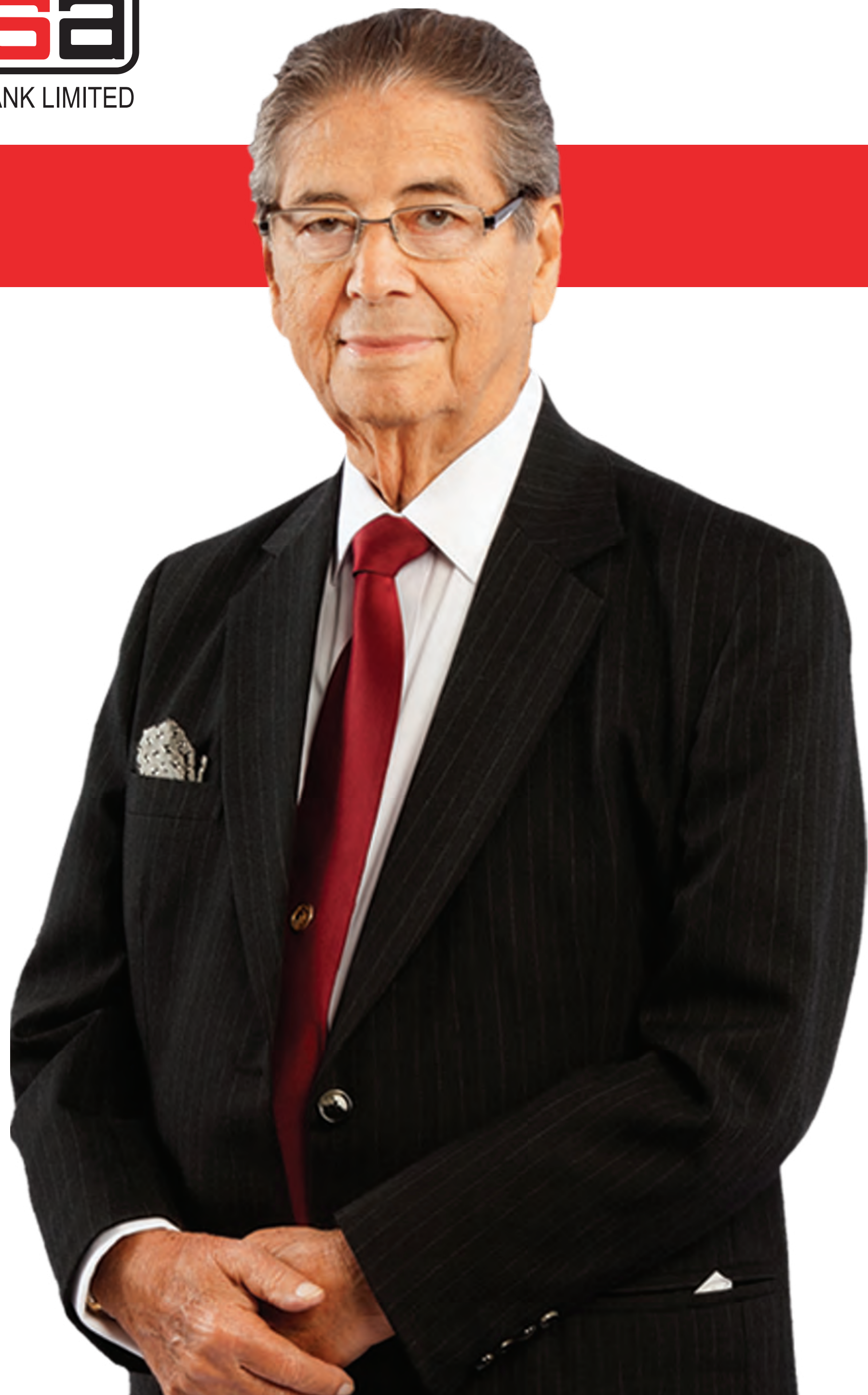
ANSA MERCHANT BANK LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2015

ANSA MERCHANT BANK LIMITED

ANSA MERCHANT BANK LIMITED CHAIRMAN'S REPORT 2015



Our consolidated results for the full year 2015 registered profit before taxation of $297.3 million which is 13% better than the full year 2014.

Good earnings from all three companies namely, ANSA Merchant Bank, TATIL and Tatil Life, generated a final earnings per share of $2.89 versus $2.49 in 2014.

Total assets grew 2% to $6.7 billion while equity grew 8% passing a milestone of $2 billion.

Based on the strong performance in 2015, the Directors have approved an increase of 5% in the total dividend for the financial year-ended 31st December 2015 to $1.05 per share (2014: $1.00), with the final dividend approved at $0.85 per share (2014: $0.85).

The final dividend will be paid on 27th May 2016 to shareholders on the register as at 18th May 2016.

Your Bank and its Insurance subsidiaries are very well capitalised by all measures representing a very stable platform for continued growth and diversification.

Dr. Anthony N. Sabga, ORTT

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ANSA MERCHANT BANK LIMITED

We have audited the accompanying financial statements of ANSA Merchant Bank Limited ("the Parent") and its subsidiaries ("the Group") which comprise the separate and consolidated statement of financial position as at 31 December 2015, separate and consolidated statement of income, separate and consolidated statement of comprehensive income, separate and consolidated statement of changes in equity and separate and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these separate and consolidated financial statements in accordance with International Financial Reporting Standards 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these separate and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the separate and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate and consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate and consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate and consolidated financial statements.

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

Opinion

In our opinion, the separate and consolidated financial statements present fairly, in all material respects, the financial position of the Parent and the Group as at 31 December 2015 and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst + Young

Port of Spain
TRINIDAD:
21 March 2016

ANSA MERCHANT BANK LIMITED

SEPARATE AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

(Expressed in thousands of Trinidad and Tobago dollars)

Parent 1 Jan 2014 Restated	Parent 31 Dec 2014 Restated	Parent 31 Dec 2015		Notes	Group 31 Dec 2015	Group 31 Dec 2014 Restated	Group 1 Jan 2014 Restated
			Assets				
296,227	335,548	302,985	Cash and short-term funds	4	720,084	745,628	1,051,686
–	–	–	Fixed deposits		148,514	139,356	54,483
917,519	1,012,112	1,005,106	Net investment in leased assets and other instalment loans	5	1,003,373	1,010,517	917,519
498,382	586,483	800,290	Loans and advances	6	866,310	665,176	589,341
518,076	736,716	609,748	Investment securities	7	3,254,141	3,429,940	2,628,133
4,943	7,067	8,904	Interest receivable		36,178	34,206	28,382
–	–	–	Insurance receivables	9	37,170	45,414	42,772
114,349	38,194	45,250	Other debtors and prepayments	10	50,305	22,031	279,468
–	–	–	Reinsurance assets	21	172,082	99,616	88,976
–	1,219	1,219	Taxation recoverable		1,515	2,372	–
632,500	632,500	632,500	Investment in subsidiaries	11	–	–	–
–	–	–	Investment properties	12	138,483	136,612	111,443
3,683	2,657	1,502	Property and equipment	13	28,583	25,624	38,095
–	–	–	Intangible assets	14	133,762	133,762	133,762
190	3,558	20,598	Deferred tax asset	15	29,665	14,841	10,713
9,192	9,493	9,278	Employee benefit asset	16	118,395	119,902	117,636
2,995,061	**3,365,547**	**3,437,380**	**Total assets**		**6,738,560**	**6,624,997**	**6,092,409**

Parent 1 Jan 2014 Restated	Parent 31 Dec 2014 Restated	Parent 31 Dec 2015		Notes	Group 31 Dec 2015	Group 31 Dec 2014 Restated	Group 1 Jan 2014 Restated
			Liabilities				
1,124,428	1,323,274	1,175,593	Customers' deposits and other funding instruments	18	1,996,965	2,314,132	2,090,111
93	11,166	10,153	Bank overdraft	4	10,153	11,166	955
66,285	80,264	65,673	Accrued interest and other payables	17	103,287	119,234	114,926
671,925	758,963	911,415	Debt securities in issue	19	911,415	758,963	671,925
17,663	483	9,722	Taxation payable		11,468	1,385	19,901
11,910	8,805	2,878	Deferred tax liability	15	125,354	130,310	136,602
311	366	431	Employee benefit obligation	16	4,075	3,123	3,048
–	–	–	Investment contract liabilities	20	210,231	190,906	168,244
–	–	–	Insurance contract liabilities	21	1,325,160	1,207,550	1,132,870
1,892,615	**2,183,321**	**2,175,865**	**Total liabilities**		**4,698,108**	**4,736,769**	**4,338,582**

Parent 1 Jan 2014 Restated	Parent 31 Dec 2014 Restated	Parent 31 Dec 2015		Notes	Group 31 Dec 2015	Group 31 Dec 2014 Restated	Group 1 Jan 2014 Restated
			Equity				
667,274	667,274	667,274	Stated capital	23	667,274	667,274	667,274
113,362	129,932	146,908	Statutory reserve fund		162,852	145,876	129,306
–	–	–	Statutory surplus reserve		57,327	53,101	51,163
4,594	4,977	5,056	General loan loss reserve		5,056	4,977	4,594
545	265	159	Foreign currency reserve		–	265	545
316,671	379,778	442,118	Retained earnings		1,147,456	1,016,271	900,491
1,102,446	1,182,226	1,261,515	Equity attributable to the equity holders of the parent		2,039,965	1,887,764	1,753,373
–	–	–	Non-controlling interest		487	464	454
1,102,446	**1,182,226**	**1,261,515**	**Total equity**		**2,040,452**	**1,888,228**	**1,753,827**
2,995,061	**3,365,547**	**3,437,380**	**Total liabilities and equity**		**6,738,560**	**6,624,997**	**6,092,409**

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 2016 and signed on its behalf by:

Anthony N. Sabga
Director

Gregory N. Hill
Director

ANSA MERCHANT BANK LIMITED

SEPARATE AND CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

(Expressed in thousands of Trinidad and Tobago dollars)

Parent 2014 Restated	Parent 2015		Notes	Group 2015	Group 2014 Restated
–	–	Net insurance revenue	24	293,833	291,847
159,585	175,111	Finance charges, loan fees and other interest income	25	174,894	159,567
78,226	67,607	Investment income	26	146,371	161,559
50,882	48,854	Other income	27	106,022	90,430
288,693	291,572	**Total operating income**		721,120	703,403
–	–	Net insurance benefits and claims incurred	28	(182,677)	(204,673)
(45,342)	(48,411)	Interest expense	29	(68,065)	(67,352)
–	31,542	Write back of provision for impairment of investments	30	37,973	2,617
(3,792)	(15,112)	Provision for losses on loans and advances	5, 6	(15,112)	(3,792)
239,559	259,591	**Net operating income**		493,239	430,203
(9,677)	(17,932)	Marketing and policy expenses	31	(65,127)	(62,466)
(21,714)	(24,977)	Personnel expenses	32	(59,180)	(48,131)
(1,323)	(1,322)	Depreciation	13	(3,723)	(3,568)
(2,160)	(2,160)	Management fees		(8,558)	(8,558)
(10,230)	(19,155)	General administrative expenses	33	(59,376)	(45,258)
(45,104)	(65,546)	**Total selling and administration expenses**		(195,964)	(167,981)
194,455	194,045	**Net profit before taxation**		297,275	262,222
(28,758)	(24,286)	Taxation	34	(49,828)	(49,175)
165,697	169,759	**Profit for the year**		247,447	213,047

Parent 2014 Restated	Parent 2015		Group 2015	Group 2014 Restated
		Profit attributable to:		
165,697	169,759	Equity holders of the Parent	247,424	213,037
–	–	Non-controlling interest	23	10
165,697	169,759		247,447	213,047
		Basic and diluted earning per share ($ per share)	2.89	2.49
		Weighted average number of shares ('000)	85,605	85,605

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

SEPARATE AND CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

(Expressed in thousands of Trinidad and Tobago dollars)

Parent 2014 Restated	Parent 2015		Note	Group 2015	Group 2014 Restated
165,697	169,759	**Profit for the year**		247,447	213,047
		Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
132	(451)	Experience (losses)/gains on defined benefit plans	16 (b)	(6,846)	(2,314)
(33)	113	Income tax effect	15	1,712	579
99	(338)			(5,134)	(1,735)
		Other comprehensive income that may be reclassified subsequently to profit and loss, net of tax			
(280)	(106)	Net loss on investment securities at fair value through other comprehensive income		–	(280)
(280)	(106)			–	(280)
165,516	169,315	**Total comprehensive income for the year, net of tax**		242,313	211,032
		Attributable to:			
165,516	169,315	Equity holders of the Parent		242,290	211,022
–	–	Non-controlling interest		23	10
165,516	169,315			242,313	211,032
		Basic and diluted earnings per share ($ per share)		2.83	2.47
		Weighted average number of shares ('000)		85,605	85,605

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

(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
Reported balance as at 31 December 2013	667,274	113,362	4,594	545	296,315	1,082,090
Impact of restatement (Note 2(iii))	–	–	–	–	20,356	20,356
Restated balance as at 1 January 2014	667,274	113,362	4,594	545	316,671	1,102,446
Restated profit for the year	–	–	–	–	165,697	165,697
Other comprehensive income for the year	–	–	–	(280)	99	(181)
Transfer to general loan loss reserve	–	–	383	–	(383)	–
Transfer to statutory reserve fund (restated)	–	16,570	–	–	(16,570)	–
Dividends (Final 2013 and Interim 2014) (Note 44)	–	–	–	–	(85,604)	(85,604)
Other reserve movements	–	–	–	–	(132)	(132)
Restated 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	–	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

Group	Stated capital	Statutory reserve fund	Statutory surplus reserve	General loan loss reserve	Foreign currency reserve	Retained earnings	Total	Non-controlling interest	Total equity
Reported balance as at 31 December 2013	667,274	129,306	51,163	4,594	545	880,135	1,733,017	454	1,733,471
Impact of restatement (Note 2(iii))	–	–	–	–	–	20,356	20,356	–	20,356
Restated balance as at 1 January 2014	667,274	129,306	51,163	4,594	545	900,491	1,753,373	454	1,753,827
Restated profit for the year	–	–	–	–		213,037	213,037	10	213,047
Other comprehensive income for the year	–	–	–	–	(280)	(1,735)	(2,015)	–	(2,015)
Other life insurance reserve movements	–	–	–	–	–	2,145	2,145	–	2,145
Transfer to general loan loss reserve	–	–	–	383	–	(383)	–	–	–
Transfer to statutory surplus reserve	–	–	1,938	–	–	(1,938)	–	–	–
Transfer to statutory reserve fund (restated)	–	16,570	–	–	–	(16,570)	–	–	–
Dividends (Final 2013 and Interim 2014) (Note 44)	–	–	–	–	–	(85,604)	(85,604)	–	(85,604)
Other reserve movements	–	–	–	–	–	6,828	6,828	–	6,828
Restated 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

Group	Stated capital	Statutory reserve fund	Statutory surplus reserve	General loan loss reserve	Foreign currency reserve	Retained earnings	Total	Non-controlling interest	Total equity
Restated balance as at 1 January 2015	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	–	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

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

(Expressed in thousands of Trinidad and Tobago dollars)

Parent 2014	Parent 2015		Notes	Group 2015	Group 2014
		Cash flows from operating activities			
194,455	194,045	Profit before taxation		297,275	262,222
		Adjustments for:			
89	87	Employee benefits	16	(3,158)	(3,503)
9	–	Loss on disposal of property and equipment		1,727	401
1,323	1,322	Depreciation	13	3,723	3,568
–	9,816	Impairment on investments	30	9,818	(2,617)
(1,951)	(960)	Amortisation of investment securities and interest capitalised		(15,811)	(15,069)
–	–	Write back of insurance receivables		–	(3,299)
3,792	15,112	Provisions for losses on loans and advances	5,6	15,112	3,792
1,007	(2,253)	Loss on revaluation of investments	26	25,548	29,745
–	–	Gain on revaluation of investment property	12	(455)	(3,000)
(13,818)	(3,195)	Gain on sale of investment securities	26	(2,827)	(32,302)
(27,129)	(30,994)	Interest income		(145,020)	(131,618)
–	5,730	Write-off of capital expenditure and other receivables	33	5,730	784
45,352	48,411	Finance costs		68,065	67,352
1,394	(1,172)	Foreign exchange (gains)/losses		(11,929)	7,417
204,523	235,949	Operating profit before working capital changes		247,798	183,873

Parent 2014	Parent 2015		Notes	Group 2015	Group 2014
(182,694)	(221,913)	Increase in investment in leased assets and loans and advances		(209,102)	(168,833)
76,155	(12,786)	(Increase)/decrease in interest receivable and debtors and prepayments		(98,226)	244,155
198,846	(147,681)	(Decrease)/increase in customers' deposits and other funding instruments		(317,167)	224,021
17,380	(17,850)	(Decrease)/increase in accrued interest and other payables		(19,828)	5,177
2,312	3,659	Decrease in Central Bank reserve account		3,659	2,312
–	–	Increase in insurance and investment contracts		136,935	97,342
316,522	(160,622)			(255,931)	588,047
(48,753)	(45,152)	Finance costs paid		(64,183)	(68,221)
25,005	29,157	Interest received		143,048	125,794
(53,408)	(37,540)	Taxes paid		(56,036)	(76,426)
239,366	(214,157)	Cash (used in)/generated from operating activities		(233,102)	569,194

Parent 2014	Parent 2015		Notes	Group 2015	Group 2014
		Cash flows from investing activities			
–	–	Placement of fixed deposits		(153,895)	(99,265)
–	–	Maturity of fixed deposits		145,213	14,392
8	–	Proceeds from sale of fixed assets		–	8
(972)	(167)	Additions to fixed assets	13	(8,436)	(9,572)
(539,232)	(747,634)	Purchase of investments		(1,413,832)	(1,523,566)
326,528	874,969	Sale or maturity of investments		1,585,955	729,990
–	–	Acquisition of business, net of cash acquired	41	(1,873)	–
(213,668)	127,168	Net cash generated from/(used in) investing activities		153,132	(888,013)
		Cash flows from financing activities			
250,000	498,984	Issue of debt securities		498,984	250,000
(159,534)	(350,000)	Repayment of debt securities		(350,000)	(159,534)
(85,604)	(89,886)	Dividends paid	44	(89,886)	(85,604)
4,862	59,098	Net cash generated from financing activities		59,098	4,862
30,560	(27,891)	**Net (decrease)/increase in cash and cash equivalents**		(20,872)	(313,957)
222,456	253,016	**Cash and cash equivalents at the beginning of the year**		663,096	977,053
253,016	225,125	**Cash and cash equivalents at the end of the year**		642,224	663,096
		Represented by:			
264,182	235,278	Cash and cash equivalents	4	652,377	674,262
(11,166)	(10,153)	Bank overdraft	4	(10,153)	(11,166)
253,016	225,125			642,224	663,096
		Supplemental information:			
140,340	205,774	Interest and dividends received		312,355	275,791
48,742	45,152	Interest paid		65,649	70,203

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') was incorporated and is domiciled 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. The Bank was registered by the Trinidad and Tobago Securities and Exchange Commission as a reporting issuer on 18 December 1997 and was registered under the Securities Industries Act 1995 to conduct business as a securities company on 6 May 1999.

The ANSA Merchant Bank Group (the 'Group') is a financial services group comprising of four subsidiaries at 31 December 2015. 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. A full listing of the Group's subsidiaries is detailed in Note 11. 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 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.

2. Significant accounting policies (continued)

i) Basis of preparation (continued)

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

Comparative information

The financial statements provide comparative information in respect of previous periods. Apart from the balances which would have been restated (see note 2(iii)), where necessary comparative data has been adjusted to conform with current year presentation. These changes have no effect on the operating results, profit after tax or earnings per share or net assets of the Group for the previous year.

Statement of compliance

The financial statements 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 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.

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.

2. Significant accounting policies (continued)

i) Basis of preparation (continued)

Basis of consolidation (continued)

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.

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.

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.

2. Significant accounting policies (continued)

i) Basis of preparation (continued)

Basis of consolidation (continued)

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 assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

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 and the Bank's retirement benefit plans are financed through the issue of units to investors in the funds. The Group generates fees from managing the assets of these funds on behalf of the third party investors. For the year ended 31 December 2015, the Group earned $6.8 million (2014: $5.3 million) in management fees from the retirement plans and $17.7 million (2014: $30.3 million) from the mutual funds.

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

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 the new 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.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

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 2014 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 2015 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 IAS 19 – Defined Benefit Plans: Employee Contributions – Effective 1 July 2014

These amendments require consideration of contributions from employees or third parties when accounting for defined benefit plans. IAS 19 requires such contributions that are linked to service to be attributed to periods of service as a negative benefit. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, recognition of such contributions as a reduction in the service cost in the period in which the service is rendered is permitted, instead of allocating the contributions to the periods of service. These amendments had no impact on the Group's consolidated financial statements.

Annual Improvements to IFRSs 2010-2012 Cycle - Published December 2013

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 3, 'Business Combinations'
- IFRS 8, 'Operating Segments'
- IFRS 13, 'Fair Value Measurement'
- IAS 16, 'Property, Plant and Equipment'
- IAS 24, 'Related Party Disclosures'
- IAS 38, 'Intangible Assets'

These improvements are effective for annual periods beginning on or after 1 July 2014, and had no impact on the consolidated 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 2011-2013 Cycle - Published December 2013

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 1, 'First-time Adoption of International Financial Reporting Standards'
- IFRS 3, 'Business Combinations'
- IFRS 13, 'Fair Value Measurement'
- IAS 40, 'Investment Property'

These improvements are effective for annual periods beginning on or after 1 July 2014, and had no impact on the consolidated financial statements.

Standards issued but not yet effective

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

- Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception – Effective 1 January 2016
- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Effective 1 January 2016
- IFRS 14, 'Regulatory Deferral Accounts' – Effective 1 January 2016

2. Significant accounting policies (continued)

ii) Changes in accounting policies and disclosures (continued)

Standards issued but not yet effective (continued)

- Amendments to IAS 1 – Disclosure Initiative – Effective 1 January 2016
- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation – Effective 1 January 2016
- IFRS 15, 'Revenue from Contracts with Customers' – Effective 1 January 2018.
- IFRS 16, 'Leases' – Effective 1 January 2019.

The Group is currently assessing the potential impact of these new standards and interpretations.

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 19, 'Employee Benefits'
- 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.

(Expressed in thousands of Trinidad and Tobago dollars)

2. Significant accounting policies (continued)

iii) Impact of restatement

Deferred taxes are provided using the liability method, on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. For prior years, the carrying value used in this calculation to estimate the temporary differences was updated and the impact was as follows:

Parent

Impact on total comprehensive income for the year ended 31 December 2014	**Year ended 31 December 2014 as published**	**Impact of additional temporary differences**	**For the year ended 31 December 2014 restated**
Taxation	(33,667)	4,909	(28,758)
Profit for the year	160,788	4,909	165,697
Total comprehensive income	160,607	4,909	165,516

Impact on liabilities and equity for the year ended 31 December 2014	**Year ended 31 December 2014 as published**	**Impact of additional temporary differences**	**For the year ended 31 December 2014 restated**
Opening deferred tax liability	32,266	(20,356)	11,910
Closing deferred tax liability	34,070	(25,265)	8,805
Total opening equity	1,082,090	20,356	1,102,446
Total opening equity	1,156,961	25,265	1,182,226

2. Significant accounting policies (continued)

iii) Impact of restatement (continued)

Group

Impact on total comprehensive income for the year ended 31 December 2014	**Year ended 31 December 2014 as published**	**Impact of additional temporary differences**	**For the year ended 31 December 2014 restated**
Taxation	(54,084)	4,909	(49,175)
Profit for the year	208,138	4,909	213,047
Attributable to:			
Equityholders of Parent	208,128	4,909	213,037
Non-controlling interest	10	-	10
	208,138	4,909	213,047
Basic and diluted earnings per share ($ per share)	2.43	0.06	2.49
Total comprehensive income	206,123	4,909	211,032
Attributable to:			
Equityholders of Parent	206,113	4,909	211,022
Non-controlling interest	10	-	10
	206,123	4,909	211,032
Basic and diluted earnings per share ($ per share)	2.41	0.06	2.47

2. Significant accounting policies (continued)

iii) Impact of restatement (continued)

Group

Impact on liabilities and equity for the year ended 31 December 2014	**Year ended 31 December 2014 as published**	**Impact of additional temporary differences**	**For the year ended 31 December 2014 restated**
Opening deferred tax liability	156,958	(20,356)	136,602
Closing deferred tax liability	155,581	(25,265)	130,316
Total opening equity	1,733,471	20,356	1,753,827
Attributable to:			
Equityholders of Parent	1,733,017	20,356	1,753,373
Non-controlling interest	454	-	454
	1,733,471	20,356	1,753,827
Total closing equity	1,862,963	25,265	1,888,228
Attributable to:			
Equityholders of Parent	1,862,499	25,265	1,887,764
Non-controlling interest	464	-	464
	1,862,963	25,265	1,888,228

2. Significant accounting policies (continued)

iv) 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.

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.

2. Significant accounting policies (continued)

iv) 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.

v) Cash and short-term funds

Cash and short-term funds are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash on hand and at bank with original maturities of three months or less, and subject to insignificant risks of change in value. Bank overdrafts, should they exist, are disclosed separately under 'Liabilities' on the statement of financial position.

For the purpose of presentation in the separate and consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

vi) Statutory deposits with Central Bank

Pursuant to the provisions of 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.

vii) 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 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.

2. Significant accounting policies (continued)

vii) Financial instruments (continued)

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 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.

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 income and is included in the "investment income" line item Note 26.

2. Significant accounting policies (continued)

vii) 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 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.

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* .

2. Significant accounting policies (continued)

vii) Financial instruments (continued)

Financial assets (continued)

a) Initial recognition and subsequent measurement (continued)

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.

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 the 'investment income' line item 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.

2. Significant accounting policies (continued)

vii) Financial instruments (continued)

Financial assets (continued)

a) Initial recognition and subsequent measurement (continued)

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

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. 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.

2. Significant accounting policies (continued)

vii) Financial instruments (continued)

Financial assets (continued)

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.

For certain categories of financial asset, such as loans and receivables, assets that are assessed not to be impaired individually are also assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio beyond the average credit period of 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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 reflecting the amount of collateral and guarantee, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of loans and receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the statement of income. Changes in the carrying amount of the allowance account are recognised in the statement of income.

2. Significant accounting policies (continued)

vii) Financial instruments (continued)

Financial assets (continued)

b) Impairment of financial assets *(continued)*

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the statement of income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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)

vii) 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.

viii) 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)

viii) 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.

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 and prepayments, 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.

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.

2. Significant accounting policies (continued)

viii) Fair value measurement (continued)

Investment securities (continued)

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.

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.

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.

2. Significant accounting policies (continued)

viii) Fair value measurement (continued)

Determination of fair value and fair value hierarchies

The Group 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 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.

Level 2

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.

Level 3

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.

2. Significant accounting policies (continued)

ix) 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.

x) 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.

xi) 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.

(Expressed in thousands of Trinidad and Tobago dollars)

2. Significant accounting policies (continued)

xii) 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.

xiii) 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.

xiv) 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)

xiv) 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.

xv) 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.

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.

2. Significant accounting policies (continued)

xv) Investment properties (continued)

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.

xvi) Property and equipment

Property and equipment are stated at historical cost net of accumulated depreciation and/or accumulated impairment loss, if any. Depreciation is provided on the reducing balance method at various rates sufficient to write off the cost of the assets over their estimated useful lives, with the exception of leasehold improvements, which 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	25
Computer equipment	25 - 33⅓
Leasehold improvements	10
Office furniture, machinery and equipment	10 - 25

Depreciation is computed over the estimated useful life of the asset. The estimated useful lives of property and equipment are reviewed 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.

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.

2. Significant accounting policies (continued)

xvii) Intangible assets (continued)

Goodwill (continued)

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.

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.

2. Significant accounting policies (continued)

xviii) Employee benefits (continued)

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

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.

2. Significant accounting policies (continued)

xviii) Employee benefits (continued)

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.

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.

2. Significant accounting policies (continued)

xix) Insurance contract liabilities (continued)

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.

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 1 March 2016 that the carrying amounts of the insurance liabilities of the general insurance subsidiary as at 31 December 2015, 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 in respect of either principal or interest under the guarantee. 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.

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.

2. Significant accounting policies (continued)

xxii) Revenue recognition (continued)

Investment income (continued)

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.

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.

2. Significant accounting policies (continued)

xxii) Revenue recognition (continued)

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 and the Financial Institutions (Non-Banking) (Amendment) Act 1986 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.

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.

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

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

2. Significant accounting policies (continued)

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.

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, assets and liabilities of foreign subsidiaries are translated to Trinidad and Tobago Dollars at a rate of exchange ruling at the year-end, 31 December and its statement of income is translated at the weighted average exchange rates for the year. The exchange differences arising on re-translation are taken directly to reserves. The same treatment applies to assets and liabilities and statement of income relating to the ANSA US$ Secured Fund and ANSA US$ Income Fund under management by the Bank.

2. Significant accounting policies (continued)

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.

xxviii) Statutory reserve fund

The Financial Institutions Act 2008 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.

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.

2. Significant accounting policies (continued)

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.

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 (2015: $2.89; 2014 (restated): $2.49). 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.

2. Significant accounting policies (continued)

xxxiv) Impairment of non-financial assets (continued)

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 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. 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.

xxxv) Leases

Finance leases

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

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged 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.

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.

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

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

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

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.

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.

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.

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 unable to exercise power over the activities of the funds and is therefore not deemed to be in control of any of the mutual funds and 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.

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.

(Expressed in thousands of Trinidad and Tobago dollars)

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

ii) **Estimates and assumptions** (continued)

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.

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.

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.

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.

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

ii) **Estimates and assumptions** (continued)

Insurance contract liabilities (Note 21) (continued)

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.

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.

4. **Cash and short-term funds**

Parent			Group	
2014	**2015**		**2015**	**2014**
		Cash and short-term funds		
222,719	97,331	Cash in hand and at bank	371,630	463,711
41,463	137,947	Short-term deposits with other banks	280,747	210,551
264,182	235,278		652,377	674,262
71,366	67,707	Central Bank Reserve	67,707	71,366
335,548	302,985		720,084	745,628

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 Financial Institutions Act 2008 requires that every financial institution hold and maintain an account with the Central Bank of Trinidad and Tobago to be called a reserve account which, at present, is equivalent to 9% of the average total liabilities of prescribed deposit and funding instruments. This reserve account is non-interest bearing.

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

Parent			Group	
2014	**2015**		**2015**	**2014**
222,719	97,331	Cash in hand and at bank	371,630	463,711
41,463	137,947	Short-term deposits with other banks	280,747	210,551
264,182	235,278		652,377	674,262
(11,166)	(10,153)	Bank overdraft	(10,153)	(11,166)
253,016	225,125		642,224	663,096

5. **Net investment in leased assets and other instalment loans**

a) **Net investment in leased assets and other instalment loans**

Parent			Group	
2014	**2015**		**2015**	**2014**
915,668	921,772	Hire purchase	921,772	915,668
310,668	288,410	Finance leases	286,174	308,510
1,226,336	1,210,182	Performing	1,207,946	1,224,178
12,834	29,332	Non-performing	29,332	12,834
1,239,170	1,239,514	Future minimum lease payments	1,237,278	1,237,012
(222,542)	(224,462)	Future finance charges and loan fees	(223,959)	(221,979)
1,016,628	1,015,052	Present value of minimum lease payments	1,013,319	1,015,033

(Expressed in thousands of Trinidad and Tobago dollars)

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

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

Parent 2014	Parent 2015		Group 2015	Group 2014
(3,930)	(9,015)	Specific provision	(9,015)	(3,930)
(586)	(931)	Collective provision	(931)	(586)
1,012,112	1,005,106	Net investment in leased assets net of provision	1,003,373	1,010,517

b) New business less unearned income

Parent 2014	Parent 2015		Group 2015	Group 2014
449,620	415,874	New business less unearned income	415,602	449,620

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

Parent 2014	Parent 2015		Group 2015	Group 2014
381,036	430,931	Personal	430,931	379,919
635,592	584,121	Commercial	582,388	635,114
1,016,628	1,015,052		1,013,319	1,015,033

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

Parent 2014	Parent 2015		Group 2015	Group 2014
79,562	83,545	Within 1 year	83,545	79,562
836,479	806,907	1 to 5 years	805,174	834,884
100,587	124,600	Over 5 years	124,600	100,587
1,016,628	1,015,052		1,013,319	1,015,033

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

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

Parent 2014	Parent 2015		Group 2015	Group 2014
82,255	83,560	Within 1 year	83,560	82,255
1,019,382	1,031,354	1 to 5 years	1,029,118	1,017,224
137,533	124,600	Over 5 years	124,600	137,533
1,239,170	1,239,514		1,237,278	1,237,012

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

Parent and Group	**2015**	**2014**
Balance at 1 January	4,516	3,996
Charge for the year	5,430	3,792
Amounts written off	–	(3,272)
At 31 December	9,946	4,516

Repossessed collateral

As at 31 December 2015, the Group held repossessed vehicles with a fair value of $3.43 million (2014: $0.62 million). Repossessed vehicles are sold as soon as practical, with the proceeds used to reduce the outstanding indebtedness.

6. Loans and advances

Parent 2014	Parent 2015		Group 2015	Group 2014
–	–	Policy loans	10,969	10,929
–	4,024	Mortgage loans	59,075	68,044
567,344	796,266	Other loans and advances	796,266	567,344
567,344	800,290	Performing loans and advances	866,310	646,317
19,139	9,682	Non-performing loans and advances	9,682	19,139
586,483	809,972		875,992	665,456
–	(9,682)	Specific provision	(9,682)	(280)
586,483	800,290		866,310	665,176

6. Loans and advances (continued)

Parent 2014	Parent 2015		Group 2015	Group 2014
		Sectorial analysis of advances		
12,535	13,010	Personal	48,920	48,829
33,545	155,720	Retail/distribution/manufacturing	155,720	33,545
16,117	9,681	Hotel and restaurant	9,681	16,117
474,026	487,102	Construction and real estate	517,212	516,705
4	30,202	Financial	30,202	4
48,837	44,879	Utilities	44,879	48,837
1,419	69,378	Other	69,378	1,419
586,483	809,972		875,992	665,456
		Loans and advances have the following maturity profile		
488,263	718,914	Within 1 year	718,914	488,298
19,382	15,471	1 to 5 years	16,447	21,345
78,838	75,587	Over 5 years	140,631	155,813
586,483	809,972		875,992	665,456

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

	Group 2015	Group 2014
Balance at 1 January	280	351
Amounts written off	(280)	(71)
Charge for the year	9,682	–
At 31 December	9,682	280

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 comprehensive income.

Parent 2014	Parent 2015		Group 2015	Group 2014
		Investment securities		
313,106	128,733	Designated at fair value through statement of income	1,272,357	1,646,512
403,670	461,785	Amortised cost	1,981,784	1,783,428
19,940	19,230	Fair value through other comprehensive income	–	–
736,716	609,748	Total investment securities	3,254,141	3,429,940
		Investment securities designated at fair value through statement of income		
166,006	89,498	Equity securities	884,505	1,052,759
67,868	12,028	Government bonds	116,661	219,115
52,159	–	State-owned company securities	115,481	189,702
27,073	27,207	Corporate bonds	155,710	184,936
313,106	128,733		1,272,357	1,646,512
		Investment securities measured at amortised cost		
3,827	88	Government bonds	347,350	362,137
264,200	230,755	State-owned company securities	734,141	802,223
135,643	230,942	Corporate bonds	900,293	619,068
403,670	461,785		1,981,784	1,783,428

(Expressed in thousands of Trinidad and Tobago dollars)

7. Investment securities (continued)

Parent 2014	Parent 2015		Group 2015	Group 2014
		Investment securities designated and measured at FVOCI		
19,940	19,230	Equity securities	–	–
19,940	19,230		–	–
736,716	609,748	**Total investment securities**	3,254,141	3,429,940

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 under management.

8. Assets pledged

Parent 2014	Parent 2015		Group 2015	Group 2014
–	–	Cash and short-term funds	198,561	137,033
–	–	Loans and advances	63,587	67,799
–	–	Bonds and debentures	702,978	662,395
–	–	Equities	480,843	480,258
–	–	Real estate	25,300	25,300
–	–		1,471,269	1,372,785

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 2014	Parent 2015		Group 2015	Group 2014
–	–	Premiums receivable	28,363	37,889
–	–	Reinsurance receivables	8,807	7,525
–	–		37,170	45,414

10. Other debtors and prepayments

Parent 2014	Parent 2015		Group 2015	Group 2014
20,977	16,107	Fees and rent receivable	1,100	1,682
–	–	Proceeds from investment	14,247	–
218	884	Prepayments	5,473	3,634
7,794	960	VAT receivable	960	7,794
4,557	12,082	Insurance prepayments	12,082	4,557
–	8,176	Client funds receivable	8,176	–
4,648	7,041	Other related party balances	8,267	4,364
38,194	45,250		50,305	22,031

11. Investment in subsidiaries

	Parent 2015	Parent 2014
Investment in subsidiaries	632,500	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-15	Proportion of issued capital held 31-Dec-14
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%

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.

12. Investment properties

Parent 2014	Parent 2015		Group 2015	Group 2014
–	–	Valuation at beginning of the year	136,612	111,443
–	–	Additions during the year	1,416	22,169
–	–	Gain from revaluation	455	3,000
–	–	Valuation at close of the year	138,483	136,612
–	–	Rental income from properties	21,638	18,802
–	–	Direct operating expenses arising from investment properties that generated rental income during the period	8,228	7,064

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:

	2015	2014
No later than 1 year	20,378	18,861
Later than 1 year but not later than 5 years	58,320	43,983
Later than 5 years	27,876	29,762
	106,574	92,606

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 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

Parent 2014	Furniture & equipment	Computer equipment	Motor vehicles	Leasehold improvements	Total
Cost					
At beginning of the period	1,461	6,013	1,319	2,935	11,728
Additions	37	752	145	38	972
Disposals	–	(841)	(160)	–	(1,001)
At end of the period	1,498	5,924	1,304	2,973	11,699
Accumulated depreciation					
At beginning of the period	1,043	4,032	638	2,332	8,045
Current depreciation	46	819	158	300	1,323
Disposals of assets	–	(184)	(142)	–	(326)
At end of the period	1,089	4,667	654	2,632	9,042
Net book value	409	1,257	650	341	2,657

(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	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 combination	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
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)
Transfer to investment property	–	–	–	–	–	–
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

13. Property and equipment (continued)

Group 2014	Furniture & equipment	Computer equipment	Motor vehicles	Leasehold improvements	Land & buildings	Total
Cost						
At beginning of the period	32,525	51,083	1,410	2,935	18,857	106,810
Additions	3,346	787	1,856	38	3,545	9,572
Disposals	(922)	(449)	(160)	–	–	(1,531)
Transfer to investment property	(12,974)	–	–	–	(8,933)	(21,907)
Assets reclassification	1,745	(1,745)	–	–	–	–
Assets written off	–	(784)	–	–	–	(784)
At end of the period	23,720	48,892	3,106	2,973	13,469	92,160
Accumulated depreciation						
At beginning of the period	18,513	41,207	641	2,332	6,022	68,715
Transfer to investment property	(3,050)	–	–	–	(2,370)	(5,420)
Current depreciation	1,293	1,421	474	300	80	3,568
Disposal of assets	–	(184)	(143)	–	–	(327)
At end of the period	16,756	42,444	972	2,632	3,732	66,536
Net book value	6,964	6,448	2,134	341	9,737	25,624

As at 31 December 2015, the Parent's gross carrying amount of fully depreciated assets still in use amounted to $0.9 million (2014: $1.05 million) and the Group $20.6 million (2014: $31.0 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 2015 and at 31 December 2014 for both the Parent and the Group.

14. Intangible assets

2015	Goodwill	Brands	Total
Gross carrying amounts			
At beginning of the period	133,762	–	133,762
Acquisitions during the year	–	570	570
At end of the period	133,762	570	134,332
Accumulated impairment and amortisation			
At beginning of the period	–	–	–
Impairment charge for the year	–	(570)	(570)
At end of the period	–	(570)	(570)
Net carrying amounts	133,762	–	133,762
2014			
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.

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. Details of the acquisition are disclosed in Note 41. 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 in the statement of financial position of the Group on 1 May 2015.

14. Intangible assets (continued)

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 2015 using the 'value in use' method. Based on the results of this review no impairment expense was required.

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

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:	12.30%
Cash flow projection term:	Five years to perpetuity
Growth rate (extrapolation period):	2%

Brand Name

Carrying amount of Intangible Asset - 1 January 2015:	nil
Intangible asset with indefinite useful life acquired:	570
Impairment provision recognised in the year:	(570)
Carrying amount of Intangible Asset - 31 December 2015:	nil

As at 31 December 2015 the Directors have assessed an impairment provision of $570,000 on the Brand value of Brydens Insurance Inc. This provision brings the total carrying value to $nil.

(Expressed in thousands of Trinidad and Tobago dollars)

14. Intangible assets (continued)

Impairment testing of intangible assets (continued)

Key assumptions used in the value in use calculations

The values assigned to key assumptions reflect past experience. The cash flow projections are based on budgets approved by senior management and the Board of Directors of the respective companies.

The calculation of value in use is most sensitive to the following assumptions:
- Discount rates, and
- Growth rates used to extrapolate cash flows beyond the forecast period.

15. Deferred taxation

Parent	2014 Restated	Credit/(charge) to Income	Credit/(charge) to OCI	2015
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)

Parent	As reported 2013	Re-statement	As restated 2013	Credit/(charge) to Income Restated	Credit/(charge) to OCI	2014 Restated
Unrealised foreign exchange losses	–	–	–	2,608	–	2,608
Property and equipment	64	–	64	93	–	157
Employee benefit obligation	78	–	78	6	8	92
Unrealised investment losses	48	–	48	653	–	701
Total deferred tax asset	190	–	190	3,360	8	3,558
Employee benefit asset	(2,298)	–	(2,298)	(34)	(41)	(2,373)
Finance leases	(29,011)	20,356	(8,655)	3,175	–	(5,480)
Unrealised investment gains	(762)	–	(762)	5	–	(757)
Provisions	(195)	–	(195)	–	–	(195)
Total deferred tax liability	(32,266)	20,356	(11,910)	3,146	(41)	(8,805)

15. Deferred taxation (continued)

Group	2014 Restated	Credit/(charge) to Income	Credit/(charge) to OCI	Credit/(charge) to 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	(39,322)	–	–	282	(39,040)
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	(51,556)	(142)	–	(53)	(51,751)
Total deferred tax liability	(130,310)	3,073	1,654	229	(125,354)

	As reported 2013	Re-statement	As Restated 2013	Credit/(charge) to Income Restated	Credit/(charge) to OCI	Credit/(charge) to Life and other reserve movement	2014 Restated
Employee benefit obligation	791	–	791	5	(14)	–	782
Unrealised foreign exchange losses	–	–	–	2,608	–	–	2,608
Property and equipment	3,045	–	3,045	(734)	–	–	2,311
Unrealised investment losses	6,877	–	6,877	1,379	–	884	9,140
Total deferred tax asset	10,713	–	10,713	3,258	(14)	884	14,841
Life insurance reserves	(45,159)	–	(45,159)	–	–	5,837	(39,322)
Employee benefit asset	(28,969)	–	(28,969)	(1,153)	593	(449)	(29,978)
Finance leases	(29,011)	20,356	(8,655)	3,175	–	–	(5,480)
Property and equipment	(4,590)	–	(4,590)	(528)	–	1,144	(3,974)
Unrealised investment gains	(49,229)	–	(49,229)	2,166	–	(4,493)	(51,556)
Total deferred tax liability	(156,958)	20,356	(136,602)	3,660	593	2,039	(130,310)

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 2015	Defined benefit pension plan 2014	Post-retirement health benefits 2015	Post-retirement health benefits 2014
Parent				
Present value of defined benefit obligation	10,039	9,119	431	366
Fair value of plan assets	(19,317)	(18,612)	–	–
(Asset)/liability recognised in the statement of financial position	(9,278)	(9,493)	431	366
Group				
Present value of defined benefit obligation	91,089	77,590	4,075	3,123
Fair value of plan assets	(209,484)	(197,492)	–	–
(Asset)/liability recognised in the statement of financial position	(118,395)	(119,902)	4,075	3,123

(Expressed in thousands of Trinidad and Tobago dollars)

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 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 (gains)/losses in OCI				
Experience losses - demographic	80	–	80	23
Experience losses - financial	–	348	348	–
Total charge/(credit) 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

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 (gains)/losses 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)

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 2014	9,108	(18,300)	(9,192)	311
Pension cost charged to statement of income				
Current service cost	508	–	508	18
Net interest cost	440	(892)	(452)	15
Total charge/(credit) to statement of income	948	(892)	56	33
Experience (gains)/losses in OCI				
Experience (gains)/losses - demographic	(321)	–	(321)	33
Experience losses - financial	–	156	156	–
Total (credit)/charge to OCI	(321)	156	(165)	33
Other movements				
Contributions by employee	192	(192)	–	–
Contributions by employer	–	(192)	(192)	–
Transfers	(512)	512	–	–
Benefits paid	(296)	296	–	(11)
Total other movements	(616)	424	(192)	(11)
Balance at 31 December 2014	9,119	(18,612)	(9,493)	366

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 2014	73,030	(190,666)	(117,636)	3,048
Pension cost charged to statement of income				
Current service cost	2,091	–	2,091	107
Net interest cost	3,644	(9,496)	(5,852)	151
Total charge/(credit) to statement of income	5,735	(9,496)	(3,761)	258
Experience losses/(gains) in OCI				
Experience losses / (gains) - demographic	709	–	709	(56)
Experience losses - financial	–	1,661	1,661	–
Total charge/(credit) to OCI	709	1,661	2,370	(56)
Other movements				
Contributions by employee	875	(875)	–	–
Contributions by employer	–	(875)	(875)	–
Transfers	(512)	512	–	–
Benefits paid	(2,247)	2,247	–	(127)
Total other movements	(1,884)	1,009	(875)	(127)
Balance at 31 December 2014	77,590	(197,492)	(119,902)	3,123

(Expressed in thousands of Trinidad and Tobago dollars)

16. Employee benefits (continued)

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

	Defined benefit pension plan		Post-retirement health benefits	
	2015	**2014**	**2015**	**2014**
Parent				
Net (asset)/liability at the start of the year	(9,493)	(9,192)	366	311
Net expense recognised in the statement of income	32	56	55	33
Net income recognised in the statement of other comprehensive income	428	(165)	23	33
Contributions paid	(245)	(192)	(13)	(11)
Net (asset)/liability recognised at the end of the year	(9,278)	(9,493)	431	366
Group				
Net (asset)/liability at the start of the year	(119,902)	(117,636)	3,123	3,048
Net (asset)/liability acquired in business combination	(1,918)	–	1,757	–
Net (income)/expense recognised in the statement of income	(3,643)	(3,761)	485	258
Net income/(expense) recognised in the statement of other comprehensive income	7,989	2,370	(1,143)	(56)
Contributions paid	(921)	(875)	(147)	(127)
Net (asset)/liability recognised at the end of the year	(118,395)	(119,902)	4,075	3,123

16. Employee benefits (continued)

d) Actual return on plan assets

	2015	**2014**
Parent	585	736
Group	6,058	7,836

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

	Defined benefit pension plan	
Parent and Group	**2015**	**2014**
Local equities	35%	35%
Local bonds	32%	31%
Foreign investments	19%	21%
Real estate/mortgages	2%	2%
Short-term securities	12%	11%
	100%	100%

f) Principal actuarial assumptions

	Defined benefit pension plan	
Parent and Group	**2015**	**2014**
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 2015	(1,259)	1,606	370	(334)	61	(50)
At 31 December 2014	(1,196)	1,532	360	(326)	53	(43)

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 2015	(11,162)	13,942	2,734	(2,489)	619	(60)
At 31 December 2014	(9,856)	12,366	2,631	(2,407)	453	(367)

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.

The Group is expected to contribute $1.0 million to its defined benefit plan in 2016. The average duration of the defined benefit obligation at the end of the reporting period is 14 years (2015: 16 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		Group	
2014	**2015**	**2015**	**2014**
115	159	748	678

17. Accrued interest and other payables

Parent			Group	
2014	**2015**		**2015**	**2014**
15,364	18,623	Interest payable	13,894	10,284
2,150	9,801	Accrued expenses	11,422	7,992
23,742	15,118	Client funds held for investment	15,200	18,271
95	2,087	Due to statutory authorities	4,965	7,135
–	–	Distributions payable	1,865	2,301
293	–	Deferred fee income	100	393
–	–	Unapplied premiums	5,033	3,549
–	–	Commissions payable	4,788	7,493
3,080	3,599	Stale dated cheques	4,276	4,255
–	–	Due to reinsurers	19,928	21,293
950	8,547	Asset finance promotional items	8,547	950
26,023	6,054	Related party balances	4,791	20,787
8,567	1,844	Other creditors	8,478	14,531
80,264	65,673		103,287	119,234

18. Customers' deposits and other funding instruments

Sectorial analysis of customers' deposits and other funding instruments

Parent			Group	
2014	**2015**		**2015**	**2014**
12,597	61,343	Individuals	616,562	655,431
568,611	413,657	Pension funds/credit unions trustees	521,170	692,470
742,066	700,593	Private companies/estates/ financial institutions	859,233	966,231
1,323,274	1,175,593		1,996,965	2,314,132

(Expressed in thousands of Trinidad and Tobago dollars)

19. Debt securities in issue

Parent 2014	Parent 2015		Group 2015	Group 2014
758,963	911,415	Medium and long term notes	911,415	758,963

On 2 August 2011, the Bank issued US$50 million medium-term notes in three tranches, one of which matured in 2014. The remaining US$25 million which represents the last 2 tranches will mature in 2016 and 2018. Interest is fixed at 4.60% and 5.20% for Tranches 2 and 3 respectively. In September 2015, the Bank issued an additional US$23.51 million medium-term note maturing on 17 September 2021. Interest was set at a fixed rate of 4% per annum. 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.

20. Investment contract liabilities

	Group 2015	Group 2014
At the beginning of year	190,906	168,244
Premiums received	24,780	25,140
Interest credited	8,700	8,068
Liabilities realised for payment on death, surrender and other terminations in the year	(12,940)	(9,268)
Other movements	(1,215)	(1,278)
	210,231	190,906

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

21. Insurance contract liabilities

	Notes	2015 Insurance contract liabilities	2015 Reinsurers' share of liabilities	2015 Net	2014 Insurance contract liabilities	2014 Reinsurers' share of liabilities	2014 Net
Life insurance contracts	21(b)	966,516	(12,049)	954,467	924,782	(11,531)	913,251
General insurance contracts	21(c)	358,644	(160,033)	198,611	282,768	(88,085)	194,683
Total insurance contract liabilities		1,325,160	(172,082)	1,153,078	1,207,550	(99,616)	1,107,934

a) Reinsurance assets

	2015	2014
Life insurance contract	12,049	11,531
General insurance contracts:		
Premiums	48,847	55,861
Claims	111,186	32,224
	172,082	99,616

21. Insurance contract liabilities (continued)

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

	2015 Insurance contract liabilities	2015 Reinsurers' share of liabilities	2015 Net	2014 Insurance contract liabilities	2014 Reinsurers' share of liabilities	2014 Net
With DPF	226,876	–	226,876	225,469	–	225,469
Without DPF	708,192	(12,049)	696,143	672,128	(11,531)	660,597
	935,068	(12,049)	923,019	897,597	(11,531)	886,066
Outstanding claims	31,448	–	31,448	27,185	–	27,185
Total life insurance contract liabilities	966,516	(12,049)	954,467	924,782	(11,531)	913,251
At 1 January	924,782	(11,531)	913,251	867,803	(8,322)	859,481
Premiums received	117,714	(10,199)	107,515	118,904	(9,722)	109,182
Liabilities realised for payment on death, surrender and other terminations in the year	(75,980)	9,681	(66,299)	(61,925)	6,513	(55,412)
At 31 December	966,516	(12,049)	954,467	924,782	(11,531)	913,251

21. Insurance contract liabilities (continued)

c) General insurance contracts may be analysed as follows:

	2015 Insurance contract liabilities	2015 Reinsurers' share of liabilities	2015 Net	2014 Insurance contract liabilities	2014 Reinsurers' share of liabilities	2014 Net
Claims reported and IBNR	216,372	(111,186)	105,186	137,731	(32,224)	105,507
Provisions for unearned premiums and unexpired risk	142,272	(48,847)	93,425	145,037	(55,861)	89,176
Total at end of year	358,644	(160,033)	198,611	282,768	(88,085)	194,683

(Expressed in thousands of Trinidad and Tobago dollars)

21. Insurance contract liabilities (continued)

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

i) Claims reported and IBNR

	2015			2014		
	Insurance contract liabilities	**Reinsurers' share of liabilities**	**Net**	**Insurance contract liabilities**	**Reinsurers' share of liabilities**	**Net**
Provisions for claims reported by policy holders	110,849	(25,779)	85,070	100,778	(22,359)	78,419
Provisions for claims incurred but not reported (IBNR)	26,858	(6,445)	20,413	24,346	(5,590)	18,756
	137,707	(32,224)	105,483	125,124	(27,949)	97,175
Cash paid for claims settled in the year	(15,105)	(64,733)	(79,838)	(85,719)	8,706	(77,013)
Claims incurred	93,770	(14,229)	79,541	98,326	(12,981)	85,345
Total at end of year	216,372	(111,186)	105,186	137,731	(32,224)	105,507
Provisions for claims reported by policy holders	173,724	(88,932)	84,792	110,873	(25,780)	85,093
Provisions for claims incurred but not reported (IBNR)	42,648	(22,254)	20,394	26,858	(6,444)	20,414
	216,372	(111,186)	105,186	137,731	(32,224)	105,507

21. Insurance contract liabilities (continued)

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

ii) Provisions for unearned premiums and unexpired risk

	2015			2014		
	Insurance contract liabilities	**Reinsurers' share of liabilities**	**Net**	**Insurance contract liabilities**	**Reinsurers' share of liabilities**	**Net**
Provisions for unearned premiums	129,043	(49,654)	79,389	124,514	(46,848)	77,666
Provisions for unexpired risk	15,994	(6,207)	9,787	15,428	(5,857)	9,571
	145,037	(55,861)	89,176	139,942	(52,705)	87,237
Increase in the period	348,721	(170,694)	178,027	355,323	(183,689)	171,634
Release in the period	(351,486)	177,708	(173,778)	(350,228)	180,533	(169,695)
Total at end of year	142,272	(48,847)	93,425	145,037	(55,861)	89,176
Provisions for unearned premiums	126,614	(43,419)	83,195	129,043	(49,654)	79,389
Provisions for unexpired risk	15,658	(5,428)	10,230	15,994	(6,207)	9,787
	142,272	(48,847)	93,425	145,037	(55,861)	89,176

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.

	2010	**2011**	**2012**	**2013**	**2014**	**2015**	**Total**
Estimate of outstanding claims costs:							
- at end of underwriting year	73,747	57,923	57,448	52,911	66,486	64,445	–
- one year later	181,157	107,761	106,945	102,201	199,857	–	–
- two years later	165,512	108,375	111,324	103,535	–	–	–
- three years later	162,557	107,939	115,703	–	–	–	–
- four years later	177,471	115,375	–	–	–	–	–
- five years later	164,832	–	–	–	–	–	–
Current estimate of cumulative claims	164,832	115,375	115,703	103,535	199,857	64,445	763,747
Cumulative payments to date	(157,947)	(95,064)	(96,751)	(80,629)	(85,147)	(40,552)	(556,090)
Liability recognised in the statement of financial position	6,885	20,311	18,952	22,906	114,710	23,893	207,657
Total liability in respect of prior years							8,735
Total liability included in the statement of financial position							216,392

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:

Mortality and morbidity rates

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.

(Expressed in thousands of Trinidad and Tobago dollars)

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)

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.

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.

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

a) Life insurance contracts and investment contracts (continued)

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	
	2015	2014
2% Increase in mortality	7,500	3,800
5% Increase in expenses	10,900	10,300
10% Change in lapse rates	6,900	6,800
1% Decrease in investment earnings	112,500	109,700

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.

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

b) General insurance contracts (continued)

Terms and conditions (continued)

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.

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 2014	Parent 2015		Group 2015	Group 2014
		Authorised		
		An unlimited number of shares		
		Issued and fully paid		
		85,605,263 (2014: 85,605,263)		
667,274	667,274	ordinary shares of no par value	667,274	667,274

24. Net insurance revenue

Parent 2014	Parent 2015		Group 2015	Group 2014
–	–	Gross insurance contracts premium revenue	465,713	474,227
–	–	Reinsurers' share of insurance contracts premium revenue	(167,654)	(180,441)
–	–	Net insurance contracts premium revenue	298,059	293,786
–	–	Gross change in unearned premium provision and unexpired risks	2,788	(5,095)
–	–	Reinsurers' share of change in unearned premium provision and unexpired risks	(7,014)	3,156
–	–	Net change in unearned premium provision and unexpired risks	(4,226)	(1,939)
–	–	**Net insurance revenue**	293,833	291,847

25. Finance charges, loan fees and other interest income

Parent 2014	Parent 2015		Group 2015	Group 2014
122,353	123,744	Finance charges earned	123,527	122,335
17,987	21,708	Interest income on loans and advances	21,708	17,987
19,245	29,659	Other income	29,659	19,245
159,585	175,111		174,894	159,567

(Expressed in thousands of Trinidad and Tobago dollars)

26. Investment income

Parent 2014	Parent 2015		Group 2015	Group 2014
8,735	8,678	Interest income from investments designated at fair value through statement of income	30,963	46,479
4,705	1,788	Interest income on impaired financial assets	4,720	10,460
13,688	20,528	Interest income from financial assets measured at amortised cost	109,337	74,678
38,287	31,165	Dividend income	24,072	26,513
13,818	3,195	Realised gains on sale of investment securities	2,827	30,629
(1,007)	2,253	Unrealised (losses)/gains on investments held at year end designated fair value through statement of income	(25,548)	(27,200)
78,226	67,607		146,371	161,559

27. Other income

Parent 2014	Parent 2015		Group 2015	Group 2014
30,657	18,421	Administrative fees and commissions	42,558	33,099
14,719	27,094	Foreign exchange trading and gains	34,072	11,038
4,413	2,750	Lease sales and recoveries	569	422
–	–	Property rental	18,627	18,802
46	3	Trustee and other fiduciary fees	7,877	8,110
1,047	586	Other	2,319	18,959
50,882	48,854		106,022	90,430

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	
	2015	2014	2015	2014	2015	2014
Gross insurance contracts benefitsand claims incurred	93,770	98,326	69,574	76,184	163,344	174,510
Reinsurers' share of gross insurance benefits and claims paid	(14,229)	(12,981)	(3,909)	(5,813)	(18,138)	(18,794)
Net change in insurance contract liabilities	–	–	37,471	48,957	37,471	48,957
	79,541	85,345	103,136	119,328	182,677	204,673

29. Interest expense

Parent 2014	Parent 2015		Group 2015	Group 2014
10,693	13,278	Customers' deposits	32,932	32,703
34,649	35,133	Debt securities in issue	35,133	34,649
45,342	48,411		68,065	67,352

30. Write back of provision for impairment of investments

Parent 2014	Parent 2015		Group 2015	Group 2014
–	6,400	State owned	6,400	(1,222)
–	3,416	Government	3,416	–
–	(41,358)	Corporate	(47,789)	(1,395)
–	(31,542)		(37,973)	(2,617)

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.

In 2015 the Parent and Group recovered proceeds from a corporate investment which had previously been fully impaired. The recovered proceeds was treated as a reversal of impairment and credited to the impairment expense in 2015.

31. Marketing and policy expenses

Parent 2014	Parent 2015		Group 2015	Group 2014
–	–	Agents and brokers commissions	39,266	47,252
–	–	Agents allowance and bonus	3,751	4,219
–	–	Agents policy expenses	930	805
5,412	13,543	Asset finance promotional expense	13,543	5,412
4,265	4,389	Advertising costs	7,637	4,778
9,677	17,932		65,127	62,466

32. Personnel expenses

Parent 2014	Parent 2015		Group 2015	Group 2014
20,718	23,954	Salaries and bonus	54,274	43,832
192	193	Group health and life plan	1,061	955
804	830	Other staff cost	3,845	3,344
21,714	24,977		59,180	48,131

33. General administrative expenses

Parent 2014	Parent 2015		Group 2015	Group 2014
2,278	3,796	Professional insurance	4,512	2,182
2,030	2,082	Property related expenses	6,941	7,815
2,321	2,809	Subscriptions & donations	2,921	2,370
374	599	Finance charges	1,222	1,008
451	288	Travel & entertainment	1,634	915
1,273	893	Communications, printing & stationery	7,025	7,191
–	5,730	Write off of capital expenditure and other receivable balances	5,730	784
1,503	2,958	General expenses	29,391	22,993
10,230	19,155		59,376	45,258

The write-off of capital expenditure and other receivables balances relates to computer software and development costs as well as other receivable balances for which the future economic benefits were reassessed.

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

Parent 2014	Parent 2015		Group 2015	Group 2014
1,865	1,740	Within one year	3,646	5,424
12	–	After one year but not more than five years	282	12
–	–	More than five years	–	–
1,877	1,740		3,928	5,436

(Expressed in thousands of Trinidad and Tobago dollars)

34. Taxation

Parent 2014 Restated	Parent 2015		Group 2015	Group 2014 Restated
35,663	46,779	Corporation tax	66,867	54,829
		(Over)/Under provision to		
(789)	(184)	prior year tax charge	(184)	292
–	166	Withholding tax	166	–
(6,506)	(22,854)	Deferred tax	(18,009)	(6,918)
390	379	Green Fund levy	988	972
28,758	24,286		49,828	49,175
		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:		
194,455	194,045	Net profit before taxation	297,275	262,222
48,614	48,511	Tax at applicable statutory tax rates	74,319	65,556
		Tax effect of items that are adjustable in determining taxable profit:		
(11,755)	(11,236)	Tax exempt income	(13,304)	(14,059)
2,412	1,234	Non-deductible expenses	2,029	3,156
(4,691)	(2,741)	Allowable deductions	(11,191)	(14,186)
(789)	(184)	Adjustment to prior year tax charge	(184)	292
(5,423)	(11,843)	Other temporary differences	(2,995)	7,444
		Provision for Green Fund Levy and		–
390	545	other taxes	1,154	972
28,758	24,286	**Total taxation**	49,828	49,175

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 2015 or 2014.

35. Segmental information (continued)

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

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)
Write back of 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 before tax	194,445	(8,236)	37,221	95,473	(21,628)	297,275
Taxation	(24,386)	–	(4,306)	(21,136)	–	(49,828)
Profit 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)

2014 Restated	Banking services	Mutual funds	Life insurance operations	General insurance operations	Eliminations	Total
Total operating income	289,118	33,917	190,273	251,183	(61,088)	703,403
Total operating expense	(49,134)	(17,381)	(127,396)	(85,345)	3,439	(275,817)
Provision for impairment	–	–	2,647	(30)	–	2,617
Selling and administration expense	(45,104)	(33,685)	(47,333)	(80,232)	38,373	(167,981)
Profit before tax	194,880	(17,149)	18,191	85,576	(19,276)	262,222
Taxation	(28,864)	–	(3,640)	(16,671)	–	(49,175)
Profit after taxation	166,016	(17,149)	14,551	68,905	(19,276)	213,047
Total assets	3,377,248	1,168,198	1,890,754	953,213	(764,416)	6,624,997
Total liabilities	2,183,643	1,187,435	1,220,218	364,266	(218,793)	4,736,769
Purchase of fixed assets	972	–	1,403	7,197	–	9,572
Depreciation	(1,323)	–	(899)	(1,346)	–	(3,568)

(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 of 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	(735,943)	6,738,560
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)

35. Segmental information (continued)

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

2014 Restated	Domestic services	Regional	International	Eliminations	Total
Total operating income	686,582	65,510	12,399	(61,088)	703,403
Total operating expense	(267,888)	(11,368)	–	3,439	(275,817)
Provision for impairment	2,922	(305)	–	–	2,617
Selling and administration expense	(191,181)	(15,173)	–	38,373	(167,981)
Profit before tax	230,435	38,664	12,399	(19,276)	262,222
Taxation	(49,175)	–	–	–	(49,175)
Profit after taxation	181,260	38,664	12,399	(19,276)	213,047
Total assets	4,955,683	312,159	1,357,155	–	6,624,997
Total liabilities	4,736,769	–	–	–	4,736,769
Purchase of fixed assets	9,572	–	–	–	9,572
Depreciation	(3,568)	–	–	–	(3,568)

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 2014	Parent 2015		Group 2015	Group 2014
		Loans, investments and other assets		
57,059	60,817	ANSA McAL Group	99,787	88,950
45,810	38,670	Subsidiaries	–	–
8,226	1,618	Directors and key management personnel	2,203	8,741
24,335	54,100	Other related parties	87,249	24,173
135,430	155,205		189,239	121,864
		Deposits and other liabilities		
132,806	344,681	ANSA McAL Group	415,625	237,161
100,438	85,021	Subsidiaries	–	–
55,272	55,186	Directors and key management personnel	105,546	115,712
–	2,759	Other related parties	59,068	52,915
288,516	487,647		580,239	405,788

36. Related party transactions and balances (continued)

Parent 2014	Parent 2015		Group 2015	Group 2014
		Interest and other income		
21,497	31,332	ANSA McAL Group	79,179	39,780
33,772	18,860	Subsidiaries	–	–
–	81	Directors and key management personnel	139	–
2,516	2,460	Other related parties	7,991	6,460
57,785	52,733		87,309	46,240
		Interest and other expense		
2,511	3,942	ANSA McAL Group	11,603	10,697
3,477	2,474	Subsidiaries	–	–
3,575	2,696	Directors and key management personnel	3,885	5,048
–	–	Other related parties	466	670
9,563	9,112		15,954	16,415

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

Key management compensation

Parent 2014	Parent 2015		Group 2015	Group 2014
8,260	6,370	Short-term benefits	9,284	10,740
97	104	Contribution to defined contribution plans	129	126
111	124	Post employment benefits	124	189
8,468	6,598		9,537	11,055

(Expressed in thousands of Trinidad and Tobago dollars)

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 2015 and 2014.

2015

Parent				Group		
Carrying values	**Fair values**	**Unrecognised loss**	**Financial assets**	**Carrying values**	**Fair values**	**Unrecognised loss**
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)

2014

Parent				Group		
Carrying values	**Fair values**	**Unrecognised loss**	**Financial assets**	**Carrying values**	**Fair values**	**Unrecognised gain**
736,716	714,397	(22,319)	Investment securities	3,429,940	3,549,839	119,899
–	–	–	Investment property	136,612	136,612	–
736,716	714,397	(22,319)		3,566,552	3,686,451	119,899

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

2015	**Level 1**	**Level 2**	**Level 3**	**Total**
Parent				
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

37. Fair value of financial instruments (continued)

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

2015	**Level 1**	**Level 2**	**Level 3**	**Total**
Group				
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)

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

2014	**Level 1**	**Level 2**	**Level 3**	**Total**
Parent				
Investment securities designated at FVSI				
Equity securities	97,523	68,484	–	166,007
Government bonds	–	67,868	–	67,868
State owned company securities	–	52,159	–	52,159
Corporate bonds and debentures	27,055	–	17	27,072
	124,578	188,511	17	313,106
Investment securities measured at amortised cost for which fair values are disclosed				
Government bonds	–	2,997	–	2,997
State owned company securities	18,951	88,106	113,501	220,558
Corporate bonds and debentures	64,309	48,567	44,920	157,796
	83,260	139,670	158,421	381,351
Investment securities measured at FVOCI				
Equity securities	–	19,940	–	19,940

(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)

2014 **Group**	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment securities designated at FVSI				
Equity securities	846,267	205,434	1,058	1,052,759
Government bonds	7,293	211,822	–	219,115
State owned company securities	–	189,702	–	189,702
Corporate bonds and debentures	108,982	53,126	22,828	184,936
	962,542	660,084	23,886	1,646,512
Investment securities measured at amortised cost for which fair values are disclosed				
Government bonds	4,348	408,036	–	412,384
State owned company securities	57,542	654,420	129,596	841,558
Corporate bonds and debentures	152,783	407,978	88,624	649,385
	214,673	1,470,434	218,220	1,903,327
Assets measured at fair value				
Investment properties	–	136,612	–	136,612

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	2.75% to 12.25%	2% increase/(decrease) in the rate of return would result in decrease/(increase) in fair value by $4,101,000/($3,987,000)

(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.

For the year ended 31 December 2015 government securities valued at $10.9 million were reclassified from level 2 to level 1. There were no transfers between level 1 and level 2 in the comparative period.

37. Fair value of financial instruments (continued)

(v) Movements in Level 3 financial instruments

Parent 2014	**Parent 2015**		**Group 2015**	**Group 2014**
		Assets		
17,635	158,438	Balance at 1 January	242,106	23,693
(1,328)	652	(Losses)/gains recognised	(1,659)	(1,328)
142,114	34,897	Purchases	66,633	224,724
17	–	Transfers (out)/in Level 3	(32,178)	17
–	(35,528)	Disposal	(83,287)	(5,000)
158,438	158,459		191,615	242,106

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 independent 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 2014	Parent 2015		Group 2015	Group 2014
335,548	302,985	Cash and short-term funds	720,084	745,628
–	–	Fixed deposits	148,514	139,356
1,012,112	1,005,106	Net investment in leased assets and other instalment loans	1,003,373	1,010,517
586,483	800,290	Loans and advances	866,310	665,176
550,771	501,020	Investment securities	2,369,636	2,377,181
7,067	8,904	Interest receivable	36,178	34,206
–	–	Insurance receivables	37,170	45,414
–	–	Reinsurance assets	172,082	99,616
2,491,981	2,618,305	**Subtotal**	5,353,347	5,117,094

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 2014	Parent 2015		Group 2015	Group 2014
2,491,981	2,618,305	**Subtotal**	5,353,347	5,117,094
43	6,636	Contingent liabilities	6,636	43
–	–	Commitments	–	18
2,492,024	2,624,941		5,359,983	5,117,155

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 are highly rated by Moody's and 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:

	Current	In Arrears 1-30 days	In Arrears 31-60 days	In Arrears 61-90 days	In Arrears Over 90 days	Total
Parent						
2015	897,152	55,689	16,584	12,001	23,680	1,005,106
2014	922,665	60,700	11,339	11,630	5,778	1,012,112
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
Group						
2014						
Net leases	921,070	60,700	11,339	11,630	5,778	1,010,517
Mortgages	50,743	17,022	–	–	–	67,765
Policy loans	10,929	–	–	–	–	10,929
	982,742	77,722	11,339	11,630	5,778	1,089,211

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.

	High grade	Standard	Special monitoring	Sub-standard	Impaired	Total
2015	550,885	247,486	–	1,919	–	800,290
2014	352,251	212,846	2,247	19,139	–	586,483

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.

(Expressed in thousands of Trinidad and Tobago dollars)

38. **Risk management** (continued)

Investment debt securities (continued)

	High grade	Standard	Sub-standard	Impaired	Total
Parent					
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
2014					
Investments designated at FVSI	120,027	27,073	–	–	147,100
Investments measured at amortised cost	181,025	161,724	60,922	–	403,671
	301,052	188,797	60,922	–	550,771
Group					
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
2014					
Investments designated at FVSI	393,986	199,739	28	–	593,753
Investments measured at amortised cost	656,080	993,302	82,232	51,814	1,783,428
	1,050,066	1,193,041	82,260	51,814	2,377,181

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
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
2014				
Gross premiums receivable	22,519	5,473	12,897	40,889
Provision for premiums receivables	–	–	(3,000)	(3,000)
Gross reinsurance receivables	961	968	5,595	7,524
	23,480	6,441	15,492	45,413

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 2015 and 2014.

Change in basis points		Sensitivity of income 2015	2014
Parent	+ 100	139	204
	– 100	(139)	(204)
Group	+ 100	295	584
	– 100	(295)	(584)

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 2015 and 2014 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.

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
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

(Expressed in thousands of Trinidad and Tobago dollars)

38. Risk management (continued)

Currency risk (continued)

Parent	**USD**	**EURO**	**JPY**	**OTHER**	**TOTAL**
2014					
Cash and short-term funds	254,935	7,934	9	933	263,811
Loans and advances	119,501	–	–	–	119,501
Investment securities	457,583	–	–	3,827	461,410
Interest receivable	4,872	–	–	19	4,891
Other debtors and prepayments	371	–	–	–	371
Total financial assets	837,262	7,934	9	4,779	849,984
Customers' deposits and other funding instruments	478,203	–	–	–	478,203
Debt securities	158,963	–	–	–	158,963
Total financial liabilities	637,166	–	–	–	637,166
Net currency risk exposure	**200,096**	**7,934**	**9**	**4,779**	**212,818**
Reasonably possible change in currency rate	5%	5%	5%	5%	5%
Effect on profit before tax	10,005	397	0	239	10,641

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**

38. Risk management (continued)

Currency risk (continued)

Group

2014	**USD**	**BDS**	**EURO**	**OTHER**	**TOTAL**
Cash and short-term funds	406,602	19,054	7,934	1,458	435,048
Fixed deposits	–	30,686	–	4,151	34,837
Loans and advances	234,766	–	–	–	234,766
Investment securities	1,481,244	9,518	–	4,753	1,495,515
Interest receivable	13,642	410	–	65	14,117
Insurance receivables	1,492	16,404	–	–	17,896
Other debtors and prepayments	769	–	–	–	769
Reinsurance assets	–	18,432	–	–	18,432
Total financial assets	2,138,515	94,504	7,934	10,427	2,251,380
Customers' deposits and other funding instruments	708,978	–	–	–	708,978
Debt securities	158,963	–	–	–	158,963
Total financial liabilities	867,941	–	–	–	867,941
Net currency risk exposure	1,270,574	94,504	7,934	10,427	1,383,439
Reasonably possible change in currency rate	5%	5%	5%	5%	5%
Effect on profit before tax	**63,529**	**4,725**	**397**	**521**	**69,172**

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 2015 and 2014, 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**
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
Bank overdraft	10,153	–	–	10,153
	1,183,555	162,681	750,925	2,097,161

(Expressed in thousands of Trinidad and Tobago dollars)

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
2014				
Customers' deposits and other funding instruments	1,224,520	98,754	–	1,323,274
Debt securities in issue	350,000	158,963	250,000	758,963
Bank overdraft	11,166	–	–	11,166
	1,585,686	257,717	250,000	2,093,403
Group				
2015				
Customers' deposits and other funding instruments	1,954,944	42,022	–	1,996,966
Debt securities in issue	64,196	96,294	750,925	911,415
Bank overdraft	10,153	–	–	10,153
Investment contracts	210,231	–	–	210,231
	2,239,524	138,316	750,925	3,128,765
2014				
Customers' deposits and other funding instruments	2,291,966	22,166	–	2,314,132
Debt securities in issue	350,000	158,963	250,000	758,963
Bank overdraft	11,166	–	–	11,166
Investment contracts	190,906	–	–	190,906
	2,844,038	181,129	250,000	3,275,167

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 2015 and 2014 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 2015	2014
Parent			
TTSE	+/- 3	602	623
S&P 500	+/- 8	7,094	13,215
Group			
TTSE	+/- 3	13,892	12,924
S&P 500	+/- 8	41,459	57,502

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 2015 and 2014, 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.

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	2015			Restated 2014		
Assets	**Less than 12 months**	**Over 12 months**	**Total**	**Less than 12 months**	**Over 12 months**	**Total**
Cash and short-term funds	302,985	–	302,985	335,548	–	335,548
Net investment in leased assets and other instalment loans	76,943	928,163	1,005,106	79,562	932,550	1,012,112
Loans and advances	718,914	81,376	800,290	488,263	98,220	586,483
Investment securities	165,917	443,831	609,748	269,887	466,829	736,716
Interest receivable	8,904	–	8,904	7,067	–	7,067
Other debtors and prepayments	45,250	–	45,250	38,194	–	38,194
Taxation recoverable	1,219	–	1,219	1,219	–	1,219
Investment in subsidiaries	–	632,500	632,500	–	632,500	632,500
Property and equipment	–	1,502	1,502	–	2,657	2,657
Deferred tax asset	–	20,598	20,598	–	3,558	3,558
Employee benefit asset	–	9,278	9,278	–	9,493	9,493
Total assets	1,320,132	2,117,248	3,437,380	1,219,740	2,145,807	3,365,547

(Expressed in thousands of Trinidad and Tobago dollars)

40. Maturity analysis of assets and liabilities (continued)

Parent	2015			Restated 2014		
Liabilities	**Less than 12 months**	**Over 12 months**	**Total**	**Less than 12 months**	**Over 12 months**	**Total**
Customers' deposits and other funding instruments	1,109,206	66,387	1,175,593	1,224,520	98,754	1,323,274
Bank overdraft	10,153	–	10,153	11,166	–	11,166
Accrued interest and other payables	65,673	–	65,673	80,264	–	80,264
Debt securities inissue	64,196	847,219	911,415	350,000	408,963	758,963
Taxation payable	9,722	–	9,722	483	–	483
Deferred tax liability	–	2,878	2,878	–	8,805	8,805
Employee benefit obligation	–	431	431	–	366	366
Total liabilities	1,258,950	916,915	2,175,865	1,666,433	516,888	2,183,321

40. Maturity analysis of assets and liabilities (continued)

Group	2015			Restated 2014		
Assets	**Less than 12 months**	**Over 12 months**	**Total**	**Less than 12 months**	**Over 12 months**	**Total**
Cash and short-term funds	720,084	–	720,084	745,628	–	745,628
Fixed deposits	148,514	–	148,514	139,356	–	139,356
Net investment in leased assets and other instalment loans	76,943	926,430	1,003,373	79,562	930,955	1,010,517
Loans and advances	718,914	147,396	866,310	488,298	176,878	665,176
Investment securities	1,139,284	2,114,857	3,254,141	1,429,429	2,000,511	3,429,940
Interest receivable	36,178	–	36,178	29,723	4,483	34,206
Insurance receivables	37,170	–	37,170	45,414	–	45,414
Other debtors and prepayments	50,305	–	50,305	22,031	–	22,031
Reinsurance assets	160,033	12,049	172,082	88,085	11,531	99,616
Taxation recoverable	1,515	–	1,515	2,372	–	2,372
Investment properties	–	138,483	138,483	–	136,612	136,612
Property and equipment	–	28,583	28,583	–	25,624	25,624
Goodwill	–	133,762	133,762	–	133,762	133,762
Deferred tax asset	–	29,665	29,665	–	14,841	14,841
Employee benefit asset	–	118,395	118,395	–	119,902	119,902
Total assets	3,088,940	3,649,620	6,738,560	3,069,898	3,555,099	6,624,997

40. Maturity analysis of assets and liabilities (continued)

Group	2015			Restated 2014		
Liabilities	**Less than 12 months**	**Over 12 months**	**Total**	**Less than 12 months**	**Over 12 months**	**Total**
Customers' deposits and other funding instruments	1,954,943	42,022	1,996,965	2,291,966	22,166	2,314,132
Debt securities in issue	64,196	847,219	911,415	350,000	408,963	758,963
Bank overdraft	10,153	–	10,153	11,166	–	11,166
Accrued interest and other payables	103,287	–	103,287	119,234	–	119,234
Taxation payable	11,468	–	11,468	1,385	–	1,385
Deferred tax liability	–	125,354	125,354	–	130,310	130,310
Employee benefit obligation	–	4,075	4,075	–	3,123	3,123
Investment contract liabilities	210,231	–	210,231	190,906	–	190,906
Insurance contract liabilities	390,093	935,067	1,325,160	309,953	897,597	1,207,550
Total liabilities	2,744,371	1,953,737	4,698,108	3,274,610	1,462,159	4,736,769

41. Business acquisition

On 1 May 2015 following all regulatory approvals, Trinidad and Tobago Insurance Limited (TATIL), a wholly owned subsidiary of ANSA Merchant Bank Limited, purchased the assets, trademark and assumed the liabilities of Brydens Insurance Inc., a wholly owned subsidiary of ANSA McAL (Barbados) Limited. The purchase consideration was TT$9.5 million. The acquisition did not include any equity interest in Brydens Insurance Inc.

The acquired business asset of Brydens Insurance Inc. commenced operations as a branch of TATIL situated in Barbados with effect from 1 May 2015, thereby expanding the commercial footprint of TATIL to Barbados.

	Fair value recognised on acquisition
Intangible assets arising from the business combination	570
Other non-current assets	3,127
Current assets	10,454
Total assets	14,151
Non-current liabilities	2,246
Current liabilities	2,405
Total liabilities	4,651
Net assets acquired	9,500
Goodwill arising on acquisition	-
Purchase consideration transferred	9,500

Analysis of cash flow on acquisition

Purchase price	9,500
Net cash acquired with business transfer	(7,627)
Net cash outflow on business transfer	1,873

(Expressed in thousands of Trinidad and Tobago dollars)

41. Business acquisition (continued)

From the date of acquisition, Brydens Insurance Inc did not contribute any revenue to the Company. The commission expense previously paid to the Brydens Insurance Inc. agency has been substituted from the date of acquisition by the overhead expense of the acquired branch business. The impact on profit before taxation was not material.

42. Capital commitments

The Parent and Group have no capital commitments for the years ended 31 December 2015 and 2014.

43. Contingent liabilities

In the ordinary course of business the Group is involved in various legal claims and proceedings. Provisions have been established, where necessary, based on the professional advice received. While it is not practical to forecast the precise outcome of pending or threatened legal proceedings, management is of the view that final determination of such proceedings will not have a material impact on the financial results and financial position of the Group.

44. Dividends

Dividends paid are analysed as follows:	**2015**	**2014**
Final dividend for 2014 – $0.85 per share (2013: $0.85 per share)	72,764	72,764
Interim dividend for 2015 – $0.20 per share (2014: $0.15 per share)	17,122	12,840
	89,886	85,604

The Board of Directors declared a final dividend of $0.85 (2014: $0.85) per share for the year ended 31 December 2015. This dividend amounting to $72,764,000 (2014: $72,764,000) is not recorded as a liability in the statement of financial position as at 31 December 2015.

45. Events after the reporting period

As previously disclosed, the Bank entered into an agreement to acquire 100% of Consolidated Finance Co. Limited, which will become a subsidiary of the Bank and form part of the Bank Group. The acquisition is expected to be completed in 2016, subject to all regulatory approvals.