for claims settled in the year	(119,555)	29,966	(89,589)	(94,067)	14,229	(79,838)
Claims incurred	118,036	(37,886)	80,150	172,732	(93,191)	79,541
Total at end of year	214,875	(119,106)	95,769	216,394	(111,186)	105,208
Provisions for claims reported by policy holders	172,609	(95,285)	77,324	173,746	(88,932)	84,814
Provisions for claims incurred but not reported (IBNR)	42,266	(23,821)	18,445	42,648	(22,254)	20,394
	214,875	(119,106)	95,769	216,394	(111,186)	105,208

21. Insurance contract liabilities (continued)

c) General insurance contracts may be analysed as follows: (continued)

ii) Provisions for unearned premiums and unexpired risk

	2016			2015		
	Insurance contract liabilities	**Reinsurers' share of liabilities**	**Net**	**Insurance contract liabilities**	**Reinsurers' share of liabilities**	**Net**
Provisions for unearned premiums	126,615	(43,420)	83,195	129,043	(49,654)	79,389
Provisions for unexpired risk	15,658	(5,427)	10,231	15,994	(6,207)	9,787
	142,273	(48,847)	93,426	145,037	(55,861)	89,176
Increase in the period	359,609	(164,905)	194,704	348,721	(170,694)	178,027
Release in the period	(364,071)	167,707	(196,364)	(351,486)	177,708	(173,778)
Total at end of year	137,811	(46,045)	91,766	142,272	(48,847)	93,425
Provisions for unearned premiums	122,525	(40,929)	81,596	126,614	(43,419)	83,195
Provisions for unexpired risk	15,286	(5,116)	10,170	15,658	(5,428)	10,230
	137,811	(46,045)	91,766	142,272	(48,847)	93,425

The development table of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. Trinidad and Tobago Insurance Limited reports this claims information by underwriting year of account.

21. Insurance contract liabilities (continued)

Claims development table

The risks associated with these insurance contracts and in particular, casualty insurance contracts, are complex and subject to a number of variables that complicate quantitative sensitivity analysis. The Group has no known or reported latent claims such as disease or asbestosis and therefore no actuarial analysis is made. The development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. The table below illustrates how the Group's estimate of total claims outstanding for each underwriting year has changed at successive year-ends.

	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**Total**
Estimate of outstanding claims costs (gross):							
- at end of underwriting year	70,761	63,671	60,414	61,454	59,532	83,372	–
- one year later	107,188	103,532	100,877	185,765	108,196	–	–
- two years later	106,212	106,080	100,713	190,538	–	–	–
- three years later	104,689	109,025	94,620	–	–	–	–
- four years later	100,824	102,245	–	–	–	–	–
- five years later	98,996	–	–	–	–	–	–
Current estimate of cumulative claims	98,996	102,245	94,620	190,538	108,196	83,372	677,967
Cumulative payments to date	(92,733)	(92,796)	(81,448)	(80,342)	(81,940)	(52,795)	(482,054)
Liability recognised in the statement of financial position	6,263	9,449	13,172	110,196	26,256	30,577	195,913
Total liability in respect of prior years							18,962
Total liability included in the statement of financial position							214,875

It is impractical to prepare information related to claims development that occurred prior to the 2010 underwriting year.

(Expressed in thousands of Trinidad and Tobago dollars)

21. Insurance contract liabilities (continued)

Claims development table

The risks associated with these insurance contracts and in particular, casualty insurance contracts, are complex and subject to a number of variables that complicate quantitative sensitivity analysis. The development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. The table below illustrates how the Group's estimate of total claims outstanding for each accident year has changed at successive year-ends. This table shows gross claims expenses by underwriting year over a six year period. We have made the assumption that all Health claims are settled within three months after reported and therefore this does not result in any long outstanding claims liabilities.

	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**Total**
Estimate of outstanding claims (net):							
- at end of underwriting year	56,039	51,973	48,364	50,610	51,058	61,395	–
- one year later	84,928	84,508	81,851	86,094	88,670	–	–
- two years later	85,575	87,668	82,870	85,391	–	–	–
- three years later	83,658	90,506	76,793	–	–	–	–
- four years later	145,627	84,687	–	–	–	–	–
- five years later	143,371	–	–	–	–	–	–
Current estimate of cumulative claims	143,371	84,687	76,793	85,391	88,670	61,395	540,307
Cumulative payments to date	(138,797)	(77,816)	(68,079)	(66,425)	(68,381)	(40,267)	(459,765)
Liability recognised in the statement of financial position	4,574	6,871	8,714	18,966	20,289	21,128	80,542
Total liability in respect of prior years							15,227
Total liability included in the statement of financial position							95,769

It is impractical to prepare information related to claims development that occurred prior to the 2010 underwriting year.

22. Insurance contracts, investment contracts and reinsurance assets - terms, assumptions and sensitivities

a) Life insurance contracts and investment contracts

Terms and conditions

The Group offers a combination of individual life, pension, annuity and group life contracts with and without discretionary participation features. These contracts are determined by actuaries and all subsequent valuation assumptions are determined by independent consulting actuaries.

Key assumptions

Material judgement is required in determining the liabilities and in the choice of assumptions relating to both life insurance contracts and investment contracts. Assumptions in use are based on past experience, current internal data and conditions and external market indices and benchmarks, which reflect current observable market prices and other published information. Assumptions are determined as appropriate and prudent estimates are made at the date of valuation. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

For insurance contracts, estimates are made in two stages. Firstly, at inception of the contract, the Group determines the assumptions in relation to future deaths, voluntary terminations, investment returns and administration expenses. Secondly, at the end of each reporting period, new estimates are developed to determine whether the liabilities are appropriate in light of the latest current estimates.

For investment contracts, assumptions used to determine the liabilities are also updated at the end of each reporting period to reflect latest estimates.

The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:

22. Insurance contracts, investment contracts and reinsurance assets - terms, assumptions and sensitivities (continued)

a) Life insurance contracts and investment contracts (continued)

Mortality and morbidity rates (continued)

Assumptions are based on underlying experience as well as standard industry mortality tables, according to the type of contract written. For contracts that insure the risk of longevity, appropriate but not excessively prudent allowance is made for expected future mortality improvements. Assumptions are differentiated by sex, underwriting class and contract type.

Mortality rates higher than expected will lead to a larger number of insurance claims and claims will occur sooner than anticipated, which will increase the expenditure and reduce profits for the shareholders.

Investment Return

The weighted average rate of return is derived from a model portfolio that is assumed to back liabilities, consistent with the long-term asset allocation strategy. These estimates are based on current market returns as well as expectations about future economic and financial developments. An increase in investment return would lead to an increase in profits for the shareholders.

Expenses

Operating expense assumptions reflect the projected costs of maintaining and servicing in-force policies and associated overhead expenses. An increase in the level of expenses would result in an increase in expenditure thereby reducing profits for the shareholders.

22. Insurance contracts, investment contracts and reinsurance assets - terms, assumptions and sensitivities (continued)

a) Life insurance contracts and investment contracts (continued)

Lapse and surrender rates

Lapses relate to the termination of policies due to non-payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Group's experience and vary by product type, policy duration and changes in policyholders' circumstances.

The impact of a decrease in lapse rates at early duration of the policy would tend to reduce profits for the shareholders but lapse rates at later policy durations is broadly neutral in effect.

Sensitivities

The table below illustrates the impact of various changes in assumptions which are within a reasonable range of possible outcomes given the uncertainties involved in the estimation process. It demonstrates the effect of change in key assumptions whilst other assumptions remain unchanged, if these assumptions were changed in a single calendar year. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact on the claims liabilities due to changes in assumptions, these assumption changes had to be done on an individual basis. It should also be stressed that the relationships between assumptions are non linear and larger or smaller impacts cannot easily be gleaned from these results.

Assumption change	**Required increase in insurance contract liabilities**	
	2016	**2015**
2% Increase in mortality	6,100	7,500
5% Increase in expenses	9,300	10,900
10% Change in lapse rates	7,900	6,900
1% Decrease in investment earnings	118,100	112,500

(Expressed in thousands of Trinidad and Tobago dollars)

22. Insurance contracts, investment contracts and reinsurance assets - terms, assumptions and sensitivities (continued)

b) General insurance contracts

Terms and conditions

The major classes of general insurance written by the Group include motor, property, casualty, marine, general accident and other miscellaneous types of general insurance. Risks under these policies usually cover a 12 month duration.

For general insurance contracts, claims provisions (comprising provisions for claims reported by policyholders and claims incurred but not yet reported) are established to cover the ultimate cost of settling the liabilities in respect of claims that have occurred and are estimated based on known facts at the end of the reporting period.

The provisions are refined as part of a regular ongoing process and as claims experience develops, certain claims are settled and further claims are reported. Outstanding claims provisions are not discounted for the time value of money.

Assumptions

The principal assumption underlying the estimates is the Group's past claims development experience. This includes assumptions in respect of average claim costs and claim numbers for each accident year. Claims provisions are separately analysed by geographical area and class of business. In addition, larger claims are usually separately assessed by loss adjusters. Judgement is used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates, as well as testing reported claims subsequent to the end of the reporting period.

The general insurance claims provision is sensitive to the above key assumptions. The sensitivity of certain assumptions like legislative change, uncertainty in the estimation process and other factors is not possible to quantify. Furthermore, because of delays that arise between occurrence of a claim and its subsequent notification and eventual settlement, the outstanding claim provisions are not known with certainty at the end of the reporting period.

22. Insurance contracts, investment contracts and reinsurance assets - terms, assumptions and sensitivities (continued)

b) General insurance contracts (continued)

Sensitivities

The general insurance claims provision is sensitive to the above key assumptions. The sensitivity of certain assumptions like legislative change, uncertainty in the estimation process and other factors is not possible to quantify. Furthermore, because of delays that arise between occurrence of a claim and its subsequent notification and eventual settlement, the outstanding claim provisions are not known with certainty at the end of the reporting date.

Consequently, the ultimate liabilities will vary as a result of subsequent developments. Differences resulting from reassessment of the ultimate liabilities are recognised in subsequent financial statements.

23. Stated capital

Parent 2015	Parent 2016		Group 2016	Group 2015
		Authorised		
		An unlimited number of shares		
		Issued and fully paid		
667,274	667,274	85,605,263 (2015: 85,605,263) ordinary shares of no par value	667,274	667,274

24. Net insurance revenue

Parent 2015	Parent 2016		Group 2016	Group 2015
–	–	Gross insurance contracts premium revenue	490,080	465,713
–	–	Reinsurers' share of insurance contracts premium revenue	(177,616)	(167,654)
–	–	Net insurance contracts premium revenue	312,464	298,059
–	–	Gross change in unearned premium provision and unexpired risks	4,438	2,788
–	–	Reinsurers' share of change in unearned premium provision and unexpired risks	(2,801)	(7,014)
–	–	Net change in unearned premium provision and unexpired risks	1,637	(4,226)
–	–	**Net insurance revenue**	314,101	293,833

25. Finance charges, loan fees and other interest income

Parent 2015	Parent 2016		Group 2016	Group 2015
123,744	121,133	Finance charges earned	130,371	123,527
21,708	28,160	Interest income on loans and advances	28,160	21,708
29,659	38,219	Other income	38,787	29,659
175,111	187,512		197,318	174,894

26. Investment income

Parent 2015	Parent 2016		Group 2016	Group 2015
8,678	3,599	Interest income from investments designated at fair value through statement of income	16,103	30,963
1,788	–	Interest income on impaired financial assets	1,382	4,720
20,528	28,221	Interest income from financial assets measured at amortised cost	124,884	109,337
31,165	34,071	Dividend income	25,668	24,072
3,195	2,742	Realised (losses)/gains on sale of investment securities	(10,207)	2,827
2,253	(3,037)	Unrealised (losses)/gains on investments held at year end designated fair value through statement of income	(8,774)	(25,548)
67,607	65,596		149,056	146,371

27. Other income

Parent 2015	Parent 2016		Group 2016	Group 2015
18,421	19,630	Administrative fees and commissions	29,297	42,558
27,094	28,137	Foreign exchange trading and gains	80,856	34,072
2,750	2,459	Lease sales and recoveries	872	569
–	–	Property rental	29,563	18,627
3	–	Trustee and other fiduciary fees	7,825	7,877
586	1,624	Other	4,891	2,319
48,854	51,850		153,304	106,022

(Expressed in thousands of Trinidad and Tobago dollars)

28. Net insurance benefits and claims incurred

There are no insurance benefits and claims incurred by the Parent. The following table represents the insurance benefits and claims incurred by the Group.

	General insurance		Life insurance		Total	
	2016	2015	2016	2015	2016	2015
Gross insurance contracts benefits and claims incurred	118,036	159,493	87,643	69,574	205,679	229,067
Reinsurers' share of gross insurance benefits and claims paid	(37,886)	(93,191)	(6,058)	(3,909)	(43,944)	(97,100)
Net change in insurance contract liabilities	–	–	39,695	37,471	39,695	37,471
	80,150	66,302	121,280	103,136	201,430	169,438

29. Interest expense

Parent 2015	Parent 2016		Group 2016	Group 2015
13,278	23,787	Customers' deposits	47,736	32,932
35,133	36,901	Debt securities in issue	36,900	35,133
48,411	60,688		84,636	68,065

30. Provision (write back)/charge for impairment of investments

Parent 2015	Parent 2016		Group 2016	Group 2015
6,400	508	State owned	(660)	6,400
3,416	(264)	Government	(264)	3,416
(41,358)	(3,686)	Corporate	(4,682)	(47,789)
(31,542)	(3,442)		(5,606)	(37,973)

Impairment of investments measured at amortised cost relates to corporate fixed income securities where the indicators of impairment exist and management has considered it necessary to recognise an impairment charge. These indicators include overdue interest and principal balances, difficulties in the cash flow of counterparties, credit rating downgrades and economic difficulties in the region in which the counterparty is located.

31. Marketing and policy expenses

Parent 2015	Parent 2016		Group 2016	Group 2015
–	–	Agents and brokers commissions	37,339	39,266
–	–	Agents allowance and bonus	4,051	3,751
–	–	Agents policy expenses	1,114	930
13,543	13,232	Asset finance promotional expense	13,821	13,543
4,389	3,133	Advertising costs	9,515	7,637
17,932	16,365		65,840	65,127

32. Personnel expenses

Parent 2015	Parent 2016		Group 2016	Group 2015
23,954	21,579	Salaries and bonus	68,260	54,274
193	219	Health, life and pension benefits	(1,290)	1,061
830	1,055	Other staff cost	3,532	3,845
24,977	22,853		70,502	59,180

33. General administrative expenses

Parent 2015	Parent 2016		Group 2016	Group 2015
3,796	2,099	Professional insurance	2,806	4,512
2,082	1,937	Property related expenses	5,461	6,941
2,809	2,428	Subscriptions & donations	2,885	2,921
599	609	Finance charges	1,411	1,222
288	366	Travel & entertainment	3,432	1,634
893	882	Communications, printing & stationery	3,698	7,025
5,730	–	Write (back)/off of other receivable balances	–	5,730
2,958	2,312	General expenses	35,357	29,391
19,155	10,633		55,050	59,376

The write-off of other receivables balances relates to non-leasing receivable balances for which the future economic benefits were reassessed.

The Group has operating lease arrangements on property and certain items of office equipment. Future minimum rentals payable under non-cancellable operating leases as at 31 December are, as follows:

Parent 2015	Parent 2016		Group 2016	Group 2015
1,740	1,553	Within one year	1,751	3,646
–	–	After one year but not more than five years	116	282
–	–	More than five years	–	–
1,740	1,553		1,867	3,928

34. Taxation

Parent 2015	Parent 2016		Group 2016	Group 2015
46,779	40,071	Corporation tax	65,496	66,867
(184)	(939)	Over provision to prior year tax charge	(940)	(184)
166	390	Withholding tax	472	166
(22,854)	1,858	Deferred tax (Note 15)	3,388	(18,009)
379	1,047	Green Fund levy	1,865	988
24,286	42,427		70,281	49,828
		Reconciliation between taxation expense and accounting profit		
		Income taxes in the consolidated statement of income vary from amounts that would be computed by applying the statutory tax rate for the following reasons:		
194,045	195,488	Net profit before taxation	322,028	297,275
48,511	48,872	Tax at applicable statutory tax rates	80,507	74,319
		Tax effect of items that are adjustable in determining taxable profit:		
(11,236)	(11,177)	Tax exempt income	(12,423)	(13,304)
1,234	2,433	Non-deductible expenses	1,049	2,029
(2,741)	(1,813)	Allowable deductions	(1,728)	(11,191)
(184)	(939)	Adjustment to prior year tax charge	(940)	(184)
(11,843)	3,614	Other temporary differences	1,479	(2,995)
545	1,437	Provision for Green Fund Levy and other taxes	2,337	1,154
24,286	42,427	**Total taxation**	70,281	49,828

(Expressed in thousands of Trinidad and Tobago dollars)

35. Segmental information

For management purposes the Group is organised into four operating segments based on the following core areas of operation to the Group:

Banking services	Asset financing, Merchant banking, Investment services, Securities trading and Foreign exchange trading.
Mutual funds	ANSA Secured Fund, ANSA US$ Secured Fund, ANSA TT$ Income Fund and ANSA US$ Income Fund. These Funds are open-ended mutual funds registered in Trinidad & Tobago and established by ANSA Merchant Bank Limited (the 'Bank'). The Bank is the Sponsor, Investment Manager, Administrator and Distributor of these Funds.
Life insurance operations	Underwriting the following classes of longer-term insurance business: (i) individual participating and non-participating life insurance, (ii) group life insurance, (iii) individual insurance and (iv) group annuity and pension.
General insurance operations	Underwriting the following classes of short-term insurance business: (i) commercial and residential fire, (ii) general accident, (iii) marine, (iv) motor, (v) workmen compensation, (vi) group and individual health and rental of property.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the operating statement of income, and is measured consistently with the operating statement of income in the consolidated financial statements.

Interest income is reported net of related expenses as management primarily relies on net interest revenue as a performance measure, rather than the gross income and expense.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third-parties.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the bank's total revenue in 2016 or 2015.

35. Segmental information (continued)

The following table presents income and profit and certain asset and liability information regarding the Group's operating segments.

2016	Banking services	Mutual funds	Life insurance operations	General insurance operations	Eliminations	Total
Total operating income	330,804	37,504	236,013	287,844	(78,386)	813,779
Total operating expense	(63,170)	(11,631)	(130,953)	(80,345)	196	(285,903)
Write back/(provision) for impairment	4,471	(161)	1,305	(9)	–	5,606
Selling and administration expense	(70,284)	(21,725)	(53,274)	(108,837)	42,666	(211,454)
Profit before tax	201,821	3,987	53,091	98,653	(35,524)	322,028
Taxation	(43,974)	–	(6,800)	(19,507)	–	(70,281)
Profit after taxation	157,847	3,987	46,291	79,146	(35,524)	251,747
Total assets	4,342,819	801,314	2,090,038	1,108,052	(933,101)	7,409,122
Total liabilities	2,823,265	800,365	1,342,077	431,522	(190,271)	5,206,958
Purchase of fixed assets	14,543	–	628	2,253	–	17,424
Depreciation	(9,350)	–	(659)	(1,456)	–	(11,465)

35. Segmental information (continued)

2015	Banking services	Mutual funds	Life insurance operations	General insurance operations	Eliminations	Total
Total operating income	291,997	23,086	189,971	261,916	(45,850)	721,120
Total operating expense	(61,049)	(13,863)	(111,835)	(79,541)	434	(265,854)
Provision for impairment	31,542	2,888	2,389	1,154	–	37,973
Selling and administration expense	(68,045)	(20,347)	(43,304)	(88,056)	23,788	(195,964)
Profit/(loss) before tax	194,445	(8,236)	37,221	95,473	(21,628)	297,275
Taxation	(24,386)	–	(4,306)	(21,136)	–	(49,828)
Profit/(loss) after taxation	170,059	(8,236)	32,915	74,337	(21,628)	247,447
Total assets	3,449,507	982,090	1,981,593	1,061,313	(735,943)	6,738,560
Total liabilities	2,176,311	982,086	1,280,877	429,248	(170,414)	4,698,108
Purchase of fixed assets	167	–	990	6,501	–	7,658
Depreciation	(1,322)	–	(858)	(1,543)	–	(3,723)

35. Segmental information (continued)

The following table presents income and profit and certain asset and liability information regarding the Group's geographic segments.

2016	Domestic services	Regional	International	Eliminations	Total
Total operating income	728,611	67,603	95,951	(78,386)	813,779
Total operating expense	(267,815)	(18,284)	–	196	(285,903)
Write back/(provision) for impairment	1,346	4,573	(313)	–	5,606
Selling and administration expense	(224,809)	(29,311)	–	42,666	(211,454)
Profit before tax	237,333	24,581	95,638	(35,524)	322,028
Taxation	(68,566)	(1,715)	–	–	(70,281)
Profit after taxation	168,767	22,866	95,638	(35,524)	251,747
Total assets	5,796,986	1,064,170	1,481,067	(933,101)	7,409,122
Total liabilities	4,775,096	611,047	11,086	(190,271)	5,206,958
Purchase of fixed assets	3,248	14,176	–	–	17,424
Depreciation	(2,555)	(8,910)	–	–	(11,465)

(Expressed in thousands of Trinidad and Tobago dollars)

35. Segmental information (continued)

The following table presents income and profit and certain asset and liability information regarding the Group's geographic segments.

2015	Domestic services	Regional	International	Eliminations	Total
Total operating income	668,602	63,989	34,379	(45,850)	721,120
Total operating expense	(252,773)	(13,515)	–	434	(265,854)
Write back/(provision) for impairment	48,185	(9,515)	(697)	–	37,973
Selling and administration expense	(206,866)	(12,886)	–	23,788	(195,964)
Profit before tax	257,148	28,073	33,682	(21,628)	297,275
Taxation	(49,644)	(184)	–	–	(49,828)
Profit after taxation	207,504	27,889	33,682	(21,628)	247,447
Total assets	5,598,306	374,643	1,501,554	(170,414)	7,304,089
Total liabilities	4,867,488	1,034	–	(170,414)	4,698,108
Purchase of fixed assets	7,658	–	–	–	7,658
Depreciation	(3,723)	–	–	–	(3,723)

36. Related party transactions and balances

Parties are considered to be related if one has the ability to control or exercise significant influence over the other party in making financial or operational decisions. The Bank is ultimately owned by ANSA McAL Limited, incorporated in Trinidad and Tobago, which owns 82.48% of the stated capital of the Bank.

A number of transactions are entered into with related parties in the normal course of business. These include hire purchase, finance leases, premium financing, deposits, insurance coverage and foreign currency transactions. These transactions were carried out on commercial terms and at market rates.

The related assets, liabilities, income and expense from these transactions are as follows:

Parent 2015	Parent 2016		Group 2016	Group 2015
		Loans, investments and other assets		
60,817	56,957	ANSA McAL Group	59,559	99,787
38,670	34,126	Subsidiaries	–	–
1,618	2,189	Directors and key management personnel	2,454	2,203
54,100	50,740	Other related parties	81,307	87,249
155,205	144,012		143,320	189,239
		Deposits and other liabilities		
344,681	438,124	ANSA McAL Group	442,494	415,625
85,021	96,590	Subsidiaries	–	–
55,186	55,189	Directors and key management personnel	56,671	105,546
2,759	5,649	Other related parties	52,789	59,068
487,647	595,552		551,954	580,239

36. Related party transactions and balances (continued)

Parent 2015	Parent 2016		Group 2016	Group 2015
		Interest and other income		
31,332	20,510	ANSA McAL Group	54,432	79,179
18,860	53,329	Subsidiaries	–	–
81	23	Directors and key management personnel	43	139
2,460	4,025	Other related parties	8,621	7,991
52,733	77,887		63,096	87,309
		Interest and other expense		
3,942	6,265	ANSA McAL Group	13,229	11,603
2,474	2,345	Subsidiaries	–	–
2,696	2,065	Directors and key management personnel	1,392	3,885
–	66	Other related parties	774	466
9,112	10,741		15,395	15,954

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

Key management compensation

Parent 2015	Parent 2016		Group 2016	Group 2015
6,370	6,380	Short-term benefits	10,422	9,284
104	111	Contribution to defined contribution plans	153	129
124	133	Post employment benefits	133	124
6,598	6,624		10,708	9,537

37. Fair value of financial instruments

(i) Carrying amounts and fair values

The tables in the following pages summarise the carrying amounts and the fair values of the Parent's and the Group's financial assets and liabilities for 2016 and 2015.

2016

Parent Carrying values	Parent Fair values	Parent Unrecognised loss		Group Carrying values	Group Fair values	Group Unrecognised loss
			Financial assets			
600,215	580,554	(19,661)	Investment securities	3,282,742	3,272,541	(10,201)
–	–	–	Investment property	139,268	139,268	–
600,215	580,554	(19,661)		3,422,010	3,411,809	(10,201)
			Financial liabilities			
1,004,330	830,051	(174,279)	Debt securities in issue	1,004,330	830,051	(174,279)
1,004,330	830,051	(174,279)		1,004,330	830,051	(174,279)

(Expressed in thousands of Trinidad and Tobago dollars)

37. Fair value of financial instruments (continued)

(i) Carrying amounts and fair values (continued)

2015

Parent				Group		
Carrying values	**Fair values**	**Unrecognised loss**	**Financial assets**	**Carrying values**	**Fair values**	**Unrecognised gain**
609,748	583,912	(25,836)	Investment securities	3,254,141	3,237,946	(16,195)
–	–	–	Investment property	138,483	138,483	–
609,748	583,912	(25,836)		3,392,624	3,376,429	(16,195)
			Financial liabilities			
911,415	800,585	(110,830)	Debt securities in issue	911,415	930,146	18,731
911,415	800,585	(110,830)		911,415	930,146	18,731

For all other financial instruments, the carrying amount is a reasonable approximation of fair value.

37. Fair value of financial instruments (continued)

(ii) Determination of fair value and fair value hierarchies

2016 **Parent**	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment securities designated at FVSI				
Equity securities	34,834	–	–	34,834
Government bonds	–	3,387	–	3,387
State owned company securities	9,931	–	–	9,931
Corporate bonds and debentures	39,810	–	–	39,810
	84,575	3,387	–	87,962
Investment securities measured at amortised cost for which fair values are disclosed				
Government bonds	9,918	2,725	107	12,750
State owned company securities	33,125	67,450	101,479	202,054
Corporate bonds and debentures	154,200	40,823	62,771	257,794
	197,243	110,998	164,357	472,598
Investment securities measured at FVOCI				
Equity securities	–	19,993	–	19,993

37. Fair value of financial instruments (continued)

(ii) Determination of fair value and fair value hierarchies (continued)

2016 **Group**	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment securities designated at FVSI				
Equity securities	690,144	–	1,058	691,202
Government bonds	7,383	22,748	–	30,131
State owned company securities	32,703	48,419	–	81,122
Corporate bonds and debentures	138,807	23,724	–	162,531
	869,037	94,891	1,058	964,986
Investment securities measured at amortised cost for which fair values are disclosed				
Government bonds	18,374	529,905	107	548,386
State owned company securities	79,598	577,568	101,480	758,646
Corporate bonds and debentures	324,988	547,663	127,872	1,000,523
	422,960	1,655,136	229,459	2,307,555
Assets measured at fair value				
Investment properties	–	139,268	–	139,268

37. Fair value of financial instruments (continued)

(ii) Determination of fair value and fair value hierarchies (continued)

2015 **Parent**	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment securities designated at FVSI				
Equity securities	18,680	70,818	–	89,498
Government bonds	–	12,027	–	12,027
Corporate bonds and debentures	27,205	–	2	27,207
	45,885	82,845	2	128,732
Investment securities measured at amortised cost for which fair values are disclosed				
Government bonds	2,055	2,849	110	5,014
State owned company securities	11,592	80,167	110,600	202,359
Corporate bonds and debentures	135,370	45,460	47,747	228,577
	149,017	128,476	158,457	435,950
Investment securities measured at FVOCI				
Equity securities	–	19,230	–	19,230

(Expressed in thousands of Trinidad and Tobago dollars)

37. Fair value of financial instruments (continued)

(ii) Determination of fair value and fair value hierarchies (continued)

2015 Group	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment securities designated at FVSI				
Equity securities	671,197	212,250	1,058	884,505
Government bonds	5,672	110,989	–	116,661
State owned company securities	16,121	99,360	–	115,481
Corporate bonds and debentures	108,064	47,644	2	155,710
	801,054	470,243	1,060	1,272,357
Investment securities measured at amortised cost for which fair values are disclosed				
Government bonds	5,995	362,925	110	369,030
State owned company securities	56,053	565,742	110,600	732,395
Corporate bonds and debentures	308,654	475,665	79,845	864,164
	370,702	1,404,332	190,555	1,965,589
Assets measured at fair value				
Investment properties	–	138,483	–	138,483

37. Fair value of financial instruments (continued)

(iii) Determination of fair value and fair values hierarchy (continued)

Description of significant unobservable inputs to valuation:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Unquoted securities	Discounted cashflows	Rate of return	2.12% to 10.85%	2% increase/(decrease) in the rate of return would result in decrease/(increase) in fair value by $6,237/($4,620)

(iv) Transfers between Level 1 and 2

At each reporting date the Group assesses the fair value hierarchy of its financial instruments. A transfer between levels will occur when a financial instrument no longer meets the criteria in which the financial instrument is classified.

There were no transfers between level 1 and level 2 for the year ended 31 December 2016 (2015: government securities valued at $10.9 million were reclassified from level 2 to level 1).

37. Fair value of financial instruments (continued)

(v) Movements in Level 3 financial instruments

Parent 2015	**Parent 2016**		**Group 2016**	**Group 2015**
		Assets		
158,438	158,459	Balance at 1 January	191,615	242,106
652	978	(Losses)/gains recognised	4,329	(1,659)
34,897	45,252	Purchases	85,487	66,633
–	4,098	Transfers (out)/in Level 3	36,922	(32,178)
(35,528)	(44,430)	Disposal	(87,835)	(83,287)
158,459	164,357		230,518	191,615

38. Risk management

Introduction

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls.

This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to their responsibilities. The Group is exposed to credit risk, liquidity risk and market risk.

Risk management structure

The Board of Directors (the 'Board') is ultimately responsible for identifying and controlling risks; however, there are separate bodies responsible for managing and monitoring risks.

Board of Directors

The Board of Directors is responsible for the overall risk management approach and for approving the risk strategies, principles and policies and procedures. Day to day adherence to risk principles is carried out by the executive management of the Bank and its subsidiaries in compliance with the policies approved by the Board of Directors.

38. Risk management (continued)

Risk management structure (continued)

Treasury management

The Bank and its subsidiaries employ Treasury functions which are responsible for managing their assets and liabilities and the overall financial structure. The Treasury function is also primarily responsible for the funding and liquidity risks of the Bank and its subsidiaries.

Concentrations of risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's results to developments affecting a particular industry. In order to avoid excessive concentrations of risk, the Group's procedures include specific monitoring controls to focus on the maintenance of a diversified portfolio.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise credit risk, interest rate risk, currency risk and equity price risk each of which are considered below and include, where relevant, the sensitivity of the Group's financial result on movements in certain market risk variables.

Credit risk management

The Group takes on exposure to credit risk, which is the potential for loss due to a counter-party or borrower's failure to pay amounts when due. Credit risk arises from traditional lending, underwriting and investing activity, and from settling payments between financial institutions. Impairment provisions are established for losses that have been incurred at the end of the reporting period.

Significant changes in the economy, or in the state of a particular industry segment that represents a concentration in the Group's portfolio, could result in losses that are different from those provided at the end of the reporting period. Management therefore carefully manages its exposure to credit risk.

(Expressed in thousands of Trinidad and Tobago dollars)

38. Risk management (continued)

Credit risk management (continued)

The Group structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or group of borrowers, and to geographical and industry segments. Such risks are monitored on an ongoing basis, and limits on the levels of credit risk that the Group can engage in are approved by the Board of Directors.

Exposure to credit risk is further managed through regular analysis of the ability of borrowers to meet capital and interest repayment obligations and by changing these lending limits when appropriate. In addition, collateral, corporate, state and personal guarantees are obtained.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as the primary underwriter. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

The following table shows the maximum exposure to credit risk without taking account of any collateral held or other credit enhancements attached. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

Parent			Group	
2015	**2016**		**2016**	**2015**
302,985	286,015	Cash and short-term funds	766,104	720,084
–	–	Fixed deposits	124,947	148,514
		Net investment in leased assets		
1,005,106	1,056,495	and other instalment loans	1,427,928	1,003,373
800,290	697,428	Loans and advances	876,251	866,310
501,020	545,388	Investment securities	2,591,540	2,369,636
8,904	6,666	Interest receivable	29,103	36,178
–	–	Insurance receivables	47,648	37,170
–	–	Reinsurance assets	182,506	172,082
2,618,305	2,591,992	**Total**	6,046,027	5,353,347

38. Risk management (continued)

Credit risk management (continued)

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements (continued)

Parent			Group	
2015	**2016**		**2016**	**2015**
2,618,305	2,591,992	**Total**	6,046,027	5,353,347
6,636	6,442	Contingent liabilities	6,442	6,636
2,624,941	2,598,434		6,052,469	5,359,983

The main types of collateral obtained are as follows:

- For hire purchase and leases – charges over auto vehicles and industrial and general equipment;
- For reverse repurchase transactions – cash and securities;
- For corporate loans – charges over real estate property, industrial equipment, inventory and trade receivables;
- For mortgage loans – mortgages over commercial and residential properties.

Cash and short-term funds and fixed deposits

These funds are placed with highly rated local banks and Central Banks within the Caribbean region where the Group transacts business. In addition, cash is held by international financial institutions with which the Group has relationships as custodians or fund managers. All custodians and fund managers have been classified with a 'stable' outlook. Management therefore considers the risk of default of these counterparties to be very low.

Net investment in leased assets and other instalment loans, mortgages and policy loans

These leases and loans are individually insignificant. With the exception of policy loans, these facilities are typically secured by the related asset. Policy loans are advanced up to the maximum cash surrender value of the policy to which it relates, and therefore there is no risk of loss to the Group.

38. Risk management (continued)

Net investment in leased assets and other instalment loans, mortgages and policy loans (continued)

An aging analysis of these facilities is as follows:

		In Arrears				
	Current	**1-30 days**	**31-60 days**	**61-90 days**	**Over 90 days**	**Total**
Parent						
2016	950,972	47,730	22,104	16,419	19,270	1,056,495
2015	897,152	55,689	16,584	12,001	23,680	1,005,106
Group						
2016						
Net leases	1,245,374	108,281	37,696	17,338	19,239	1,427,928
Mortgages	95,565	14,806	–	–	–	110,371
Policy loans	30,662	–	–	–	–	30,662
	1,371,601	123,087	37,696	17,338	19,239	1,568,961
Group						
2015						
Net leases	895,419	55,689	16,584	12,001	23,680	1,003,373
Mortgages	44,054	–	15,021	–	–	59,075
Policy loans	10,969	–	–	–	–	10,969
	950,442	55,689	31,605	12,001	23,680	1,073,417

38. Risk management (continued)

Other loans and advances

The credit quality of other loans and advances has been analysed into the following categories:

High grade	These facilities are current and have been serviced in accordance with the loan agreements. In addition, these loans are well secured typically by sovereign backed mortgages over properties in desirable locations, or shares in publicly traded companies on the local stock exchange. Also included in this category are loans with related parties which meet all of the above criteria.
Standard	These facilities are current and have been serviced in accordance with the loan agreements.
Special monitoring	These are loans that are typically not serviced on time, but are in arrears for less than 90 days. Payments are normally received after follow up with the client.
Sub-standard	These facilities are either greater than 90 days in arrears but are not considered to be impaired, or have been restructured in the past financial year.
Impaired	These facilities are non-performing.

(Expressed in thousands of Trinidad and Tobago dollars)

38. Risk management (continued)

Other loans and advances (continued)

	High grade	Standard	Special monitoring	Sub-standard	Impaired	Total
Parent						
2016	379,185	316,581	–	1,662	–	697,428
2015	550,885	247,486	–	1,919	–	800,290
Group						
2016	387,823	423,485	23,248	1,662	40,033	876,251
2015	550,885	313,506	–	1,919	–	866,310

Investment debt securities

The credit quality of investment debt securities has been analysed into the following categories:

High grade — These include regional sovereign debt securities issued directly or through a state intermediary body where there has been no history of default.

Standard — These securities are current and have been serviced in accordance with the terms and conditions of the underlying agreements. In addition, included in this category are securities issued by related parties and fellow subsidiaries within the ANSA McAL Group of companies.

Sub-standard — These securities are either greater than 90 days in arrears, display indicators of impairment, or have been restructured in the past financial year.

Impaired — These securities are non-performing.

38. Risk management (continued)

Investment debt securities (continued)

	High grade	Standard	Sub-standard	Impaired	Total
Parent					
2016					
Investments designated at FVSI	3,387	49,741	–	–	53,128
Investments measured at amortised cost	162,726	270,177	59,357	–	492,260
	166,113	319,918	59,357	–	545,388
2015					
Investments designated at FVSI	12,028	27,207	–	–	39,235
Investments measured at amortised cost	155,007	247,603	59,087	88	461,785
	167,035	274,810	59,087	88	501,020
Group					
2016					
Investments designated at FVSI	88,741	185,043	–	–	273,784
Investments measured at amortised cost	900,016	1,401,840	13,810	2,090	2,317,756
	988,757	1,586,883	13,810	2,090	2,591,540
2015					
Investments designated at FVSI	223,445	164,404	3	–	387,852
Investments measured at amortised cost	644,572	1,238,268	98,019	925	1,981,784
	868,017	1,402,672	98,022	925	2,369,636

38. Risk management (continued)

Insurance receivables

An aged analysis of insurance receivables is as follows:

	Up to 45 days	45-90 days	Over 90 days	Total
2016				
Gross premiums receivable	12,140	3,768	13,600	29,508
Provision for premiums receivables	–	–	(3,000)	(3,000)
Gross reinsurance receivables	3,219	100	17,821	21,140
	15,359	3,868	28,421	47,648
2015				
Gross premiums receivable	11,906	5,156	14,301	31,363
Provision for premiums receivables	–	–	(3,000)	(3,000)
Gross reinsurance receivables	996	2,281	5,530	8,807
	12,902	7,437	16,831	37,170

Reinsurance assets

The credit quality of reinsurance assets, can be assessed by reference to external credit ratings agencies, Standard & Poor and A.M. Best. Based on the high ratings, management therefore considers the risk of default of these counterparties to be very low.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Group manages its interest rate exposure by offering fixed rates on its funding instruments over the respective term. On the lending side, loans will be granted at fixed rates over specified periods. As interest rates on both deposits and loans remain fixed over their lives, the risk of fluctuations in market conditions is mitigated.

38. Risk management (continued)

Interest rate risk (continued)

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily by the Group Treasury function.

The table below demonstrates the sensitivity to a reasonably possible change in interest rates on the Group's income and equity with all other variables held constant.

The sensitivity of income is the effect of the assumed changes in interest rates on the income for one year, based on the floating rate non-trading financial assets and financial liabilities held at 31 December 2016 and 2015.

Change in basis points		**Sensitivity of income**	
		2016	**2015**
Parent	+ 100	40	139
	– 100	(40)	(139)
Group	+ 100	584	295
	– 100	(584)	(295)

Currency risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The tables on the following pages indicate the currencies to which the Parent and Group had significant exposure at 31 December 2016 and 2015 on its monetary assets and liabilities. The analysis also calculates the effects of a reasonably possible movement of each currency rate against the Trinidad and Tobago dollar, with other variables held constant.

(Expressed in thousands of Trinidad and Tobago dollars)

38. Risk management (continued)

Currency risk (continued)

The table below indicates the currencies to which the Group had significant exposure at 31 December on its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the TTD rate against other currencies, with all other variables held constant.

Parent	**USD**	**EURO**	**OTHER**	**TOTAL**
2016				
Cash and short-term funds	152,535	211	2,136	154,882
Loans and advances	219,979	–	–	219,979
Investment securities	456,758	–	–	456,758
Interest receivable	4,927	–	17	4,944
Other debtors and prepayments	20,862	–	(2)	20,860
Total financial assets	855,061	211	2,151	857,423
Customers' deposits and other funding instruments	193,307	–	–	193,307
Debt securities	303,563	–	–	303,563
Total financial liabilities	496,870	–	–	496,870
Net currency risk exposure	**358,191**	**211**	**2,151**	**360,553**
Reasonably possible change in currency rate	5%	5%	5%	5%
Effect on profit before tax	17,910	11	108	18,028

38. Risk management (continued)

Currency risk (continued)

Parent	**USD**	**EURO**	**OTHER**	**TOTAL**
2015				
Cash and short-term funds	222,609	219	1,552	224,380
Loans and advances	263,424	–	–	263,424
Investment securities	446,817	–	54	446,871
Interest receivable	4,927	–	17	4,944
Other debtors and prepayments	1,430	–	26	1,456
Total financial assets	939,207	219	1,649	941,075
Customers' deposits and other funding instruments	319,526	–	–	319,526
Debt securities	316,445	–	–	316,445
Total financial liabilities	635,971	–	–	635,971
Net currency risk exposure	**303,236**	**219**	**1,649**	**305,104**
Reasonably possible change in currency rate	5%	5%	5%	5%
Effect on profit before tax	15,162	11	82	15,255

38. Risk management (continued)

Currency risk (continued)

Group

2016	**USD**	**BDS**	**EURO**	**OTHER**	**TOTAL**
Cash and short-term funds	334,844	141,917	228	4,036	481,025
Fixed deposits	–	32,927	–	4,071	36,998
Net investment in leased assets and other installment loans	–	373,217	–	–	373,217
Loans and advances	219,979	57,113	–	–	277,092
Investment securities	1,515,720	45,112	–	984	1,561,816
Interest receivable	13,301	493	–	57	13,851
Insurance receivables	13,898	7,856	–	–	21,754
Other debtors and prepayments	21,146	8,898	1	(2)	30,043
Reinsurance assets	–	82,726	–	–	82,726
Total financial assets	2,118,888	750,259	229	9,146	2,878,522
Customers' deposits and other funding instruments	193,307	–	–	–	193,307
Debt securities	503,001	549,403	–	–	1,052,404
Total financial liabilities	696,308	549,403	–	–	1,245,711
Net currency risk exposure	**1,422,580**	**200,856**	**229**	**9,146**	**1,632,811**
Reasonably possible change in currency rate	5%	5%	5%	5%	5%
Effect on profit before tax	**71,129**	**10,043**	**11**	**457**	**81,640**

38. Risk management (continued)

Currency risk (continued)

Group

2015	**USD**	**BDS**	**EURO**	**OTHER**	**TOTAL**
Cash and short-term funds	363,622	41,220	219	23,282	428,343
Fixed deposits	–	44,078	–	3,849	47,927
Loans and advances	384,233	–	–	–	384,233
Investment securities	1,503,172	31,554	–	991	1,535,717
Interest receivable	14,103	3,334	–	55	17,492
Insurance receivables	3,250	9,441	–	–	12,691
Other debtors and prepayments	1,430	–	–	26	1,456
Reinsurance assets	–	37,877	–	–	37,877
Total financial assets	2,269,810	167,504	219	28,203	2,465,736
Customers' deposits and other funding instruments	533,782	–	–	–	533,782
Debt securities	316,445	–	–	–	316,445
Total financial liabilities	850,227	–	–	–	850,227
Net currency risk exposure	1,419,583	167,504	219	28,203	1,615,509
Reasonably possible change in currency rate	5%	5%	5%	5%	5%
Effect on profit before tax	**70,979**	**8,375**	**11**	**1,410**	**80,775**

(Expressed in thousands of Trinidad and Tobago dollars)

38. Risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulty in meeting obligations associated with financial instruments when they fall due under normal and stress circumstances. To mitigate this risk, Management has arranged diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind and monitors future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The Group sources funds for the provision of liquidity from three main sources; retail and wholesale deposits, funding instruments and the capital markets. A substantial portion of the funding for the Group is provided by core deposits and premium income. The Group maintains a core funding base which can be drawn on to meet immediate liquidity needs. Facilities are also established with correspondent banks, which can provide additional liquidity if conditions demand.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities are fundamental to the management of the Group. The Group employs various asset/liability techniques to manage liquidity gaps. Liquidity gaps are mitigated by the marketable nature of a substantial segment of the Group's assets as well as generating sufficient cash from new and renewed customer deposits and insurance policies.

Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial liabilities as at 31 December 2016 and 2015, based on contractual repayment obligations, over the remaining life of those liabilities.

Parent	Up to one year	One to five years	Over five years	Total
2016				
Customers' deposits and other funding instruments	840,010	275,546	10,000	1,125,556
Debt securities in issue	33,589	370,741	600,000	1,004,330
Interest payable	11,035	6,546	2,317	19,898
	884,634	652,833	612,317	2,149,784

38. Risk management (continued)

Liquidity risk (continued)

Analysis of financial liabilities by remaining contractual maturities (continued)

Parent	Up to one year	One to five years	Over five years	Total
2015				
Customers' deposits and other funding instruments	1,109,206	66,387	–	1,175,593
Debt securities in issue	64,196	96,294	750,925	911,415
Interest payable	12,241	2,701	3,681	18,623
Bank overdraft	10,153	–	–	10,153
	1,195,796	165,382	754,606	2,115,784
Group				
2016				
Customers' deposits and other funding instruments	1,795,280	509,961	–	2,305,241
Debt securities in issue	33,589	370,741	600,000	1,004,330
Interest payable	15,553	8,498	1,970	26,021
Investment contracts	224,936	–	–	224,936
	2,069,358	889,200	601,970	3,560,528
2015				
Customers' deposits and other funding instruments	1,954,944	42,021	–	1,996,965
Debt securities in issue	64,196	96,294	750,925	911,415
Interest payable	7,512	2,701	3,681	13,894
Bank overdraft	10,153	–	–	10,153
Investment contracts	210,231	–	–	210,231
	2,247,036	141,016	754,606	3,142,658

38. Risk management (continued)

Equity price risk

Equity price risk is the risk that the fair values of equities will decrease as the result of a decrease in equity indices and the value of individual stocks. The non-trading equity price risk exposure arises from the Group's investment portfolio.

The effect on income will arise as a result of the change in fair value of equity instruments categorised as fair value through the statement of income. In the case of the Parent, changes in fair value affect the capital reserve as a component of equity, whereas with respect to the subsidiaries, changes in fair value have an impact on the capital reserve and/or income.

The effect on equity and income at 31 December 2016 and 2015 due to a reasonably possible change in equity indices, with all other variables held constant, is as follows:

Market indices	Change in equity price	Effect on income	
	%	2016	2015
Parent		+/-	+/-
TTSE	+/- 3	403	602
S&P 500	+/- 8	3,313	7,094
Group			
TTSE	+/- 3	12,581	13,892
S&P 500	+/- 8	21,390	41,459

39. Capital management

The primary objectives of the Group's capital management policy are to ensure that the Group complies with externally imposed capital requirements and that the Group maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

39. Capital management (continued)

When managing capital, which is a broader concept than the 'equity' in the statement of financial position, the objectives of the Parent and its subsidiaries are:

- To comply with the capital requirements set by the regulators of the markets where the parent and its subsidiaries operate;
- To safeguard the parent's and the subsidiaries' ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored monthly by Management, employing techniques based on the guidelines developed and implemented by the Central Bank of Trinidad & Tobago for supervisory purposes. The required information is filed with the Central Bank on a monthly basis.

The Central Bank requires each bank or banking group to: (a) hold the minimum level of the regulatory capital of $15 million, and (b) maintain a ratio of total regulatory capital to the risk-weighted asset (the 'Basel ratio') at or above the internationally agreed minimum of 8%.

In each country in which the Group's insurance subsidiaries operates, the local insurance regulator indicates the required minimum amount and type of capital that must be held by each of the subsidiaries in addition to their insurance liabilities. The Group is subject to the insurance solvency regulations in all the territories in which it issues insurance contracts. The minimum required capital must be maintained at all times throughout the year.

For 2016 and 2015, the Parent and its subsidiaries complied with all of the externally imposed capital requirements to which they are subject at the date of this report.

(Expressed in thousands of Trinidad and Tobago dollars)

40. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled based on contractual undiscounted cashflows.

Parent	2016			2015		
Assets	**Less than 12 months**	**Over 12 months**	**Total**	**Less than 12 months**	**Over 12 months**	**Total**
Cash and short-term funds	286,015	–	286,015	302,985	–	302,985
Net investment in leased assets and other instalment loans	85,155	971,340	1,056,495	76,943	928,163	1,005,106
Loans and advances	570,147	127,281	697,428	718,914	81,376	800,290
Investment securities	105,965	494,250	600,215	165,917	443,831	609,748
Interest receivable	6,666	–	6,666	8,904	–	8,904
Other debtors and prepayments	51,871	–	51,871	45,250	–	45,250
Taxation recoverable	1,219	–	1,219	1,219	–	1,219
Investment in subsidiaries	–	810,320	810,320	–	632,500	632,500
Property and equipment	–	1,351	1,351	–	1,502	1,502
Deferred tax asset	–	20,179	20,179	–	20,598	20,598
Employee benefit asset	–	9,374	9,374	–	9,278	9,278
Total assets	1,107,038	2,434,095	3,541,133	1,320,132	2,117,248	3,437,380
Liabilities						
Customers' deposits and other funding instruments	840,010	285,546	1,125,556	1,109,206	66,387	1,175,593
Bank overdraft	–	–	–	10,153	–	10,153
Accrued interest and other payables	71,323	–	71,323	65,673	–	65,673
Debt securities in issue	33,589	970,741	1,004,330	64,196	847,219	911,415
Taxation payable	8,884	–	8,884	9,722	–	9,722
Deferred tax liability	–	4,339	4,339	–	2,878	2,878
Employee benefit obligation	–	385	385	–	431	431
Total liabilities	953,806	1,261,011	2,214,817	1,258,950	916,915	2,175,865

40. Maturity analysis of assets and liabilities (continued)

Group	2016			2015		
Assets	**Less than 12 months**	**Over 12 months**	**Total**	**Less than 12 months**	**Over 12 months**	**Total**
Cash and short-term funds	766,104	–	766,104	720,084	–	720,084
Fixed deposits	124,947	–	124,947	148,514	–	148,514
Net investment in leased assets and other instalment loans	98,207	1,329,721	1,427,928	76,943	926,430	1,003,373
Loans and advances	581,730	294,521	876,251	718,914	147,396	866,310
Investment securities	870,122	2,412,620	3,282,742	1,139,284	2,114,857	3,254,141
Interest receivable	29,103	–	29,103	36,178	–	36,178
Insurance receivables	47,648	–	47,648	37,170	–	37,170
Other debtors and prepayments	57,586	–	57,586	50,305	–	50,305
Reinsurance assets	165,150	17,356	182,506	160,033	12,049	172,082
Taxation recoverable	2,417	–	2,417	1,515	–	1,515
Investment properties	–	139,268	139,268	–	138,483	138,483
Property and equipment	–	182,798	182,798	–	28,583	28,583
Goodwill	–	136,361	136,361	–	133,762	133,762
Deferred tax asset	–	24,374	24,374	–	29,665	29,665
Employee benefit asset	–	129,089	129,089	–	118,395	118,395
Total assets	2,743,014	4,666,108	7,409,122	3,088,940	3,649,620	6,738,560
Liabilities						
Customers' deposits and other funding instruments	1,795,279	509,962	2,305,241	1,954,943	42,022	1,996,965
Debt securities in issue	33,589	970,741	1,004,330	64,196	847,219	911,415
Bank overdraft	–	–	–	10,153	–	10,153
Accrued interest and other payables	139,719	–	139,719	103,287	–	103,287
Taxation payable	14,597	–	14,597	11,468	–	11,468
Deferred tax liability	–	149,118	149,118	–	125,354	125,354
Employee benefit obligation	–	4,525	4,525	–	4,075	4,075
Investment contract liabilities	224,936	–	224,936	210,231	–	210,231
Insurance contract liabilities	384,421	980,071	1,364,492	390,093	935,067	1,325,160
Total liabilities	2,592,541	2,614,417	5,206,958	2,744,371	1,953,737	4,698,108

41. Business combination

On 3 October 2016, the Bank capitalied ANSA Financial Holdings (Barbados) Limited and was issued 100% of its share capital. Also on that date the Bank completed the acquisition of 100% of the financial services business of Consolidated Finance Co. Limited (CFC) and as a result of that acquisition ANSA Financial Holdings (Barbados) Limited is now the immediate parent company of CFC. CFC is a financial services company licensed under Part III of the Financial Institutions Act, Cap 324A of Barbados. ANSA Financial Holdings (Barbados) Limited is a non-operating holding company which is incorporated and domiciled in Barbados.

This business combination was within the scope of IFRS 3- Business Combinations. An analysis of the fair value of the net assets acquired and is shown in the table below:

	Fair value of assets acquired and liabilities assumed on 3 October 2016
Net leases and loans receivable	432,893
Operating lease vehicles	145,280
Investments	110,951
Other non-current assets	14,010
Current assets including cash	101,313
Total assets	804,447
Customers' deposits	570,951
Non-current liabilities	25,905
Current liabilities	32,370
Total liabilities	629,226
Net Assets	175,221
Fair value of net assets acquired	175,221
Fair value of consideration	177,820
Purchased goodwill	2,599

41. Business combination (continued)

The provisional goodwill represents the value of the expected synergies arising from the acquisition.

Analysis of cash flow on acquisition

Consideration paid for business combination	177,820
Represented by:	
Cash transferred	77,053
Short and medium term promissory notes	100,767
	177,820
Cash transferred in the transaction	77,053
Cash included in net assets acquired	32,587
Net cash outflow on business transfer	(44,467)

Debt securities as described above consists of promissory notes payable of TT$35 million each repayable on 3 October 2017, 3 October 2018 and 3 October 2019 respectively (see Note 19).

From the date of acquisition, the acquiree contributed $25.4 million to revenue and $4.5 million to the net profit of the Group for the year ended 31 December 2016.

(Expressed in thousands of Trinidad and Tobago dollars)

42. Capital commitments

Parent			Group	
2015	**2016**		**2016**	**2015**
–	30,356	Capital expenditure	54,186	–

43. Contingent liabilities

The Group's potential liability, for which there are equal and offsetting claims, against its customers in the event of a call on these commitments is as follows:

Parent		Group	
2015	**2016**	**2016**	**2015**
6,636	6,442	6,442	6,636

44. Dividends

Dividends paid are analysed as follows:	**2016**	**2015**
Final dividend for 2015 – $0.85 per share (2014: $0.85 per share)	72,764	72,764
Interim dividend for 2016 – $0.20 per share (2015: $0.20 per share)	17,122	17,122
	89,886	89,886

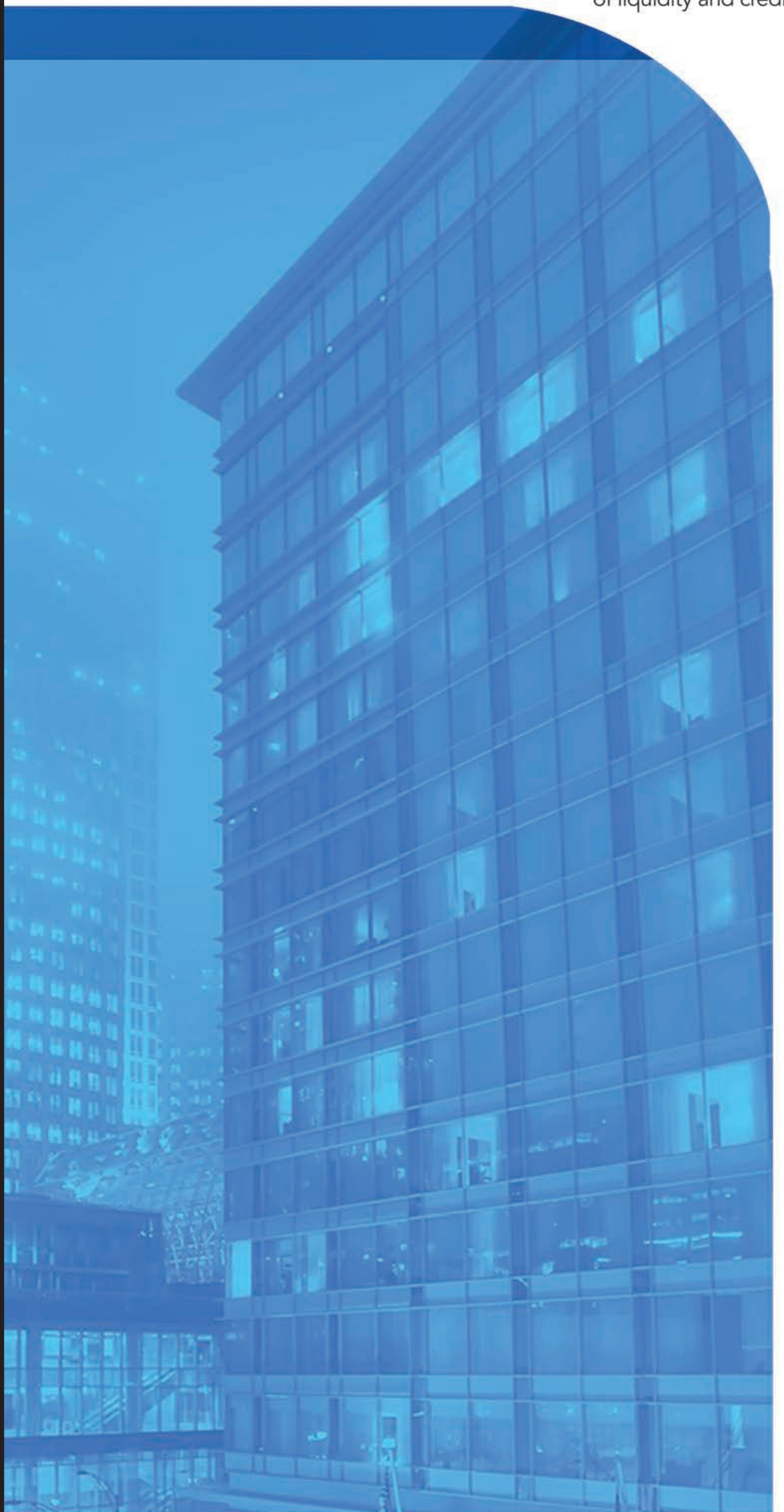
On 21 March 2017, the Board of Directors declared a final dividend of $1.00 (2015: $0.85) per share for the year ended 31 December 2016. This dividend amounting to $85,605,000 (2015: $72,764,000) is not recorded as a liability in the statement of financial position as at 31 December 2016.

45. Events after the reporting period

There were no material events after the statement of financial position date of 31 December 2016 which required recording or disclosure in the financial statements of the Bank or its subsidiaries as at 21 March 2017.

FUND FACTS

The Investment Objective of the Fund is to seek to generate investment returns which are superior to all TT$ registered money market mutual funds, while providing for acceptable levels of liquidity and credit risk.



ANSA Secured Fund: Top 10 Holdings - Dec 31 2016	% of Portfolio
GHL 7.975% FRB DUE 2023	10.44%
NIPDEC 5.15% FRB DUE 2025	10.16%
FIRST CITIZENS BANK LIMITED 3.10% FRB DUE 2021	4.69%
HDC 8.70% FRB DUE 2023	4.03%
STANDARD CHARTERED 5.70% FRB DUE 2022	3.39%
L BRANDS INC. 5.625% FRB DUE 2022	3.36%
FIAT CHRYSLER AUTOMOBILE 4.5% FRB DUE 2020	3.16%
PETROTRIN 6.0% FRB DUE 2022	3.11%
FIXED DEPOSIT 3.75% DUE 2018	2.81%
FIXED DEPOSIT 4.00% DUE 2019	2.81%

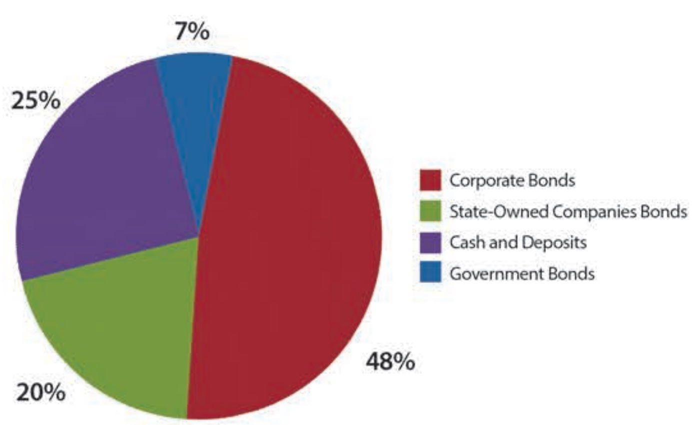
Cumulative Returns as at December 31 2016

12 Month	1.25%
3 Year	3.88%
Since Inception	15.93%

Historical Performance

2012	2.25%
2013	1.81%
2014	1.38%
2015	1.25%
2016	1.25%

Asset Mix - Dec 31 2016



MERCHANT BANK LIMITED

This information does not form part of the audited financial statements, on which the auditors have opined.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF ANSA SECURED FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ANSA Secured Fund ("the Fund"), which comprise the statement of financial position as at 31 December 2016, and the statement of comprehensive income, statement of changes in unitholders' capital and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Trustees for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Trustees are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst + Young

Port of Spain,
TRINIDAD:
21 March 2017

ANSA SECURED FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2016	2015
Assets			
Cash and cash equivalents	4	40,254	7,067
Interest and other receivables		3,122	3,707
Investment securities	5	172,973	228,601
Total assets		216,349	239,375
Liabilities			
Management fees payable		9,557	5,295
Trustee fees payable		77	88
Distributions payable		638	733
Other payables		334	413
Total liabilities		10,606	6,529
Net assets		**205,743**	**232,846**
Unitholders' Capital			
Unitholder's balances	6	202,222	228,676
Retained fund surplus		3,521	4,170
		205,743	**232,846**

The financial statements were approved by the Trustee and authorised for issue on 21 March 2017 and signed on their behalf by:

: Trustee

: Trustee

The accompanying notes form an integral part of these financial statements.

ANSA SECURED FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2016	2015
Income			
Interest and dividend income	7	10,706	11,724
Net foreign exchange translation and other gains		5,672	1,379
Total income		16,378	13,103
Expenses			
Net realised and unrealised losses on investment securities	8	(1,453)	(28)
Management fees	9	(12,402)	(5,295)
Trustee fees	9	(321)	(398)
Write back of impairment expense		27	136
Other expenses		(199)	(121)
Total expenses		(14,348)	(5,706)
Total comprehensive income for the year		**2,030**	**7,397**

The accompanying notes form an integral part of these financial statements.

ANSA SECURED FUND
STATEMENT OF CHANGES IN UNITHOLDERS' CAPITAL
FOR THE YEAR ENDED 31 DECEMBER 2016
(Expressed in thousands of Trinidad and Tobago dollars)

		Unitholders' balances	Retained fund surplus	Total
Balance as at 1 January 2015		297,425	86	297,511
Total comprehensive income for the year		–	7,397	7,397
Redemption of units	6	(68,749)	–	(68,749)
Distribution to Unitholders		–	(3,313)	(3,313)
Balance as at 31 December 2015		228,676	4,170	232,846
Total comprehensive income for the year		–	2,030	2,030
Redemption of units	6	(26,454)	–	(26,454)
Distribution to Unitholders		–	(2,679)	(2,679)
Balance as at 31 December 2016		202,222	3,521	205,743

The accompanying notes form an integral part of these financial statements.

ANSA SECURED FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2016	2015
Cash flows from operating activities			
Total comprehensive income for the year		2,030	7,397
Adjustments:			
Interest capitalised		(101)	(135)
Amortisation on investment securities		978	990
Losses on sale of investment securities	8	1,453	442
Unrealised gains on investment securities	8	–	(414)
Write back for impairment		(13)	(56)
Foreign exchange gains		(5,257)	(1,157)
(Deficit)/surplus before working capital changes		(910)	7,067
Changes in assets/liabilities:			
Decrease in receivables		585	390
Increase/(decrease) in payables		4,077	(6,523)
Net cash flows provided by operating activities		3,752	934
Cash flows from investing activities			
Purchase of investments		(11,163)	(77,033)
Proceeds from maturity/sale of investments		69,731	117,044
Net cash flows provided by investing activities		58,568	40,011
Cash flows from financing activities			
Redemption of units	6	(26,454)	(68,749)
Distribution to Unitholders		(2,679)	(3,313)
Net cash flows used in financing activities		(29,133)	(72,062)
Net increase/(decrease) in cash and cash equivalents		33,187	(31,117)
Cash and cash equivalents at the beginning of the year		7,067	38,184
Cash and cash equivalents at the end of the year	4	40,254	7,067
Supplemental information:			
Interest and dividend received		11,941	13,128
Distributions paid		2,773	3,528

The accompanying notes form an integral part of these financial statements.

1. Description of the Fund

The following brief description of the ANSA Secured Fund (the 'Fund') is provided for general information purposes only. Reference should be made to the Trust Deed and Prospectus of the Fund for more complete information.

The Fund is an open-ended mutual fund registered in Trinidad & Tobago, and established by ANSA Merchant Bank Limited (the 'Bank' or 'Fund Manager') under a Trust Deed dated 28 August 2005. The Bank whose registered address is 11C Maraval Road, Port Of Spain, Trinidad and Tobago, is the Sponsor, Investment Manager, Administrator and Distributor of the Fund.

The principal activity of the Fund is to provide investors having similar investment objectives the opportunity to access professional investment management in achieving maximum income returns, minimisation of risk and reasonable safety of capital.

It is the objective of the Fund to maintain a price of TT$1,000.00 per Unit.

The Unitholders have the right to vote with respect to certain matters related to the Fund.

At Unitholder meetings, Unitholders are entitled, inter alia, to:

(i) require the removal of the Trustee and/or approve the appointment of a new Trustee; and
(ii) sanction any modification, alteration or addition to the provisions of the Trust Deed unless the Trustee and the Sponsor certify in writing that they are of the opinion that the modification (a) does not materially prejudice the interests of the Unitholders, does not operate to release the Trustee from any material obligation to the Unitholders and does not materially increase the amount of expenses chargeable on the assets of the Fund; or (b) is necessary in order to make possible compliance with any fiscal, statutory of official requirement; or (c) is made to correct a manifest error.

The Bank has guaranteed 100% return of the principal invested in the Fund subject to a minimum period of investment, and a fixed minimum yield on the units held subject to a defined period of time established at the time of purchase. All units in the Fund have met the minimum period of investment for the principal guarantee and all units are beyond the definite period of time for the fixed minimum yield and are therefore not subject to the fixed minimum yield.

The Trustee of the Fund is FirstCaribbean International Bank (Trinidad & Tobago) Limited.

As at 30 September 2009, subscriptions to the Fund were suspended as a result of the prevailing market conditions. This was carried out in line with the provisions set out in the prospectus.

2. Significant accounting policies

i) Basis of preparation

These financial statements have been prepared on a historical cost basis, except for the financial assets held at fair value through statement of income. The financial statements are presented in Trinidad and Tobago Dollars ($) and all values are rounded to the nearest thousand, except when otherwise indicated.

Statement of compliance

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Presentation of financial statements

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Income and expenses will not be offset in the statement of comprehensive income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Fund.

ii) Changes in accounting policy and disclosures

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the Fund's annual financial statements for the year ended 31 December 2015 except for the standards and interpretations noted below.

New and amended standards and interpretations

The Fund applied, for the first time, certain standards and amendments that became applicable for the 2016 financial year, however there was no impact on the amounts reported and/or disclosures in the financial statements.

2. Significant accounting policies (continued)

ii) Changes in accounting policy and disclosures (continued)

New and amended standards and interpretations (continued)

Amendments to IAS 1 – Disclosure Initiative – Effective 1 January 2016

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1;
- That specific line items in the statement of profit or loss and OCI and the statement of financial position may be disaggregated;
- That entities have flexibility as to the order in which they present the notes to financial statements; and
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments had no impact on the Fund.

Annual Improvements to IFRSs 2012-2014 Cycle - Published September 2014, effective 1 January 2016

Certain limited amendments, which primarily consist of clarifications to existing guidance, were made to the following standards and are not expected to have a material impact on the financial statements:

- IFRS 7, 'Financial Instruments: Disclosures'
- IAS 34, 'Interim Financial Reporting'

2. Significant accounting policies (continued)

ii) Changes in accounting policy and disclosures (continued)

Standards issued but not yet effective

- IFRS 15, 'Revenue from Contracts with Customers' – Effective 1 January 2018.
- IFRS 9, Phase 2 and 3 – Effective 1 January 2018.

The standards and interpretations that are issued, but not yet effective, are disclosed above. The Fund intends to adopt these standards, if applicable, when they become effective.

iii) Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand and at bank, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash with original maturities of three months or less and subject to insignificant risks of change in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts. Bank overdrafts, should they exist, are disclosed separately under 'liabilities' on the statement of financial position.

iv) Financial instruments

IFRS 9, 'Financial Instruments: Classification and Measurement'

The Fund early adopted IFRS 9, 'Financial Instruments' (Phase 1) (as issued in November 2009), effective 1 January 2018. The Fund chose to apply the exemption given in the transitional provision for early application of IFRS 9 and hence did not restate comparative information in the year of initial application.

Financial assets

a. Initial recognition and subsequent measurement

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

2. Significant accounting policies (continued)

iv) Financial instruments (continued)

Financial assets (continued)

a. Initial recognition and subsequent measurement (continued)

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost. Interest income is recognised in the statement of comprehensive income and is included in 'interest income'.

Debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss (except for debt investments that are designated as at fair value through statement of income on initial recognition):

the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income (FVOCI)

On initial recognition, the Fund can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVOCI. Designation at FVOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

it has been acquired principally for the purpose of re-sale in the near term; or
on initial recognition it is part of a portfolio of identified financial instruments that the Fund manages together and has evidence of a recent actual pattern of short-term profit-taking; or

2. Significant accounting policies (continued)

iv) Financial instruments (continued)

Financial assets (continued)

a. Initial recognition and subsequent measurement (continued)

Financial assets at fair value through other comprehensive income (FVOCI) (continued)

A financial asset is held for trading if:

- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to the statement of income on disposal of the investments.

Financial assets at fair value through statement of income (FVSI)

Investments in equity instruments are classified as at FVSI, unless the Fund designates an investment that is not held for trading as at FVOCI on initial recognition.

Debt instruments that do not meet the amortised cost criteria are measured at FVSI. In addition, debt instruments that meet the amortised cost criteria but are designated as at FVSI are measured at FVSI.

A debt instrument may be designated as at FVSI upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Fund has not designated any debt instrument as at FVSI.

Debt instruments are reclassified from amortised cost to FVSI when the business model is changed such that the amortised cost criteria are no longer met. Reclassification of debt instruments that are designated as at FVSI on initial recognition is not allowed.

2. Significant accounting policies (continued)

iv) Financial instruments (continued)

Financial assets (continued)

a. Initial recognition and subsequent measurement (continued)

Financial assets at fair value through statement of income (FVSI) (continued)

Financial assets at FVSI are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in the statement of income. The net gain or loss recognised in the statement of income is included in the 'investment income' line item.

Interest income on debt instruments as at FVSI is included in the net gain or loss described above.

Dividend income on investments in equity instruments at FVSI is recognised in the statement of income when the Fund's right to receive the dividends is established in accordance with IAS 18 *'Revenue'* and is included in the net gain or loss described above.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. The foreign exchange component forms part of its fair value gain or loss.

Therefore,

- for financial assets that are classified as at FVSI, the foreign exchange component is recognised in the statement of income; and
- for financial assets that are designated as at FVOCI, any foreign exchange component is recognised in other comprehensive income.
- for foreign currency denominated debt instruments measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the financial assets and are recognised in the 'other gains and losses' line item in the statement of comprehensive income.

2. Significant accounting policies (continued)

iv) Financial instruments (continued)

Financial assets (continued)

b. Impairment of financial assets

The Fund assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor, or a group of debtors, is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and, where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses (ECLs) that have not yet been incurred) discounted using the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss as credit loss expense.

Impaired debts, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Fund. If a previous write-off is later recovered, the recovery is credited to the credit loss expense.

Interest revenue on impaired financial assets is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2. Significant accounting policies (continued)

iv) Financial instruments (continued)

Financial assets (continued)

c. Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Fund has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either:

- the Fund has transferred substantially all of the risks and rewards of the asset, or
- the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the fund has retained.

Financial liabilities

a. Initial recognition and subsequent measurement

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through the statement of comprehensive income, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge as appropriate. The Fund determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Fund's financial liabilities include fees payable, distributions payable, amounts due to related parties and other payables.

2. Significant accounting policies (continued)

iv) Financial instruments (continued)

Financial liabilities (continued)

b. Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognising of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

v) Fair valuation of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs at the close of business at the end of the reporting period for listed instruments.

For financial instruments not traded in an active market, the fair value is determined using appropriate internal valuation techniques. These pricing models consider, among other factors, contractual and market prices, correlation, time value of money, credit risk, yield curve volatility factors and/or prepayment rates of the underlying positions. The use of different pricing models and assumptions could produce materially different estimates of fair values.

The estimated fair values of certain financial instruments have been determined using available market information or other appropriate valuation methodologies that require judgement in interpreting market data and developing estimates.

Consequently, estimates made do not necessarily reflect the amounts that the Fund would realise in a current market exchange. The use of different assumptions and/or different methodologies may have a material effect on the fair values estimated.

2. Significant accounting policies (continued)

v) Fair valuation of financial instruments (continued)

Short-term financial assets and liabilities

The carrying amount of short-term financial assets and liabilities comprising cash and cash equivalents, interest and other receivables, management fees payable, distributions payable, trustee fees payable, and other payables are a reasonable estimate of their fair values because of the short maturity of these instruments.

Investment securities

The fair value of trading investments is based on market quotations, when available. When market quotations are not readily available, fair values are based on discounted cash flows or estimated using quoted market prices of similar investments. In the absence of a market value, discounted cash flows will approximate fair value. This process relies on available market data to generate a yield curve for each country in which valuations were undertaken, using interpolated results where there were no market observable rates.

In pricing callable bonds, where information is available, the price of a callable bond is determined as at the call date using the Yield to Worst. For bonds with irregular cash flows (sinking funds, capitalisation of interest, moratoria, amortisations or balloon payments) a process of iteration using the Internal Rate of Return is used to arrive at bond values. Yields on all tax-free bonds are grossed-up to correspond to similar taxable bonds at the prevailing rate of corporation tax.

Determination of fair value and fair values hierarchy

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1

Included in the Level 1 category are financial assets that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry fund, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

2. Significant accounting policies (continued)

v) Fair valuation of financial instruments (continued)

Level 2

Included in the Level 2 category are financial assets that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Fund's own models whereby the majority of assumptions are market observable.

Level 3

Included in the Level 3 category are financial assets that are not quoted as there are no active markets to determine a price for those assets.

vi) Revenue recognition

Investment income

Interest income is recognised in the statement of comprehensive income as it accrues, taking into account the effective yield of the asset or an applicable floating rate. Interest income includes the amortisation of any discount or premium on the constant yield basis. Investment income also includes dividends and any fair value changes.

Interest income is accrued until the investment becomes contractually three months in arrears at which time the interest is suspended and then accounted for on a cash basis until the investment is brought up to date.

Dividend income is recognised when the Fund's right to receive payment is established.

Other income and expenditure

Other income and expenditure are brought into account on the accruals basis.

(Expressed in thousands of Trinidad and Tobago dollars)

2. Significant accounting policies (continued)

vii) Subscriptions and redemptions

Subscriptions and redemptions are accounted for on the accruals basis. Subscriptions and redemptions to the Fund are made by investors at a price $1,000 per unit. Units may be subscribed at a minimum initial value of $50,000 and thereafter, the minimum amount of an additional investment is $5,000 in value, except in the instance of reinvestment of distributions. There are no limits as to the number of units that can be redeemed at any one time.

viii) Expenses

Fees are recognised on an accrual basis. Refer to Note 9 for management, administration and distribution fees. Audit fees are included within other expenses.

ix) Distributions to Unitholders

Distributions to Unitholders are recognised when they are ratified by the Trustees and are paid out quarterly.

x) Taxation

With respect to dividends which are derived locally no income tax is payable by residents of Trinidad and Tobago.

xi) Functional and presentation currency

The Fund's functional currency is the Trinidad and Tobago dollar (TTD), which is the currency of the primary economic environment in which it operates. The Fund's performance is evaluated and its liquidity is managed in TTD. Therefore, the TTD is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Fund's presentation currency is also the TTD.

2. Significant accounting policies (continued)

xii) Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are expressed in Trinidad and Tobago dollars at rates of exchange ruling on 31 December. All revenue and expenditure transactions denominated in foreign currencies are translated at mid-exchange rates and the resulting profits and losses on exchange from these trading activities are dealt with in the statement of comprehensive income.

xiii) Unitholders' Capital

Classification of redeemable shares

Redeemable shares are classified as equity instruments when:

- The redeemable shares entitle the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation.
- The redeemable shares do not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro rata share of the Fund's net assets.
- The total expected cash flows attributable to the redeemable shares over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument.

In addition to the redeemable shares having all of the above features, the Fund must have no other financial instrument or contract that has:

- Total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund.
- The effect of substantially restricting or fixing the residual return to the redeemable unitholders.

The issuance, acquisition and cancellation of redeemable shares are accounted for as equity transactions.

3. Significant accounting judgements and estimates

The preparation of the Fund's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Other disclosures relating to the Fund's exposure to risks and uncertainties includes:

- Financial instruments risk management (Note 11)
- Fund management (Note 14)

i) Judgement

In the process of applying the Fund's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Impairment of financial assets

Management makes judgements to determine whether financial assets are impaired when the carrying value is greater than the recoverable amount and there is objective evidence of impairment. The recoverable amount is the present value of the future cash flows.

ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Fund based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

Valuation of investments

Fair values are based on quoted market prices for the specific instrument, comparisons with other similar financial instruments, or the use of valuation models. Establishing valuations where there are no quoted market prices inherently involves the use of judgement and applying judgement in establishing reserves against indicated valuations for aged positions, deteriorating economic conditions (including country specific risks), concentrations in specific industries, types of instruments or currencies, market liquidity, model risk itself and other factors.

4. Cash and cash equivalents

	2016	2015
Cash at bank	13,079	3,667
Short-term funds	27,175	3,400
	40,254	7,067

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Fund, and earn interest at the respective short-term deposit rates.

5. Investment securities

	2016	2015
Investment securities designated at fair value through statement of income	12,000	46,711
Investment securities measured at amortised cost	160,973	181,890
Total investment securities	172,973	228,601
Investment securities designated at fair value through statement of income		
Equity securities	–	34,711
Corporate bonds	12,000	12,000
	12,000	46,711
Investment securities measured at amortised cost		
Government securities	16,630	9,974
State owned company securities	53,052	67,781
Corporate bonds and debentures	91,291	104,135
	160,973	181,890

The movement in specific provision for impaired investments is analysed as follows:

	2016	2015
Balance at 1 January	231	300
Amounts written back	(13)	(120)
Charge for the year	–	51
At 31 December	218	231

(Expressed in thousands of Trinidad and Tobago dollars)

6. Unitholders' balances

	2016	2015
Authorised:		
Unlimited number of units		
Reconciliation of unitholders' balances:		
Units outstanding at the beginning of the year	228,676	297,425
Units redeemed	(26,454)	(68,749)
Units outstanding at the end of the year	202,222	228,676
Guaranteed net asset value per unit	1,000	1,000

7. Interest and dividend income

	2016	2015
Interest on investment securities designated at fair value through statement of income	482	465
Interest income on impaired financial assets	131	133
Interest on investment securities measured at amortised cost	9,678	10,662
Dividend income	415	464
	10,706	11,724

8. Net realised and unrealised (losses)/gains on investment securities

	2016	2015
Realised losses on sale of investment securities	(1,453)	(442)
Unrealised gains on investments held at year end designated at fair value through statement of income	–	414
	(1,453)	(28)

9. Fees

The Manager is paid quarterly from the assets of the Fund in the form of management fees, administrator fees and distributor fees, calculated on the basis of the average net asset value in that quarter pro-rated where necessary on the basis of the number of days remaining or elapsed in the quarter, according to an annual rate not to exceed a cumulative total of 5.50% on the average net asset value of the Fund.

The Trustee is paid from the assets of the Fund a fee not exceeding an annual rate of 0.20% on the average net asset value and such fee shall be subject to a minimum annual fee of $10,000, exclusive of VAT.

	2016	2015
Management fees	12,402	5,295
Trustee fees	321	398
	12,723	5,693

10. Fair value of financial instruments

(i) Carrying amounts and fair values

The table below shows the carrying amounts and fair values as at 31 December.

2016	Carrying values	Fair values	Unrecognised gain/(loss)
Financial assets			
Cash and short-term funds	40,254	40,254	–
Investment securities	172,973	176,831	3,858
Interest and other receivables	3,122	3,122	–
Total financial assets	216,349	220,207	3,858
Financial liabilities			
Management fee payable	9,557	9,557	–
Trustee fees payable	77	77	–
Distribution payable	638	638	–
Other payables	334	334	–
Total financial liabilities	10,606	10,606	–
2015			
Financial assets			
Cash and short-term funds	7,067	7,067	–
Investment securities	228,601	227,873	(728)
Interest and other receivables	3,707	3,707	–
Total financial assets	239,375	238,647	(728)
Financial liabilities			
Management fee payable	5,295	5,295	–
Trustee fees payable	88	88	–
Distribution payable	733	733	–
Other payables	413	413	–
Total financial liabilities	6,529	6,529	–

10. Fair value of financial instruments (continued)

ii) Determination of fair value and fair values hierarchy

2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment securities designated at FVSI				
Corporate bonds and debentures	–	–	12,000	12,000
	–	–	12,000	12,000
Investment securities designated at amortised cost for which fair values are disclosed				
Government bonds	3,401	13,494	–	16,895
State owned company securities	6,066	49,935	–	56,001
Corporate bonds and debentures	62,789	28,902	244	91,935
	72,256	92,331	244	164,831

2015	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment securities designated at FVSI				
Equity securities	13,466	21,245	–	34,711
Corporate bonds and debentures	–	–	12,000	12,000
	13,466	21,245	12,000	46,711
Investment securities designated at amortised cost for which fair values are disclosed				
Government bonds	1,970	8,343	–	10,313
State owned company securities	19,913	51,474	–	71,387
Corporate bonds and debentures	59,159	33,883	6,420	99,462
	81,042	93,700	6,420	181,162

(Expressed in thousands of Trinidad and Tobago dollars)

10. Fair value of financial instruments (continued)

ii) Determination of fair value and fair values hierarchy (continued)

Description of significant unobservable inputs to valuation:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Unquoted securities	Discounted cashflows	Rate of return	8% to 12%	2% increase/(decrease) in the rate of return would result in decrease/(increase) in fair value by $73/($49)

iii) Transfers between Level 1 and 2

As at 31 December 2016, there were no transfer of assets between Level 1 and Level 2.

iv) Movement in Level 3 financial instruments

	2016	**2015**
Balance at 1 January	18,420	18,596
Gains/(losses) recognised	244	(187)
Purchases	–	6,347
Transfers into Level 3	–	–
Disposals	(6,420)	(6,336)
	12,244	18,420

11. Risk management

Introduction

Risk is inherent in the Fund's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls.

This process of risk management is critical to the Fund's continuing profitability. The Fund is exposed to credit risk, liquidity risk and market risk.

Role of the Trustee

The Trustee is the custodian of the Fund and their responsibility is that of safeguarding Unitholders' interests. The Trustee approves all distribution of income from the Fund and ensures that the Fund is externally audited every year. They also ensure that all provisions within the prospectus are followed by the Investment Manager and all regulatory requirements are fulfilled.

Risk management structure

The Bank which acts as the Fund Sponsor, Distributor, Administrator and Investment Manager, is ultimately responsible for identifying and controlling risks. The Bank is also responsible for the overall risk management approach and for approving the risk strategies, principles, policies and procedures. Day to day adherence to risk principles is carried out by the executive management of the Bank in compliance with the policies approved by the Board of Directors.

Treasury management

The Fund employs the Treasury function of the Bank, which is responsible for managing the Fund's assets and liabilities and the overall financial structure. The treasury function is also primarily responsible for the funding and liquidity risks of the Fund.

11. Risk management (continued)

Concentrations of risk

Concentrations arise when a number of counter parties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Fund's results to developments affecting a particular industry. In order to avoid excessive concentrations of risk, the Fund's procedures include specific monitoring control to focus on the maintenance of a diversified portfolio.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise credit risk, interest rate risk, currency risk and equity price risk each of which are considered below and include, where relevant, the sensitivity of the Fund's financial result on movements in certain market risk variables.

Credit risk management

Credit risk to the Fund is the potential that a counterparty will fail to meet its stated obligations in accordance with agreed terms. It is the Fund's policy to enter into financial arrangements with a variety of creditworthy counterparties and monitor the size of the exposure to any one issuer and the duration of the investment. The Fund's exposure to credit risk is limited to the value of its investment securities portfolio. The Bank, in its capacity as Investment Manager, is responsible for identifying and controlling credit risk.

11. Risk management (continued)

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

Significant changes in the economy, or in the state of a particular industry segment that represents a concentration in the Fund's portfolio, could result in losses that are different from those provided at the statement of financial position date. Management therefore carefully manages its exposure to credit risk.

The following table shows the maximum exposure to credit which represents a worst case scenario of credit risk exposure, without taking account of any collateral held or other credit enhancements. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

	Gross maximum exposure	
	2016	**2015**
Cash and cash equivalents	40,254	7,067
Investment securities	172,973	193,890
Interest and other receivables	3,122	3,707
	216,349	204,664

Cash and cash equivalents

These funds are placed with highly rated local banks. Management therefore considers the risk of default of these counterparties to be very low.

(Expressed in thousands of Trinidad and Tobago dollars)

11. Risk management (continued)

Credit quality

Investment debt securities

The credit quality of investment debt securities has been analysed into the following categories:

High grade	These comprise of regional sovereign debt securities issued directly or through state intermediary body where there has been no history of default.
Standard	These securities are current and have been serviced in accordance with the terms and conditions of the underlying agreements. In addition, included in this category are securities issued by related parties and fellow subsidiaries within the ANSA McAL Group of companies.
Sub-standard	These securities are greater than 90 days in arrears, display indicators of impairment or have been restructured in the past financial year.
Impaired	These securities are non-performing.

2016	**High grade**	**Standard**	**Impaired**	**Total**
Investment securities designated at fair value through statement of income	–	12,000	–	12,000
Investment securities measured at amortised cost	52,759	106,851	1,363	160,973
	52,759	118,851	1,363	172,973

11. Risk management (continued)

Credit quality (continued)

Investment debt securities (continued)

2015	**High grade**	**Standard**	**Impaired**	**Total**
Investment securities designated at fair value through statement of income	–	12,000	–	12,000
Investment securities measured at amortised cost	67,755	112,609	1,526	181,890
	67,755	124,609	1,526	193,890

There are no investment debt securities classified as sub-standard for the years 31 December 2016 and 31 December 2015.

Currency risk

The Fund takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Bank in its capacity as Investment Manager sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarises the Fund's exposure to foreign currency exchange rate risk at 31 December, arising primarily from monetary financial assets denominated in US dollars. The Fund had no financial liabilities denominated in currencies other than the reporting currency.

The final line of the table, illustrates the effect of a reasonably possible movement of the USD against the TTD, with all other variables held constant on the statement of comprehensive income.

	USD 2016	**USD 2015**
Financial assets		
Cash and cash equivalents	28,868	3,677
Investment securities	74,760	120,809
Interest receivable	1,366	1,992
Net currency risk exposure	104,994	126,478
Reasonably possible change in currency rate	5%	5%
Effect on income for the year	5,250	6,324

11. Risk management (continued)

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Fund manages its interest rate exposure by investing in fixed and variable rate instruments.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Fund takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Bank, in its capacity as Investment Manager, sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily by the Bank's Treasury department.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Fund's statement of comprehensive income.

The sensitivity of income is the effect of the assumed changes in interest rates on income for one year, based on the floating rate non-trading financial assets and financial liabilities held at 31 December.

Change in basis points	**Sensitivity of income**	
	2016	**2015**
+ 100	14	16
– 100	(14)	(16)

Liquidity risk

Liquidity risk is the risk that the Fund will be unable to liquidate positions to satisfy commitments to Unitholders for redemptions due to market conditions. This is managed by maintaining an adequate position in assets with maturities of less than one year.

The table analyses the Fund's financial liabilities into the relevant maturity funding based on the remaining period as at 31 December to the contractual maturity date.

11. Risk management (continued)

Liquidity risk (continued)

	Up to one year	**Over one year**	**Total**
2016			
Financial liabilities			
Management fee payable	9,557	–	9,557
Trustee fee payable	77	–	77
Distributions payable	638	–	638
Other payables	334	–	334
Total financial liabilities	10,606	–	10,606
2015			
Financial liabilities			
Management fee payable	5,295	–	5,295
Trustee fee payable	88	–	88
Distributions payable	733	–	733
Other payables	413	–	413
Total financial liabilities	6,529	–	6,529

Equity price risk

Equity price risk is the risk that the fair value of equities will decrease as a result of decreases in equity indices and the value of individual stocks. The non-trading equity price risk exposure arises from the Fund's investment portfolio. The effect on equity due to a reasonably possible change in equity indices is considered below:

Market indices		**Change in equity price %**	**Effect on income 2016 + / -**	**2015 + / -**
TTSE	+ / -	3%	–	404
S&P 500	+ / -	8%	–	1,700

(Expressed in thousands of Trinidad and Tobago dollars)

12. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled based on contractual undiscounted cashflows.

	2016			2015		
	Less than 12 months	Over 12 months	Total	Less than 12 months	Over 12 months	Total
Assets						
Cash and cash equivalents	40,254	–	40,254	7,067	–	7,067
Investment securities	323	172,650	172,973	44,797	183,804	228,601
Interest receivable	3,122	–	3,122	3,707	–	3,707
Total assets	43,699	172,650	216,349	55,571	183,804	239,375
Liabilities						
Management fees payable	9,557	–	9,557	5,295	–	5,295
Trustee fees payable	77	–	77	88	–	88
Distributions payable	638	–	638	733	–	733
Other payables	334	–	334	413	–	413
Total liabilities	10,606	–	10,606	6,529	–	6,529

13. Related party transactions and balances

Parties are considered to be related if one has the ability to control or exercise significant influence over the other party in making financial or operational decisions. Related party transactions are carried out on commercial terms and at market rates. The related assets, liabilities, income and expenses from these transactions are as follows:

	2016	2015
Assets		
Sponsor company	12,201	12,201
Other related parties	1,699	1,834
	13,900	14,035
Liabilities		
Sponsor company	9,582	5,417
Directors and key management personnel	9	42
Other related parties	51	54
	9,642	5,513
Income		
Sponsor company	466	465
Other related parties	177	39
	643	504
Expenses		
Sponsor company	12,402	5,295
	12,402	5,295
Distributions		
Sponsor company	16	16
Directors and key management personnel	35	42
Other related parties	863	545
	914	603
Unitholders' balances		
Sponsor company	1,295	1,295
Directors and key management personnel	2,761	3,339
Other related parties	62,910	77,573
	66,966	82,207

14. Fund management

When managing capital, which is represented by Unitholders' balances, the objectives of the Fund Manager are:

- To comply with the requirements set out in the Fund's prospectus and Trust Deed;
- To safeguard the Fund's ability to continue as a going concern so that it can continue to provide returns for unitholders; and
- To maintain a strong capital base to support the development of its business.

The Fund endeavours to invest in appropriate investments while maintaining sufficient liquidity to meet redemptions where necessary, such liquidity being augmented by short-term borrowings or disposal of investment securities where necessary.

The use of proceeds from the issue of units is monitored on a daily basis by the Fund Manager, based on guidelines set out in the Prospectus and the Trust Deed. The Fund complied with the requirements set out in the Prospectus and Trust Deed during the reported financial periods and no changes were made to the Fund's objectives, policies and processes from the previous year.

15. Commitments and contingencies

The Fund has no capital commitments for the years ended 31 December 2016 and 2015.

As Sponsor, ANSA Merchant Bank Limited will guarantee a 100% return of the principal invested in Units of the Fund by investors subject to a minimum period of investment provided that and so long as ANSA Merchant bank Limited is the Investment Manager.

16. Events after the reporting period

There were no material events after the statement of financial position date of 31 December 2016 which required recording or disclosure in the financial statements of the Fund as at 21 March 2017.

ANSA
US$
SECURED
FUND

FUND FACTS

The investment objective of the Fund is to seek to generate investment returns which are superior to all US$ fixed income mutual funds registered in Trinidad and Tobago, while providing for acceptable levels of liquidity and credit risk.

ANSA US$ Secured Fund: Top 10 Holdings - Dec 31 2016	% of Portfolio
PETROTRIN 9.75% FRB DUE 2019	15.20%
STANDARD CHARTERED 5.70% FRB DUE 2022	5.26%
L BRANDS INC. 5.625% FRB DUE 2022	5.21%
JBS INVESTMENTS GMBH 7.75% FRB DUE 2020	5.04%
AEROPUERTO INTERNATIONAL TOCUMEN 5.75% FRB DUE 2023	5.04%
TRINIDAD GENERATION UNLIMITED 5.25% DUE 2027	4.91%
JP MORGAN 7.70% CONTINGENT EQUITY LINKED NOTE DUE 2017	4.91%
MACY'S INC. 6.65% FRB DUE 2024	4.31%
PANGOLIN ZERO-COUPON BOND DUE 2022	4.12%
COMISION FED DE ELECTRICIDAD 4.875% FRB DUE 2021	3.64%

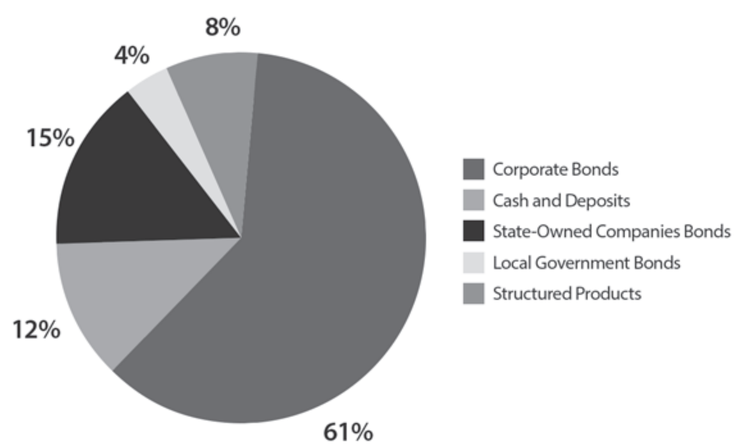
Cumulative Returns as at December 31 2016

12 Month	1.00%
3 Year	3.13%
Since Inception	14.30%

Historical Performance

2012	2.00%
2013	1.56%
2014	1.13%
2015	1.00%
2016	1.00%

Asset Mix - Dec 31 2016



ANSA MERCHANT BANK LIMITED

ANSA McAL GROUP OF COMPANIES (Established 1881)

This information does not form part of the audited financial statements, on which the auditors have opined.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ANSA US$ Secured Fund ("the Fund"), which comprise the statement of financial position as at 31 December 2016, and the statement of comprehensive income, statement of changes in unitholders' capital and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Trustees for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Trustees are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst + Young

Port of Spain,
TRINIDAD:
21 March 2017

ANSA US$ SECURED FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016
(Expressed in thousands of United States dollars)

	Notes	2016	2015
Assets			
Cash and cash equivalents	4	2,458	1,353
Investment securities	5	17,881	22,196
Interest and other receivables		575	405
Total assets		20,914	23,954
Liabilities			
Management fee payable		3	568
Trustee fees payable		9	10
Distributions payable		56	66
Other payables		5	18
Total liabilities		73	662
Net assets		**20,841**	**23,292**
Unitholders' capital			
Unitholders' balances		23,259	26,035
Retained fund deficit		(2,418)	(2,743)
		20,841	**23,292**

The financial statements were approved by the Trustee and authorised for issue on 21 March 2017 and signed on their behalf by:

: Trustee

Anthony Sealey

: Trustee

The accompanying notes form an integral part of these financial statements.

ANSA US$ SECURED FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016
(Expressed in thousands of United States dollars)

	Notes	2016	2015
Income			
Interest and dividend income	7	844	928
Net realised and unrealised (losses)/gains on investment securities	8	(202)	18
Net foreign exchange translation and other income		8	–
Total income		650	946
Expenses			
Management fees	9	(3)	(853)
Trustee fees	9	(36)	(41)
Impairment (write back)/expense		(48)	474
Other expenses		(13)	(11)
Total expenses		(100)	(431)
Total comprehensive income for the year		**550**	**515**

The accompanying notes form an integral part of these financial statements.

ANSA US$ SECURED FUND
STATEMENT OF CHANGES IN UNITHOLDERS' CAPITAL
FOR THE YEAR ENDED 31 DECEMBER 2016
(Expressed in thousands of United States dollars)

	Unitholders' balances	Retained fund deficit	Total
Balance as at 1 January 2015	28,700	(3,269)	25,431
Total comprehensive income for the year	–	515	515
Redemption of units	(2,665)	–	(2,665)
Distribution to Unitholders	–	(275)	(275)
Other movements	–	286	286
Balance as at 31 December 2015	26,035	(2,743)	23,292
Total comprehensive income for the year	–	550	550
Redemption of units	(2,776)	–	(2,776)
Distribution to Unitholders	–	(225)	(225)
Balance as at 31 December 2016	23,259	(2,418)	20,841

The accompanying notes form an integral part of these financial statements.

ANSA US$ SECURED FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016
(Expressed in thousands of United States dollars)

	Notes	2016	2015
Cash flows from operating activities			
Total comprehensive income for the year		550	515
Adjustments:			
Interest capitalised		(45)	(32)
Provision/(write back) for impairment		48	(34)
Amortisation on investment securities		211	539
Unrealised gains on investment securities	8	–	(72)
Losses on sale of investment securities	8	202	54
Surplus before working capital changes		966	970
Changes in assets/liabilities:			
(Increase)/decrease in interest and other receivables		(218)	140
(Decrease)/increase in payables		(589)	14
Net cash flows provided by operating activities		159	1,124
Cash flows from investing activities			
Purchase of investments		(6,395)	(10,216)
Proceeds from maturity/sale of investments		10,342	6,858
Net cash flows provided by/(used in) investing activities		3,947	(3,358)
Cash flows from financing activities			
Redemption of units		(2,776)	(2,665)
Distribution to Unitholders		(225)	(275)
Net cash flows used in financing activities		(3,001)	(2,940)
Net increase/(decrease) in cash and cash equivalents		1,105	(5,174)
Cash and cash equivalents at the beginning of the year		1,353	6,527
Cash and cash equivalents at the end of the year	4	2,458	1,353
Supplemental information:			
Interest received		1,110	839
Distributions paid		254	282

The accompanying notes form an integral part of these financial statements.

1. Description of the Fund

The following brief description of the ANSA US$ Secured Fund (the 'Fund') is provided for general information purposes only. Reference should be made to the Trust Deed and Prospectus of the Fund for more complete information.

General

The Fund is an open-ended mutual fund registered in Trinidad & Tobago, established by ANSA Merchant Bank Limited (the 'Bank' or 'Fund Manager') under a Trust Deed dated 1 September 2007. The Bank is the Sponsor, Investment Manager, Administrator and Distributor of the Fund.

The principal activity of the Fund is to provide investors having similar investment objectives the opportunity to access professional investment management in achieving maximum income returns, minimisation of risk and reasonable safety of capital.

It is the objective of the Fund to maintain a price of US$200.00 per Unit.

The Fund's capital is made up of two classes of Units. Class A Units which will be issued to investors pursuant to the terms of the Prospectus and the Trust Deed and the Class B Units which will be issued to the Fund Sponsor (ANSA Merchant Bank Limited). The Class B unitholder is not entitled to receive any dividends and has no rights to the Fund's assets upon termination of the Fund, save and except for its original investment and any accretion thereto.

The Unitholders of the Fund have the right to vote with respect to certain matters related to the Fund.

Voting by Class A unitholders takes place at meetings which may be convened annually by the Trustee or which may be called by the Trustee at the request of a Unitholder or Unitholders holding not less than 25% of the outstanding units of the Fund.

At Unitholder meetings, Unitholders are entitled, inter alia, to:

(i) require the removal of the Trustee and/or approve the appointment of a new Trustee; and
(ii) sanction any modification, alteration or addition to the provisions of the Trust Deed unless the Trustee and the Sponsor certify in writing that they are of the opinion that the modification (a) does not materially prejudice the interests of the Unitholders, does not operate to release the Trustee from any material obligation to the Unitholders and does not materially increase the amount of expenses chargeable on the assets of the Fund; or (b) is necessary in order to make possible compliance with any fiscal, statutory of official requirement; or (c) is made to correct a manifest error.

The Bank has guaranteed 100% return of the principal invested in the Fund (not including distributions which have been re-invested in units) subject to a minimum period of investment, and a fixed minimum yield on the units held subject to a defined period of time established at the time of purchase. All initially invested units in the Fund have met the minimum period of investment for the principal guarantee and all units are beyond the definite period of time for the fixed minimum yield and are therefore not subject to the fixed minimum yield.

The Trustee of the Fund is First Caribbean International Banking (Trinidad & Tobago) Limited.

As at 30 June 2009, subscriptions to the Fund were suspended as a result of the prevailing market conditions. This was carried out in line with the provisions set out in the prospectus.

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2. Significant accounting policies

i) Basis of preparation

These financial statements have been prepared on a historical cost basis, except for the financials assets held at fair value of investments through statement of comprehensive income. The financial statements are presented in United States dollars ($) and all values are rounded to the nearest thousand, except when otherwise indicated.

Statement of compliance

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Presentation of financial statements

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is intention to settle on a net basis, or to realise the assets and settle the liability simultaneously.

Income and expenses will not be offset in the statement of comprehensive income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Fund.

ii) Changes in accounting policy and disclosures

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the Fund's annual financial statements for the year ended 31 December 2015 except for the standards and interpretations noted below.

New and amended standards and interpretations

The Fund applied, for the first time, certain standards and amendments that became applicable for the 2016 financial year, however there was no impact on the amounts reported and/or disclosures in the financial statements.

Amendments to IAS 1 – Disclosure Initiative – Effective 1 January 2016

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1;
- That specific line items in the statement of profit or loss and OCI and the statement of financial position may be disaggregated;
- That entities have flexibility as to the order in which they present the notes to financial statements; and

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2. Significant accounting policies (continued)

ii) Changes in accounting policy and disclosures

Amendments to IAS 1 – Disclosure Initiative – Effective 1 January 2016 (continued)

- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments had no impact on the Fund.

Annual Improvements to IFRSs 2012-2014 Cycle - Published September 2014

Certain limited amendments, which primarily consist of clarifications to existing guidance, were made to the following standards and are not expected to have a material impact on the financial statements:

- IFRS 7, 'Financial Instruments: Disclosures'
- IAS 34, 'Interim Financial Reporting'

These improvements are effective for annual periods beginning on or after 1 January 2016 and will be adopted at that time.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, are disclosed below. The Fund intends to adopt these standards, if applicable, when they become effective.

- IFRS 15, 'Revenue from Contracts with Customers' – Effective 1 January 2018.
- IFRS 9, Phase 2 and 3 – Effective 1 January 2018.

The Fund is currently assessing the potential impact of these new standards and interpretations.

iii) Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand and at bank, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash with original maturities of three months or less and subject to insignificant risks of change in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts. Bank overdrafts, should they exist, are disclosed separately under 'liabilities' on the statement of financial position.

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2. Significant accounting policies (continued)

iv) Financial instruments

Financial assets

a. Initial recognition and subsequent measurement

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost. Interest income is recognised in the statement of comprehensive income and is included in the "interest income".

Debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss (except for debt investments that are designated as at fair value through statement of income on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income (FVOCI)

On initial recognition, the Fund can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVOCI. Designation at FVOCI is not permitted if the equity investment is held for trading.

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2. **Significant accounting policies** (continued)

iv) **Financial instruments** (continued)

Financial assets (continued)

a. ***Initial recognition and subsequent measurement*** (continued)

A financial asset is held for trading if:

- it has been acquired principally for the purpose of resale in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Fund manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to statement of income on disposal of the investments.

The Fund does not have any equity instruments that are carried at FVOCI on initial application of IFRS 9 – *Financial Instruments* .

Financial assets at fair value through statement of income (FVSI)

Investments in equity instruments are classified as at FVSI, unless the Fund designates an investment that is not held for trading as at FVOCI on initial recognition.

Debt instruments that do not meet the amortised cost criteria are measured at FVSI. In addition, debt instruments that meet the amortised cost criteria but are designated as at FVSI are measured at FVSI. A debt instrument may be designated as at FVSI upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Fund has not designated any debt instrument as at FVSI.

Debt instruments are reclassified from amortised cost to FVSI when the business model is changed such that the amortised cost criteria are no longer met. Reclassification of debt instruments that are designated as at FVSI on initial recognition is not allowed.

2. **Significant accounting policies** (continued)

iv) **Financial instruments** (continued)

Financial assets (continued)

a. ***Initial recognition and subsequent measurement*** (continued)

Financial assets at fair value through statement of income (FVSI) (continued)

Financial assets at FVSI are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in statement of income. The net gains or losses recognised in the statement of comprehensive income is included in the 'investment income' line item (Note 8).

Interest income on debt instruments as at FVSI is included in the net gain or loss described above. Dividend income on investments in equity instruments at FVSI is recognised in statement of income when the Fund's right to receive the dividends is established in accordance with IAS 18 - Revenue and is included in the net gain or loss described above.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. The foreign exchange component forms part of its fair value gain or loss.

Therefore,

- for financial assets that are classified as at FVSI, the foreign exchange component is recognised in statement of comprehensive income; and
- for financial assets that are designated as at FVOCI, any foreign exchange component is recognised in other comprehensive income.
- for foreign currency denominated debt instruments measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the financial assets and are recognised in the 'other gains and losses' line item in the statement of comprehensive income.

2. **Significant accounting policies** (continued)

iv) **Financial instruments** (continued)

Financial assets (continued)

b. ***Impairment of financial assets***

The Fund assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses (ECLs) that have not yet been incurred) discounted using the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss as credit loss expense.

Impaired debts, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Fund. If a previous write-off is later recovered, the recovery is credited to the credit loss expense.

Interest revenue on impaired financial assets is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

c. ***Derecognition of financial assets***

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Fund has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either:

2. **Significant accounting policies** (continued)

iv) **Financial instruments** (continued)

Financial assets (continued)

c. ***Derecognition of financial assets*** **(continued)**

- the Fund has transferred substantially all of the risks and rewards of the asset, or
- the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the fund has retained.

Financial liabilities

a. ***Initial recognition and subsequent measurement***

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through the statement of comprehensive income, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge as appropriate. The Fund determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs. The Fund's financial liabilities include fees payable, distributions payable, amounts due to related parties and other payables.

b. ***Derecognition of financial liabilities***

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognising of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

2. Significant accounting policies (continued)

v) Fair valuation of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs at the close of business at the end of the reporting period for listed instruments.

For financial instruments not traded in an active market, the fair value is determined using appropriate internal valuation techniques. These pricing models consider, among other factors, contractual and market prices, correlation, time value of money, credit risk, yield curve volatility factors and/or prepayment rates of the underlying positions. The use of different pricing models and assumptions could produce materially different estimates of fair values.

The estimated fair values of certain financial instruments have been determined using available market information or other appropriate valuation methodologies that require judgement in interpreting market data and developing estimates.

Consequently, estimates made do not necessarily reflect the amounts that the Fund would realise in a current market exchange. The use of different assumptions and/or different methodologies may have a material effect on the fair values estimated.

Short-term financial assets and liabilities

The carrying amount of short-term financial assets and liabilities comprising cash and cash equivalents, interest and other receivables, management fees payable, distributions payable, trustee fees payable, and other payables are a reasonable estimate of their fair values because of the short maturity of these instruments.

Investment securities

The fair value of trading investments is based on market quotations, when available. When market quotations are not readily available, fair values are based on discounted cash flows or estimated using quoted market prices of similar investments. In the absence of a market value, discounted cash flows will approximate fair value. This process relies on available market data to generate a yield curve for each country in which valuations were undertaken, using interpolated results where there were no market observable rates.

In pricing callable bonds, where information is available, the price of a callable bond is determined as at the call date using the Yield to Worst. For bonds with irregular cash flows (sinking funds, capitalisation of interest, moratoria, amortisations or balloon payments) a process of iteration using the Internal Rate of Return is used to arrive at bond values. Yields on all tax-free bonds are grossed-up to correspond to similar taxable bonds at the prevailing rate of corporation tax.

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2. Significant accounting policies (continued)

v) Fair valuation of financial instruments (continued)

Determination of fair value and fair values hierarchy

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1

Included in the Level 1 category are financial assets that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry fund, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2

Included in the Level 2 category are financial assets that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Fund's own models whereby the majority of assumptions are market observable.

Level 3

Included in the Level 3 category are financial assets that are not quoted as there are no active markets to determine a price for those assets.

vi) Revenue recognition

Investment income

Interest income is recognised in the statement of comprehensive income as it accrues, taking into account the effective yield of the asset or an applicable floating rate. Interest income includes the amortisation of any discount or premium on the constant yield basis. Investment income also includes dividends and any fair value changes.

Interest income is accrued until the investment becomes contractually three months in arrears at which time the interest is suspended and then accounted for on a cash basis until the investment is brought up to date.

Dividend income is recognized when the Fund's right to receive payment is established.

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2. Significant accounting policies (continued)

vi) Revenue recognition (continued)

Other income and expenditure

Other income and expenditure are brought into account on the accruals basis.

vii) Subscriptions and redemptions

Subscriptions and redemptions are accounted for on the accruals basis. Subscriptions and redemptions to the Fund are made by investors at a price $200 per unit. Units may be subscribed at a minimum initial value of $5,000 and thereafter, the minimum amount of an additional investment is $500 in value, except in the instance of reinvestment of distributions. There are no limits as to the number of units that can be redeemed at any one time.

viii) Expenses

Fees are recognised on an accrual basis. Refer to Note 9 for management, administration and distribution fees. Audit fees are included within other expenses.

ix) Distributions to Unitholders

Distributions to Unitholders are recognised when they are ratified by the Trustees and are paid out quarterly.

x) Taxation

With respect to dividends which are derived locally no income tax is payable by the residents of Trinidad and Tobago.

xi) Functional and presentation currency

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in United States dollars, which is the Fund's functional and presentation currency.

xii) Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are expressed in United States dollars at rates of exchange ruling on 31 December. All revenue and expenditure transactions denominated in foreign currencies are translated at mid-exchange rates and the resulting profits and losses on exchange from these trading activities are dealt with in the statement of comprehensive income.

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2. Significant accounting policies (continued)

xiii) Unitholders' Capital

Classification of redeemable shares

Redeemable shares are classified as equity instruments when:

- The redeemable shares entitle the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation.
- The redeemable shares do not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro rata share of the Fund's net assets.
- The total expected cash flows attributable to the redeemable shares over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument.

In addition to the redeemable shares having all of the above features, the Fund must have no other financial instrument or contract that has:

- Total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund.
- The effect of substantially restricting or fixing the residual return to the redeemable unitholders.

The issuance, acquisition and cancellation of redeemable shares are accounted for as equity transactions.

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(Expressed in thousands of United States dollars)

3. Significant accounting judgements and estimates

The preparation of the Fund's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Other disclosures relating to the Fund's exposure to risks and uncertainties includes:

- Financial instruments risk management (Note 11)
- Fund management (Note 14)

i) Judgement

In the process of applying the Fund's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Impairment of financial assets

Management makes judgements to determine whether financial assets are impaired when the carrying value is greater than the recoverable amount and there is objective evidence of impairment. The recoverable amount is the present value of the future cash flows.

ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Fund based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

Valuation of investments

Fair values are based on quoted market prices for the specific instrument, comparisons with other similar financial instruments, or the use of valuation models. Establishing valuations where there are no quoted market prices inherently involves the use of judgement and applying judgement in establishing reserves against indicated valuations for aged positions, deteriorating economic conditions (including country specific risks), concentrations in specific industries, types of instruments or currencies, market liquidity, model risk itself and other factors.

4. Cash and cash equivalents	**2016**	**2015**
Cash at bank	114	1,235
Short term funds	2,344	118
	2,458	1,353

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Fund, and earn interest at the respective short-term deposit rates.

5. Investment securities	**2016**	**2015**
Investment securities designated at fair value through statement of income	–	3,310
Investment securities measured at amortised cost	17,881	18,886
Total investment securities	17,881	22,196
Investment securities designated at fair value through statement of income		
Equity securities	–	3,310
Investment securities measured at amortised cost		
Government securities	743	292
State owned company securities	5,123	4,240
Corporate bonds and debentures	12,015	14,354
	17,881	18,886

6. Unitholders' balances	**2016**	**2015**
Authorised:		
Unlimited number of units		
Reconciliation of unitholders' balances:		
Units outstanding at the beginning of the year	130,176	143,500
Units redeemed	(13,879)	(13,324)
Units outstanding at the end of the year	116,297	130,176
Guaranteed net asset value per unit	200	200

7. Interest and dividend income	**2016**	**2015**
Interest income from investments designated at fair value through statement of income	2	–
Interest income on impaired financial assets	–	15
Interest income from financial assets measured at amortised cost	842	907
Dividend income	–	6
	844	928

8. Net realised and unrealised (losses)/gains on investment securities	**2016**	**2015**
Realised losses on sale of investment securities	(202)	(54)
Unrealised gains on investments held at year end designated fair value through statement of income	–	72
	(202)	18

9. Fees

The Investment Manager is paid quarterly from the assets of the Fund in the form of management fees, administrator fees and distributor fees, calculated on the basis of the average net asset value in that quarter pro-rated where necessary on the basis of number of days remaining or elapsed in the quarter, according to an annual rate not to exceed a cumulative total of 5.50% on the average net asset value of the Fund.

The Trustee is paid from the assets of the Fund a fee not exceeding an annual rate of 0.15% on the average net asset value and such fee shall be subject to a minimum annual fee of TT$10,000, exclusive of VAT.

	2016	**2015**
Management fees	3	853
Trustee fees	36	41
	39	894

10. Fair value of financial instruments

(i) Carrying amounts and fair values

The table below show the carrying amounts and fair values as at 31 December.

2016	**Carrying values**	**Fair values**	**Unrecognised gain**
Financial assets			
Cash and short-term funds	2,458	2,458	–
Investment securities	17,881	18,074	193
Interest and other receivables	575	575	–
Total financial assets	20,914	21,107	193
Financial liabilities			
Management fees payable	3	3	–
Trustee fees payable	9	9	–
Distributions payable	56	56	–
Other payables	5	5	–
Total financial liabilities	73	73	–

(Expressed in thousands of United States dollars)

10. Fair value of financial instruments (continued)

(i) Carrying amounts and fair values (continued)

2015	Carrying values	Fair values	Unrecognised loss
Financial assets			
Cash and short-term funds	1,353	1,353	–
Investment securities	22,196	20,930	(1,266)
Interest and other receivables	405	405	–
Total financial assets	23,954	22,688	(1,266)
Financial liabilities			
Management fees payable	568	568	–
Trustee fees payable	10	10	–
Distributions payable	66	66	–
Other payables	18	18	–
Total financial liabilities	662	662	–

10. Fair value of financial instruments (continued)

(ii) Determination of fair value and fair value hierarchies

2016	Level 1	Level 2	Level 3	Total
Investment securities designated at FVSI				
Equity securities	–	–	–	–
Investment securities designated at amortised cost for which fair values are disclosed				
Government securities	749	–	–	749
State owned company securities	4,944	–	–	4,944
Corporate bonds and debentures	9,751	841	1,789	12,381
	15,444	841	1,789	18,074

2015	Level 1	Level 2	Level 3	Total
Investment securities designated at FVSI				
Equity securities	–	3,310	–	3,310
	–	3,310	–	3,310

10. Fair value of financial instruments (continued)

(ii) Determination of fair value and fair value hierarchies (continued)

2015	Level 1	Level 2	Level 3	Total
Investment securities designated at amortised cost for which fair values are disclosed				
Government securities	307	–	–	307
State owned company securities	3,823	–	–	3,823
Corporate bonds and debentures	10,099	2,391	1,000	13,490
	14,229	2,391	1,000	17,620

Description of significant unobservable inputs to valuation:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Unquoted securities	Discounted cashflows	Rate of return	5.7% to 10.65%	2% increase/(decrease) in the rate of return would result in decrease/(increase) in fair value by $76/($76)

(iii) Transfers between Level 1 and 2

For the year ended 31 December 2015 government securities valued at $1.0 million were reclassified from level 2 to level 1. There were no transfers between level 1 and level 2 for the year ended 31 December 2016.

10. Fair value of financial instruments (continued)

(iv) Movements in Level 3 financial instruments

	2016	2015
Assets		
Balance at 1 January	1,000	2,836
Losses recognised	–	(332)
Purchases	2,000	1,000
Transfers into / (from) Level 3	289	(1,504)
Disposals	(1,500)	(1,000)
	1,789	1,000

11. Risk management

Introduction

Risk is inherent in the Fund's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls.

This process of risk management is critical to the Fund's continuing profitability. It is exposed to credit risk, liquidity risk and market risk.

Role of the Trustee

The Trustee is the custodian of the Fund and their responsibility is that of safeguarding Unitholders' interests. The Trustee approves all distribution of income from the Fund and ensures that the Fund is externally audited every year. They also ensure that all provisions within the prospectus are followed by the Investment Manager and all regulatory requirements are fulfilled.

(Expressed in thousands of United States dollars)

11. Risk management (continued)

Risk management structure

The Bank which acts as the Fund Sponsor, Distributor, Administrator and Investment Manager, is ultimately responsible for identifying and controlling risks. The Bank is also responsible for the overall risk management approach and for approving the risk strategies, principles, policies and procedures. Day to day adherence to risk principles is carried out by the executive management of the Bank in compliance with the policies approved by the Board of Directors.

Treasury management

The Fund employs the Treasury function of the Bank, which is responsible for managing the Fund's assets and liabilities and the overall financial structure. The Treasury function is also primarily responsible for the funding and liquidity risks of the Fund.

Concentrations of risk

Concentrations arise when a number of counter parties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Fund's results to developments affecting a particular industry. In order to avoid excessive concentrations of risk, the Fund's procedures include specific monitoring control to focus on the maintenance of a diversified portfolio.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise credit risk, interest rate risk, currency risk and equity price risk each of which are considered below and include, where relevant, the sensitivity of the Fund's financial result on movements in certain market risk variables.

Credit risk management

Credit risk to the Fund is the potential that a counterparty will fail to meet its stated obligations in accordance with agreed terms. It is the Fund's policy to enter into financial arrangements with a variety of creditworthy counterparties and monitor the size of the exposure to any one issuer and the duration of the investment. The Fund's exposure to credit risk largely arises from its investments securities portfolio. The Bank, in its capacity as Investment Manager, is responsible for identifying and controlling credit risk.

11. Risk management (continued)

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

Significant changes in the economy, or in the state of a particular industry segment that represents a concentration in the Fund's portfolio, could result in losses that are different from those provided at the statement of financial position date. Management therefore carefully manages its exposure to credit risk.

The following table shows the maximum exposure to credit risk which represents a worst case scenario of credit risk exposure, without taking account of any collateral held or other credit enhancements. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

	Gross maximum exposure 2016	2015
Cash and cash equivalents	2,458	1,353
Investment securities	17,881	18,886
Interest and other receivables	575	405
	20,914	20,644

Cash and cash equivalents

These funds are placed with highly rated local banks. Management therefore considers the risk of default of these counterparties to be low.

Credit quality

Investment debt securities

The credit quality of investment securities has been analysed into the following categories:

High grade — These include Regional Sovereign Debt Securities issued directly or through state intermediary body where there has been no history of default.

11. Risk management (continued)

Credit quality (continued)

Investment debt securities (continued)

Standard — These securities are current and have been serviced in accordance with the terms and conditions of the underlying agreements. Also included in this category are securities issued by subsidiaries within the ANSA McAL Group of companies.

Sub-standard — These securities are greater than 90 days in arrears display indicators of impairment or have been restructured in the past financial year.

Impaired — These securities are non-performing.

	High grade	Standard	Total
2016	5,867	12,014	17,881
2015	3,530	15,356	18,886

There were no investment debt securities classified as sub-standard or impaired for the year ended 31 December 2016 and 31 December 2015.

Currency risk

As at 31 December 2016, all of the Fund's assets and liabilities are denominated in United States dollars and therefore the Fund has no exposure to foreign currency risk.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Fund manages its interest rate exposure by investing in fixed and variable rate instruments.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

11. Risk management (continued)

Interest rate risk (continued)

The Fund takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Bank, in its capacity as Investment Manager, sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored daily by the Bank's Treasury department.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Fund's statement of comprehensive income.

The sensitivity of income is the effect of the assumed changes in interest rates on income for one year, based on the floating rate non-trading financial assets and financial liabilities held at 31 December.

Change in basis points	Sensitivity of income 2016	2015
+ 100	–	10
– 100	–	(10)

Liquidity risk

Liquidity risk is the risk that the Fund will be unable to liquidate positions to satisfy commitments to Unitholders for redemptions due to market conditions. This is managed by maintaining an adequate position in assets with maturities of less than one year.

The table analyses the Fund's financial liabilities into the relevant maturity funding based on the remaining period as at 31 December to the contractual maturity date.

	Up to one year	Over one year	Total
2016			
Financial liabilities			
Management fee payable	3	–	3
Distributions payable	9	–	9
Trustee fees payable	56	–	56
Other payables	5	–	5
Total financial liabilities	73	–	73

(Expressed in thousands of United States dollars)

11. Risk management (continued)

Liquidity risk (continued)

	Up to one year	Over one year	Total
2015			
Financial liabilities			
Management fee payable	568	–	568
Distributions payable	66	–	66
Trustee fees payable	10	–	10
Other payables	18	–	18
Total financial liabilities	662	–	662

Equity price risk

Equity price risk is the risk that the fair values of equities will decrease as a result of decreases in equity indices and the value of individual stocks. The non-trading equity price risk exposure arises from the Fund's investment portfolio. The effect on equity due to a reasonably possible change in equity indices is considered below:

Market indices	Change in equity price	%	Effect on income 2016 + / -	2015 + / -
S&P 500	+ / -	8%	–	265

12. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled based on contractual undiscounted cashflows.

	2016			2015		
	Less than 12 months	Over 12 months	Total	Less than 12 months	Over 12 months	Total
Assets						
Cash and cash equivalents	2,458	–	2,458	1,353	–	1,353
Investment securities	1,160	16,721	17,881	6,969	15,227	22,196
Interest receivable	575	–	575	405	–	405
Total assets	4,193	16,721	20,914	8,727	15,227	23,954
Liabilities						
Management fees payable	3	–	3	568	–	568
Trustee fees payable	9	–	9	10	–	10
Distributions payable	56	–	56	66	–	66
Other payables	5	–	5	18	–	18
Total liabilities	73	–	73	662	–	662

13. Related party transactions and balances

Parties are considered to be related if one has the ability to control or exercise significant influence over the other party in making financial or operational decisions. Related party transactions are carried out on commercial terms and at market rates. The related assets, liabilities, income and expenses from these transactions are as follows:

	2016	2015
Assets		
Sponsor company	–	–
Other related parties	840	952
	840	952
Liabilities		
Sponsor company	4	568
Other related parties	2	–
	6	568
Income		
Sponsor company	–	6
Other related parties	43	26
	43	32
Expenses		
Sponsor company	3	853
Distributions		
Sponsor company	–	–
Directors and key management personnel	2	14
Other related parties	7	2
	9	16
Unitholders' balances		
Sponsor company	1,000	1,000
Directors and key management personnel	157	147
Other related parties	692	692
	1,849	1,839

14. Fund management

When managing capital, which is represented by Unitholders' balances, the objectives of the Fund Manager are:

- To comply with the requirements set out in the Fund's prospectus and Trust Deed;
- To safeguard the Fund's ability to continue as a going concern so that it can continue to provide returns for Unitholders; and
- To maintain a strong capital base to support the development of its business.

The Fund endeavours to invest the proceeds from the issue of units in appropriate investments while maintaining sufficient liquidity to meet redemptions where necessary, such liquidity being augmented by short term borrowings or disposal of investment securities where necessary.

The use of proceeds from the issue of units is monitored on a daily basis by the Fund Manager, based on guidelines set out in the Prospectus and the Trust Deed. The Fund complied with the requirements set out in the Prospectus and Trust Deed during the reported financial periods and no changes were made to the Fund's objectives, policies and processes from the previous year.

15. Commitments and contingencies

The Fund has no capital commitments for the years ended 31 December 2016 and 2015.

As Sponsor, ANSA Merchant Bank Limited will guarantee a 100% return of the principal invested in Units of the Fund by investors subject to a minimum period of investment provided that and so long as ANSA Merchant bank Limited is the Investment Manager.

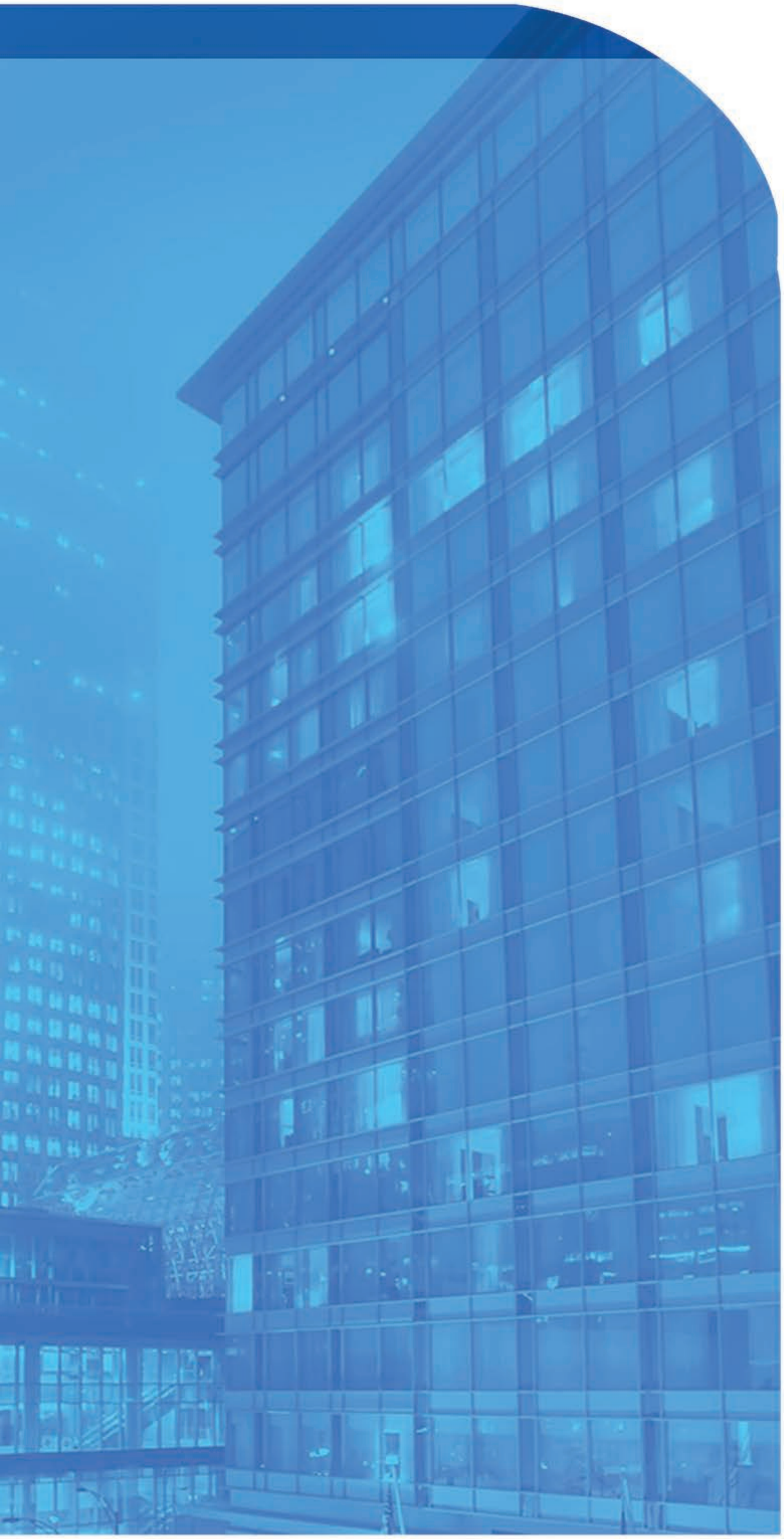
16. Events after the reporting period

There were no material events after the statement of financial position date of 31 December 2016 which required recording or disclosure in the finanacial statements of the Fund as at 21 March 2017.

FUND FACTS

ansa TT$ INCOME FUND

The Investment Objective of the fund is to seek to generate investment returns which are superior to all TT$ income mutual funds registered in Trinidad and Tobago, while providing for acceptable levels of liquidity and credit risk.



ANSA TT$ Income Fund: Top 10 Holdings - Dec 31 2016	% of Portfolio
WASA ZERO COUPON BOND DUE 2023	6.72%
GUARDIAN HOLDINGS LIMITED 7.975% DUE 2023	3.90%
BARCLAYS 6.05% FRB DUE 2017	3.88%
BANK OF AMERICA 5.42% FRB DUE 2017	2.84%
CLICO INVESTMENT FUND	2.83%
GUARDIAN HOLDINGS LIMITED 4.25% FRB DUE 2019	2.78%
TTMF 4.62% FIXED RATE MTG BACKED SECURITY	2.78%
GORTT CLICO ZERO-COUPON BOND DUE 2017	2.53%
PETROTRIN 6.0% FRB DUE 2022	2.53%
HDC TTD1.2BN 3.75% FIXED RATE LOAN DUE 2021	2.50%

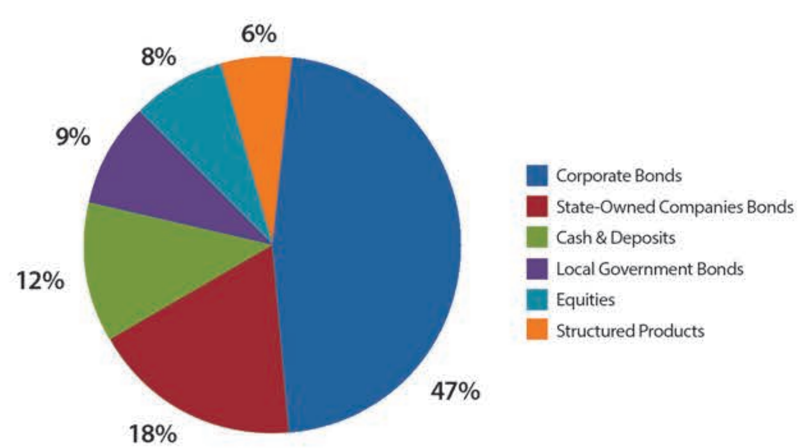
Cumulative Returns as at December 31 2016

12 Month	2.59%
3 Year	3.10%
Since Inception	18.60%

Historical Performance

2012	5.15%
2013	4.98%
2014	1.23%
2015	-0.17%
2016	2.59%

Asset Mix - Dec 31 2016



ansa MERCHANT BANK LIMITED

ansa McAL GROUP OF COMPANIES

This information does not form part of the audited financial statements, on which the auditors have opined.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ANSA TT$ Income Fund ("the Fund"), which comprise the statement of financial position as at 31 December 2016, and the statement of comprehensive income, statement of changes in unitholders' capital and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Trustees for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Trustees are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst + Young

Port of Spain,
TRINIDAD:
21 March 2017

ANSA TT$ INCOME FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2016	2015
Assets			
Cash and cash equivalents	4	35,951	42,126
Interest receivable		2,604	3,601
Investment securities	5	327,073	439,408
Total assets		365,628	485,135
Liabilities			
Management fees payable		1,814	5,698
Trustee fees payable		138	191
Distributions payable		415	722
Other liabilities		75	129
Total liabilities		2,442	6,740
Net assets		**363,186**	**478,395**
Unitholders' capital			
Unitholders' balance at par	6	346,761	459,474
Retained fund surplus		16,425	18,921
		363,186	**478,395**

The financial statements were approved by the Trustee and authorised for issue on 21 March 2017 and signed on their behalf by:

: Trustee

: Trustee

The accompanying notes form an integral part of these financial statements.

ANSA TT$ INCOME FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2016	2015
Income			
Interest and dividend income	7	17,543	21,223
Net foreign exchange translation and other gains		7,953	1,368
Total income		25,496	22,591
Expenses			
Net realised and unrealised losses on investment securities	8	(10,048)	(20,259)
Management fees	9	(5,149)	(5,698)
Trustee fees	9	(611)	(804)
Impairment writeback/(expense)		41	(174)
Other expenses		(481)	(324)
Total expenses		(16,248)	(27,259)
Total comprehensive income/(loss) for the year		**9,248**	**(4,668)**

The accompanying notes form an integral part of these financial statements.

ANSA TT$ INCOME FUND
STATEMENT OF CHANGES IN UNITHOLDERS' CAPITAL
FOR THE YEAR ENDED 31 DECEMBER 2016
(Expressed in thousands of Trinidad and Tobago dollars)

	Note	Unitholders' balances at par	Retained fund surplus	Total
Balance as at 1 January 2015		530,787	37,120	567,907
Issue of units	6	53,455	–	53,455
Redemption of units	6	(128,979)	–	(128,979)
Distribution to Unitholders		–	(9,320)	(9,320)
Unitholders' transfer of gains	6	4,211	(4,211)	–
Total comprehensive loss for the year		–	(4,668)	(4,668)
Balance as at 31 December 2015		459,474	18,921	478,395
Issue of units	6	15,381	–	15,381
Redemption of units	6	(132,802)	–	(132,802)
Distribution to Unitholders		–	(7,036)	(7,036)
Unitholders' transfer of losses	6	4,708	(4,708)	–
Total comprehensive income for the year		–	9,248	9,248
Balance as at 31 December 2016		**346,761**	**16,425**	**363,186**

The accompanying notes form an integral part of these financial statements.

ANSA TT$ INCOME FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2016	2015
Cash flows from operating activities			
Total comprehensive income/(loss) for the year		9,248	(4,668)
Adjustments:			
Interest capitalised		(2,358)	(3,095)
(Writeback)/provision for impairment		(41)	174
Amortisation on investment securities		128	(1)
Unrealised losses on investment securities	8	4,785	22,021
Losses/(gains) on sale of investment securities	8	5,263	(1,762)
Foreign exchange gains		(5,918)	(1,169)
Surplus before working capital changes		11,107	11,500
Changes in assets/liabilities:			
Decrease/(increase) in interest receivable		1,038	(676)
(Decrease)/increase in payables		(4,298)	735
Net cash flows provided by operating activities		7,847	11,559
Cash flows from investing activities			
Purchase of investments		(141,765)	(133,695)
Proceeds from maturity/sale of investments		252,200	183,369
Net cash flows provided by investing activities		110,435	49,674
Cash flows from financing activities			
Issue of units	6	15,381	53,455
Redemption of units	6	(132,802)	(128,979)
Distribution to Unitholders		(7,036)	(9,320)
Net cash flows used in financing activities		(124,457)	(84,844)
Net decrease in cash and cash equivalents		(6,175)	(23,611)
Cash and cash equivalents at the beginning of the year		42,126	65,737
Cash and cash equivalents at the end of the year	4	35,951	42,126
Supplemental information:			
Interest and dividend received		16,353	17,233
Distributions paid		7,036	9,480

The accompanying notes form an integral part of these financial statements.

1. Description of the Fund

The following brief description of the ANSA TT$ Income Fund (the 'Fund') is provided for general information purposes only. Reference should be made to the Trust Deed and Prospectus of the Fund for more complete information.

General

The Fund is an open-ended mutual fund registered in Trinidad & Tobago, and established by ANSA Merchant Bank Limited (the 'Bank' or 'Fund Manager') under a Trust Deed dated 23 November 2010. The Bank whose registered address is 11C Maraval Road, Port Of Spain, Trinidad & Tobago, is the Sponsor, Investment Manager, Administrator and Distributor of the Fund.

The principal activity of the Fund is to provide investors having similar investment objectives the opportunity to access professional investment management in achieving maximum income returns, minimisation of risk and reasonable safety of capital.

The Fund may invest in securities and contracts, including sovereign debt, issued in countries other than Trinidad and Tobago, which are expected to provide high income yield and not expected to cause deterioration in capital values.

The Fund's capital is made up of two classes of Units. Class A Units which are issued to investors pursuant to the terms of the Prospectus and the Trust Deed and Class B Units which were issued to the Fund Sponsor (ANSA Merchant Bank Limited).

The Class B Unitholder is not entitled to receive any dividends and has no rights to the Fund's assets upon termination of the Fund, save and except for its original investment and any accretion thereto.

The Unitholders of the Fund have the right to vote with respect to certain matters related to the Fund. Voting by Class A unitholders takes place at meetings which may be convened annually by the Trustee or which may be called by the Trustee at the request of the Class B Unitholder or a Unitholder(s) holding not less than 25% of the outstanding units of the Fund.

At Unitholder meetings, Unitholders are entitled, inter alia, to:

(i) require the removal of the Trustee and/or approve the appointment of a new Trustee; and
(ii) sanction any modification, alteration or addition to the provisions of the Trust Deed unless the Trustee and the Sponsor certify in writing that they are of the opinion that the modification (a) does not materially prejudice the interests of the Unitholders, does not operate to release the Trustee from any material obligation to the Unitholders and does not materially increase the amount of expenses chargeable on the assets of the Fund; or (b) is necessary in order to make possible compliance with any fiscal, statutory of official requirement; or (c) is made to correct a manifest error.

The Trustee of the Fund is First Citizens Trustee Services Limited.

2. Significant accounting policies

i) Basis of preparation

These financial statements have been prepared on a historical cost basis, except for the fair value measurement of trading investment securities and other financial assets not held in a business model whose objective is to hold assets to collect contractual cash flows or whose contractual terms do not give rise solely to payments of principal and interest.

The financial statements are presented in Trinidad and Tobago Dollars (TT$) and all values are rounded to the nearest thousand, except when otherwise indicated.

Statement of compliance

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Presentation of financial statements

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is intention to settle on a net basis, or to realise the assets and settle the liability simultaneously.

Income and expenses will not be offset in the statement of comprehensive income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Fund.

2. Significant accounting policies (continued)

ii) Changes in accounting policy and disclosures

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the Fund's annual financial statements for the year ended 31 December 2015 except for the standards and interpretations noted below.

New and amended standards and interpretations

The Fund applied, for the first time, certain standards and amendments that became applicable for the 2016 financial year, however there was no impact on the amounts reported and/or disclosures in the financial statements.

Amendments to IAS 1 – Disclosure Initiative – Effective 1 January 2016

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1;
- That specific line items in the statement of profit or loss and Other Comprehensive Income and the statement of financial position may be disaggregated;
- That entities have flexibility as to the order in which they present the notes to financial statements; and
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss and OCI. These amendments had no impact on the Fund.

2. Significant accounting policies (continued)

ii) Changes in accounting policy and disclosures (continued)

Annual Improvements to IFRSs 2012-2014 Cycle - Published September 2014, effective 1 January 2016

Certain limited amendments, which primarily consist of clarifications to existing guidance, were made to the following standards and are not expected to have a material impact on the financial statements:

- IFRS 7, 'Financial Instruments: Disclosures'
- IAS 34, 'Interim Financial Reporting'

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, are disclosed below. The Fund intends to adopt these standards, if applicable, when they become effective.

- IFRS 15, 'Revenue from Contracts with Customers' – Effective 1 January 2018.
- IFRS 9, Phase 2 and 3 – Effective 1 January 2018.

The Fund is currently assessing the potential impact of these new standards and interpretations.

2. Significant accounting policies (continued)

iii) Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand and at bank, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash with original maturities of three months or less and subject to insignificant risks of change in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts. Bank overdrafts, should they exist, are disclosed separately under 'liabilities' on the statement of financial position.

iv) Financial instruments

IFRS 9, 'Financial Instruments: Classification and Measurement'

The Fund early adopted IFRS 9, 'Financial Instruments' (Phase 1) (as issued in November 2009), effective 1 January 2018. The Fund chose to apply the exemption given in the transitional provision for early application of IFRS 9 and hence did not restate comparative information in the year of initial application.

Financial assets

a. ***Initial recognition and subsequent measurement***

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

2. Significant accounting policies (continued)

iv) Financial instruments (continued)

Financial assets (continued)

a. ***Initial recognition and subsequent measurement*** (continued)

Amortised cost and effective interest method

Debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss (except for debt investments that are designated as at fair value through the statement of income on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost. Interest income is recognised separately in the statement of comprehensive income and is included in 'interest income'.

2. Significant accounting policies (continued)

iv) Financial instruments (continued)

Financial assets (continued)

a. ***Initial recognition and subsequent measurement*** (continued)

Financial assets at fair value through other comprehensive income (FVOCI)

On initial recognition, the Fund can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVOCI. Designation at FVOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of re-sale in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Fund manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to the statement of income on disposal of the investments.

The Fund does not have any equity instruments that are carried at FVOCI on initial application of IFRS 9 – *Financial Instruments* .

Financial assets at fair value through the statement of income (FVSI)

Investments in equity instruments are classified as at FVSI, unless the Fund designates an investment that is not held for trading as at fair value through other comprehensive income (FVOCI) on initial recognition.

Debt instruments that do not meet the amortised cost criteria are measured at FVSI. In addition, debt instruments that meet the amortised cost criteria but are designated as at FVSI are measured at FVSI. A debt instrument may be designated as at FVSI upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Fund has not designated any debt instrument as at FVSI.

2. Significant accounting policies (continued)

iv) Financial instruments (continued)

Financial assets (continued)

a. ***Initial recognition and subsequent measurement*** (continued)

Financial assets at fair value through the statement of income (FVSI) (continued)

Debt instruments are reclassified from amortised cost to FVSI when the business model is changed such that the amortised cost criteria are no longer met. Reclassification of debt instruments that are designated as at FVSI on initial recognition is not allowed.

Financial assets at FVSI are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the statement of comprehensive income. The net gain or loss recognised in the statement of comprehensive income is included in the 'investment income' line item.

Interest income on debt instruments as at FVSI is included in the net gain or loss

Dividend income on investments in equity instruments at FVSI is recognised in the statement of comprehensive income when the Fund's right to receive the dividends is established in accordance with IAS 18-Revenue and is included in the net gain or loss described above.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. The foreign exchange component forms part of its fair value gain or loss.

Therefore,

- for financial assets that are classified as at FVSI, the foreign exchange component is recognised in the statement of comprehensive income; and
- for financial assets that are designated as at FVOCI, any foreign exchange component is recognised in other comprehensive income.
- for foreign currency denominated debt instruments measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the financial assets and are recognised in the 'other gains and losses' line item in the statement of comprehensive income.

2. **Significant accounting policies** (continued)

iv) **Financial instruments** (continued)

Financial assets (continued)

b. ***Impairment of financial assets***

The Fund assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses (ECLs) that have not yet been incurred) discounted using the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss as credit loss expense.

Impaired debts, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Fund. If a previous write-off is later recovered, the recovery is credited to the credit loss expense.

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2. **Significant accounting policies** (continued)

iv) **Financial instruments** (continued)

Financial assets (continued)

b. ***Impairment of financial assets*** (continued)

Interest revenue on impaired financial assets is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

c. ***Derecognition of financial assets***

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Fund has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either:

- the Fund has transferred substantially all of the risks and rewards of the asset, or
- the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the fund has retained.

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2. **Significant accounting policies** (continued)

iv) **Financial instruments** (continued)

Financial liabilities

a. ***Initial recognition and subsequent measurement***

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through the statement of comprehensive income, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge as appropriate. The Fund determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Fund's financial liabilities include fees payable, distributions payable amounts due to related parties and other payables.

b. ***Derecognition of financial liabilities***

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognising of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

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2. **Significant accounting policies** (continued)

v) **Fair valuation of financial instruments**

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs at the close of business at the end of the reporting period for listed instruments.

For financial instruments not traded in an active market, the fair value is determined using appropriate internal valuation techniques. These pricing models consider, among other factors, contractual and market prices, correlation, time value of money, credit risk, yield curve volatility factors and/or prepayment rates of the underlying positions. The use of different pricing models and assumptions could produce materially different estimates of fair values.

The estimated fair values of certain financial instruments have been determined using available market information or other appropriate valuation methodologies that require judgement in interpreting market data and developing estimates.

Consequently, estimates made do not necessarily reflect the amounts that the Fund would realise in a current market exchange. The use of different assumptions and/or different methodologies may have a material effect on the fair values estimated.

Short-term financial assets and liabilities

The carrying amount of short-term financial assets and liabilities comprising cash and cash equivalents, interest and other receivables, management fees payable, distributions payable, trustee fees payable, and other payables are a reasonable estimate of their fair values because of the short maturity of these instruments.

Investment securities

The fair value of trading investments is based on market quotations, when available. When market quotations are not readily available, fair values are based on discounted cash flows or estimated using quoted market prices of similar investments. In the absence of a market value, discounted cash flows will approximate fair value. This process relies on available market data to generate a yield curve for each country in which valuations were undertaken, using interpolated results where there were no market observable rates.

In pricing callable bonds, where information is available, the price of a callable bond is determined as at the call date using the Yield to Worst. For bonds with irregular cash flows (sinking funds, capitalisation of interest, moratoria, amortisations or balloon payments) a process of iteration employing the Internal Rate of Return is used to arrive at bond values. Yields on all tax-free bonds are grossed-up to correspond to similar taxable bonds at the prevailing rate of corporation tax.

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2. **Significant accounting policies** (continued)

v) **Fair valuation of financial instruments** (continued)

Determination of fair value and fair value hierarchies

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1

Included in the Level 1 category are financial assets that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry fund, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2

Included in the Level 2 category are financial assets that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Fund's own models whereby the majority of assumptions are market observable.

Level 3

Included in the Level 3 category are financial assets that are not quoted as there are no active markets to determine a price for those assets.

vi) **Revenue recognition**

Revenue is considered to the extent that it is probable that economic benefits will flow to the Fund and the revenue can be reliably measured, regardless of when the payment was made. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, and other sales taxes. The following specific recognition criteria must also be met before revenue is recognised.

2. **Significant accounting policies** (continued)

vi) **Revenue recognition** (continued)

Investment income

Interest income is recognised in the statement of comprehensive income as it accrues, taking into account the effective yield of the asset or an applicable floating rate. Interest income includes the amortisation of any discount or premium on the constant yield basis. Investment income also includes dividends and any fair value changes.

Interest income is accrued until the investment becomes contractually three months in arrears at which time the interest is suspended and then accounted for on a cash basis until the investment is brought up to date.

Dividend income is recognised when the Fund's right to receive payment is established.

Other income and expenditure

Other income and expenditure are brought into account on the accruals basis.

vii) **Subscriptions and redemptions**

Subscriptions and redemptions are accounted for at the Net Asset Values calculated on the business day prior to the date of the subscription or redemption. Units may be subscribed at a minimum initial value of $25,000 and thereafter, the minimum amount of an additional investment is $5,000 in value, except in the instance of reinvestment of distributions. There are no limits as to the number of units that can be redeemed at any one time.

2. **Significant accounting policies** (continued)

viii) **Expenses**

Fees are recognised on an accrual basis. Refer to Note 9 for management, administration and trustee fees. Audit fees are included within other expenses.

ix) **Distributions to Unitholders**

Distributions to Unitholders are recognised when they are ratified by the Trustees and are paid out quarterly.

x) **Taxation**

With respect to dividends which are derived locally no income tax is payable by residents of Trinidad and Tobago.

xi) **Functional & presentation currency**

The Fund's functional currency is the Trinidad and Tobago dollar (TTD), which is the currency of the primary economic environment in which it operates. The Fund's performance is evaluated and its liquidity is managed in TTD. Therefore, the TTD is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Fund's presentation currency is also the TTD.

xii) **Foreign currency transactions**

Monetary assets and liabilities denominated in foreign currencies are expressed in Trinidad and Tobago dollars at rates of exchange ruling on 31 December. All revenue and expenditure transactions denominated in foreign currencies are translated at mid-exchange rates and the resulting profits and losses on exchange from these trading activities are dealt with in the statement of comprehensive income.

2. **Significant accounting policies** (continued)

xiii) **Unitholders' Capital**

Unitholders' subscriptions and redemptions measured at par value are recognised in the 'Unitholders' balance' line in the statement of financial position. The differences between the net asset value (NAV) of the Fund and its par value is recorded in 'retained earnings'.

Classification of redeemable shares

Redeemable shares are classified as equity instruments when:

- The redeemable shares entitle the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation.
- The redeemable shares do not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro rata share of the Fund's net assets.
- The total expected cash flows attributable to the redeemable shares over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument.

In addition to the redeemable shares having all of the above features, the Fund must have no other financial instrument or contract that has:

- Total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund.
- The effect of substantially restricting or fixing the residual return to the redeemable unitholders.

The issuance, acquisition and cancellation of redeemable shares are accounted for as equity transactions.

(Expressed in thousands of Trinidad and Tobago dollars)

3. Significant accounting judgements and estimates

The preparation of the Fund's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Other disclosures relating to the Fund's exposure to risks and uncertainties includes:

- Financial instruments risk management (Note 11)
- Fund management (Note 14)

i) Judgement

In the process of applying the Fund's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Impairment of financial assets

Management makes judgements to determine whether financial assets are impaired when the carrying value is greater than the recoverable amount and there is objective evidence of impairment. The recoverable amount is the present value of the future cash flows.

ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Fund based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

Valuation of investments

Fair values are based on quoted market prices for the specific instrument, comparisons with other similar financial instruments, or the use of valuation models. Establishing valuations where there are no quoted market prices inherently involves the use of judgement and applying judgement in establishing reserves against indicated valuations for aged positions, deteriorating economic conditions (including country specific risks), concentrations in specific industries, types of instruments or currencies, market liquidity, model risk itself and other factors.

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4. Cash and cash equivalents

	2016	2015
Cash at bank	10,511	19,821
Short term funds	25,440	22,305
	35,951	42,126

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Fund, and earn interest at the respective short-term deposit rate.

5. Investment securities

	2016	2015
Investment securities designated at fair value through statement of income	224,106	352,178
Investment securities measured at amortised cost	102,967	87,230
Total investment securities	327,073	439,408
Investment securities designated at fair value through statement of income		
Equity securities	30,618	46,190
Government bonds	24,165	100,651
State owned company securities	68,218	107,953
Corporate bonds and debentures	101,105	97,384
	224,106	352,178
Investment securities measured at amortised cost		
Government securities	8,406	19,366
State owned	32,461	10,000
Corporate bonds and debentures	62,100	57,864
	102,967	87,230

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6. Unitholders' balances at par

	2016	
Authorised:	**Units**	**$**
Unlimited number of units		
Reconciliation of unitholders' balances:		
Units outstanding at the beginning of the year	918,917	459,474
Units issued	29,345	15,381
Units redeemed	(254,815)	(132,802)
Value of units above par issued and redeemed in the year	–	4,708
Units outstanding at the end of the year (value of units at par)	693,447	346,761
Unitholders' earnings above par		18,082
Unitholders' balance		364,843
Net asset value per unit on unitholders' balance		526.13
Undistributed fund deficit		(1,657)
Total net asset value of fund		363,186
Adjusted net asset value per unit		523.74

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6. Unitholders' balances at par (continued)

	2015	
Authorised:	**Units**	**$**
Unlimited number of units		
Reconciliation of unitholders' balances:		
Units outstanding at the beginning of the year	1,061,574	530,787
Units issued	101,079	53,455
Units redeemed	(243,736)	(128,979)
Value of units above par issued and redeemed in the year	–	4,211
Units outstanding at the end of the year (value of units at par)	918,917	459,474
Unitholders' earnings above par		19,971
Unitholders' balance		479,445
Net asset value per unit on unitholders' balance		521.75
Undistributed fund deficit		(1,050)
Total net asset value of fund		478,395
Adjusted net asset value per unit		520.61

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(Expressed in thousands of Trinidad and Tobago dollars)

7. Interest and dividend income

	2016	2015
Interest income from investments designated at fair value through statement of income	10,381	16,510
Interest income from financial assets measured at amortised cost	5,360	2,966
Dividend income	1,802	1,747
	17,543	21,223

8. Net realised and unrealised (losses)/gains on investment securities

	2016	2015
Realised (losses)/gains on sale of investment securities	(5,263)	1,762
Unrealised losses on investments held at year end designated fair value through statement of income	(4,785)	(22,021)
	(10,048)	(20,259)

9. Fees

The Investment Manager is paid quarterly from the assets of the Fund in the form of management fees, administrator fees and distributor fees, calculated on the basis of the average net asset value in that quarter pro-rated where necessary on the basis of number of days remaining or elapsed in the quarter, according to an annual rate not to exceed a cumulative total of 4.25% on the average net asset value of the Fund.

The Trustee is paid from the assets of the Fund a fee not exceeding an annual rate of 0.15% on the average net asset value and such fee shall be subject to a minimum annual fee of $75,000, exclusive of VAT.

	2016	2015
Management fees	5,149	5,698
Trustee fees	611	804
	5,760	6,502

10. Fair value of financial instruments

(i) Carrying amounts and fair values

The following table summarises the carrying amounts and the fair values of the Fund's investment securities as at 31 December.

2016	Carrying values	Fair values	Unrecognised (loss)/gain
Financial assets			
Cash and short-term funds	35,951	35,951	–
Investment securities	327,073	323,961	(3,112)
Interest receivable	2,604	2,604	–
Total financial assets	365,628	362,516	(3,112)
Financial liabilities			
Management fee payable	1,814	1,814	–
Trustee fees payable	138	138	–
Distribution payable	415	415	–
Other payables	75	75	–
Total financial liabilities	2,442	2,442	–
2015			
Financial assets			
Cash and short-term funds	42,126	42,126	–
Investment securities	439,408	435,078	(4,330)
Interest receivable	3,601	3,601	–
Total financial assets	485,135	480,805	(4,330)
Financial liabilities			
Management fee payable	5,698	5,698	–
Trustee fees payable	191	191	–
Distribution payable	722	722	–
Other payables	129	129	–
Total financial liabilities	6,740	6,740	–

10. Fair value of financial instruments (continued)

(ii) Determination of fair value and fair value hierarchies

2016	Level 1	Level 2	Level 3	Total
Investment securities designated at FVSI				
Equity securities	30,618	–	–	30,618
Government bonds	4,805	19,360	–	24,165
State owned company securities	27,773	40,445	–	68,218
Corporate bonds and debentures	65,381	23,724	12,000	101,105
	128,577	83,529	12,000	224,106
Investment securities designated at amortised cost for which fair values are disclosed				
Government securities	–	7,569	–	7,569
State owned company securities	3,527	27,510	–	31,037
Corporate bonds and debentures	22,317	18,693	20,238	61,248
	25,844	53,772	20,238	99,854

2015	Level 1	Level 2	Level 3	Total
Investment securities designated at FVSI				
Equity securities	42,650	3,540	–	46,190
Government bonds	1,689	98,962	–	100,651
State owned company securities	16,121	91,832	–	107,953
Corporate bonds and debentures	47,415	37,969	12,000	97,384
	107,875	232,303	12,000	352,178
Investment securities designated at amortised cost for which fair values are disclosed				
Government securities	–	18,561	–	18,561
State owned company securities	–	10,000	–	10,000
Corporate bonds and debentures	23,975	17,526	12,838	54,339
	23,975	46,087	12,838	82,900

10. Fair value of financial instruments (continued)

(ii) Determination of fair value and fair value hierarchies (continued)

Description of significant unobservable inputs to valuation:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Unquoted securities	Discounted cashflows	Rate of return	5.7% to 10.85%	2% increase/(decrease) in the rate of return would result in decrease/(increase) in fair value by $126/($126)

(iii) Transfers between Level 1 and 2

For the year ended 31 December 2016 there were no transfer of assets between Level 1 and Level 2.

(iv) Movements in Level 3 financial instruments

Assets	2016	2015
Balance at 1 January	24,838	53,847
Gain/(loss) recognised	778	(73)
Purchases	26,743	12,695
Transfers (from)/into level 3	–	(12,871)
Disposals	(20,121)	(28,760)
Balance at 31 December	32,238	24,838

(Expressed in thousands of Trinidad and Tobago dollars)

11. Risk management

Introduction

Risk is inherent in the Fund's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls.

This process of risk management is critical to the Fund's continuing profitability. The Fund is exposed to credit risk, liquidity risk and market risk.

Role of the Trustee

The Trustee is the custodian of the Fund and their responsibility is that of safeguarding Unitholders' interests. The Trustee approves all distribution of income from the Fund and ensures that the Fund is externally audited every year. They also ensure that all provisions within the prospectus are followed by the Investment Manager and all regulatory requirements are fulfilled.

Risk management structure

The Bank which acts as the Fund Sponsor, Distributor, Administrator and Investment Manager, is ultimately responsible for identifying and controlling risks. The Bank is also responsible for the overall risk management approach and for approving the risk strategies, principles, policies and procedures. Day to day adherence to risk principles is carried out by the executive management of the Bank in compliance with the policies approved by the Board of Directors.

Treasury management

The Fund employs the Treasury function of the Bank, which is responsible for managing the Fund's assets and liabilities and the overall financial structure. The treasury function is also primarily responsible for the funding and liquidity risks of the Fund.

Concentrations of risk

Concentrations arise when a number of counter parties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Fund's results to developments affecting a particular industry. In order to avoid excessive concentrations of risk, the Fund's procedures include specific monitoring control to focus on the maintenance of a diversified portfolio.

11. Risk management (continued)

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise credit risk, interest rate risk, currency risk and equity price risk each of which are considered below and include, where relevant, the sensitivity of the Fund's financial result on movements in certain market risk variables.

Credit risk management

Credit risk to the Fund is the potential that a counterparty will fail to meet its stated obligations in accordance with agreed terms. It is the Fund's policy to enter into financial arrangements with a variety of creditworthy counterparties and monitor the size of the exposure to any one issuer and the duration of the investment. The Fund's exposure to credit risk is limited to the value of its investment securities portfolio. The Bank, in its capacity as Investment Manager, is responsible for identifying and controlling credit risk.

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

Significant changes in the economy, or in the state of a particular industry segment that represents a concentration in the Fund's portfolio, could result in losses that are different from those provided at the statement of financial position date. Management therefore carefully manages its exposure to credit risk.

The following table shows the maximum exposure to credit which represents a worst case scenario of credit risk exposure, without taking account of any collateral held or other credit enhancements. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

	Gross maximum exposure	
	2016	**2015**
Cash and cash equivalents	35,951	42,126
Investment securities	296,456	393,218
Interest receivable	2,604	3,601
	335,011	438,945

11. Risk management (continued)

Cash and cash equivalents

These funds are placed with highly rated local banks. Management therefore considers the risk of default of these counterparties to be very low.

Credit quality

Investment debt securities

The credit quality of investment debt securities has been analysed into the following categories:

High grade — These comprise of regional sovereign debt securities issued directly or through a state intermediary body where there has been no history of default.

Standard — These securities are current and have been serviced in accordance with the terms and conditions of the underlying agreements. In addition, included in this category are securities issued by related parties and fellow subsidiaries within the ANSA McAL Group of companies.

Sub-standard — These securities are greater than 90 days in arrears display indicators of impairment or have been restructured in the past financial year.

Impaired — These securities are non-performing.

	High grade	**Standard**	**Total**
2016			
Investment securities designated at fair value through statement of income	87,775	105,713	193,488
Investment securities measured at amortised cost	40,867	62,101	102,968
	128,642	167,814	296,456
2015			
Investment securities designated at fair value through statement of income	192,641	113,346	305,987
Investment securities measured at amortised cost	29,366	57,865	87,231
	222,007	171,211	393,218

There were no investment debt securities classified as sub-standard or impaired for the years ended 31 December 2016 and 31 December 2015.

11. Risk management (continued)

Currency risk

The Fund takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Bank in its capacity as Investment Manager sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily.

The table below summarises the Fund's exposure to foreign currency exchange rate risk at 31 December, arising primarily from monetary financial assets denominated in US dollars. The Fund had no financial liabilities denominated in currencies other than the reporting currency.

The final line of the table, illustrates the effect of a reasonably possible movement of the USD against the TTD, with all other variables held constant on the statement of comprehensive income.

	USD 2016	**USD 2015**
Financial assets		
Cash and cash equivalents	25,440	22,305
Investment securities	148,338	124,502
Interest receivables	1,593	1,571
Net currency risk exposure	175,371	148,378
Reasonably possible change in currency rate	5%	5%
Effect on income for the year	8,769	7,419

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Fund manages its interest rate exposure by investing in fixed and variable rate instruments.

(Expressed in thousands of Trinidad and Tobago dollars)

11. Risk management (continued)

Interest rate risk (continued)

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Fund takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Bank, in its capacity as Investment Manager, sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily by the Bank's Treasury department.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Fund's statement of comprehensive income.

The sensitivity of income is the effect of the assumed changes in interest rates on income for one year, based on the floating rate non-trading financial assets and financial liabilities held at 31 December.

Change in basis points	Sensitivity to income	
	2016	2015
+ 100	45	60
– 100	(45)	(60)

Liquidity risk

Liquidity risk is the risk that the Fund will be unable to liquidate positions to satisfy commitments to Unitholders for redemptions due to market conditions. This is managed by maintaining an adequate position in assets with maturities of less than one year.

The table analyses the Fund's financial liabilities into the relevant maturity funding based on the remaining period as at 31 December to the contractual maturity date.

11. Risk management (continued)

Liquidity risk (continued)

2016	Up to one year	Over one year	Total
Financial liabilities			
Management fee payable	1,814	–	1,814
Trustee fee payable	138	–	138
Distributions payable	415	–	415
Other payables	75	–	75
Total financial liabilities	2,442	–	2,442
2015			
Financial liabilities			
Management fee payable	5,698	–	5,698
Trustee fee payable	191	–	191
Distributions payable	722	–	722
Other payables	129	–	129
Total financial liabilities	6,740	–	6,740

Equity price risk

Equity price risk is the risk that the fair value of equities will decrease as a result of decreases in equity indices and the value of individual stocks. The non-trading equity price risk exposure arises from the Fund's investment portfolio. The effect on equity due to a reasonably possible change in equity indices is as follows:

Market indices		Change in equity price	Effect on income 2016	2015
			+ / -	+ / -
TTSE	+ / -	3%	786	1,279
S & P 500	+ / -	8%	355	283

12. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled based on contractual undiscounted cashflows.

	2016			2015		
	Less than 12 months	Over 12 months	Total	Less than 12 months	Over 12 months	Total
Assets						
Cash and cash equivalents	35,951	–	35,951	42,126	–	42,126
Investment securities	91,612	235,461	327,073	110,953	328,455	439,408
Interest receivable	2,604	–	2,604	3,601	–	3,601
Total assets	130,167	235,461	365,628	156,680	328,455	485,135

12. Maturity analysis of assets and liabilities (continued)

	2016			2015		
	Less than 12 months	Over 12 months	Total	Less than 12 months	Over 12 months	Total
Liabilities						
Management fees payable	1,814	–	1,814	5,698	–	5,698
Trustee fees payable	138	–	138	191	–	191
Distributions payable	415	–	415	722	–	722
Other liabilities	75	–	75	129	–	129
Total liabilities	2,442	–	2,442	6,740	–	6,740

(Expressed in thousands of Trinidad and Tobago dollars)

13. Related party transactions and balances

Parties are considered to be related if one has the ability to control or exercise significant influence over the other party in making financial or operational decisions. Related party transactions are carried out on commercial terms and at market rates. The related party transactions are as follows:

	2016	2015
Assets		
Sponsor company	17,210	12,201
Other related parties	5,098	5,501
	22,308	17,702
Liabilities		
Sponsor company	1,835	5,822
Directors and key management personnel	226	227
	2,061	6,049
Income		
Sponsor company	502	465
Other related parties	519	149
	1,021	614
Expenses		
Sponsor company	5,149	5,698
Unitholders' balances		
Sponsor company	5,261	5,000
Directors and key management personnel	51,458	49,486
Other related parties	25,284	81,886
	82,003	136,372

13. Related party transactions and balances (continued)

	2016	2015
Distributions		
Directors	897	923
Other related parties	852	1,503
	1,749	2,426

14. Fund management

When managing capital, which is represented by Unitholders' balances, the objectives of the Fund Manager are:

- To comply with the requirements set out in the Fund's prospectus and Trust Deed;
- To safeguard the Fund's ability to continue as a going concern so that it can continue to provide returns for unitholders; and
- To maintain a strong capital base to support the development of its business.

The Fund endeavours to invest the proceeds from the issue of units in appropriate investments while maintaining sufficient liquidity to meet redemptions where necessary, such liquidity being augmented by short-term borrowings or disposal of investment securities where necessary.

The use of proceeds from the issue of units is monitored on a daily basis by the Fund Manager, based on guidelines set out in the Prospectus and the Trust Deed. The Fund complied with the requirements set out in the Prospectus and Trust Deed during the reported financial periods and no changes were made to the Fund's objectives, policies and processes from the previous year.

15. Commitments and contingencies

The Fund has no capital commitments nor any contingencies for the years ended 31 December 2016 and 2015.

16. Events after the reporting period

There are no material events after the statement of financial position date of 31 December 2016 which required recording or disclosure in the financial statements of the Fund as at 21 March 2017.

ansa US$ INCOME FUND

FUND FACTS

The Investment Objective of the fund is to seek to generate investment returns which are superior to all US$ income mutual funds registered in Trinidad and Tobago, while providing for acceptable levels of liquidity and credit risk.

ANSA US$ Income Fund: Top 10 Holdings - Dec 31 2016

	% of Portfolio
UDECOTT ZERO COUPON BOND DUE 2020	10.28%
SOVEREIGN BANK 8.75% FRB DUE 2018	9.38%
RABOBANK 11.0% FLR DUE 2049	5.13%
ICAHN ENTERPRISES 6.00% FRB DUE 2020	4.53%
VERIZON COMMUNICATIONS INC 4.15% FRB DUE 2024	4.52%
BARCLAYS 6.05% FRB DUE 2017	4.50%
COMISION FED DE ELECTRICIDAD 4.875% FRB DUE 2021	4.49%
JBS INVESTMENTS 7.75% FRB DUE 2020	4.46%
AEROPUERTO INTERNATIONAL TOCUMEN 5.75% FRB DUE 2023	4.46%
UBS AG 5.125% CONTINGENT CAPITAL FRB DUE 2024	4.40%

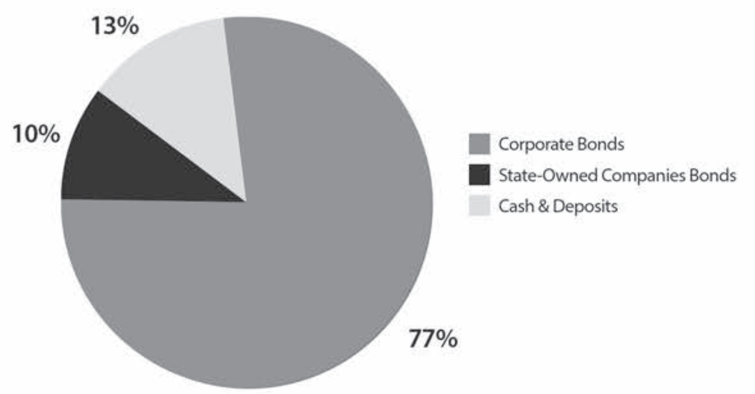
Cumulative Returns as at December 31 2016

12 month trailing	2.60%
3 Year Trailing-Cumulative	3.40%
Return from inception-Cumulative	10.75%

Historical Performance

2012	7.68%
2013	-2.41%
2014	0.93%
2015	-0.11%
2016	2.60%

Asset Mix - Dec 31 2016



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This information does not form part of the audited financial statements, on which the auditors have opined.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ANSA US$ Income Fund ("the Fund"), which comprise the statement of financial position as at 31 December 2016, and the statement of comprehensive income, statement of changes in unitholders' capital and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Trustees for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Trustees are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst + Young

Port of Spain,
TRINIDAD:
21 March 2017

ANSA US$ INCOME FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016
(Expressed in thousands of United States dollars)

	Notes	2016	2015
Assets			
Cash and cash equivalents	4	1,454	2,090
Interest and other receivables		122	159
Investment securities	5	10,024	13,921
Total assets		11,600	16,170
Liabilities			
Management fees		33	238
Trustee fees payable		4	6
Distributions payable		6	9
Other payable		9	32
Total liabilities		52	285
Net assets		**11,548**	**15,885**
Unitholders' Capital			
Unitholders' balances at par	6	11,660	16,220
Retained deficit		(112)	(335)
		11,548	**15,885**

The financial statements were approved by the Trustee and authorised for issue on 21 March 2017 and signed on their behalf by:

: Trustee

: Trustee

The accompanying notes form an integral part of these financial statements.

ANSA US$ INCOME FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016
(Expressed in thousands of United States dollars)

	Notes	2016	2015
Income			
Interest and dividend income	7	618	902
Net foreign exchange translation and other gains		8	1
Total income		626	903
Expenses			
Net realised and unrealised losses on investment securities	8	(202)	(612)
Management fees	9	(89)	(238)
Trustee fees	9	(18)	(27)
Impairment write back/(expense)		14	(14)
Other expenses		(17)	(8)
Total expenses		(312)	(899)
Total comprehensive income for the year		314	4

The accompanying notes form an integral part of these financial statements.

ANSA US$ INCOME FUND
STATEMENT OF CHANGES IN UNITHOLDERS' CAPITAL
FOR THE YEAR ENDED 31 DECEMBER 2016
(Expressed in thousands of United States dollars)

		Unitholders' balances at par	Retained fund surplus/ (deficit)	Total
Balance as at 1 January 2015		18,404	(113)	18,291
Issue of units	6	2,212	–	2,212
Redemption of units	6	(4,369)	–	(4,369)
Distribution to Unitholders		–	(253)	(253)
Unitholders' transfer of gains	6	(27)	27	–
Total comprehensive income for the year		–	4	4
Balance as at 31 December 2015		16,220	(335)	15,885
Issue of units	6	780	–	780
Redemption of units	6	(5,262)	–	(5,262)
Distribution to Unitholders		–	(169)	(169)
Unitholders' transfer of gains	6	(78)	78	–
Total comprehensive income for the year		–	314	314
Balance as at 31 December 2016		11,660	(112)	11,548

The accompanying notes form an integral part of these financial statements.

ANSA US$ INCOME FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016
(Expressed in thousands of United States dollars)

	Notes	2016	2015
Cash flows from operating activities			
Total comprehensive income for the year		314	4
Adjustments:			
Interest capitalised		(88)	(77)
(Write back)/provision for impairment		(14)	14
Amortisation on investment securities		15	11
Unrealised losses on investment securities	8	174	540
Losses on sale of investment securities	8	28	72
Surplus before working capital changes		429	564
Changes in assets/liabilities:			
Decrease/(increase) in interest receivable and other debtors		50	(58)
(Decrease)/increase in payables		(233)	33
Net cash flows provided by operating activities		246	539
Cash flows from investing activities			
Sale or maturity of investments		5,963	6,494
Purchase of investments		(2,194)	(6,430)
Net cash flows provided by investing activities		3,769	64
Cash flows from financing activities			
Issue of units	6	780	2,212
Redemption of units	6	(5,262)	(4,369)
Distribution to Unitholders		(169)	(253)
Net cash flows used in financing activities		(4,651)	(2,410)
Net decrease in cash and cash equivalents		(636)	(1,807)
Cash and cash equivalents at the beginning of the year		2,090	3,897
Cash and cash equivalents at the end of the year	4	1,454	2,090
Supplemental information:			
Interest received		684	1,122
Distributions paid		172	300

The accompanying notes form an integral part of these financial statements.

1. Description of the Fund

The following brief description of the ANSA US$ Income Fund (the 'Fund') is provided for general information purposes only. Reference should be made to the Trust Deed and Rules of the Fund for more complete information.

General

The Fund is an open-ended mutual fund registered in Trinidad & Tobago, and established by ANSA Merchant Bank Limited (the 'Bank' or 'Fund Manager') under a Trust Deed dated 23 November 2010. The Bank whose registered office is 11C Maraval Road, Port of Spain, Trinidad and Tobago, is the Sponsor, Investment Manager, Administrator and Distributor of the Fund.

The principal activity of the Fund is to provide investors having similar investment objectives the opportunity to access professional investment management in achieving maximum income returns, minimisation of risk and reasonable safety of capital.

The Fund may invest in securities and contracts, including sovereign debt, issued in countries other than Trinidad and Tobago, which are expected to provide high income yield and not expected to cause deterioration in capital values.

The Fund's capital is made up of two classes of Units. Class A Units which are issued to investors pursuant to the terms of the Prospectus and the Trust Deed and Class B Units which were issued to the Fund Sponsor (ANSA Merchant Bank Limited).

The Class B Unitholder is not entitled to receive any dividends and has no rights to the Fund's assets upon termination of the Fund, save and except for its original investment and any accretion thereto.

The Unitholders of the Fund have the right to vote with respect to certain matters related to the Fund. Voting by Class A unitholders takes place at meetings which may be convened annually by the Trustee or which may be called by the Trustee at the request of the Class B Unitholder or a Unitholder(s) holding not less than 25% of the outstanding units of the Fund.

At Unitholder meetings, Unitholders are entitled, inter alia, to:

(i) require the removal of the Trustee and/or approve the appointment of a new Trustee; and
(ii) sanction any modification, alteration or addition to the provisions of the Trust Deed unless the Trustee and the Sponsor certify in writing that they are of the opinion that the modification (a) does not materially prejudice the interests of the Unitholders, does not operate to release the Trustee from any material obligation to the Unitholders and does not materially increase the amount of expenses chargeable on the assets of the Fund; or (b) is necessary in order to make possible compliance with any fiscal, statutory of official requirement; or (c) is made to correct a manifest error.

The Trustee of the Fund is First Citizens Trustee Services Limited.

2. Significant accounting policies

i) Basis of preparation

These financial statements have been prepared on a historical cost basis, except for the fair value measurement of trading investment securities and other financial assets not held in a business model whose objective is to hold assets to collect contractual cash flows or whose contractual terms do not give rise solely to payments of principal and interest.

The financial statements are presented in United States Dollars (US$) which is the functional currency and all values are rounded to the nearest thousand, except when otherwise indicated.

Statement of compliance

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Presentation of financial statements

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is intention to settle on a net basis, or to realise the assets and settle the liability simultaneously.

Income and expenses will not be offset in the statement of comprehensive income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Fund.

ii) Changes in accounting policy and disclosures

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the Fund's annual financial statements for the year ended 31 December 2015 except for the adoption of new standards and interpretations noted below.

New and amended standards and interpretations

The Fund applied, for the first time, certain standards and amendments that became applicable for the 2016 financial year, however there was no impact on the amounts reported and/or disclosures in the financial statements.

2. Significant accounting policies (continued)

ii) Changes in accounting policy and disclosures (continued)

New and amended standards and interpretations (continued)

Amendments to IAS 1 – Disclosure Initiative – Effective 1 January 2016

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1;
- That specific line items in the statement(s) of profit or loss and Other Comprehensive Income (OCI) and the statement of financial position may be disaggregated;
- That entities have flexibility as to the order in which they present the notes to financial statements; and
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments had no impact on the Fund.

Annual Improvements to IFRSs 2012-2014 Cycle - Published September 2014, effective 1 January 2016

Certain limited amendments, which primarily consist of clarifications to existing guidance, were made to the following standards and are not expected to have a material impact on the financial statements:

- IFRS 7, 'Financial Instruments: Disclosures'
- IAS 34, 'Interim Financial Reporting'

2. Significant accounting policies (continued)

ii) Changes in accounting policy and disclosures (continued)

New and amended standards and interpretations (continued)

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, are disclosed below. The Fund intends to adopt these standards, if applicable, when they become effective.

- IFRS 15, 'Revenue from Contracts with Customers' – Effective 1 January 2018.
- IFRS 9, Phase 2 and 3 – Effective 1 January 2018.

The Fund is currently assessing the potential impact of these new standards and interpretations.

iii) Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand and at bank, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash with original maturities of three months or less and subject to insignificant risks of change in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts. Bank overdrafts, should they exist, are disclosed separately under 'liabilities' on the statement of financial position.

iv) Financial instruments

IFRS 9, 'Financial Instruments: Classification and Measurement'

The Fund early adopted IFRS 9, 'Financial Instruments' (Phase 1) (as issued in November 2009 and revised in November 2013), effective 1 January 2018. The Fund chose to apply the exemption given in the transitional provision for early application of IFRS 9 and hence did not restate comparative information in the year of initial application.

Financial assets

a. *Initial recognition and subsequent measurement*

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

2. **Significant accounting policies** (continued)

iv) **Financial instruments** (continued)

Financial assets (continued)

a. ***Initial recognition and subsequent measurement*** (continued)

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Amortised cost and effective interest method

Debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss (except for debt investments that are designated as at fair value through the statement of income on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost. Interest income is recognised in the statement of comprehensive income and is included in 'interest income'.

Financial assets at fair value through other comprehensive income (FVOCI)

On initial recognition, the Fund can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVOCI. Designation at FVOCI is not permitted if the equity investment is held for trading.

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2. **Significant accounting policies** (continued)

iv) **Financial instruments** (continued)

Financial assets (continued)

a. ***Initial recognition and subsequent measurement*** (continued)

A financial asset is held for trading if:

- it has been acquired principally for the purpose of re-sale in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Fund manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to the statement of income on disposal of the investments.

The Fund does not have any equity instruments that are carried at FVOCI on initial application of IFRS 9 – *Financial Instruments*

Financial assets at fair value through statement of income (FVSI)

Investments in equity instruments are classified as at FVSI, unless the Fund designates an investment that is not held for trading as at fair value through other comprehensive income (FVOCI) on initial recognition.

Debt instruments that do not meet the amortised cost criteria are measured at FVSI. In addition, debt instruments that meet the amortised cost criteria but are designated as FVSI are measured at FVSI. A debt instrument may be designated as at FVSI upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Fund has not designated any debt instrument as at FVSI.

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2. **Significant accounting policies** (continued)

iv) **Financial instruments** (continued)

Financial assets (continued)

a. ***Initial recognition and subsequent measurement*** (continued)

Financial assets at fair value through statement of income (FVSI) (continued)

Debt instruments are reclassified from amortised cost to FVSI when the business model is changed such that the amortised cost criteria are no longer met. Reclassification of debt instruments that are designated as at FVSI on initial recognition is not allowed.

Financial assets at FVSI are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the statement of comprehensive income. The net gain or loss recognised in the statement of comprehensive income is included in the 'investment income' line item.

Interest income on debt instruments as at FVSI is included in the net gain or loss described above.

Dividend income on investments in equity instruments at FVSI is recognised in the statement of comprehensive income when the Fund's right to receive the dividends is established in accordance with IAS 18 *Revenue* and is included in the net gain or loss described above.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. The foreign exchange component forms part of its fair value gain or loss.

Therefore,

- for financial assets that are classified as FVSI, the foreign exchange component is recognised in the statement of income; and
- for financial assets that are designated as at FVOCI, any foreign exchange component is recognised in other comprehensive income.

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2. **Significant accounting policies** (continued)

iv) **Financial instruments** (continued)

Financial assets (continued)

a. ***Initial recognition and subsequent measurement*** (continued)

Foreign exchange gains and losses (continued)

- for foreign currency denominated debt instruments measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the financial assets and are recognised in the 'other gains and losses' line item in the statement of comprehensive income .

b. ***Impairment of financial assets***

The Fund assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses (ECLs) that have not yet been incurred) discounted using the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss as credit loss expense.

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2. **Significant accounting policies** (continued)

iv) **Financial instruments** (continued)

Financial assets (continued)

b. ***Impairment of financial assets*** (continued)

Impaired debts, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Fund. If a previous write-off is later recovered, the recovery is credited to the credit loss expense.

Interest revenue on impaired financial assets is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

c. ***Derecognition of financial assets***

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Fund has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either:

- the Fund has transferred substantially all of the risks and rewards of the asset, or
- the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the fund has retained.

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2. **Significant accounting policies** (continued)

iv) **Financial instruments** (continued)

Financial liabilities

a. ***Initial recognition and subsequent measurement***

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through the statement of comprehensive income, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge as appropriate. The Fund determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Fund's financial liabilities include fees payable, distributions payable, amounts due to related parties and other payables.

b. ***Derecognition of financial liabilities***

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognising of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

v) **Fair valuation of financial instruments**

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs at the close of business at the end of the reporting period for listed instruments.

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2. **Significant accounting policies** (continued)

v) **Fair valuation of financial instruments** (continued)

For financial instruments not traded in an active market, the fair value is determined using appropriate internal valuation techniques. These pricing models consider, among other factors, contractual and market prices, correlation, time value of money, credit risk, yield curve volatility factors and/or prepayment rates of the underlying positions. The use of different pricing models and assumptions could produce materially different estimates of fair values.

The estimated fair values of certain financial instruments have been determined using available market information or other appropriate valuation methodologies that require judgement in interpreting market data and developing estimates.

Consequently, estimates made do not necessarily reflect the amounts that the Fund would realise in a current market exchange. The use of different assumptions and/or different methodologies may have a material effect on the fair values estimated.

Short-term financial assets and liabilities

The carrying amount of short-term financial assets and liabilities comprising cash and cash equivalents, interest and other receivables, management fees payable, distributions payable, trustee fees payable, and other payables are a reasonable estimate of their fair values because of the short maturity of these instruments.

Investment securities

The fair value of trading investments is based on market quotations, when available. When market quotations are not readily available, fair values are based on discounted cash flows or estimated using quoted market prices of similar investments. In the absence of a market value, discounted cash flows will approximate fair value. This process relies on available market data to generate a yield curve for each country in which valuations were undertaken, using interpolated results where there were no market observable rates.

In pricing callable bonds, where information is available, the price of a callable bond is determined as at the call date using the Yield to Worst. For bonds with irregular cash flows (sinking funds, capitalisation of interest, moratoria, amortisations or balloon payments) a process of iteration employing the Internal Rate of Return is used to arrive at bond values. Yields on all tax-free bonds are grossed-up to correspond to similar taxable bonds at the prevailing rate of corporation tax.

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2. **Significant accounting policies** (continued)

v) **Fair valuation of financial instruments** (continued)

Determination of fair value and fair value hierarchies

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1

Included in the Level 1 category are financial assets that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry fund, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2

Included in the Level 2 category are financial assets that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Fund's own models whereby the majority of assumptions are market observable.

Level 3

Included in the Level 3 category are financial assets that are not quoted as there are no active markets to determine a price for those assets.

vi) **Revenue recognition**

Revenue is considered to the extent that it is probable that economic benefits will flow to the Fund and the revenue can be reliably measured, regardless of when the payment was made. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, and other sales taxes. The following specific recognition criteria must also be met before revenue is recognised.

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(Expressed in thousands of United States dollars)

2. Significant accounting policies (continued)

vi) Revenue recognition (continued)

Investment income

Interest income is recognised in the statement of comprehensive income as it accrues, taking into account the effective yield of the asset or an applicable floating rate. Interest income includes the amortisation of any discount or premium on the constant yield basis. Investment income also includes dividends and any fair value changes.

Interest income is accrued until the investment becomes contractually three months in arrears at which time the interest is suspended and then accounted for on a cash basis until the investment is brought up to date.

Dividend income is recognised when the Fund's right to receive payment is established.

Other income and expenditure

Other income and expenditure are brought into account on the accruals basis.

vii) Subscriptions and redemptions

Subscriptions and redemptions are accounted for at the Net Asset Value calculated on the business day prior to the date of the subscription or redemption. Units may be subscribed at a minimum initial value of $3,000 and thereafter, the minimum amount of an additional investment is $500 in value, except in the instance of reinvestment of distributions. There are no limits as to the number of units that can be redeemed at any one time.

viii) Expenses

Fees are recognised on an accrual basis. Refer to Note 9 for management, administration and trustee fees. Audit fees are included within other expenses.

ix) Distributions to Unitholders

Distributions to Unitholders are recognised when they are ratified by the Trustees and are paid out quarterly.

x) Taxation

With respect to dividends which are derived locally no income tax is payable residents of Trinidad and Tobago.

2. Significant accounting policies (continued)

xi) Functional and presentation currency

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in United States dollars, which is the Fund's functional and presentation currency.

xii) Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are expressed in United States dollars at rates of exchange ruling at the statement of financial position date. Non-monetary assets and liabilities are translated using exchange rates that existed at the date of the initial transaction. All revenue and expenditure transactions denominated in foreign currencies are translated at mid-exchange rates and the resulting profits and losses on exchange from these trading activities are dealt with in the statement of comprehensive income.

xiii) Unitholders' Capital

Unitholders' subscriptions and redemptions measured at par value are recognised in the 'Unitholders' balance' line in the statement of financial position. The differences between the net assets (NAV) of the Fund and its par value is recorded in 'retained earnings'.

Classification of redeemable shares

Redeemable shares are classified as equity instruments when:

- The redeemable shares entitle the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation.
- The redeemable shares do not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro rata share of the Fund's net assets.
- The total expected cash flows attributable to the redeemable shares over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument.

In addition to the redeemable shares having all of the above features, the Fund must have no other financial instrument or contract that has:

- Total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund.
- The effect of substantially restricting or fixing the residual return to the redeemable unitholders.

2. Significant accounting policies (continued)

xiii) Unitholders' Capital (continued)

The issuance, acquisition and cancellation of redeemable shares are accounted for as equity transactions.

3. Significant accounting judgements and estimates

The preparation of the Fund's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Other disclosures relating to the Fund's exposure to risks and uncertainties includes:

- Financial instruments risk management (Note 11)
- Fund management (Note 14)

i) Judgement

In the process of applying the Fund's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Impairment of financial assets

Management makes judgements to determine whether financial assets are impaired when the carrying value is greater than the recoverable amount and there is objective evidence of impairment. The recoverable amount is the present value of the future cash flows.

ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Fund based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

3. Significant accounting judgements and estimates (continued)

ii) Estimates and assumptions (Continued)

Valuation of investments

Fair values are based on quoted market prices for the specific instrument, comparisons with other similar financial instruments, or the use of valuation models. Establishing valuations where there are no quoted market prices inherently involves the use of judgement and applying judgement in establishing reserves against indicated valuations for aged positions, deteriorating economic conditions (including country specific risks), concentrations in specific industries, types of instruments or currencies, market liquidity, model risk itself and other factors.

4. Cash and cash equivalents	**2016**	**2015**
Cash at bank	151	2,054
Short-term investments	1,303	36
	1,454	2,090

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Fund, and earn interest at the respective short-term deposit rates.

5. Investment securities	**2016**	**2015**
Investment securities designated at fair value through statement of income	6,165	8,989
Investment securities measured at amortised cost	3,859	4,932
Total investment securities	10,024	13,921
Investment securities designated at fair value through statement of income		
Equity securities	–	1,103
State owned company securities	1,182	1,173
Corporate bonds and debentures	4,983	6,713
	6,165	8,989

(Expressed in thousands of United States dollars)

5. Investment securities (continued)

	2016	2015
Investment securities measured at amortised cost		
Corporate bonds and debentures	3,859	4,932
	3,859	4,932

6. Unitholders' balances at par

	2016	
Authorised:	**Units**	**$**
Unlimited number of units		
Reconciliation of unitholders' balances:		
Units outstanding at the beginning of the year	162,469	16,220
Units issued	7,867	780
Units redeemed	(53,746)	(5,262)
Value of unit above par issued and redeemed in the year	–	(78)
Units outstanding at the end of the year (value of units at par)	116,590	11,660
Unitholders' deficit below par		(95)
Unitholders' balance		11,565
Net asset value per unit on unitholders' balance		99.19
Fund deficit		(17)
Total net asset value of fund		11,548
Adjusted net asset value per unit		99.05

6. Unitholders' balances at par (continued)

	2015	
Authorised:	**Units**	**$**
Unlimited number of units		
Reconciliation of unitholders' balances:		
Units outstanding at the beginning of the year	184,156	18,404
Units issued	22,351	2,212
Units redeemed	(44,038)	(4,369)
	–	(27)
Units outstanding at the end of the year (value of units at par)	162,469	16,220
Unitholders' deficit below par		(304)
Unitholders' balance		15,916
Net asset value per unit on unitholders' balance		97.96
Fund deficit		(31)
Total net asset value of fund		15,885
Adjusted net asset value per unit		97.77

7. Interest and dividend income

	2016	2015
Interest income from investments designated at fair value through statement of income	379	677
Interest Income from financial assets measured at amortised cost	239	223
Dividend income	–	2
	618	902

8. Net realised and unrealised losses on investment securities

	2016	2015
Realised losses on investments at fair value through statement of income	(28)	(72)
Unrealised losses on investments held at year end at fair value through statement of income	(174)	(540)
	(202)	(612)

9. Fees

The Investment Manager is paid quarterly from the assets of the Fund in the form of management fees, administrator fees and distributor fees, calculated on the basis of the average net asset value in that quarter pro-rated where necessary on the basis of number of days remaining or elapsed in the quarter, according to an annual rate not to exceed a cumulative total of 4.25% on the average net asset value of the Fund.

The Trustee is paid from the assets of the Fund a fee not exceeding an annual rate of 0.15% on the average net asset value and such fee shall be, subject to a minimum annual fee of $12,000, exclusive of VAT.

	2016	2015
Management fees	89	238
Trustee fees	18	27
	107	265

10. Fair value of financial instruments

(i) Carrying amounts and fair values

The following table summarises the carrying amounts and the fair values of the Fund's investment securities as at 31 December.

2016	**Carrying values**	**Fair values**	**Unrecognised gain/(loss)**
Financial assets			
Cash and short-term funds	1,454	1,454	–
Investment securities	10,024	10,059	35
Interest receivable	122	122	–
Total financial assets	11,600	11,635	35
Financial liabilities			
Management fee payable	33	33	–
Trustee fees payable	4	4	–
Distribution payable	6	6	–
Other payables	9	9	–
Total financial liabilities	52	52	–
2015			
Financial assets			
Cash and short-term funds	2,090	2,090	–
Investment securities	13,921	13,889	(32)
Interest receivable	159	159	–
Total financial assets	16,170	16,138	(32)
Financial liabilities			
Management fee payable	238	238	–
Trustee fees payable	6	6	–
Distribution payable	9	9	–
Other payable	32	32	–
Total financial liabilities	285	285	–

(Expressed in thousands of United States dollars)

10. Fair value of financial instruments (continued)

(ii) Determination of fair value and fair value hierarchies

2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment securities designated at fair value through statement of income				
State owned company securities	–	1,182	–	1,182
Corporate bonds and debentures	4,983	–	–	4,983
	4,983	1,182	–	6,165
Investment securities designated at amortised cost for which fair values are disclosed				
State owned company securities	523	–	–	523
Corporate bonds	2,951	420	–	3,371
	3,474	420	–	3,894

2015	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment securities designated at fair value through statement of income				
Equity securities	–	1,103	–	1,103
State owned company securities	–	1,173	–	1,173
Corporate bonds and debentures	5,209	1,504	–	6,713
	5,209	3,780	–	8,989

10. Fair value of financial instruments (continued)

(ii) Determination of fair value and fair value hierarchies (continued)

2015	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment securities designated at amortised cost for which fair values are disclosed				
Corporate bonds	3,385	515	1,000	4,900
	3,385	515	1,000	4,900

(iii) Transfers between Level 1 and Level 2

For the year ended 31 December 2016 there were no transfer of assets between Level 1 and Level 2.

(iv) Movements in Level 3 financial instruments

Assets	**2016**	**2015**
Balance at 1 January	1,000	2,538
Loss recognised	–	(34)
Purchases	–	1,000
Transfers (from) / into level 3	–	(1,504)
Disposals	(1,000)	(1,000)
	–	1,000

11. Risk Management

Introduction

Risk is inherent in the Fund's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls.

This process of risk management is critical to the Fund's continuing profitability. The Fund is exposed to credit risk, liquidity risk and market risk.

Role of the Trustee

The Trustee is the custodian of the Fund and their responsibility is that of safeguarding Unitholders' interests. The Trustee approves all distribution of income from the Fund and ensures that the Fund is externally audited every year. They also ensure that all provisions within the prospectus are followed by the Investment Manager and all regulatory requirements are fulfilled.

Risk management structure

The Bank which acts as the Fund Sponsor, Distributor, Administrator and Investment Manager, is ultimately responsible for identifying and controlling risks. The Bank is also responsible for the overall risk management approach and for approving the risk strategies, principles, policies and procedures. Day to day adherence to risk principles is carried out by the executive management of the Bank in compliance with the policies approved by the Board of Directors.

Treasury management

The Fund employs the Treasury function of the Bank, which is responsible for managing the Fund's assets and liabilities and the overall financial structure. The treasury function is also primarily responsible for the funding and liquidity risks of the Fund.

Concentrations of risk

Concentrations arise when a number of counter parties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Fund's results to developments affecting a particular industry. In order to avoid excessive concentrations of risk, the Fund's procedures include specific monitoring control to focus on the maintenance of a diversified portfolio.

11. Risk Management (continued)

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise credit risk, interest rate risk, currency risk and equity price risk each of which are considered below and include, where relevant, the sensitivity of the Fund's financial result on movements in certain market risk variables.

Credit risk management

Credit risk to the Fund is the potential that a counterparty will fail to meet its stated obligations in accordance with agreed terms. It is the Fund's policy to enter into financial arrangements with a variety of creditworthy counterparties and monitor the size of the exposure to any one issuer and the duration of the investment. The Fund's exposure to credit risk largely arises from its investment securities portfolio. The Bank, in its capacity as Investment Manager, is responsible for identifying and controlling credit risk.

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

Significant changes in the economy, or in the state of a particular industry segment that represents a concentration in the Fund's portfolio, could result in losses that are different from those provided at the statement of financial position date. Management therefore carefully manages its exposure to credit risk.

The following table shows the maximum exposure to credit which represents a worst case scenario of credit risk exposure, without taking account of any collateral held or other credit enhancements. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

	Gross maximum exposure	
	2016	**2015**
Cash and cash equivalents	1,454	2,090
Investment securities	10,024	12,818
Interest and other receivables	122	159
	11,600	15,067

(Expressed in thousands of United States dollars)

11. Risk Management (continued)

Cash and cash equivalents

These funds are placed with highly rated local banks. Management therefore considers the risk of default of these counterparties to be very low.

Credit quality

Investment debt securities

The credit quality of investment debt securities has been analysed into the following categories:

High grade — These comprise of regional sovereign debt securities issued directly or through state intermediary body where there has been no history of default.

Standard — These securities are current and have been serviced in accordance with the terms and conditions of the underlying agreements. In addition, included in this category are securities issued by related parties and fellow subsidiaries within the ANSA McAL group of companies.

Sub-standard — These securities are greater than 90 days in arrears display indicators of impairment or have been restructured in the past financial year.

Impaired — These securities are non-performing.

	High grade	Standard	Total
2016			
Investments designated at FVSI	–	6,165	6,165
Investments measured at amortised cost	513	3,346	3,859
	513	9,511	10,024
2015			
Investments designated at FVSI	2,304	5,582	7,886
Investments measured at amortised cost	–	4,932	4,932
	2,304	10,514	12,818

There were no investment debt securities classified as sub-standard or impaired for the years ended 31 December 2016 and 31 December 2015.

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11. Risk management (continued)

Currency risk

As at 31 December 2016, all of the Fund's assets and liabilities are denominated in United States dollars and therefore the Fund has no exposure to foreign currency risk.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Fund manages its interest rate exposure by investing in fixed and variable rate instruments.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Fund takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Bank, in its capacity as Investment Manager, sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily by the Bank's Treasury department.

During the current period the Fund was not exposed to interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Fund will be unable to liquidate positions to satisfy commitments to Unitholders for redemptions due to market conditions. This is managed by maintaining an adequate position in assets with maturities of less than one year.

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11. Risk management (continued)

Liquidity risk (continued)

The table analyses the Fund's financial liabilities into the relevant maturity funding based on the remaining period as at 31 December to the contractual maturity date.

	Up to one year	Over one year	Total
2016			
Financial liabilities			
Management fees payable	33	–	33
Trustee fee payable	4	–	4
Distributions payable	6	–	6
Other payables	9	–	9
Total financial liabilities	52	–	52
2015			
Financial liabilities			
Management fees payable	238	–	238
Trustee fee payable	6	–	6
Distributions payable	9	–	9
Other payables	32	–	32
Total financial liabilities	285	–	285

Equity price risk

Equity price risk is the risk that the fair value of equities will decrease as a result of decreases in equity indices and the value of individual stocks. The non-trading equity price risk exposure arises from the Fund's investment portfolio. The effect on equity due to a reasonably possible change in equity indices is considered below:

Market indices	Change in equity price		Effect on income 2016 + / -	Effect on income 2015 + / -
S&P 500	+ / -	8%	–	88

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12. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled based on contractual undiscounted cashflows.

	2016			2015		
	Less than 12 months	Over 12 months	Total	Less than 12 months	Over 12 months	Total
Assets						
Cash and cash equivalents	1,454	–	1,454	2,090	–	2,090
Investment securities	597	9,427	10,024	3,581	10,340	13,921
Interest receivable	122	–	122	159	–	159
Total assets	2,173	9,427	11,600	5,830	10,340	16,170
Liabilities						
Management fees payable	33	–	33	238	–	238
Trustee fees payable	4	–	4	6	–	6
Distributions payable	6	–	6	9	–	9
Other liabilities	9	–	9	32	–	32
Total liabilities	52	–	52	285	–	285

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(Expressed in thousands of United States dollars)

13. Related party transactions and balances

Parties are considered to be related if one has the ability to control or exercise significant influence over the other party in making financial or operational decisions. Related party transactions are carried out on commercial terms and at market rates.

The related party transactions are as follows:

	2016	2015
Assets		
Other related parties	420	476
Liabilities		
Sponsor company	27	238
Unitholders' balances		
Sponsor company	1,000	1,000
Directors and key management personnel	171	181
Other related parties	204	132
	1,375	1,313
Distributions		
Directors and key management personnel	3	3
Other related parties	2	2
	5	5
Income		
Other related parties	21	13
Expense		
Sponsor company	89	238

14. Fund management

When managing capital, which is represented by Unitholders' balances, the objectives of the Fund Manager are:

- To comply with the requirements set out in the Fund's prospectus and Trust Deed;
- To safeguard the Fund's ability to continue as a going concern so that it can continue to provide returns for Unitholders; and
- To maintain a strong capital base to support the development of its business.

The Fund endeavours to invest the proceeds from the issue of units in appropriate investments while maintaining sufficient liquidity to meet redemptions where necessary, such liquidity being augmented by short-term borrowings or disposal of investment securities where necessary.

The use of proceeds from the issue of units is monitored on a daily basis by the Fund Manager, based on guidelines set out in the Prospectus and the Trust Deed. The Fund complied with the requirements set out in the Prospectus and Trust Deed during the reported financial periods and no changes were made to the Fund's objectives, policies and processes from the previous year.

15. Commitments and contingencies

The Fund has no capital commitments nor any contingencies for the years ended 31 December 2016 and 2015.

16. Events after the reporting date

There were no material events after the statement of financial position date of 31 December 2016 which required recording or disclosure in the financial statements of the Fund as at 21 March 2017.